GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

Tariff Order

Truing up for FY 2021-22

and

Determination of Tariff for FY 2023-24

For

Torrent Power Limited – Distribution

Surat

Case No. 2180 of 2023

31st March, 2023

6th Floor, GIFT ONE, Road 5C, GIFT CITY
Gandhinagar-382335 (Gujarat), INDIA
Phone: +91-79-23602000 Fax: +91-79-23602054/55
E-mail: gerc@gercin.org : Website www.gercin.org

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GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
AMR	Automated Meter Readers
APTEL	Appellate Tribunal for Electricity
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Control period	The period from FY 2016-17 to FY 2020-21
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
DPC	Delayed Payment Charges
DSEZ	Dahej SEZ
DSL	Dahej SEZ Ltd.
EA	Electricity Act, 2003
EHT	Extra High Tension
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GIDC	Gujarat Industrial Development Corporation
GUVNL	Gujarat Urja Vikas Nigam Limited
HP	Horse Power
HT	High Tension
HTMD	High Tension Maximum Demand
IEX	Indian Energy Exchange
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
LTMD	Low Tension Maximum Demand
MCLR	Marginal Cost of Funds Based Lending Rate
MSW	Municipal Solid Waste
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MVA	Million Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
NRGP	Non Residential General Purpose
NTPC	National Thermal Power Corporation
O&M	Operations and Maintenance
OFC	Optical Fibre Communication
ONGC	Oil & Natural Gas Corporation

PF	Power Factor
PPA	Power Purchase Agreement
PPC	Power Purchase Cost
RBI	Reserve Bank of India
REC	Renewable Energy Certificate
R&M	Repairs and Maintenance
RPO	Renewable Purchase Obligation
SBI	State Bank of India
SEZ	Special Economic Zone
SLC	Service Line Charges
TEL	Torrent Energy Limited
TPL	Torrent Power Limited
TPL-D (S)	Torrent Power Limited – Distribution, Surat

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 2180 of 2023

Date of Order: 31/03/2023

CORAM

Anil Mukim, Chairman

Mehul M. Gandhi, Member

S. R. Pandey, Member

1. Background and Brief History

1.1. Background

Torrent Power Limited (hereinafter referred to as TPL or the Petitioner) has filed the present Petition under Section 62 of the Electricity Act'2003, read in conjunction with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations'2016, vide Suo-Motu Order No. 2140 of 2022 dated 20th October, 2022 for determination of tariff for its distribution business at Surat for FY 2023-24.

Gujarat Electricity Regulatory Commission (hereinafter referred as "the Commission") notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulations 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of Truing up and ARR for control period i.e., 29th March 2016 to 31st March 2021 and revenue gap or revenue surplus thereof for the ensuing year for the determination of tariff to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The True up year and the ensuing year in the present case is FY 2021-22 and FY 2023-24 respectively, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 were in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for the 4th Control Period and the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo- Motu Order No. 07 of 2020 dated 22nd December, 2020 deferred the 5-year control period for new MYT Regulations for one year. Due to ongoing pandemic, the process was further delayed due to circumstances and reasons beyond the control of the Commission. The Commission vide its Order in Suo-Motu Petition No. 1995 of 2021 dated 24th September, 2021 deferred the next MYT Control period by one more year. Further, the Commission vide its Order in Suo-Motu Petition No. 2140 of 2022 dated 20th October, 2022 deferred the next MYT Control period by one more year and accordingly, all the concerned utilities and licensees were directed to file True up for FY 2021-22 and annual ARR for FY 2023-24 and application for determination of tariff for FY 2023-24 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016 on or before 15th December, 2022. In this regard, the Petitioner sought extension for filing of Petition up to 31st December, 2022.

Subsequently, the Petitioner filed the current Petition for truing-up of FY 2021-22, and determination of ARR and tariff for FY 2023-24 on 29th December, 2022.

After technical validation of the petition, it was registered on 9th January, 2023 and as provided under Regulation 29.1 of GERC MYT Regulations, 2016, the Commission has proceeded with this tariff order.

1.2. Torrent Power Limited (TPL)

Torrent Power Limited (TPL), a company incorporated under the Companies Act, 1956 is carrying on the business of Generation and Distribution of Electricity in the cities of Ahmedabad, Gandhinagar and Surat. The present petition has been filed by TPL Distribution (Surat) for its Distribution business in Surat.

TPL had assumed the business, consequent upon the amalgamation of Torrent Power Ahmedabad Limited (TPAL), Torrent Power Surat Limited (TPSL) and Torrent Power Generation Limited (TPGL) with Torrent Power Limited. Besides, TPL is also engaged in other businesses, which do not come under the regulatory purview of the Commission. TPL has existing generation facilities, with a total installed capacity of 362 MW, at Ahmedabad and has a Combined Cycle Power Plant (CCPP) of 1147.5 MW (SUGEN) and its extension UNOSUGEN (382.5MW) capacity near Surat out of which a share of 835 MW from SUGEN and 278 MW from UNOSUGEN are allocated for Gujarat (Ahmedabad, Gandhinagar and Surat).

1.3. Commission's Tariff Order for FY 2022-23

The Petitioner filed a petition for Truing–up of FY 2020-21 and determination of tariff for FY 2022-23 on 30th November, 2021. The petition was registered on 03rd December, 2021 (Case No. 2034 of 2021). The Commission vide order dated 31st March, 2022 approved

Truing–up of FY 2020-21 and determination of tariff for FY 2022-23.

1.4. Background of the present petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. 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).

Further, Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year, within the Control Period, based on the approved forecast and results of the truing up exercise.

The Commission, vide its order dated 20th October, 2022 has directed the utilities to file the petition for determination of tariff for FY 2023-24 based on the principles and methodology as provided in the GERC (Multi Year Tariff) Regulation, 2016.

1.5. Registration of the Current Petition and the Public Hearing Process

The Petitioner submitted the current Petition for Truing–up of FY 2021-22 and determination of tariff for FY 2023-24 on 29th December, 2022. After technical validation of the petition, it was registered on 9th January, 2023 (Case No. 2180 of 2023) and as provided under Regulation 29.1 of the GERC MYT Regulations, 2016, the Commission has proceeded with this tariff order.

In accordance with Section 64 of the Electricity Act, 2003, TPL(D) Surat was directed to publish its application in the newspapers to ensure public participation.

The Public Notice, inviting objections / suggestions from the stakeholders on the Truing up and tariff determination petition filed by TPL, was published in the following newspapers:

Table 1.1: List of Newspapers in which Public Notice was published by the Petitioner

S. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express (Surat Edition)	English	14/01/2023
2	Gujarat Mitra (Surat Edition)	Gujarati	14/01/2023

The Petitioner also placed the Public Notice and the petition on its website (www.torrentpower.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections/suggestions on the petition on or before 13th February, 2023.

The Commission also placed the petition and additional details received subsequently from the Petitioner on its website (www.gercin.org) for information and study of all the stakeholders.

The Commission also issued a notice for Public Hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1.2: List of Newspapers in which Public Notice for Hearing was published by the Commission

S. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	21/02/2023
2	Divya Bhaskar	Gujarati	21/02/2023
3	Gujarat Samachar	Gujarati	22/02/2023

The Commission received objections / suggestions from the consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the petition on 02nd March, 2023 at 11.30 a.m.

Table 1.3: Venue & Schedule of Public Hearing

Petitions	Date & Time	Venue
TPL-G, TPL-D(A), TPL-D(S) and TPL-D(D)	02nd March 2023 at 11:30 A.M	GERC Office, Gandhinagar

The status of stakeholders who submitted their written suggestion/objections, those who remained present in public hearing, those who could not attend the public hearings and those who made oral submissions is given in the Table below:

Table 1.4: List of Stakeholders

S. No.	Name of Stakeholders	Written Submission	Oral Submission	Presence in Public Hearing
1	USERS WELFARE ASSOCIATIONs	Yes	Yes	Yes
2	Reliance Jio Infocomm Ltd.	Yes	No	No
3	Surat Citizen Council Trust	Yes	No	No
4	Military Engineer Services	Yes	No	No
5	Bharatiya Samyawadi Paksh(Marxist)	Yes	Yes	Yes
6	Shri K.K. Bajaj	Yes	Yes	Yes
7	Clean Max	Yes	No	No

A short note on the main issues raised by the objectors in the submission in respect of the petition, along with the response of TPL-D (S) and the Commission's views on the response, are given in Chapter 3.

1.6. Approach of this Order

The GERC (Multi-Year Tariff) Regulations, 2016 provide for "Truing up" of the previous year and determination of Tariff for the ensuing year.

TPL has approached the Commission with the present Petition for "Truing up" of the FY 2021-22 and determination of Tariff for the FY 2023-24.

The Commission has undertaken the "Truing up" for FY 2021-22, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2021-22, based on the annual accounts and final ARR for FY 2021-22 as approved in Tariff Order dtd. 31st March, 2021 in Case No. 1927 of 2021.

While truing up of FY 2021-22, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved under the MYT order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised based on the actual performance observed.

- The Truing up for the FY 2021-22 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of ARR and Tariff for FY 2023-24 has been considered as per the methodology and principles adopted in the GERC (Multi- Year Tariff) Regulations, 2016 and amendment thereof as the base. Truing up of FY 2023-24 shall be carried out based on the principles and methodology adopted in GERC (MYT) Regulations, 2016.

1.7. Contents of this Order

The order is divided into nine Chapters as detailed under:

1. The first chapter provides a brief background regarding the Petitioner, the petition on hand and details of the Public Hearing process and approach adopted in this Order.
2. The second chapter outlines the summary of TPL-D (S)'s petition
3. The third chapter deals with the objections raised by various stakeholders, TPL's response and Commission's views on the response
4. The fourth chapter focuses on the details of truing up for FY 2021-22
5. The fifth chapter deals with the determination of tariff for FY 2023-24
6. The sixth chapter deals with compliance of directives and issue of fresh directives.
7. The seventh chapter deals with FPPPA charges
8. The eighth chapter outlines the Wheeling Charges and Cross-Subsidy Surcharge
9. The ninth chapter deals with tariff philosophy and tariff proposals

2. Summary of TPL-D (Surat)'s Petition

2.1. Introduction

TPL-D (S) has submitted the current petition seeking Truing up of ARR for FY 2021-22 and approval of ARR for FY 2023-24. The Petitioner has also submitted the tariff proposal for FY 2023-24, based on the Revenue Gap for FY 2021-22 and ARR for FY 2023-24.

2.2. Actuals for FY 2021-22 submitted by TPL-D (S)

The details of expenses under various heads of ARR approved by the Commission for ARR of FY 2021-22 and actuals in FY 2021-22 are as given in the Table below:

Table 2.1: Actuals Claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Order	Actual
Power Purchase	1,652.34	1,993.36
O&M Expense	149.01	129.48
Depreciation	71.17	73.32
Interest on Loans	34.29	26.24
Interest on Security Deposit	16.96	14.03
Interest on Working Capital	-	-
Bad Debts written off	0.51	0.92
Contingency reserve	0.40	0.40
Return on Equity	101.89	99.80
Income Tax	22.19	13.25
Less: Non-Tariff Income	10.15	10.74
Net ARR	**2038.61**	**2,340.07**

2.3. Sharing of gains and losses for FY 2021-22

The sharing of gains and losses as projected by TPL-D (S) is as depicted below.

Table 2.2: Summary of Sharing of Gains and Losses for TPL-D (S) for FY 2021-22 (Rs. Crore)

Sr. No.	Particulars	Approved	Actual	Over/ (Under) recovery	Controllable	Uncontrollable
1	Power Purchase Expenses	1,652.34	1,993.36	(341.02)	2.72	(343.74)
2	Operation & Maintenance Expenses	149.01	129.48	19.53	19.53	0.00
3	Depreciation	71.17	73.33	(2.15)	-	(2.15)
4	Interest and Finance Charges	34.29	26.24	8.05	-	8.05
	Interest on Security Deposit	16.96	14.03	2.93		2.93
5	Interest on Working Capital	-	-	-	-	-
6	Bad debts written off	0.51	0.92	(0.41)	(0.41)	-

Sr. No.	Particulars	Approved	Actual	Over/ (Under) recovery	Controllable	Uncontrollable
7	Contribution to contingency reserves	0.40	0.40	-	-	-
9	Return on Equity Capital	101.89	99.80	2.09	-	2.09
10	Income Tax	22.19	13.25	8.94	-	8.94
12	Less: Non Tariff Income	10.15	10.74	(0.59)	-	(0.59)
	Aggregate Revenue Requirement	**2,038.61**	**2,340.06**	**(301.45)**	**21.83**	**(323.88)**

2.4. Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2021-22

The Table below summarises the proposed ARR claimed by TPL-D (S) for Truing up, revenue from sale of power at existing tariff and the revenue gap estimated for FY 2021-22.

Table 2.3: True-up ARR claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars		Claimed
ARR as per Order	(a)	2038.61
Gains/(Losses) due to Uncontrollable factors	(b)	(323.28)
Gains/(Losses) due to Controllable factors	(c)	21.83
Pass through as tariff	d= - (c/3+b)	316.00
Trued-up ARR	**e= a + d**	**2,354.61**

The Table below summarises the Revenue Gap/(Surplus) for TPL-D (S) for FY 2021-22:

Table 2.4: Revenue Gap/ (Surplus) for TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Claimed
Trued-up ARR	**2354.61**
Revenue from Sale of Energy	2353.58
Less: Revenue towards recovery of Earlier year's approved gap/(surplus)	0.46
Balance Revenue	2353.12
Gap/(Surplus)	**1.50**

2.5. ARR, Revenue at Existing Tariff and Revenue Gap / Surplus for FY 2023-24

Table 2.5: Revenue Gap/ (Surplus) of TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Claimed
ARR for FY 2023-24	**2697.02**
Less: Revenue from sale of power at existing rates including base FPPPA revenue @2.70 per unit	2769.04
Gap/(Surplus)	**(72.02)**

TPL-D (S) has claimed the cumulative revenue gap/(surplus) for FY 2023-24 as detailed in the Table below:

Table 2.6: Cumulative Revenue (Gap)/Surplus for determination of tariff of TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Claimed
Gap/(Surplus) for FY 2021-22	**1.50**
Carrying Cost	15.61
DSM	0.13
Gap/(Surplus) for FY 2023-24	(72.02)
Cumulative Gap/(Surplus) to be recovered through tariff	**(54.78)**

2.6. TPL-D (S)'s Prayer to the Commission

a) Admit the petition for truing up of FY 2021-22, Aggregate Revenue Requirement for FY 2021-22, and determination of tariff for FY 2023-24.

b) Approve the trued-up Gap/ (Surplus) of FY 2021-22 including impact of change in law as set out in the petition.

c) Approve the sharing of gains/ losses as proposed by the Petitioner for FY 2021-22.

d) Approve the Aggregate Revenue Requirement for FY 2023-24.

e) Approve the cumulative Gap/ (Surplus).

f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2023.

g) Approve the recovery of Regulatory Charge as proposed and/or through retail tariff of FY 2023-24.

h) Allow recovery of the costs as proposed as per the Judgments/ orders of the Hon'ble Tribunal/ Commission in the Appeals/ Review petitions 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.

3. Brief outline of Objections raised, Response from TPL-D (S) and the Commission's view

3.1. Public response to the petition

In response to the public notice inviting objections / suggestions from the stakeholders on the Petition filed by TPL-D (S) for Truing up of ARR for FY 2021-22 and determination of Tariff for FY 2023-24 under the GERC (MYT) Regulations, 2016, a number of Consumers / organizations filed their objections / suggestions in writing. Some of these Objectors participated in the public hearing also. The objections / suggestions by the consumers / consumers' organizations, the response from the Petitioner and the views of the Commission are given below:

3.2. Issue-wise submissions, replies and the Commission's view

3.2.1. Details of power purchase cost of SUGEN and UNOSUGEN

The Objector has suggested that the fixed charges may be payable based on PLF instead of PAF.

Petitioner's response

The Petitioner submits that it has been furnishing all requisite details of power purchase cost in line with the MYT Regulations. It is reiterated that UNOSUGEN (Unit40) is an expansion of the existing SUGEN plant (Unit10 to Unit30). However, it may kindly be noted that fixed cost pertaining to UNOSUGEN for FY 2021-22 has been considered in compliance with the order of Hon'ble Commission. As regards contention that capacity charge should be approved on the basis of PLF, it is to submit that, during FY 2021-22, SUGEN/UNOSUGEN was available beyond normative PAF. Accordingly, as per the applicable Regulations, Capacity Charge are payable based on PAF and cannot be linked to PLF.

Commission's view

The Commission has noted the objection and response of the petitioner. The fixed charges are payable based on the PAF as per the existing regulations of GERC and CERC.

3.2.2. Purchase of Power from higher rates to compensate power from SUGEN & UNOSUGEN

The Objector has submitted that the TPL is purchasing power from higher rates to compensate the shortfall from SUGEN and UNOSUGEN

Petitioner's response

The Petitioner has encountered the issue of lower instate generation from all generating stations (InSGS and ISGS) located in the State, denial of NOC for open access, transmission constraints in ISTS, higher prices of imported coal and gas, and higher demand resulting in higher prices in power exchange. In turn, the Petitioner has sourced power in a manner to optimize the overall power purchase cost, as a prudent utility practice.

Commission's view

The Petitioner has clarified the issue in his response.

3.2.3. Power Purchase for FY 2023-24

The Objector has submitted contentions related to power purchase for FY 2023-24.

Petitioner's response

Petitioner submitted that, recently, there is substantial volatility in the Power Sector owing to various aspects such as increase in the cost of Gas and imported coal due to the ongoing geo-political issues, shortfall of Domestic coal, shift of Captive Consumers / Open Access users to Distribution Licensee (owing to price increase in their respective sources) etc. It may be noteworthy that issues related to higher prices of fuel as well as substantial surge in demand has been appreciated by MoP and therefore, MOP has issued direction u/s 11 to all imported coal-based plants to run at the full capacity. Under the circumstances, the Petitioner will have to ensure availability of long-term sources so as to ensure USO. At the same time, the Petitioner will exercise necessary business prudence to optimize the cost, as may be feasible, while ensuring reliability of sources. Accordingly, the Hon'ble Commission is requested to approve the power purchase cost from SUGEN/UNOSUGEN as prayed for in the petition.

Commission's View

The Commission has noted the contentions and suggestions made by the objector and the petitioner.

3.2.4. Telecom Industry may be placed under Industrial category

The Objector has suggested that the telecom sector is the backbone of digital infrastructure of the nation and 24x7 telecom services are prerequisite for seamless IT operations. At present almost 30% of the Telecom Tower's opex are related to electricity tariffs and there is a need to place Telecom Industry tariff under Industrial rates rather than commercial rates to bring the tariff on par with IT services and other industries.

Petitioner's response

The nature of telecom services have evolved from basic utility service to commercial services and value added services i.e. internet services on mobiles, instant messaging services, email services, video calling, etc. Thus, the Consumers of Telecom services are placed in NRGP/LTMD category based on their contract demand/connected load.

Commission's view

The Commission has noted the suggestions and reply.

3.2.5. Disallowance of FPPPA

The Objector has contended that the Petitioner's request to increase the FPPPA should be rejected as majority of power is estimated to be procured from TPLG(APP), SUGEN, and UNOSUGEN having higher per unit cost than power exchange and bilateral and alleged undue enrichment at the cost of consumers. Further, the Objector has stated that the Petitioner has not provided the per unit rate at which it proposes to purchase power from the supply sources. The Objector has also stated that TPL has not mentioned any information of bilateral arrangements and estimated quantum from exchange shows there is no serious efforts made to assure steady long/medium term power procurement. The Objector has referred to Adani Power's long term PPA with GUVNL at lower rate and alleged that TPL is indulging in Restrictive Trade Practice.

Petitioner's response

the Petitioner would like to clarify that the submission of the Objector regarding higher per unit rate of TPL-G(APP) and SUGEN/UNOSUGEN is misplaced. The per unit rate of long-term sources includes two components i.e., fixed charge and variable charge. While the fixed charge per unit in absolute terms remains same, the per unit fixed cost varies with variation in offtake. Further, for FY 2023-24, the Petitioner has projected the power purchase cost of TPL-G(APP), SUGEN/UNOSUGEN based on likely market conditions. During FY 2021-22, the fuel rates surged unexpectedly, and fuel market is still quite volatile. Also, due to various issues including imported coal price, there was sharp increase in power prices at power exchange to the tune of Rs. 20 per unit and Hon'ble CERC had to introduce cap of Rs. 12 per unit in the power exchange. The Petitioner submits that it has to exercise due prudence for procurement of power.

Regarding details of bilateral arrangement, it may kindly be noted that the Petitioner sources power from bilateral sources based on the Hon'ble Commission's approval. Further, regarding the submission that no serious efforts are made to assure steady long/medium term power procurement, the Petitioner submits that it has already tied up to source additional 450 MW power from solar through competitive bidding. Hence, the observations made by the Objector are factually erroneous.

Regarding the increase in base FPPPA from Rs. 1.48 per unit to Rs. 2.70 per unit sought for FY 2023-24, it may kindly be noted that same is considered based on the estimates of power purchase cost for FY 2023-24 which is to be recovered through FPPPA as per the formula approved by the Hon'ble Commission. The Petitioner would like to clarify that increasing base FPPPA commensurate with increase in Base power Purchase Cost will not result into any additional recovery from the consumers as incremental FPPPA will get reduced to same extent.

Commission's view

The objection by the Objector and the response thereon by the Petitioner are noted.

3.2.6. Forensic Audit on Power Purchase.

The Objector has suggested that Hon'ble Commission may conduct forensic audit of the Petitioner's account and power purchase operations.

Petitioner's response

Regarding the Objector's suggestion to conduct forensic audit of the Petitioner's operations, the Petitioner would like to submit that it is conducting its operations as per the Regulations notified by the Hon'ble Commission. Further, the Petitioner would like to submit that it prepares and maintains the accounts in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the same is duly verified by the Statutory Auditor of the Company.

Commission's view

The objection by the Objector and the response thereon by the Petitioner are noted.

3.2.7. Power Procurement from UMPPs in Gujarat

The Objector has suggested to procure power from two UMPPs located in Gujarat i.e. Adani Mundra and Tata Power-CGPL on the ground of same being at cheaper rate.

Petitioner's response

Regarding the suggestion to tie up power from the two UMPPs in the State - Adani Mundra and Tata Power-CGPL, the Petitioner would like to submit that it procures power in line with provisions of Electricity Act read with guidelines of the Hon'ble Commission. Further, it is observed that variable cost considered by State Discoms for power supply from Adani Mundra and CGPL is about Rs. 7.18/7.52 per unit and Rs. 5.27 per unit in addition to Fixed cost. Further, the Petitioner conducts bidding process for procurement of short term power; wherein all generators including Generators located in the State can participate.

Commission's view

The objection by the Objector and the response thereon by the Petitioner are noted.

3.2.8. Allowance of under-recovery

The Objector has contended that only under recovery should be allowed. Carrying cost/Gap cost of previous year should be calculated on the basis of objections and facts.

Petitioner's response

the Petitioner submits that it has computed carrying cost as per the methodology approved by the Hon'ble Commission read with the Hon'ble Tribunal's judgments. Accordingly, the Hon'ble Commission is requested to approve the carrying cost as prayed for by the Petitioner.

Commission's view

The commission notes the contentions of the objector and the response of the petitioner.

3.2.9. Deviation in Power Purchase cost should be treated as Controllable Factor

The Objector has referred to the Petitioner's loss for FY 2021-22 at Rs. 323.28 Crore for uncontrollable factors and contended that increased power purchase cannot be uncontrollable factor because it has cost component, not profit/income.

Petitioner's response

The Petitioner submitted that 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 Objectors contention is contrary to the provisions of the MYT Regulations and in turn, should be rejected.

Commission's view

The Commission observes that, the treatment of uncontrollable and controllable parameters would be as per the MYT regulations.

3.2.10. Green Tariff

The Objector has referred to optional green tariff of Rs. 1.50 per unit and asked Hon'ble Commission to reject the same. Other objector has stated that the Petitioner has sought tariff increase in the name of green energy. Further, since Govt. has not finalised any policy related to green energy, such proposal cannot be considered.

Petitioner's response

The Petitioner submits that it has proposed as few consumers pursued the Petitioner to supply only through Green Energy. Thus, the proposal is to facilitate such consumers; who are willing to procure ONLY green energy despite higher cost. The petitioner further submits that, the Ministry of Power vide its notification dated 6th June, 2022 has notified the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, which in turn provides for "green tariff". The Petitioner further submits that the methodology for determination of "Green Tariff" is yet to be determined by the Hon'ble Commission. In turn, the Petitioner has proposed the "Green Tariff" at Rs. 1.50 per unit.

Commission's view

The Commission has noted the objection and the response of the petitioner.

3.2.11. Increase in Demand Charges

The Objector has stated that the Petitioner has sought increase in demand charge on various grounds, to compensate fixed charge, etc.

Petitioner's response

The Petitioner submits that during FY 2023-24, the Petitioner has not sought any increase in the demand charge of the existing tariff categories.

Commission's view

The Commission has noted the objection and the response of the petitioner.

3.2.12. Interest on Security Deposit

The Objector has referred to the interest on security deposit @ 4.25% and stated that the surplus on security deposit should be @ 9.50%, as mentioned in the interest on working capital table. Further, though the interest on working capital is shown as NIL.

Petitioner's response

The Petitioner submits that interest on security deposit and interest on working capital are being computed as per the GERC MYT Regulations, 2016. During FY 2021-22, the actual interest expense on security deposit at 4.25% is paid to consumers based on Bank Rate. It may kindly be noted that though there is an actual working capital requirement, the working capital requirements works out to negative as receivables are considered for one month as per the Regulations.

Commission's view

The Commissions notes the suggestions of the objector and response by the petitioner.

3.2.13. Automatic Pass-through of the Power Purchase cost

The Objector has referred to Petitioner's submission regarding Automatic Pass Through and requested Hon'ble Commission to reject the same.

Petitioner's response

Petitioner submits that Ministry of Power, GoI, vide notification dated 9th November, 2021, directed to provide for automatic pass through on account of power purchase costs without any delay with immediate effect. While providing for Automatic Pass Through, the Ministry of Power has also considered the grave circumstances witnessed by the power sector including issues of availability of fuel namely coal and gas for power plants, spike in prices in of coal and gas in the international markets as well as the need for all stake holders in the value chain of power sector to recover cost in a timely fashion and the revenue constraints faced by the distribution companies. In view of above, the Petitioner requests the Hon'ble Commission to consider Automatic pass through of FPPPA without any delay. In the alternative, the Petitioner requests the Hon'ble Commission to consider automatic passthrough of at least 20 paisa per unit in the interregnum.

Commission's view

The Commission has noted the objections and the response by the petitioner.

3.2.14. Rent on private land for transformer/substations

The Objector has referred to the rent on private land for transformer/substations and requested Hon'ble Commission to fix the same at market rate with increments at regular interval.

Petitioner's response

the Petitioner submits that it is setting up distribution transformers in private land to cater to the demand of specific set of consumers and in order to provide reliable power. Any increase in the rent will result in increase in ARR of the Petitioner and in turn reflect as revenue gap.

Commission's view

The objection and response of the Petitioner on the same are noted.

3.2.15. Facilitation of uninterrupted transmissions

The Objector has requested the Hon'ble Commission to direct TPL and other Discoms operating in South Gujarat to facilitate uninterrupted transmissions.

Petitioner's response

The Petitioner submits that, the Petitioner is ensuring reliability and quality of power supply to cater to the demand of its consumers.

Commission's view

The commission has noted the contentions of the objector and the response of the petitioner.

3.2.16. 220kV transmission loss for FY 2023-24

The Objector has contended that with negligible difference of energy input, 220kV transmission loss for FY 2023-24 is very high.

Petitioner's response

The Petitioner submits that the transmission loss for FY 2023-24 of 37.32 MUs for TPL-D(Surat) is in line with the actual transmission loss of FY 2021-22 of 37.49 MUs. Hence, the observation of the Objector is erroneous.

Commission's view

The commission has noted the contentions of the objector and the response of the petitioner.

3.2.17. Incentive for EV users

The Objector has sought incentive for electric vehicle (EV) users by charging lower Rate.

Petitioner's response

The Petitioner would like to submit that Section 62 of the Act provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity. In order to promote the use of EV, the Hon'ble Commission has determined the lower rate for LT & HT EV charging stations. The Petitioner has proposed to continue with the same.

Commission's view

The Commission has noted the suggestions of the objector and the response of the petitioner.

3.2.18. Prayer to keep the proceedings of Tariff Determination for FY2023-24 in abeyance

The Objector has prayed to keep the proceedings of Tariff Determination for FY 2023-24 in abeyance till accurate data is furnished by the Petitioner.

Petitioner's response

The petitioner submits that, it may kindly be noted that the tariff proceedings are regulatory in nature and does not involve a lis. The Petitioner has filed the present petition as per the provisions of the GERC MYT Regulations and all requisite data has been furnished in the petition. Hence, the Hon'ble Commission is requested to kindly approve the petition as prayed for.

Commission's view

The Commission has noted the objection and response thereon by the Petitioner. The Commission has issued the present Order based on the MYT Regulations, Tariff Policy, MoP Guidelines.

3.2.19. Additional Slab of above 400 units

The Objector has suggested that an additional slab of above 400 units per month for residential consumers may be introduced with higher tariff, so that the consumers with higher consumption of electricity shall pay higher charges.

Petitioner's response

The Petitioner would like to submit that the tariff structure is based on certain widely recognized best practices and in accordance with the legal framework. Some of the key factors considered for tariff design and as contemplated under the Act are capacity to pay, incentivizing energy conservation through telescopic tariff and promotion of efficient use of electricity. However, the Hon'ble Commission may take appropriate view in this regard in accordance with the applicable Statutory Provisions.

Commission's view

The Commission has noted the suggestion and reply.

3.2.20. Separate fixed charges for consumers installing solar roof top plants

The Objector has suggested to specify separate fixed charges reflective of fixed cost for consumers installing solar roof top plants.

Petitioner's response

The Petitioner submits that ideally the fixed cost of the licensee should be recovered through the fixed charges. However, as per existing tariff design, majority of the fixed cost is being recovered through energy charges. Hence, the Hon'ble Commission may kindly take appropriate view to rationalize the fixed charges of the residential consumers or alternatively, introduce connected load based fixed charges. Further, consumers who install solar rooftop are paying energy charges applicable on net consumption only. This does result in cross-subsidization of consumers with higher paying capacity by consumers having lower paying capacity. The Hon'ble Commission may take appropriate view on the suggestion and may specify separate fixed charges/demand charges for consumers installing solar.

Commission's view

The Commission has noted the suggestion of the Objector and response of the Petitioner on the same.

3.2.21. Recovery of Past Period Dues

The Objector has referred to the under-recoveries of past years and suggested to clear such under-recoveries as any delay will attract carrying cost. Further, the Objector has also stated that Regulatory charges proposed by the Petitioner should be discontinued upon recovery of past dues.

Petitioner's response

The regulatory charge is proposed mainly to recover the gap arising on account of past years' under recovery and the same will be discontinued upon completion of recovery of such past under-recoveries. Further, the carrying cost for such unrecovered gap is the legitimate claim of the Petitioner to factor in time value of money due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law.

Commission's view

The Commission has noted the suggestion and reply.

3.2.22. Revision in Base Price with FPPCA

The Objector has objected to the revision in the base price of power purchase cost and fuel & power purchase price adjustment and suggested to merge 50% FPPPA charges in basic slabs.

Petitioner's response

The Petitioner submits that as per approved FPPPA formula, any increase in power purchase cost during the year over and above base power purchase cost is to be recovered through FPPPA over and above base FPPPA on quarterly basis. The revised base FPPPA Charges has been worked out considering estimated power purchase cost for FY 23-24.

The Petitioner submits that by merging 50% FPPPA in the basic slabs it may be noted that the FPPPA rates vary based on the price of fuel and power purchase cost and the consumers will be benefited in case of any reduction in the cost by way of adjustment in FPPPA charges.

Commission's view

The Commissions notes the suggestions and the response of the petitioner.

3.2.23. Electricity Duty

The Objector has submitted that the Electricity Duty is very high for some category of consumers and suggested to recommend to State Government to rationalize the Electric Duty.

Petitioner's response

Electricity Duty is levied as per Electricity Duty Act and the same is within the jurisdiction of the Government.

Commission's view

Electricity Duty is governed by the State Act and it does not fall within the jurisdiction of the Commission.

3.2.24. Lower Offtake from UnoSugen

The Objector has referred to the lower off-take of power from UNOSUGEN during FY 2021-22 and sought reason for the same. The Objector has also inquired if the Hon'ble Commission has inquired from the Petitioner the reason for increase in the FPPPA.

Petitioner's response

The Petitioner would like to submit that it has sourced power from all approved sources during FY 2021-22. During FY 2021-22, the entire power sector has experienced sharp increase in the power purchase cost due to higher prices of Gas and imported coal owing to the ongoing geo-political issues coupled with shortfall of Domestic coal. Additionally, electricity demand has further increased as Captive Consumers in addition to Open Access users (sourcing power from Power Exchange) have switched over to Distribution Licensee for supply of electricity. Accordingly, the Petitioner has procured electricity from the Power Exchange/Bilateral sources, in order to provide uninterrupted and reliable power while optimizing overall cost. Further, the Petitioner submits that FPPPA is being levied as per the approved formula of the Hon'ble Commission to consider necessary adjustment on account of change in power purchase cost of Distribution Licensee. Further, any adjustment in FPPPA is made only upon necessary approvals of the Hon'ble Commission.

Commission's view

The Commissions notes the suggestions and the response of the petitioner.

3.2.25. Increase in FPPPA

The Objector has contended that the Petitioner has increased the FPPPA by 41% during FY 2022-23. Accordingly, the Objector has suggested that the Hon'ble Commission should investigate the same and reduce the FPPPA.

Petitioner's response

The Petitioner submits that FPPPA is being levied as per the approved formula of the Hon'ble Commission. Any adjustment in FPPPA is made only upon necessary approvals of the Hon'ble Commission, as may be required and directions thereon. The Petitioner would further like to submit that the revenue recovered by the Petitioner by way of FPPPA during FY 2022-23 shall be considered as part of revenue in truing up exercise of FY 2022-23.

Commission's view

The Commissions notes the suggestions and the response of the petitioner.

4. Truing up for FY 2021-22

4.1. Introduction

This Chapter deals with the truing up of FY 2021-22. The Commission has studied and analysed each component of the ARR for FY 2021-22 in the following paragraphs.

4.2. Energy Sales to the Consumers

Petitioner's submission:

The Petitioner has submitted category-wise actual energy sales for Surat area for FY 2021-22 along with the sales approved by the Commission in the Order, as given in the Table below.

Table 4.1: Energy Sales for FY 2021-22 for TPL-D (S) area (MU)

Category	Approved in MTR Order	Actuals Claimed
RGP	795.24	795.23
NRGP	1207.36	1161.20
LTMD	890.62	942.10
HT	338.38	416.07
Others	26.64	22.73
DoE Units	-	0.68
Total Sales	**3258.24**	**3337.03**

The actual sales in FY 2021-22 is higher than that approved in the order due to increase in demand due to reopening of economy post Covid-19. Further, the installed capacity of solar rooftop has reached to about 55 MW as on 31st March, 2022. Based on above, the major reasons for deviation in category-wise sales are enumerated hereunder:

a) The actual sales for RGP category are almost in line with the approved sales. This is primarily due to the growth in housing projects which has offset the adverse impact of solar rooftop.

b) The Sales in Non RGP & LTMD category arise mainly from industrial and non-industrial consumers. The industrial consumers comprise of textile, diamond and embroidery segments whereas non-industrial consumers comprises of shops, showrooms and offices. During FY 2021-22, the actual sales for Non RGP category is lower than the approved sales as demand in this category is yet to recover to pre-Covid levels. Whereas in case of LTMD category, the actual sales are higher than approved primarily due to sharp increase in demand of diamond industries.

c) In HT category, the consumption is mainly attributed to industries and commercial establishments, water works, and pumping stations run by the local authority, temporary services, METRO, and Electric Vehicles. During FY 2021-22, the actual sales in HT industrial and commercial category is higher than the approved sales due to sharp increase in demand of diamond industries. In case of HT water works and pumping stations, the sales are marginally higher due to enhancement of load in water work services. Further, during FY 2021-22, there were no HT-temporary services.

d) The Sales in Others category include sales of GLP, Agriculture and LT Temporary categories. During FY 2021-22, the actual sales are lower than approved mainly in GLP category due to impact of solar rooftop.

The Petitioner has further submitted that The 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 above.

Commission's analysis:

The actual sales in FY 2021-22 were 3337.03 MUs as against 3258.24 MUs approved in the Order dtd. 31.03.2021 due to increase in demand due to reopening of economy post Covid-19 and also sharp increase in demand of diamond industries. The sales as submitted by the Petitioner have been verified, compared and confirmed with the sale of energy furnished in the monthly return under Form A specified in Rule 6(1) (A) filed by TPL-D (S) with the Chief Electrical Inspector and Collector of Electricity Duty vide additional data submitted.

In view of above, the Commission approves the energy sales as mentioned in table 4.1 above for TPL-D (S) to the tune of 3,337.03 MUs for FY 2021-22.

4.3. Distribution Losses

Petitioner's submission:

The Petitioner has submitted that it has been making consistent efforts to contain the distribution losses. The Petitioner submits that the losses are operating in range-bound manner at such a lower level, which is shown as below:

Table 4.2: Distribution Losses for FY 2021-22 as submitted by TPL-D (S)

Category	Approved in Order	Actuals Claimed
Distribution losses (%)	3.54%	3.38%

TPL–D (S) has submitted that the variation in the distribution loss compared to the approved value is to be considered accordingly.

Commission's analysis:

The reduction in distribution losses in the licensed area has taken place due to modernization/improvement of the distribution network, augmentation of the old assets, etc. over a period of time and concentrated efforts of the Petitioner, which has resulted in reduction in transformation losses as well as line losses and ultimately overall Distribution Losses. The Commission accepts TPL-D (S)'s submission and approves the actual Distribution Losses of 3.38% for FY 2021-22.

The Commission also accepts TPL-D (S)'s submission to treat the deviation in the distribution loss as controllable factor and share the gain accordingly.

4.4. Energy Requirement

Petitioner's submission:

The Petitioner has submitted that the actual energy requirement for Ahmedabad and Surat licensee area furnished is based on the (i) actual energy sales, (ii) transmission loss and (iii) distribution loss for FY 2021-22 as given in the Table below:

Table 4.3: Energy Requirement for FY 2021-22 for TPL-D (MUs)

Particulars	Approved in Order	Actuals Claimed
Surat Supply Area		
Energy Sales (MU)	3,258.24	3,337.03
Distribution losses (%)	3.54%	3.38%
Distribution losses (MU)	119.57	116.85
Energy Input at Distribution Level (MU)	3377.81	3453.89

Particulars	Approved in Order	Actuals Claimed
220kV/Transmission Loss (MU)	28.27	37.49
Energy Requirement of Surat (A)	**3406.08**	**3491.37**
Energy Requirement of Ahmedabad (B)	**8069.68**	**8058.70**
Total Energy Requirement (A+B)	**11475.76**	**11,550.07**

The Petitioner submitted that the total energy requirement was met through various sources as discussed in the subsequent section.

Commission's analysis:

The actual energy requirement submitted by the Petitioner for FY 2021-22 along with energy requirement as per the Order dated 31.03.2021 has been examined and verified by the Commission. The Commission observed that there is an increase of 85.29 MUs in the energy requirement of Surat area against the quantum of 3406.08 MUs and overall increase 74.31 MUs in the energy requirement for TPL-D (A) and TPL–D (S) against the quantum of 11475.76 MUs approved in the order.

The actual energy requirement is higher than that approved in the Order due to increase energy sales. The actual energy requirement being the sum of energy sales, Transmission Losses and Distribution Losses, works out to 11550.07 MUs for FY 2021-22, as given in the above Table 4.3.

4.5. Energy Availability

Petitioner's submission:

The Petitioner has submitted that the power is sourced collectively for Ahmedabad and Surat License area from TPL-G (APP), SUGEN, Renewable Sources of Energy and other sources such as Bilateral and purchase through Power Exchange. The source- wise power purchase is given in the Table below:

Table 4.4: Energy Availability (Net) for FY 2021-22 for Ahmedabad & Surat (MUs)

Particulars	Approved in Order	Actuals Claimed
TPL-G (APP)	2,451.59	2,240.86
SUGEN/ UNOSUGEN	7,073.29	5,493.55
Bilateral	-	759.60
Power Exchange	-	1,584.13
Renewables	1,950.88	1,184.07

Particulars	Approved in Order	Actuals Claimed
Sub-Total	11,475.76	11,262.20
Add: sale of surplus power/UI/wind setoff	-	287.87
Total	11,475.76	11,550.07

During FY 2021-22, overall higher off-take is mainly on account of increase in power requirement due to reopening of economic activity post lifting of COVID-19/ lockdown.

During FY 2021-22, the Petitioner has procured power from TPL-G (APP), SUGEN, UNO SUGEN, Renewable Sources of Energy and Bilateral and also balance requirement has been fulfilled through procurement of top up power from power exchange.

The Petitioner has further submitted 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 Commission notified the GERC (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018 specifying RPPO for FY 2021-22. TPL-D has made all efforts to fulfill its RPPO.

The renewable energy requirement and renewable energy sourced for FY 2021-22 for TPL-D (A) and TPL-D (S) combined, is as under:

Table 4.5: RPPO submitted by TPL for FY 2021-22

Particulars	Actuals Claimed
Energy Requirement	11550.07
RE Procurement	
Wind Energy to procured (@8.25%)	952.88
Solar Energy to procured (@8.00%)	924.01
Biomass/Bagasse/Others (@0.75%)	86.63
Total (@15.65%)	1,963.51
Compliance (Non-Solar)	
Wind	914.47
Non-Solar REC	-
Compliance	914.47
Compliance (% of Energy Requirement)	7.92%
Compliance (Solar Energy)	
Solar	571.33
Solar REC	-
Compliance	571.33

Particulars	Actuals Claimed
Compliance (% of Energy Requirement)	4.95%

The Petitioner has submitted that they approached the Commission in the matter of revision of minimum quantum of purchase (in %) from renewable energy sources for FY 2021-22 in accordance with the RPO Regulations vide its petition No. 2153 of 2022.

Commission's analysis:

The sources of power approved by the Commission in the Order dated 31.03.2021 are AMGEN, SUGEN, UNO SUGEN, Bilateral Sources, Power Exchange and Renewable Energy. The Commission had approved the total quantum of power purchase at 11,475.76 MUs for TPL-D (A) and TPL-D (S) combined for FY 2021-22 in the Order against which the Petitioner has purchased 11,550.07 MUs during FY 2021-22.

TPL-D has procured 5493.55 MU from SUGEN/ UNOSUGEN which was less than power purchase considered from the source in the Power Purchase for FY 2021-22 in the Order and simultaneously increased the power purchase from Bilateral and Power exchange. On query regarding this, it has been submitted that the entire power sector has experienced the issue of prohibitive cost of Gas and imported coal due to the ongoing geo-political issues coupled with shortfall of Domestic coal. Additionally, electricity demand has further increased as Captive Consumers in addition to Open Access users (sourcing power from Power Exchange) have switched over to Distribution Licensee for supply of electricity owing to exorbitant increase in electricity prices on the Power Exchange and Bilateral Market. Accordingly, TPL has to procure the higher quantum of electricity from the Power Exchange in order to provide uninterrupted and reliable power while optimizing overall cost.

The Commission during the prudence check, sought reconciliation of sale of surplus power / UI / Wind setoff of 287.87 MUs as per Form – 2 against which the Petitioner has submitted the details as given below.

Table 4.6: Details of sale of surplus power/ UI/ Wind off-set

Particulars	MU
UI	408.74

Particulars	MU
Open Access through PX	(6.82)
Wind Set Off	(114.05)
Total	287.87

The Commission notes that TPL has procured renewable energy from the generators under preferential tariff for compliance of RPO. The RPO targets approved by the Commission as per GERC (Procurement of energy from Renewable Sources) (Third Amendment) Regulations, 2022 for FY 2021-22 are as follows:

Table 4.7: RPO Targets approved by the Commission for TPL-D

Description	FY 2021-22
Solar	8.25%
Wind	8.00%
Hydro	0.00%
Other	0.75%

TPL-D has achieved 7.92% RPO related to Non-solar and 4.95% RPO related to Solar. There is shortfall in RPO pertaining to solar and non-solar energy purchase. The Commission notes that TPL has filed a separate petition for compliance of RPO, which is pending for adjudication before the Commission. Therefore, as far as the compliance of RPO is concerned, the Commission will decide it in separate proceedings.

The Commission has considered the aforesaid aspects and accordingly approves the availability of energy during FY 2021-22 as shown in the Table below:

Table 4.8: Approved Energy Availability (Net) for FY 2021-22 for TPL-D (A) and TPL-D (S) (MU)

Particulars	Approved in Order	Actuals Claimed	Approved by Commission for Truing-Up
TPL-G (APP)	2,451.59	2,240.86	2,240.86
SUGEN/ UNOSUGEN*	7,073.29	5,493.55	5,493.55
Bilateral	-	759.60	759.60
Power Exchange	-	1,584.13	1,584.13
Renewables	1,950.88	1,184.07	1,184.07
Sub-Total	11,475.76	11,262.20	11,262.20
Add: sale of surplus power/UI/wind setoff	-	287.87	287.87
Total	**11,475.76**	**11,550.07**	**11,550.07**

*Note- TPL-D has procured 4192.43 MUs and 1301.12 MUs from SUGEN and UNO SUGEN respectively for TPL-D (A) & TPL-D (S) Areas during the period of FY 2021-22.

4.6. Power Purchase Cost

Petitioner's submission:

TPL has submitted the actual power purchase cost for FY 2021-22 against the power purchase cost approved in the Order as shown in the Table below:

Table 4.9: Power Purchase Cost projected by TPL for Ahmedabad and Surat area for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Actuals Claimed
TPL-G (APP)	1,157.34	1125.89
SUGEN/ UNOSUGEN	3503.19	3,371.47
Bilateral	-	408.82
Power Exchange	-	1016.10
Renewables	906.53	672.10
Total	**5567.06**	**6594.38**

The Petitioner has submitted that the quantum of power purchase depends on energy sales and distribution loss and the mix of power purchase depends on availability and cost of different sources at a point of time.

The variation in the power purchase cost from the Order is on account of variation in sales and 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.

TPL has also submitted that the variation in power purchase cost is an uncontrollable component except on account variation in distribution losses and hence, the same needs to be allowed in ARR as per Regulations.

TPL submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad and Surat on the basis of usage of power. Accordingly, the allocated power purchase cost for Surat Supply area is Rs. 1,993.36 Crore for FY 2021-22.

Commission's analysis:

The Commission, in its Order had approved the power purchase plan for FY 2021-22 as per the details furnished by TPL in its Case No. 1927 of 2021 dated 31.03.2021.

The Commission had approved the quantum of power purchase at 11,475.76 MUs for FY 2021-22 in the Order against which TPL has purchased 11,550.07 MUs. The Commission has approved power purchase cost of Rs. 5567.06 Crore for FY 2021-22 in the Order against which TPL has incurred Rs. 6594.38 Crore. The energy requirement is evaluated based on the sale of energy and losses in the transmission and distribution system of Ahmedabad / Gandhinagar and Surat license area. The energy requirement for TPL-D (S) license area works out to 30.23% of the total energy requirement. Accordingly, the Petitioner has allocated power purchase cost for Surat Supply area as Rs. 1,993.06 Crore for FY 2021-22. It has been observed that there is discrepancy between the claiming of the power purchase cost for Ahmedabad Supply area as Rs. 1,993.06 Crore vis-à-vis the electric energy purchased as shown Rs. 1,999.31 Crore in segregated Audited Accounts for FY 2021-22. In this regard, it has submitted the reconciliation statement and further submitted that the Power purchase cost of AMGEN billed as per FPPPA is Rs. 1143.67 Crore. Whereas, as per True up petition, it is Rs. 1125.89 Crore. This difference of Rs. 17.78 Crore is considered in the petition. It has further submitted that Power Purchase Cost has been apportioned between Ahmedabad and Surat based on usage of power.

The Commission observes that the total power purchase cost has increased by Rs. 1027.32 Crore for FY 2021-22 over that approved in the Order dated 31.03.2021. The variation in the power purchase cost from the 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.

The Commission has considered the energy scheduled from TPL-G (APP) to the tune of 2240.86 MU in energy availability of TPL-D, however against which the actual net generation was to the tune of 2222.10 MU. Thus, the power purchase cost on account of variation in actual net generation and scheduled energy of 18.75 MU is being considered and the related power purchase cost. Therefore, the Commission accordingly, approves Rs. 1125.87 Crore to be transferred in actual power purchase cost of TPL-D for FY 2021-22.

TPL-D has purchased power from SUGEN at a variable cost of Rs. 4.965/kWh as against Rs. 3.90/kWh approved by the Commission in the Order dtd. 31.03.2021. The generation cost from SUGEN plant has been mainly increased due to prohibitive cost of Gas, PLL Use of Pay Charges and Ship or Pay Charges for deficiency in MMBTU towards GSPL.

TPL-D has purchased power from UNO SUGEN at a variable cost of Rs. 3.088/kWh as against Rs. 3.14/kWh approved by the Commission in the Order dtd. 31.03.2021. on query regarding ascertaining of the landed price of power purchase including the fixed charges of UNO SUGEN not more than the prevailing landed market price for medium term power purchase during such periods, in this regard, it has submitted the medium-term price reference along with the regional and State transmission charges and losses documents along with calculation. It has been found that the landed price of UNO SUGEN as Rs. 4.878 per Unit (including the fixed charges excluding the Transmission charges) is quite lesser than the prevailing landed market price for medium term power purchase as Rs. 5.48 per Unit during FY 2021-22, which is in line with the Case No. 1322 of 2103 dated 19.06.2019.

The Petitioner has procured power from bilateral sources to meet the shortfall of energy from tied-up sources and balance requirement has been fulfilled through procurement of top up power from power exchange. The Petitioner has procured short-term power from Indian Energy Exchange (IEX) at the rate of Rs. 6.41 / kWh as submitted in Form 2. The Petitioner has also purchased power from bilateral sources at Rs. 5.38 / kWh as submitted in Form 2. Similarly, the bilateral power price was not considered for computation for FY 2021-22, which went up to Rs. 5.38 / kWh during the truing up period i.e. FY 2021-22. In this regard, it has been submitted that the entire power sector has experienced the issue of prohibitive cost of Gas and imported coal due to the ongoing geo-political issues coupled with shortfall of Domestic coal. Additionally, electricity demand has further increased as Captive Consumers in addition to Open Access users (sourcing power from Power Exchange) have switched over to Distribution Licensee for supply of electricity owing to exorbitant increase in electricity prices on the Power Exchange and Bilateral Market. Accordingly, TPL has to procure the higher quantum of electricity from the Power Exchange in order to provide uninterrupted and reliable power while optimizing overall cost. These are the major reasons which have increased the power purchase cost of TPL.

The Commission has specified the minimum RPO to be fulfilled by the Petitioner as per the GERC (RPO) Regulations. Regarding the procurement from the Renewable Sources by the Petitioner during FY 2021-22, it has procured at the rates of Rs. 4.748 per Unit and Rs. 8.085 per Unit respectively from the Wind and Solar sources.

The Commission has approved the power purchase cost for FY 2021-22 as given in the Table below:

Table 4.10: Approved Power Purchase Cost for TPL-D (A) and TPL-D (S) for FY 2021-22 (Rs. Crore)

Energy Sources	Approved in Order	Actuals Claimed	Approved by Commission
TPL-G (APP)	1,157.34	1125.89	1125.87
SUGEN	2633.41	3,371.47	2736.79
UNO SUGEN	869.78		634.67
Bilateral	-	408.82	408.82
Power Exchange	-	1016.10	1,016.10
Renewables	906.53	672.10	672.10
Total	**5567.06**	**6594.38**	**6594.35**

Considering the approved power purchase cost of Rs.6,594.35 Crore for the approved total energy procurement of 11,550.07 MUs, the per unit power purchase cost works out to Rs. 5.709 / kWh for FY 2021-22.

The Commission has approved the energy requirement of TPL-D (S) license area at its periphery which is 3,491.37 Mus. The power purchase cost for TPL-D (S) license area based on the allocation of 30.23% is worked out as Rs.1,933.35 Crore and accordingly approved the same for FY 2021-22.

4.6.1. Sharing of Gains/Losses due to reduction in Distribution Losses

Petitioner's submission:

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 lower distribution losses is treated as controllable.

For the purpose of calculation of gains on account of reduction in distribution loss, the loss level approved by the Commission in tariff order has been considered as base level by the Petitioner the gains due to reduction in distribution loss at Rs. 2.72 Crore. The calculation of gains on account of reduction in distribution loss is quantified as per the table below.

Table 4.11: Gain due to reduction in energy requirement for FY 2021-22 claimed by TPL-D (S)

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	(a)	3,453.89
Energy Sales	MU	(b)	3337.03
Wheeling Energy -OA/RE	MU	(c)	43.52
Total wheeled units	MU	(d)=(b)+(c)	3380.55
Approved Distribution losses	%	(e)	3.54%
Energy required at distribution level at approved loss	MU	(f)=(d)/(1-(e))	3504.62
Difference	MU	(g)=(f)-(a)-(c)	7.21
Units recovered as loss	MU	(h)	2.45
Reduction in Energy Requirement	MU	(i)=(g)-(h)	4.76
Average PPC	Rs./kWh	(j)	5.71
Savings	**Rs. Crore**	**(k)=(i)*(j)/10**	**2.72**

Commission's analysis:

The Commission has approved distribution loss at 3.54% in the Order dtd. 31.03.2021 whereas TPL has claimed the actual distribution loss at 3.38% for FY 2021-22. The Commission has worked out gain on account of reduction in distribution losses as shown in the Table below:

Table 4.12: Approved Gains due to reduction in Distribution Losses for FY 2021-22

Particulars	Unit	Legend	Approved
Actual Energy purchased at distribution level	MU	(a)	3,453.89
Energy Sales	MU	(b)	3337.03
Wheeling Energy -OA/RE	MU	(c)	43.52
Total wheeled units	MU	(d)=(b)+(c)	3380.55
Approved Distribution losses	%	(e)	3.54%
Energy required at distribution level at approved loss	MU	(f)=(d)/(1-(e))	3504.62
Difference	MU	(g)=(f)-(a)-(c)	7.21
Units recovered as loss	MU	(h)	2.45
Reduction in Energy Requirement	MU	(i)=(g)-(h)	4.76
Average PPC	Rs./kWh	(j)	5.71
Savings	**Rs. Crore**	**(k)=(i)*(j)/10**	**2.72**

The Commission, accordingly, approves the gain on account of reduction in distribution loss at Rs. 2.72 Crore during FY 2021-22 for truing up.

4.7. Fixed Charges

4.7.1. Operation and Maintenance (O&M) Expenses

Petitioner's submission:

TPL-D(S) has claimed Rs. 129.48 Crore as O&M expenses lower than the total O&M expenses of Rs.149.01 Crore approved for FY 2021-22 in the Order as mentioned in the Table below:

Table 4.13: O&M expenses claimed by TPL- Surat for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed by Petitioner
Operation & Maintenance Expenses	149.01	129.48

The Petitioner has submitted that the variation in O&M expenses should be considered as controllable.

The Petitioner has further submitted that it has excluded the expenses for identified employees who are part of the implementation of SURYA scheme in its license area.

Commission's analysis:

TPL-D (S) has submitted the actual O&M expenses at Rs.129.48 Crore inclusive of impact of "Re-measurement of Defined Benefit Plans" of (-) Rs.0.03 Crore in the truing- up for FY 2021-22.

It is observed from the Annual Accounts, that the O&M Expenses are Rs. 129.48 Crore; whereas TPL has claimed O&M Expenses of Rs.129.48 Crore. The head-wise analysis is as under:

a) Employee Expenses: The Commission observed that the Employee Expenses as per annual accounts are Rs. 57.22 Crore net of expenses capitalized of Rs. 30.57 Crore. The Petitioner has added commission to non-executive directors of Rs. 0.34 Crore (from A&G expense head) and deducted expense towards Re-measurement of Defined Benefit Plans of Rs. 0.03 Crore as appearing in P & L Statement.

It has been observed that the Petitioner has further deducted an amount of Rs. 0.63 Crore towards the cost of the Surya Gujarat Solar rooftop scheme in the employee cost. On query regarding this, the Petitioner has stated that as per the clause 5.2.1, 5.2.2 and 5.2.7 of the MNRE Guidelines dated 20.08.2019 on "Implementation of Phase — I l of Grid Connected Rooftop Solar Programme for achieving 40 GW capacity from Rooftop Solar by the year 2022", the Petitioner is required to treat incentive and expense separately from tariff exercise. It has further furnished the copy of the MNRE guideline dated 20.08.2019. Therefore, the Commission deducted the same amount from the employee cost as submitted by the Petitioner. Accordingly, the employee expenses are Rs. 56.90 Crore.

b) A&G Expenses: A&G expense as per annual accounts are Rs. 37.78 Crore net of expenses capitalized of Rs. 8.18 Crore. The Petitioner has claimed A&G expenses after reduction on account of Commission to Non-Executive Directors (Rs. 0.34 Crore), Bad Debts Written off-net (Rs. 0.55 Crore), Allowance of doubtful debts (Rs. 0.36 Crore), sponsorship expenses NIL, Advertisement Expenses (Rs. 0.04 Crore), Gardening Expenses (Rs. 0.46 Crore), DSM Expense of (Rs. 0.13 Crore) and add lease payments (Rs. 0.06 Crore). It has been observed that the Petitioner has considered NIL towards the Insurance Claim Receipt, which is part of A&G expenses as per the approach adopted in previous Tariff Orders. Accordingly, the Commission has given treatment accordingly.
Accordingly, the Commission approves the A&G expense of Rs. 35.96 Crore for FY 2021-22.

c) R&M Expenses: The Petitioner has claimed R & M expense of Rs. 36.62 Crore as per actual cost incurred duly verified by the Commission from Annual Audited Accounts. The Commission, accordingly, approves R & M expense of Rs. 36.62 Crore.

The Commission, accordingly, approves the O&M expenses of Rs. 129.48 Crore in truing up for FY 2021-22.

Further as per Regulation 22 of the GERC (MYT) Regulations, 2016 the variation in O&M

expenses is to be considered as controllable.

Accordingly, as per the GERC (MYT) Regulations, 2016 Gain/(Losses) on account of O&M expenses in the truing up of FY 2021-22 is approved by the Commission as given in the Table below:

Table 4.14: O&M Expenses approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable	Gains/(Losses) due to Uncontrollable
O&M Expenses	149.01	129.48	19.53	19.53	-

4.7.2. Capital Expenditure, Capitalization and Sources of Funding

Petitioner's submission:

The Petitioner has claimed capital expenditure of Rs. 200.20 Crore in the truing up for FY 2021-22, as against Rs.221.34 Crore approved in the Order dated 31st March, 2021 in Case No. 1927/2021 as per the details given in the Table below:

Table 4.15: Capital expenditure claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed by Petitioner
EHV	61.20	77.50
HT Network	37.40	57.18
LT Network	35.54	34.39
Special Projects	57.69	18.01
Meter Management	10.64	4.95
Customer Care	10.46	0.46
IT	2.12	1.87
Others	6.30	5.83
Total Cost	**221.34**	**200.20**

TPL has submitted that the capital expenditure incurred for Surat Supply Area in FY 2021-22 is Rs. 200.20 Crore which is lower than the approved value. TPL has given reasons for the major variances in the actual expenditure against the approved expenditure as detailed below:

(a) EHV Network – The Hon'ble Commission had approved the capital expenditure of Rs. 61.20 Crore for EHV. In this regard, the Petitioner has incurred the expenditure of Rs. 77.50 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 2021-22 expenditure has been incurred towards 220 kV reactor.

- 220 kV EHV Line/ Cable: During FY 2021-22, capex could not be incurred due to right-of-way issues.
- New 66 kV substation: During FY 2021-22, work for 66kV substation has been initiated at Katargam. In turn, work of 66kV cable connectivity from F-GIS SS (Dabholi SS) to New Katargam SS was carried out during FY 2021-22.
- Additional 66 kV connectivity to cater to load growth: Additional 66 kV connectivity schemes were proposed considering peak loading of 66kV incoming sources and need for load transfer in case of fault. In turn, capex was incurred for 66 kV cable connectivity between Puna SS to K (A.K Road SS) and Bhatar SS to H (Kailash Nagar SS).
- Augmentation / Replacement of Power Transformer & ICT: Under this head, expenditure is incurred for Augmentation / Replacement of Power Transformer & ICT related to protection relay of Power Transformer. During FY 2021-22, expenditure has been incurred for augmentation of Power Transformer at B (Vastadevdi SS).
- Replacement & Renovation in existing EHV Substation: Capex has been incurred towards replacement and renovation of various equipment at EHV sub-stations including 220 kV relay replacement at Bhatar SS.
- Supporting Infrastructure: Under this head, expenditure is incurred towards various supporting infrastructure. During FY 2021-22, major expenditure planned towards SCADA upgradation has been carried forward for evaluation of technology.

(b) HT – The Hon'ble Commission had approved the capital expenditure of Rs. 37.40 Crore for HT network. In turn, the actual expenditure incurred was Rs. 57.18 Crore. The details of actual capital expenditure and reason for variation are on account of (i) More number of 11 kV HT Cable required against planned, (ii) Less number of Distribution Substation Automation carried out than planned, (iii) More number of new distribution substations due to increase in demand for lab grown diamonds, (iv) Higher requirement of Distribution Transformer upgradation based on loading condition, and (v) More number of HT customers. During FY 2021-22, expenditure was also incurred towards activities for enhancing safety, such as, switchgear replacement.

(c) LT: The Hon'ble Commission had approved the capital expenditure of Rs. 35.54 Crore for LT network. In turn, the actual expenditure was Rs. 34.39 Crore. Under this head, expenditure has been incurred towards releasing new connections/modification applications, LT network development and modification and replacement of deteriorated, aged and unsafe MSP:

(d) Meter Management: The Hon'ble Commission had approved capital expenditure pertaining to Metering of Rs. 10.64 Crore. The details of actual capital expenditure and reason for variation are on account of (i) Lower quantum of meter requirement for installation and replacement than estimated, and (ii) Deferment of modernisation of laboratory.

(e) Special Projects: The Hon'ble Commission had approved capital expenditure of Rs. 57.69 Crore towards special projects. In this regard, the deviation in actual expenditure is due to rescheduling of expense towards network modification for metro rail and Ringroad (C) power supply center (PSC). During FY 2021-22, expenditure of Rs. 18.01 Crore has been incurred towards Vastadevdi (B) PSC & Varachha (E) PSC.

(f) Others: The Petitioner has incurred a capex of Rs. 1.87 Crore for hardware & software under the head of IT and communication. It has also incurred capex of Rs. 3.71 Crore under the head of Civil Works towards civil related work for stores. Further, capex is also incurred towards fire safety measures and office equipment. It may kindly be noted that capex under the head of Customer Care is incurred towards various testing and measuring equipment.

The Petitioner has further submitted the details of capitalization, which is tabulated as below:

Table 4.16: Capitalization for Surat Supply Area in FY 2021-22 (Rs. Crore)

Particulars	Order	Claimed by Petitioner
Opening GFA	2088.29	2033.44
Addition to GFA	106.31	135.15
Deletion to GFA	-	8.60
Closing GFA	2194.60	2159.99

Particulars	Order	Claimed by Petitioner
Net Capitalisation	**13.80**	**21.16**

Commission's analysis:

The Petitioner has claimed CAPEX of Rs. 200.20 Crore in truing up for FY 2021-22, against CAPEX of Rs.221.34 Crore approved in Order for case No. 1927 of 2021 dtd. 31.03.2021.

The Commission has observed that according to the audited annual accounts for FY 2021-22, the CAPEX is at Rs. 197.57 Crore as per Note 6 of the Audited accounts under head "Addition during the year". The Petitioner has furnished the details of project-wise breakup of actual capitalization of Rs. 197.57 Crore with details of Opening CWIP as on 1st April, 2021, CAPEX during the year and Closing CWIP as on 31st March, 2022 in form 4.3 of the petition.

The Commission opines that in order to meet the system demand and to provide 24x7 uninterrupted reliable quality power supply, necessary augmentation and upgradation of EHV / HV / LV network is required. TPL-D had submitted the CAPEX plan for the MYT period and accordingly CAPEX and capitalization is being undertaken and it is approved based on the yearly progress.

The Commission sought for additional information regarding difference in the CAPEX during the FY 2021-22 and capitalization against the approval of the Commission in Order and along with reason for variation. In this regard, the Petitioner has furnished the details along with the reasons for variation, which is depicted as below:

Table 4.17 Approved CAPEX and Capitalization for FY 2021-22 (Rs. Crore)

Project Title	Capex proposed for FY 2021-22 in ARR petition	Capex approved for FY 2021-22 in ARR order	Capex claimed and approved in truing up for FY 2021-22	Capitalisation proposed for FY 2021-22 in ARR petition	Capitalisation approved for FY 2021-22 in ARR order	Capitalisation claimed in truing up for FY 2021-22	Difference in approved & actual capitalisation for FY 2021-22
A	B	C	D	E	F	G	H=(F-G)
EHV							
New 220 kV EHV SS	12.50	12.50	12.86	12.50	6.00	13.39	-7.39
New 66 kV EHV SS	28.03	28.03	46.96	28.03	13.46	-	
Additional 66 KV Connectivity	7.99	7.99	10.73	7.99	3.84	19.48	-15.64

Project Title	Capex proposed for FY 2021-22 in ARR petition	Capex approved for FY 2021-22 in ARR order	Capex claimed and approved in truing up for FY 2021-22	Capitalisation proposed for FY 2021-22 in ARR petition	Capitalisation approved for FY 2021-22 in ARR order	Capitalisation claimed in truing up for FY 2021-22	Difference in approved & actual capitalisation for FY 2021-22
Additional / Augmentation / Replacement of Power Transformer & ICT	2.34	2.34	3.67	2.34	1.12	3.67	-2.55
Replacement & Renovation in existing EHV SS	4.24	4.24	2.44	4.24	2.04	2.37	-0.33
Supporting Infrastructure - EHV	6.11	6.11	0.84	6.11	2.93	0.84	2.09
Total EHV	**61.20**	**61.20**	**77.50**	**61.20**	**29.39**	**39.75**	**-10.36**
HT					-		
11 kV HT Network Development & Modification	1.17	1.17	6.46	1.17	0.56	6.46	-5.9
Replacement / Shifting of HT Network	2.34	2.34	0.44	2.34	1.12	0.44	0.68
Distribution substation automation	4.78	4.78	2.55	4.78	2.30	2.55	-0.25
New Distribution Substations	10.12	10.12	22.35	10.12	4.86	17.36	-12.5
New HT Consumers	1.52	1.52	5.25	1.52	0.73	4.95	-4.22
Additional / Augmentation / Replacement of Dist. X'mer	4.54	4.54	5.33	4.54	2.18	4.97	-2.79
Installation / Replacement of 11 kV S/Gear / LT Panel / Breaker and Acc. for Safety	0.42	0.42	0.33	0.42	0.20	0.33	-0.13
DSS Asset strengthening for Safety	11.58	11.58	13.05	11.58	5.56	6.42	-0.86
Reactive Power compensation	0.51	0.51	1.22	0.51	0.24	1.22	-0.98
Supporting Infrastructure - HT	0.42	0.42	0.20	0.42	0.20	0.20	0
Total HT	**37.40**	**37.40**	**57.18**	**37.40**	**17.96**	**44.89**	**-26.93**
LT					-		
New Connections / Load Extension	16.49	16.49	14.92	16.49	7.92	15.00	-7.08
LT Network Development & Modification	8.01	8.01	11.42	8.01	3.85	11.42	-7.57
Repl. of MSP / MB for Safety & Reliability	9.87	9.87	6.25	9.87	4.74	6.25	-1.51
Earthing Reactivation of LT assets for Safety	1.06	1.06	1.57	1.06	0.51	1.57	-1.06
Supporting Infrastructure - LT	0.10	0.10	0.23	0.10	0.05	0.23	-0.18
Total LT	**35.54**	**35.54**	**34.39**	**35.54**	**17.07**	**34.48**	**-17.41**
Special Projects					-		
Metro rail project	4.00	4.00	-	4.00	1.92	-	

Project Title	Capex proposed for FY 2021-22 in ARR petition	Capex approved for FY 2021-22 in ARR order	Capex claimed and approved in truing up for FY 2021-22	Capitalisation proposed for FY 2021-22 in ARR petition	Capitalisation approved for FY 2021-22 in ARR order	Capitalisation claimed in truing up for FY 2021-22	Difference in approved & actual capitalisation for FY 2021-22
Infrastructure development for PSC & Other office	53.69	53.69	18.01	-	-	2.71	
Total	**57.69**	**57.69**	**18.01**	**4.00**	**1.92**	**2.71**	**-0.79**
Other – Support Functions	**6.30**	**6.30**	**5.83**	**7.05**	**3.39**	**6.04**	**-2.65**
Meter Management	**10.64**	**10.64**	**4.95**	**10.64**	**5.11**	**4.96**	**0.15**
Customer Case	**10.46**	**10.46**	**0.46**	**10.46**	**5.02**	**0.46**	**4.56**
IT and Other	**2.12**	**2.12**	**1.87**	**2.12**	**1.02**	**1.87**	**-0.85**
Grand Total	**221.34**	**221.34**	**200.20**	**168.41**	**80.89**	**135.15**	**-54.26**

From the said details, it is observed that the major deviation in the capital expenditure is on account of deviation in special projects. Against approved capital expenditure of Rs.57.69 Crore for special projects in the order, the Petitioner has incurred capital expenditure of Rs. 18.01 Crore only.

The major reasons for the deviation in capex between the actuals and approved in the order are below:

New 66 kV EHV Substation: Based on loading of the network & SS, and potential of residential and commercial development, TPL-D has proposed to establish 66 kV Substations during the 3rd MYT control period (2016-17 to 2020-21). These substations are intended with following objectives:

- Future load growth can be met effectively.
- Loading of existing network shall be relieved and redundancy shall be created.
- Long length of existing feeders shall be minimized.

These new 66/11 kV substations are proposed at Katargam and Bhathena alongwith 66kV connectivity. However, due to lack of availability of land, the projects had to be differed. Subsequently, during FY 2021-22, capex of Rs. 46.96 Crore has been incurred mainly towards procurement of land for Katargam substation and 66 kV cable connectivity between F-GIS SS (Dabholi SS) to New Katargam SS. The EHV substation work for Katargam is expected to be completed during FY 2023-24.

Power Supply Centers -

The Power Supply Centers (PSCs) have been proposed to improve efficiency and enhance customer services. These proposed PSCs shall be manned by a dedicated team of engineers who will concentrate on network development, complaint management and addressing consumer's requirements within their specified area.

Since it is difficult to get new land at a cheaper rate in the proposed locations of our license area, it is decided to establish PSCs in our existing premises at strategic locations i.e B, C, E stations. The PSCs and other office buildings will be established with state-of-the-art infrastructure facilities.

During FY 2021-22, Petitioner has incurred capex of Rs. 18.01 Crore mainly for setting up PSC at Vastadevdi (B) station and Varachha (E) station. The work of these PSCs is scheduled for completion in FY 25-26.

Regarding capitalization, it has submitted that the Commission approved the estimated capitalization on consolidated basis for FY 2021-22.

The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 197.57 Crore during FY 2021-22. The Commission has considered the opening CWIP at Rs. 25.81 Crore based audited annual accounts for FY 2021-22. The Commission based on the audited annual accounts of FY 2021-22 has considered the opening CWIP, CAPEX and capitalisation during the year and closing CWIP in true up for FY 2021-22 as given in the table below:

Table 4.18: Capital works in progress (CWIP) approved in true up for FY 2021-22 for TPL-D (S) (Rs. Crore)

Sr. No.	Particulars	Approved in Truing-Up
1	Opening CWIP	25.81
2	Addition during the year	197.57
3	Less: Capitalisation	132.53
4	Closing CWIP (1+2-3)	90.85

The Commission has noted the submissions of the Petitioner regarding the capital expenditure as well as capitalisation of assets. The Commission notes that TPL-D (S) has upgraded and uprated some of the existing sub-stations and lines as well as switchgears.

Moreover, TPL-D (S) has also established and augmented various at 66 kV level in different parts of the city near the load centers, which has led to reduction in the Distribution losses.

The Commission has verified the energizations of EHV system during FY 2021-22 from the Certificate of energizations issued by the Chief Electrical Inspector and details of loading of the newly created EHV network which substantiates that the assets created through CAPEX have been put to service, which have been submitted by the Petitioner in its additional submission.

It has been observed that the Petitioner has claimed capitalisation of Rs.135.15 Crore in truing up for FY 2021-22, against capitalisation of Rs. 106.31 Crore approved by the Commission in the order dated 31.03.2021. It has been further observed that there is a significant variation in the value of Opening GFA in the Annual Accounts and petition. TPL-D (S) clarified that the Fixed Asset Schedule in Annual Accounts is on NFA basis as per Ind-AS. However, TPL-D (S) has submitted fixed asset schedule in the petition on GFA basis as per the GERC (MYT) Regulations, 2016.

The Commission has approved closing GFA at Rs. 2033.44 Crore in true up for FY 2020-21 and the same is considered as opening GFA for FY 2021-22.

The Commission has observed that according to the computations for FY 2021-22, the capitalisation is at Rs. 135.15 Crore. The Petitioner has furnished details of asset wise capitalization in Form 4.2 which is depicted in the Table below:

Table 4.19: Break up of capitalised assets for FY 2021-22 (Rs. Crore)

Project Code	Actuals submitted by Petitioner
EHV	
New 220 kV EHV SS	13.30
220 kV EHV Line / Cable	0.09

Project Code	Actuals submitted by Petitioner
New 66 kV EHV SS	-
Additional 66 KV Connectivity	19.48
Additional / Augmentation / Replacement of Power Transformer & ICT	3.67
Replacement & Renovation in existing EHV SS	2.37
Supporting Infrastructure - EHV	0.84
Total EHV	**39.75**
HT	
11 kV HT Network Development & Modification	6.46
Replacement / Shifting of HT Network	0.44
Distribution substation automation	2.55
New Distribution Substations	17.36
New HT Consumers	4.95
Additional / Augmentation / Replacement of Dist. X'mer	4.97
Installation / Replacement of 11 kV S/Gear / LT Panel / Breaker and Acc. for Safety	0.33
DSS Asset strengthening for Safety	6.42
Reactive Power compensation	1.22
Supporting Infrastructure - HT	0.20
Total HT	**44.89**
LT	
New Connections / Load Extension	15.00
LT Network Development & Modification	11.42
Repl. of MSP / MB for Safety & Reliability	6.25
Earthing Reactivation of LT assets for Safety	1.57
Supporting Infrastructure - LT	0.23
Total LT	**34.48**
Special Projects	
Metro Rail project	-
Infrastructure development for PSC & Other offices	2.71
Total Special Projects	**2.71**
Other Support function	6.04
Meter Management	4.96
Customer Care	0.46
IT	1.87
Grand Total	**135.15**

It has been observed that TPL-D (S) has de-capitalised assets to the extent of Rs. 8.60 Crore during FY 2021-22. However, it has been found there is deductions of Rs. 4.45 Crore as per (Note 4.1) of the audited annual accounts for FY 2021-22 from GFA. On query upon this, the Petitioner has submitted that the Fixed Asset Schedule of Annual Accounts is on NFA basis as per IND AS. However, it has shown Fixed asset schedule on GFA basis as per GERC MYT Regulations in the Petition. Therefore, difference in deduction as shown in Petition vis-å-vis account is on account of accumulated depreciation on such deducted assets. Hence, the Commission considers de-capitalised assets at Rs. 8.60 Crore and accordingly adjustments made to GFA in truing up for FY 2021-22.

The Commission, in view of the above has considered the CAPEX, capitalisation, asset deductions and closing GFA in true up for FY 2021-22 as given in the table below:

Table 4.20: Funding of Capitalization approved for FY 2021-22 for TPL-D (S) (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	2033.44	2033.44
Addition to GFA	**135.15**	**135.15**
Deletion to GFA	8.60	8.60
Closing GFA	2159.99	2159.99
Less: SLC Addition	**21.16**	**21.16**
Balance Capitalization	**113.99**	**113.99**

The Commission, accordingly, approves the GFA in truing up for FY 2021-22 as detailed in the table above.

c) Depreciation

Petitioner's submission:

TPL-D (S) has claimed a sum of Rs. 73.32 Crore towards depreciation in the truing up for FY 2021-22 as against Rs. 71.17 Crore approved in the Order for FY 2021-22 as shown in the Table below:

Table 4.21: Depreciation claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed by Petitioner
Depreciation	71.17	73.32

TPL-D (S) has submitted that the depreciation rates, as per CERC (Terms and Conditions of Tariff) Regulations, 2004, are applied on the Opening GFA of FY 2009-10 and for addition of assets from 1st April, 2009 onwards, the depreciation has been computed at the rates specified in the GERC Regulations. The Petitioner has submitted that depreciation is an uncontrollable item.

Commission's analysis:

The Commission has considered the opening balance of GFA for FY 2021-22 equal to the closing balance of GFA for FY 2020-21 approved by the Commission. The details of opening GFA as on 1st April, 2021, addition to and deduction from the Gross Block during FY 2021-22 and the asset classification-wise depreciation are given in the Form 5 along with the petition.

The Commission has verified the depreciation from the annual accounts for FY 2021-22 and observed that depreciation as per annual accounts is Rs. 84.08 Crore. However, the Petitioner has claimed depreciation of Rs. 73.32 Crore in truing up for FY 2021-22. On query from the Commission, it has submitted that the depreciation has been claimed in accordance with the applicable regulations. The fixed assets schedule of annual accounts is on net fixed assets basis as per Ind. AS. Accordingly, it has deducted an amount of Rs. 10.72 Crore on assets funded through service line contribution and Rs. 0.05 Crore towards depreciation pertaining to IND AS 116.

The Commission, accordingly, approves the depreciation of Rs. 73.32 Crore for FY 2021-22. The deviation in depreciation as compared to approved in Order dtd. 31.03.2021 is considered as uncontrollable, as the depreciation is dependent on capitalisation. The Commission, accordingly, approves the gains/(losses) on account of depreciation for FY 2020-21, as tabulated below:

The Commission, accordingly, approves the depreciation of Rs. 73.32 Crore in the truing up for FY 2021-22 as given below:

Table 4.22: Depreciation Approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Depreciation	71.17	73.32	(2.16)	(2.16)

4.7.3. Interest and Finance Charges

Petitioner's submission:

TPL-D(S) has claimed a sum of Rs. 26.06 Crore towards actual interest expenses in the truing up for FY 2021-22 as detailed in the Table below as against Rs.34.29 Crore approved in the Order dated 31.03.2021. In addition, TPL-D (S) has submitted that it has incurred Rs. 0.18 towards other borrowing costs.

Table 4.23: Interest Expense claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed by Petitioner
Opening Balance	384.21	339.81
Less: reduction of normative loan due to retirement	-	(0.94)
Addition of Loan	64.76	79.79
Repayment during year	71.17	73.32
Closing Balance	377.80	347.22
Average Loan	381.00	343.52
Weighted average rate of interest (%)	9.00%	7.58%
Interest Expenses	**34.29**	**26.06**
Other Borrowing Costs	**-**	**0.18**

The Petitioner submits that the 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. The Petitioner has considered the interest expenses as per the MYT Regulations, 2016 on normative loans. Reduction of normative loan due to deduction in GFA is derived at Rs. 0.94 Crore after considering depreciation on account of deduction of Rs. 6.96 Crore and reduction in equity of Rs. 2.58 Crore. 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.

Commission's analysis:

The Commission has considered the opening normative loan at Rs.339.81 Crore for FY 2021-22 based the closing normative loan approved in true up for FY 2020-21 in Order dated 31.03.2022.

Addition to loan during the year FY 2021-22 is considered at Rs.79.79 Crore as approved in earlier sections in accordance with the GERC MYT regulations 2016. The repayment is considered equivalent to depreciation as approved in the section of depreciation. The GERC (MYT) Regulations, 2016 provides for computation of interest on loan on normative basis on the opening balance of loan brought forward from the previous year's closing balance, capitalisation and funding approved during the year. Further, the Petitioner has reduced normative loan due to deduction in GFA to the extent of Rs. 0.94 Crore after considering depreciation on account of deduction of Rs. 6.96 Crore.

As per first proviso of the Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Distribution Licensee shall be considered as the rate of interest.

Accordingly, the Commission sought information such as the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted vide additional submission. The Commission has considered the weighted average rate of interest at 7.58% equal to the interest claimed by the Petitioner for FY 2021-22.

The Commission sought information on details of other borrowing cost, which Petitioner has submitted that the other borrowing cost of Rs.0.04 Crore which includes Bank Charges levied for issuing Bank guarantee and letter of credit mainly for power purchase. The Commission accordingly approves the other borrowing cost of Rs. 0.04 Crore based on the annual accounts. By considering above, the Commission has computed the Interest &

Finance Charges for FY 2021-22, which is tabulated as below;

The Commission has computed the interest on loan for FY 2021-22, as detailed in the Table below:

Table 4.24: Interest Expenses approved in truing up for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved by Commission
Opening Balance	384.21	339.81
Less; reduction of normative loan due to retirement	-	(0.94)
Addition of Loan	64.76	79.79
Repayment during year	71.17	73.32
Closing Balance	377.80	347.22
Average Loan	381.00	343.52
Weighted average rate of interest (%)	9.00%	7.58%
Interest Expenses	34.29	**26.06**
Other Borrowing Costs	**-**	**0.18**
Total Interest & Finance Expenses	**34.29**	**26.24**

The Commission, accordingly, approves the interest and finance charges at Rs. 26.24 Crore in the truing up for FY 2021-22.

The Commission also approves the Gains/(Losses) on account of interest and finance charges in the truing up for FY 2021-22 as per the GERC (MYT) Regulations, 2016 as detailed in the Table below:

Table 4.25: Interest Expenses and Gains/ (Losses) approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Interest & Finance Charges	34.29	26.24	8.05	8.05

Interest on Security Deposit

Petitioner's Submission:

The Petitioner has claimed Rs. 14.03 Crore towards interest on security deposit in truing-up for FY 2021-22 as against Rs. 16.96 Crore approved in the Order. The Commission in the Order had approved the interest on security deposit for the Petitioner considering 4.65% interest rate on the average estimated balance of security deposit for FY 2021-22.

The Petitioner has submitted the actual interest expense on security deposit considering the rate of interest of 4.25% paid to consumers based on Bank Rate is submitted in the Table below:

Table 4.26: Interest on Security Deposit claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed by Petitioner
Interest Rate	4.65%	4.25%
Interest on Security Deposit	16.96	14.03

The Petitioner has further submitted that the variation in security deposit amount and the variation in interest rate are uncontrollable. Hence, the Petitioner has requested the Commission to treat the variation in interest on security deposit as compared to approved expenses as uncontrollable.

Commission's Analysis:

The Commission has verified the actual interest on security deposit and found the same to be as per the annual accounts submitted with the petition. Thus, the Commission, accordingly, approves the interest on security deposit at Rs. 14.03 Crore for FY 2021-22. The deviation of Rs. 2.93 Crore is considered as gain on account of uncontrollable factor as detailed in the table below:

Table 4.27: Interest on Security Deposit and Gains/Losses approved for FY 2021-22 (Rs. Crore)

Particulars	Approved in the Order	Approved in Truing-Up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Interest on Security Deposit	16.96	14.03	2.93	2.93

4.7.4. Return on Equity

Petitioner's submission:

TPL-D (S) has claimed a sum of Rs. 99.80 Crore towards Return on Equity @ 14% in the truing up for FY 2021-22 as against Rs.101.89 Crore approved in the Order dated 31.03.2021 as detailed in the Table below:

Table 4.28: Return on Equity claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed By Petitioner
Opening Equity	713.91	697.02
Equity Addition	27.75	34.20
Reduction in equity on account of retirement	-	2.58
Closing Equity	741.66	728.64
Return on Equity at beginning of year	*99.95*	*97.58*
Return on Equity addition during year	*1.94*	*2.21*
Total Return on Equity	**101.89**	**99.80**

TPL-D (S) has submitted that 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.

The Petitioner has requested the Commission to consider the variation in RoE as uncontrollable and allow the same for the purpose of truing-up.

Commission's analysis:

The closing equity as on 31st March, 2021 approved in the Truing up order dated 31st March 2022 has been considered as the opening equity for FY 2021-22. During the year FY 2021-22, the net asset addition to GFA is at Rs. 113.99 Crore and the equity at 30% works out to Rs. 34.20 Crore. Further during the year deletion from GFA is at Rs. 8.60 Crore. Accordingly, reduction in equity is considered at Rs. 2.58 Crore being 30% of the asset reduction. Thus, net equity addition is considered at Rs. 31.62 Crore for FY 2021-22 in truing up.

The rate of return is considered at 14% as per the GERC (MYT) Regulations, 2016 to work out the Return on Equity as shown in the Table below:

Table 4.29: Return on Equity approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in True-up
Opening Equity	713.91	697.02
Equity Addition	27.75	34.20
Reduction in equity on account of retirement	-	2.58

Closing Equity	741.66	728.64
Return on Equity at beginning of year	*99.95*	*97.58*
Return on Equity addition during year	*1.94*	*2.21*
Total Return on Equity	**101.89**	**99.80**

The Commission, accordingly, approves the Return on Equity at Rs. 99.80 Crore in the truing up for FY 2021-22.

The Return on Equity depends on the amount of capitalization during the year and the debt to equity ratio considered during the Financial Year and these parameters are uncontrollable in nature. The variance in the amount of Return on Equity is therefore treated as an uncontrollable item.

The Commission, accordingly, approves the gains/(losses) on account of Return on Equity in the truing up for FY 2021-22 as detailed below.

Table 4.30: Return on Equity and Gains/Losses approved in truing up for FY 2021-22 (Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Return on Equity	101.89	99.80	2.09	2.09

4.7.5. Income Tax

Petitioner's submission:

While passing the Order, the Commission approved Rs. 22.19 Crore as income tax as per the actuals of FY 2019-20 for FY 2021-22, 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. 13.25 Crore.

Table 4.31: Income tax claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in MTR Order	Claimed By Petitioner
Income Tax	22.19	13.25

The Petitioner has requested the Commission to consider the variation in Income Tax as uncontrollable and allow the same for truing up.

Commission's analysis:

The Commission had asked TPL to furnish the details of segregation of income tax paid by TPL in respect of TPL-D (S) along with copies of challans of income tax paid. In its reply, TPL-D (A) stated that being a single corporate entity, income tax is paid for the company as a whole and submitted copies of challans of income tax paid for the year. The Petitioner has computed the Income Tax by applying the ratio of PBT and after adjustment of tax credit.

The Commission has verified the PBT figures from the annual accounts for FY 2021-22. The Petitioner has shown a PBT of Rs. 116.18 Crore. The PBT as per standalone financial statement of TPL is Rs. 1817.41 Crore and the total tax paid by the Company as a whole is Rs. 207.30 Crore. It is observed that during FY 2021-22, the Petitioner has paid Minimum Alternate Tax (MAT) of 17.47%, though the effective tax rate works out to be 11.41%. Applying the effective tax rate of 11.41% on the PBT of TPL-D (S), the income tax for TPL- D (S) works out to be Rs. 13.25 Crore.

On query from the Commission regarding any refund of income tax of past years have been received in FY 21-22, in this regard, it has submitted that the refund of Rs. 0.34 Crore pertaining to FY 2016-17. It has further submitted that the Commission has allowed recovery of Income Tax by applying MAT rate on PBT during true-up of FY 2016-17. Hence, it has not considered in FY 2021-22 Tax claim. Further query on this, it has stated that the Commission has allowed the MAT rate of instead of claim of effective Tax rate for FY 2016-17. it has further submitted that there is no change in the income tax approved for FY 2016-17 even after considering refund of Rs. 0.34 Crore received for FY 2016-17.

It is learnt that the TPL as whole has received an Income Tax refund of Rs. 0.34 Crore pertaining to FY 2016-17. It is fact that TPL a single corporate entity, income tax is paid for the company as a whole and submitted copies of challans of income tax paid for the year. It is also fact that the Petitioner has computed the Income Tax by applying the ratio of PBT. However, the Commission first verified the copies of challans of income tax paid for the truing up year TPL as a whole and allowed the income tax based on the MAT Rate or effective Tax Rate, which is lower. However, it has stated that TPL as whole has received an Income Tax refund of Rs. 0.34 Crore pertaining to FY 2016-17. Hence, it is appropriate to adjust this amount between the regulated business as it received in this true up year. On the perusal of the Commission's Order in Case No. 1696/2018 dtd. 31.03.2018, the Commission has observed following thing;

"The share of income tax for TPL-D(A) in the total tax TPL (G), TPL (A), TPL (S) and TPL(Dahej) of Rs.112.73 Crore (net of tax credit) as computed above works out to Rs. 6.92 Crore considering PBT net of Remeasurement of Defined Benefit Plans and tax credit."

Accordingly, the Commission has apportioned between TPL (G), TPL (A), TPL (S) and TPL(Dahej) of Rs. 0.34 Crore based on the ratio as approved in the Truing up exercise of FY 2016-17, which is tabulated as below:

Table 4.32: Utility wise computation of Tax refund for FY 2016-17 (Rs. Crore)

Particulars	TPL-G (APP)	TPL-D (A)	TPL-D (S)	TPL-D (D)	TPL
PBT	34.21	327.04	195.81	(1.70)	583.94
Actual tax paid					129.89
Income-tax Claimed	**7.61**	**72.75**	**43.56**	**-**	
Income -tax approved	6.92	66.18	39.62		112.73
Ratio	6.14%	58.71%	35.15%		
Refund amount	0.02	0.20	0.12		0.34

From the above table, it has been observed that the share w.r.t. TPL-D (S) is worked out as Rs. 0.12 Crore towards refund of Rs. 0.34 Crore pertaining to FY 2016-17.

The Commission, accordingly, approves the income tax at Rs. 13.13 Crore for truing-up of FY 2021-22. The Commission has treated the income tax as an uncontrollable expense and accordingly, approves the gains/(losses) on account of income tax for FY 2021-22 as tabulated below:

Table 4.33: Income Tax and Gains/Losses approved in the truing up for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable

Income Tax	22.19	13.13	9.06	9.06

4.7.6. Bad Debts Written Off

Petitioner's submission:

The Commission in the order had approved the bad debts of Rs. 0.51 Crore on provisional basis for Surat supply area. The Petitioner has written off bad debts of Rs.0.92 Crore during the year, as shown in the Table below.

Table 4.34: Bad Debts Written-off claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed by petitioner
Bad Debts Written off	0.51	0.92

The GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable. Accordingly, the Petitioner has requested to consider the variation in bad debts written off in FY 2021-22 as controllable for sharing of gains/losses in line with the Regulations.

Commission's analysis:

The Petitioner has claimed Rs. 0.92 Crore towards bad debts written off during FY 2021-22 against which the recovery of bad debts made is Rs. 0.37 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs.0.92 Crore minus Rs. 0.37 Crore) is Rs. 0.55 Crore. The Commission has verified the bad debt written off (net) from the Annual Accounts for FY 2021-22. The Commission, accordingly, approves the bad debts written off at Rs. 0.92 Crore for FY 2021-22. The deviation of Rs. 0.41 Crore in bad debts is considered as controllable factor. The Commission, accordingly, approves the gains/losses on account of bad debts for FY 2021-22 as detailed below:

Table 4.35: Bad Debts Written off and Gains/Losses approved for truing up for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable
Bad Debts Written off	0.51	0.92	(0.41)	(0.41)

4.7.7. Contingency Reserve

Petitioner's submission:

The Commission had allowed contingency reserve of Rs. 0.40 Crore for meeting the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values and prayed to the Commission to allow the same for truing-up of FY 2021-22.

Commission's Analysis:

The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the Commission approves Rs. 0.40 Crore towards contingency reserve for FY 2021-22.

Table 4.36: Gains/ (Losses) for contingency reserves approved for FY 2021-22 (Rs. Cr)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable
Contingency Reserves	0.40	0.40	-	-

The Commission, accordingly, approves the contingency reserve at Rs. 0.40 Crore in the truing up for FY 2021-22.

4.7.8. Interest on Working Capital

Petitioner's submission:

The working capital requirement is arrived at as per the GERC (MYT) Regulations, 2016. As the working capital requirement is negative, the Petitioner has not claimed any interest on working capital.

Table 4.37: Interest on Working Capital claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed By Petitioner
O&M Expenses for 1 Month	12.42	10.79
1% of GFA for maintenance spares	20.88	20.33
Receivables for 1 month	169.88	196.13
Less: Security Deposit	324.99	344.29
Working Capital Requirement	-	-

Particulars	Approved in Order	Claimed By Petitioner
Rate of Interest (%)	10.25%	9.50%
Interest on Working Capital	-	-

The Petitioner has submitted 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 the interest rate applicable to working capital requirement. Accordingly, the Petitioner has requested the Commission to consider the variation in interest on working capital as uncontrollable.

Commission's analysis:

The Commission has computed the working capital requirement of TPL-D (S) as specified in Regulation 40.4 and Regulation 40.5 of the GERC (MYT) Regulations 2016 read in conjunction with the GERC (MYT) (First Amendment) Regulations, 2016 after considering the security deposit amount available during the year.

TPL-D (S) has considered the working capital interest rate @ 9.50% per annum, being the weighted average 1-year MCLR prevailing during FY 2021-22 plus 250 basis points.

The regulations (read with amendment notification No.7 of 2016 dated 02.12.2016) specify the rate of interest to be allowed shall be the weighted average 1-year SBI MCLR plus 250 basis points (i.e.2.50%). The Commission has verified the weighted average 1-year MCLR during FY 2021-22 from the State Bank of India website which worked out to 7.00% (for 1 year tenure effective throughout the year). Accordingly, the rate of interest for computation of interest on working capital works out to 9.50% (7.00%+2.50%) and the same is adopted in truing up for FY 2021-22.

The working capital requirement and the interest on working capital is as shown in the Table below:

Table 4.38: Interest on Working Capital approved by the Commission for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved In True-up
O&M Expenses for 1 Month	12.42	10.79

Particulars	Approved in Order	Approved In True-up
1% of GFA for maintenance spares	20.88	20.33
Receivables for 1 month	169.88	196.13
Less: Security Deposit	324.99	359.44
Working Capital Requirement	-	-
Rate of Interest (%)	10.25%	9.50%
Interest on Working Capital	-	-

The Commission, accordingly, approves the interest on working capital as NIL in the truing up for FY 2021-22.

4.7.9. Non-Tariff Income

Petitioner's submission:

The Commission had approved Non-Tariff Income of Rs.10.15 Crore for FY 2021-22 in the Order dated 31.03.2021. The actual Non-Tariff Income considered for truing up is Rs.10.74 Crore.

In the previous Control Period, the Petitioner had considered the treatment towards income and expense of bad debts on similar lines as per the Hon'ble APTEL Judgment, wherein, the variation in recovery of bad debts was considered as controllable.

However, the 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. Therefore, the Petitioner has considered the entire variation in bad debts recovery in FY 2021-22 as uncontrollable for sharing of gains/losses in line with the Regulations. However, the Petitioner has requested the Commission to revisit the provision related to bad debts recovery and expenses.

Table 4.39: Non-Tariff Income claimed by TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Claimed By Petitioner
Non-Tariff Income	10.15	10.74

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

Commission's analysis:

The Non-Tariff Income is specified in Regulations 89 and 97 of the GERC (MYT) Regulations, 2016, which includes various items such as income from sale of scrap, income from statutory investment, interest on advances to supplier/contractor, etc. The Commission observes that the Non-Tariff Income claimed by the Petitioner for FY 2021-22 is Rs. 10.74 Crore. The Non-Tariff Income as per the Annual Accounts is Rs.27.00 Crore. The Petitioner has reduced Amortisation of Deferred Revenue (Rs. 10.72 Crore) and Delayed payment surcharge (Rs. 3.49 Crore) and Incentive related Surya Gujarat Solar roof top Scheme amounting to Rs. 2.42 Crore. The Petitioner has included recovery from bad debts of Rs. 0.37 Crore in the Non-Tariff Income to arrive at claimed figure of Rs. 10.74 Crore.

On query regarding non consideration of Incentive related Surya Gujarat Solar roof top Scheme amounting to Rs. 2.42 Crore, the Petitioner has submitted that as per the clause 5.2.1, 5.2.2 and 5.2.7 of the MNRE Guidelines dated 20.08.2019 on "Implementation of Phase — I I of Grid Connected Rooftop Solar Programme for achieving 40 GW capacity from Rooftop Solar by the year 2022", the Petitioner is required to treat incentive and expense separately from tariff exercise. It has further furnished the copy of the MNRE guideline dated 20.08.2019. on perusal of the afore-said policy, it has observed that "*as the incentive are proposed for various reasons mentioned in 5.2.1 and 5.2.2, the above incentives proposed may not be a part of tariff of Tariff Determination & Tariff Rationalization process of SERC/JERC*." Accordingly, the Commission has not considered an amount of Rs. 2.42 Crore towards Incentive related Surya Gujarat Solar roof top Scheme in FY 2021-22.

Further, as discussed in the section of O&M expenses of this Order, Insurance Claim Receipt is of NIL amount, accordingly, it has been addressed towards this head.

The Commission, accordingly, approves the Non-Tariff Income of Rs. 10.74 Crore for FY 2021-22.

The Commission, accordingly, approves the gains/(losses) on account of Non- Tariff Income in the truing up for FY 2021-22 as detailed below:

Table 4.40: Non-Tariff Income and Gains/(Losses) approved for truing up for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Non-Tariff Income	10.15	10.74	0.59	0.59

4.7.10. Revenue from Sale of Power

Petitioner's submission:

The Petitioner has submitted the revenue from sale of power as Rs.2353.58 Crore as the revenue from sale of power in the truing up for FY 2021-22.

Commission's analysis:

The Commission has observed that the revenue from sale of power is at Rs. 2364.12 Crore as per the annual accounts for FY 2021-22. However, the Petitioner in Form 10 has depicted Rs. 2353.58 Crore and accordingly the same is considered in the petition for truing up for FY 2021-22. It was stated that provision of Rs. 10.54 Crore is not considered in revenue from sale of electricity.

The Commission has addressed the Petitioner to explain why it is not considered under revenue for sale of energy. The Petitioner has submitted that revenue from sale of electricity considered in petition excludes Rs. 10.54 Crore considered on accrual basis in audited accounts (but not billed to the consumers). The petitioner vide additional responses to Data-gaps has submitted that, it has adopted Ind AS 115 (revenue from contracts with customers) w.e.f. 1st April 2018. It has further submitted the details of FPPPA charges (Recoverable vis-à-vis Recovered) for the FY 2021-22 along with the revenue recognized as accrued thereof vide additional submission dated 14.03.2023.

To substantiate this, it has further submitted a certificate of Statutory Auditor certifying that amount of Rs. 10.54 Crore is not recovered from the consumers on account of unrecovered gap/FPPPA charges.

Hence, The Commission has not considered the amount of Rs. 10.54 Crore on account of unrecovered FPPPA charges not being reflected as revenue for FY 2021-22. Accordingly, the Commission has considered the actual recovered revenue of Rs. 2,353.58 Crore from sale of power for the purpose of truing up of FY 2021-22. Thus, the unrecovered FPPPA of the past period is reflected in trued up (Gap)/Surplus of FY 2021-22 and accordingly, the past period unrecovered FPPPA is subsumed in the trued up (Gap)/Surplus of FY 2021-22.

On query regarding subsidy from GOG towards Covid-19 related to waiving off of Fixed charges, It has submitted that it has considered gross revenue from the consumers in their Revenue as waiver of Fixed charges given to the consumers of Non-RGP/LTMD/HT categories was to be reimbursed by the GOG. It has further submitted that the reimbursement was not received during FY 2021-22 towards subsidy related to period during Covid-19 waiving off by GOG.

The Commission in accordance with the GERC (MYT) Regulations, 2016 approves the Revenue from sale of power at Rs. 2353.58 Crore for FY 2021-22 in the truing up.

4.7.11. Gains/Losses under truing up for FY 2021-22

Petitioner's submission:

The Petitioner has submitted that the gains/(losses) on account of uncontrollable factors shall be passed through in tariff as per Regulation 23 and the gains/(losses) on account of controllable factors are shared between the licensee and the consumer in the form of tariff adjustment as per Regulation 24.

The Petitioner has compared the actuals for FY 2021-22 with the approved figures and has segregated the variation as controllable or uncontrollable based on the analysis mentioned hereinabove in the truing up section as given in the table below:

Table 4.41:Controllable & Uncontrollable variations for FY 2021-22 claimed by the Petitioner (Rs. Crore)

S. No.	Particulars	Approved	Actual	Over/ (Under) recovery	Controllable	Uncontrollable
1	Power Purchase Expenses	1,652.34	1,993.36	(341.02)	2.72	(343.74)
2	Operation & Maintenance Expenses	149.01	129.48	19.53	19.53	0.00
3	Depreciation	71.17	73.32	(2.16)	-	(2.16)
4	Interest Expenses	34.29	26.24	8.05	-	8.05
	Interest on SD	16.96	14.03	2.93		2.93
5	Interest on Working Capital	-	-	-	-	-
6	Bad debts written off	0.51	0.92	(0.41)	(0.41)	-
7	Contribution to contingency reserves	0.40	0.40	-	-	-
9	Return on Equity Capital	101.89	99.80	2.09	-	2.09
10	Income Tax	22.19	13.25	8.94	-	8.94
12	Less: Non-Tariff Income	10.15	10.74	(0.59)	-	(0.59)
	Aggregate Revenue Requirement	**2,038.61**	**2,340.06**	**(301.45)**	**21.83**	**(323.88)**

Commission's analysis:

The Commission has reviewed the performance of TPL-D (S) under Regulation 22 of the GERC (MYT) Regulations, 2016, for FY 2021-22. The Commission has computed the gains / (losses) for FY 2021-22 based on the truing up for each of the components discussed in the above paragraphs.

The Commission based on the Aggregate Revenue Requirement (ARR) approved in the Order dated 31.03.2021 in Case No. 1927 of 2021, the actuals claimed in truing up and as approved by the Commission in truing up, has computed the Gains/(Losses) in accordance with the GERC (MYT) Regulations, 2016 as given in the Table below:

Table 4.42: ARR approved in respect of TPL-D (S) in the truing up for FY 2021-22 (Rs. Crore)

S. No.	Particulars	Approved in Order	Approved in True-up	Over/ (Under) recovery	Controllable	Uncontrollable
1	Power Purchase Expenses	1,652.34	1,993.35	(341.01)	2.72	(343.73)

S. No.	Particulars	Approved in Order	Approved in True-up	Over/ (Under) recovery	Controllable	Uncontrollable
2	Operation & Maintenance Expenses	149.01	129.48	19.53	19.53	0.00
3	Depreciation	71.17	73.32	(2.15)	-	(2.15)
4	Interest Expenses	34.29	26.24	8.05	-	8.05
	Interest on SD	16.96	14.03	2.93		2.93
5	Interest on Working Capital	-	-	-	-	-
6	Bad debts written off	0.51	0.92	(0.41)	(0.41)	-
7	Contribution to contingency reserves	0.40	0.40	-	-	-
9	Return on Equity Capital	101.89	99.80	2.09	-	2.09
10	Income Tax	22.19	13.13	9.06	-	9.06
12	Less: Non-Tariff Income	10.15	10.74	(0.59)	-	(0.59)
	Aggregate Revenue Requirement	**2,038.61**	**2,339.93**	**(301.32)**	**21.83**	**(323.15)**

4.7.12. Sharing of Gains / Losses for FY 2021-22

The Commission has shared the gains/losses on account of controllable and uncontrollable factors in accordance with Regulation 23 of the GERC (MYT) Regulations, 2016.

The relevant Regulations are extracted below*:*

"Regulation 23. Mechanism for pass-through of gains or losses on account of uncontrollable factors

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.

23.2 The Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the prescribed format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

23.3 Nothing contained in this Regulation 23shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase, which shall be dealt with as specified by the Commission from time to time.

Regulation 24. Mechanism for sharing of gains or losses on account of controllable factors

24.1 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.

24.2 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."

The trued up ARR for FY 2021-22 as claimed by TPL-D (S) and as approved by the Commission is summarized in the Table below:

Table 4.43: Approved Trued up ARR incl. Gains/(Losses) for TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
ARR as per Order	2038.61	2038.61
Gains/(Losses) due to Uncontrollable Factors	(323.29)	(323.15)
Gains/(Losses) due to Controllable Factors (1/3rd of total controllable Gains)	7.28	7.28
Pass through as Tariff	(316.01)	(315.87)
ARR True-Up	**2354.62**	**2354.48**

The Petitioner has requested the Commission to consider an amount of Rs.0.46 Crore as revenue towards recovery of earlier years' approved Gap/(Surplus) as per the Commission's orders vide 1927 of 2021 and 1806 of 2019. The Petitioner has submitted that carrying cost of past periods not allowed by the Commission shall be allowed to be recovered in totality as per APTEL judgement and accordingly carrying cost has been considered.

The Commission sought further break-up of the revenue of Rs. 0.46 Crore considered towards recovery of earlier years' approved Gap/(Surplus). The Petitioner vide additional details submitted the further break-up of the same as shown in the table below.

Table 4.44: Break-up of Revenue towards recovery of earlier years approved Gap/(Surplus) for TPL-D (S) claimed for FY 2021-22 (Rs. Crore)

Particulars	Approved (Rs. Crore)
Revenue Gap/(Surplus) approved for FY 2019-20 (incl. carrying cost)	(6.60)
DSM	0.54
Impact of review petition pertaining to true-up of FY 2017-18	6.52
Total gap pertaining to prior period	**0.46**

It has been observed in the above table that the Revenue Surplus which had been arrived at Rs. 6.60 Crore of earlier years i.e. FY 2019-20 inclusive of Carrying Cost of Rs. 4.62 Crore towards FY 2017-18. Accordingly, the Commission approves the Gap pertaining to prior period as Rs. 0.46 Crore.

The revenue gap claimed and approved for TPL-D (S) for FY 2021-22 after considering above mentioned things, which tabulated as below:

Table 4.45: Approved Revenue Gap for TPL-D (S) for FY 2021-22 (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
Trued-Up ARR (After sharing of Gains and Losses)	**2354.62**	**2354.48**
Revenue from Sale of Power	2353.58	2353.58
Add: Revenue toward recovery of earlier year	0.46	0.46
Gap/(Surplus)	**1.50**	**1.36**

The Commission, accordingly, considers the trued-up Revenue gap of Rs. 1.36 Crore for FY 2021-22 and also the entitled carrying cost thereon, which is legitimate cost as per the various Hon'ble APTEL Judgements and GERC (MYT) Regulations, 2016. The same will be addressed in the Tariff determination for FY 2023-24.

5. Aggregate Revenue Requirement (ARR) for FY 2023-24 and determination of tariff for FY 2023-24

The MYT Regulations, 2016 defines control period at Regulations 2 (17) by stipulating it to be from 1st April 2016 to 31st March 2021. The Regulation 1.2 of the MYT Regulations, 2016 provides that these Regulations shall remain in force till 31st March 2021, unless otherwise reviewed/extended. The Commission, vide its order dated 24th September 2021 has directed the utilities to file the petition for truing up of FY 2020-21, ARR of FY 2022-23, and determination of tariff of FY 2022-23 as per the provisions of the MYT Regulations, 2016. Further, Commission vide its order dated 20th October 2022 has directed utilities to file the petition for truing up of FY 2021-22, ARR of FY 2023-24, and determination of tariff of FY 2023-24 as per the provisions of the MYT Regulations, 2016. Accordingly, the Petitioner has arrived at the ARR for the FY 2023-24 by computing each of the components as per the Regulations and principles enunciated by the Commission in the MYT Regulations, 2016.

5.1. Energy sales

It is necessary to have a category-wise energy sales projection for estimating the probable revenue from the sales and assess the quantum of power purchase. Realistic estimation of energy sales is, therefore, an important requirement. This section examines in detail the consumer category-wise sales projected by TPL in its petition for FY 2023-24 for approval of ARR.

5.1.1. Historical data of energy sales

TPL has furnished the category wise historical data of sales as given in the Table below.

Table 5.1: Historical data of energy sales in TPL – D (Surat) supply area (MUs)

Category	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY2021-22
RGP	815.56	809.33	811.86	764.72	794.25
NRGP	1,218.53	1,209.29	1,204.16	850.31	1,161.20
LTMD	917.96	904.82	915.88	659.78	942.10
HT	321.8	325.47	326.95	307.70	416.07
Others	27.53	27.24	27.17	21.04	23.41
Total Sales	**3300.89**	**3,276.15**	**3,286.01**	**2,603.54**	**3,337.03**

5.1.2. Overall approach to sales projections

TPL has submitted that the sales of Surat Supply Area are principally driven by major industrial segments namely textile, diamond & other allied industries. The growth in commercial and residential segments generally depends on the weather condition and development of colonies in certain pockets of the license area. While the historical trend of sales in Industrial segment has been downward in the license area, due to the sudden increase in demand from lab grown diamond industries, the sales in license area during FY 2023-24 is likely to be on higher side. As such this increase in demand is likely to be set off by the surge in solar rooftop installations witnessed in the later part of the 3rd control period. It may also be noted that post COVID-19 pandemic sales growth has normalized in line with pre-Covid period. Hence, for FY 2023-24, sales are worked out considering 6Year CAGR (FY 2016-17 to FY 2021-22) over approved gross sales of FY 2022-23 for all categories except LTMD & HT. Further, sales in DOE category have been excluded to arrive at CAGR figures.

5.1.3. Projected energy sales

The category wise energy sales forecast for FY 2023-24 is as follows:

5.1.3.1 Residential (RGP)

Petitioner's submission:

The category-wise sales forecast has been arrived at as follows:

a) <u>RGP Category</u>

i. The category consists of Residential consumers. Due to reopening of economy post Covid-19 lockdown and increase in housing projects, the sales has recovered during FY 2021-22.

ii. The 6 Year CAGR for the RGP category considering FY 2021-22 as base and including the consumption through solar rooftop is 1.29%. The gross sales thus projected for FY 2023-24 is adjusted with estimated rooftop solar units of FY 2023-24 of 68.83 Mus to arrive at the net RGP sales of FY 2023-24 for the category is **814.93 MUs**.

Commission's analysis:

The Commission considers the submission of TPL and approves the sales to the residential category for FY 2023-24 as **814.93 MUs**.

5.1.3.2 Non RGP Category

Petitioner's submission:

b) Non RGP Category

i. In this category, sales contribution is from industrial and non-industrial services. Further, industrial services comprise of textile, diamond & embroidery segments whereas non-industrial services comprise of shops, showrooms, offices, etc.

ii. TPL-D does not expect any incremental activity due to reduction in new commercial projects within the licensed area. However, post reopening of economy after COVID-19 slowdown, the sales of Non RGP category are expected to be in line with past trends.

iii. Accordingly, 6 Year CAGR considering FY 2021-22 as base and including the consumption through solar rooftop is -1.18%. The gross sales thus projected for FY 2023-24 is adjusted with estimated rooftop solar units of FY 2023-24 of 0.76 MUs to arrive at the net sales of FY 2023-24 for the category at **1190.41 MUs.**

Commission's analysis:

The Commission considers the forecast made by the Petitioner and approves the same as submitted by the petitioner at **1190.41 MUs**

5.1.3.3 Low Tension Maximum Demand (LTMD)

Petitioner's submission:

i. This category includes sales contribution from industrial and non-industrial services. Further, industrial services comprise of textile, diamond & embroidery segments whereas non-industrial services comprise of shops, showrooms, offices, etc.

ii. In past, de-growth was witnessed in this category and same was aggravated by COVID-19 impact. However, due to the recent developments of implementation of lab grown diamond technology, the category is expected to show higher growth.

iii. Accordingly, sales for LTMD category is projected based on market trends and feedback from the industry. Further, the gross sales projected for FY 2023-24 is adjusted with estimated rooftop solar units of FY 2023-24 of 3.82 Mus to arrive at the net sales of FY 2023-24 for the category at **959.80 MUs**

Commission's analysis:

The Commission considers the forecast as projected by the Petitioner and approves the same as submitted by the petitioner at **959.80 MUs**

5.1.3.4 HT Maximum Demand (HTMD)

Petitioner's submission

i. The sales in the HTMD category is attributable to the textile, diamond industries, and commercial establishment in the HTMD – 1 category and water works and pumping stations run by local authority in the HTMD- 2 category.

ii. In past, de-growth was witnessed in this category and same was aggravated by addition in RE capacity and COVID-19 impact. However, due to the recent developments of implementation of lab grown diamond technology, the category is expected to show higher growth.

iii. Accordingly, sales for HTMD category is projected based on market trends and feedback from the industry. Further, the gross sales projected for FY 2023-24 is adjusted with estimated rooftop solar units of FY 2023-24 of 2.29 Mus to arrive at the net sales of FY 2023-24 for the category at **529.67 MUs**.

Commission's analysis:

The Commission considers the forecast made by the Petitioner and approves the same as submitted by the petitioner at **529.67 MUs.**

5.1.3.5 Others Category

Petitioner's submission:

i. This category contains the sales to the GLP category, LTP (AG), and Temporary Units. The sales for this category are likely to follow the past trends and being of very low proportion does not have major correction factors to be accounted for. The forecast for this category has been made using the individual 6 Year CAGR considering FY

2021-22 as base of each sub-category and including the consumption through solar rooftop.

ii. The gross sales thus projected for FY 2023-24 is adjusted with estimated rooftop solar units of FY 2023-24 of 0.76 Mus to arrive at the net sales of FY 2023-24 for the category at **25.58 MUs**.

Commission's analysis:

The Commission considers the forecast made by the Petitioner and approves the same as submitted by the petitioner at **25.58 MUs**

5.1.3.6 Summary of Energy sales

Petitioner's Submission:

The energy sales forecasted for FY 2023-24 in each of the categories is stated as above. The Petitioner submits that the forecast of sales is based on realistic estimates and requests the Hon'ble Commission to approve the energy sales as proposed.

Commission's analysis:

The Commission considers the forecast of energy sales of each category wise of consumers as made by the Petitioner. Accordingly, the energy sales for various categories are approved for FY 2023-24, which is shown in the below table;

Table 5.2: Approved Energy sales for TPL – D (Surat) area for FY 2023-24

(MUs)

Category	Projected by Petitioner	Approved by Commission
RGP	814.93	814.93
NRGP	1,190.41	1,190.41
LTMD	959.80	959.80
HT	529.67	529.67
Others	25.58	25.58
Total Sales	**3520.39**	**3520.39**

5.1.4. Distribution losses

Petitioner's submission:

The Hon'ble Commission in its order dated 20th October, 2022 has directed the utilities to consider principles and methodology as provided in the MYT Regulations, 2016. In this regard, the Petitioner would like to submit that through its sustained efforts, in terms of implementing efficient practices and perseverance from the employees, the Petitioner has been trying to contain the loss levels in their license area to the lowest possible level. In fact, TPL-D(S) is one of the few distribution companies in the country to have achieved such efficiency. It may kindly be noted that it is not possible to maintain the distribution losses at the existing level as the losses are expected to increase from the current level due to the following:

a) The MYT 3rd Control Period has witnessed higher growth in LT Load as compared to the HT load growth which would lead to distribution of higher load through LT network. This can be observed from the ratio of LT sales & HT sales as provided in Earlier sections.
b) While the distribution system is designed considering future growth prospect, in order to augment the system, TPL-D(S) considers capex vis-à-vis benefits. With the increase in utilisation of the system, the loading of the network and in turn, it will contribute to marginal increase in losses.
c) Further, with the sudden spurt in demand due to large loads like METRO and Lab Grown Diamonds, the loading on the existing upstream network is likely to increase thereby resulting in increase in technical losses.

Considering the above facts, the petitioner proposes distribution loss at 4.50%.

It has further submitted that even the projected loss level is the lowest amongst the best performing utility. Further, the Tariff Policy also provides for specifying the norms so as to encourage the utility to perform better and not to penalize. For instance, during FY 2020-21, the Petitioner was penalized due to lower norms of Distribution loss despite achieving the loss level of 4.06%. Accordingly, the Petitioner requests the Hon'ble Commission to approve the distribution losses as proposed hereinabove.

Commission's analysis:

The Commission observed that the Petitioner has projected distribution losses level of 4.50% by providing reasons as narrated above while determining its energy requirement @ distribution periphery, however, TPL- D (S) has already achieved a distribution losses level of 3.38% during FY 2021-22. In lieu of above, the Commission views that it is appropriate to consider the weighted average of distribution losses for the last three years i.e. FY 2019-20, FY 2020-21 & FY 2021-22 as the last month of FY 2019-20 & FY 2020-21 covid effected year and the FY 2021-22, the resumption of economic activities post-COVID lockdown as well as uniformity across all the distribution utilities in the State of Gujarat. Accordingly, the distribution losses level of TPL-D (S) works out to 3.59% for FY 2023-24, which is tabulated as below:

Table 5.3: Computation of distribution losses for FY 2023-24

Period	FY 2019-20	FY 2020-21	FY 2021-22	Total
Energy Sales (in MUs)	3286.01	2603.54	3337.03	9226.58
Distribution losses (in MUs)	116.72	110.23	116.86	343.81
Energy Requirement @ Distribution periphery	3402.73	2713.77	3453.89	9570.39
Distribution Losses (%)	3.43%	4.06%	3.38%	**3.59%**

5.1.5. Energy Requirement

Petitioner's submission:

Based on the energy sales forecast, distribution loss and transmission loss in the EHV network, the total energy requirement for FY 2023-24 is estimated. The total energy requirement thus arrived is shown in the table below. The Petitioner has also submitted that the estimated energy requirement and corresponding power purchase cost is arrived at on pooled basis keeping in mind the overall demand requirement of Ahmedabad & Surat Supply Areas.

Table 5.4: Energy requirement projected by TPL-D for FY 2023-24 (MU)

Particulars	Projected by Petitioner
Surat Supply Area	
Total Sales	**3520.39**

Particulars	Projected by Petitioner
Distribution Loss (%)	4.50%
Distribution Loss	165.88
Energy Required at Distribution periphery	3686.27
220 kV/ Transmission Loss (%)	1.00%
220 kV/ Transmission Loss	37.32
Energy Requirement of TPL-D (S)-A	**3723.59**
Energy Requirement of TPL-D (A)-B	**8753.18**
Total Energy required by TPL-D (A+B)	**12476.77**

Commission's analysis:

Based on the energy sales and distribution losses % as approved earlier sections and transmission loss % as per True up of FY 2021-22. The Commission has computed the energy requirement of of TPL-D (A) & TPL-D (S) and at their peripheries as given in Table below:

Table 5.5: Energy requirement approved by the Commission for TPL-D for FY 2023-24 (MU)

Particulars	Projected by Petitioner	Approved by the Commission
Surat Supply Area		
Total Sales	**3520.39**	**3520.39**
Distribution Loss (%)	4.50%	3.59%
Distribution Loss	165.88	131.18
Energy Required at Distribution periphery	3686.27	3651.57
220 kV/ Transmission Loss (%)	1.00%	1.07%
220 kV/ Transmission Loss	37.32	39.63
Energy Requirement of TPL-D (S) – (A)	**3723.59**	**3691.20**
Energy Requirement of TPL-D (A) – (B)	**8753.18**	**8526.25**
Total Energy required by TPL-D- (A+B)	**12476.77**	**12217.45**

The Commission approves the energy requirement of TPL-D supply area of A 'bad & Surat at their peripheries for FY 2023-24 as shown in the Table above.

5.1.6. Energy Availability

Petitioner's submission:

The energy sourcing is planned from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources including bilateral sources / power exchanges. The long-term sources include TPL – G (APP) sources, SUGEN/ UNOSUGEN and Renewable Energy sources. For long term sources of SUGEN / UNOSUGEN, TPL has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. Further, the Petitioner has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated lower offtake from SUGEN/ UNOSUGEN due to higher gas cost. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. However, the Petitioner will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources.

The Hon'ble Commission has specified the Renewable Purchase Obligation (RPO) as per the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 read with the Amendment to the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010. Accordingly, the Petitioner has estimated the availability of renewable energy for FY 2023-24 from the tied-up capacities of RE Power.

The balance power would be sourced from short-term sources as and when required. Further, the Petitioner has planned to source the power for FY 2023-24 subject to technical minimum /must run criteria while ensuring reliability of power giving due consideration to optimisation of cost.

Table 5.6: Energy availability as projected by Petitioner for FY 2023-24 (MU)

Particulars	Projected by Petitioner
TPL-G (APP)	2,565.31
SUGEN/UNOSUGEN	3,826.35
Bilateral/Power Exchange	3,846.24
Renewable Energy	2,238.86
Total	**12,476.77**

Commission's analysis:

As per GERC (MYT) Regulation, 2016, the Distribution Licensees are required to project the power purchase requirement based on the Merit Order Dispatch principles of all generating stations considered for power purchase, RPO and the targets set if any, for Energy Efficiency and DSM schemes.

TPL-D has projected power purchase requirement of 12476.77 MUs whereas the Commission has approved 12217.45 MUs based on the approved energy sales, transmission and distribution losses as mentioned in earlier sections. Accordingly, the quantum of energy purchase is regulated as detailed below.

The Commission has observed that the Petitioner has projected quantum of purchase from Wind and Solar Energy sources only @17.94% (2238.86/12476.77) MU for FY 2023-24, however, the Commission has considered @18.70% i.e., 2,284.66 MU (18.70%*12217.45) as per GERC (Procurement Energy from Renewable Sources) (Third Amendment) Regulations, 2022 for FY 2023-24 RPO targets. No purchase of RECs has been considered in view of Gujarat being RE rich State and the prevailing low rates of renewable power discovered through competitive biddings.

The Commission has considered the quantum of energy availability from TPL– G (APP) as approved in the Order of TPL–G(APP), for FY 2023-24 in Petition No. 2178 of 2023.

For long term sources of SUGEN / UNOSUGEN, the Petition has submitted that it has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. It has further submitted that it has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated lower offtake from SUGEN/ UNOSUGEN due to higher gas cost. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. It has further submitted that it will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources. The Commission is noted their submission. Accordingly, the Commission has considered the quantum of purchase from SUGEN and UNOSUGEN as projected by the Petitioner for FY 2023-24.

The remaining required power purchase is considered from Power purchase from bilateral and power exchange are considered to match the Energy Balance.

In case, if there is any shortfall of energy in the procurement of power through tied up sources, the same shall be made by TPL-D through power exchange or e-bid procurement through MSTC. The energy availability projection as approved by the Commission for FY 2023-24 is given in the Table below:

Table 5.7: Energy availability approved by the Commission for TPL-D supply area for FY 2023-24 (MUs)

Particulars	Projected by Petitioner	Approved by Commission
TPL-G (APP)	2,565.31	2,565.31
SUGEN UNOSUGEN	3,826.35	3,826.35
Bilateral & Others	3,846.24	3,541.12
Renewables	2,238.86	2,284.66
Total	**12,476.77**	**12,217.45**

TPL-D is advised to adhere to the above power procurement sources and quantum as approved by the Commission.

5.1.7. Power Purchase Cost

Petitioner's submission:

The Petitioner has submitted that based on the energy quantum estimated in table above, the power purchase cost for each of the sources is computed. The source-wise estimated power purchase cost is provided hereunder:

- TPL-G (APP) – The power purchase cost is based on the costing arrived at from the ARR computation in the petition filed for TPL-G (APP).
- SUGEN Plant – The power purchase cost is as per the CERC approved tariff and operating norms.
- UNOSUGEN - The power purchase cost is as per the CERC approved tariff and operating norms.
- Bilateral Sources/ Power Exchange – The power purchase rate for bilateral sources/power exchange is arrived at by considering the likely short term market conditions.

- Renewable Power Purchase Cost-The Petitioner has estimated the purchase of power from the tied-up capacity of renewable energy sources to fulfill the Renewable Power Purchase Obligation in accordance with the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 read with the Amendment to the Regulations. Accordingly, the Petitioner has arrived at the renewable power purchase cost.

The power purchase cost projected by the Petitioner is as given in the table below.

Table 5.8: Power Purchase Cost Projected by TPL-D for FY 2023-24 (Rs. Crore)

Particulars	Projected by Petitioner
TPL-G (APP)	1,431.52
SUGEN/UNOSUGEN	3,036.52
Bilateral/Power Exchange	2,115.43
Renewables	1,032.56
Total	**7,616.04**

Commission's analysis:

Regarding the power purchase cost associated with renewable energy power, it has been observed that the Petitioner has submitted the details of tied up for Solar & Wind sources and considered the average of Procurement Rate as Rs. 4.61/kWh for 2238.86 MUs for FY 2023-24. The Commission has considered the rate for procuring power from the renewable sources (Wind & Solar) as projected by the Petitioner and balance power i.e. 45.80 Mus (2284.66MUs-2238.86MUs) to meet RPO requirement also considered the same rate i.e. Rs. 4.61 per Unit. Since, the Power Purchase Cost is an estimate and therefore, the Licensee shall take due care to procure all additional Renewable Power Requirement through competitive bidding to pursue that the power purchase cost is optimized.

In case of procurement from TPL-G (APP), the same has been derived from the power generation cost as determined by the Commission for FY 2023-24 in Tariff Petition No. 2178 of 2023.

For long term sources of SUGEN / UNOSUGEN, the Petition has submitted that it has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. It has further submitted that it has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated lower offtake from SUGEN/ UNOSUGEN due to higher gas cost. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. It has further submitted that it will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources. The Commission has noted their submission. It is fact that SUGEN & UNOSUGEN tariff has been determined by the CERC and the Commission has adopted the same and factored in the power procurement cost. SUGEN & UNOSUGEN cost consists of the fixed cost as well as variable cost. Regarding the fixed cost of SUGEN/ UNOSUGEN Plants, the Petitioner estimated a total cumulative capacity charge at Rs. 837.52 Crore. Accordingly, the Commission has considered the capacity charges payable to SUGEN and UNOSUGEN at Rs. 837.52 combined for FY 2023-24.

It has been found that TPL has proposed variable charges of Rs 5.75/kWh as a weighted average cost of fuel combinedly for SUGEN and UNO SUGEN plant. However, the Commission has considered the variable charges as Rs 4.52/kWh as weighted average cost of fuel SUGEN and UNO SUGEN combinedly which is approved in the Truing up of FY 2021-22 while estimating the Power Purchase costs for TPL-D (A) and TPL-D(S) licensee Areas for FY 2023-24. However, the Commission will allow the Power Purchase costs of SUGEN & UNO SUGEN in accordance with the CERC/GERC Orders at the time of Truing up exercises.

In the above Table, it has been observed that the Commission has approved 3541.12 Mus from the source of bilateral/power exchange. The Commission has considered the procurement rate as Rs. 5.38 per Unit approved in the Truing up of FY 2021-22.

Considering above, the total procurement cost for power from different sources for TPL-D during FY 2023-24 works out as given in the table below:

Table 5.9: Summary of approved power procurement sources with cost/kWh for TPL-D for FY 2023-24

Source of Power (Station wise)	Energy Received (MU)	Capacity Charges paid/ payable by Utility (Rs Crore)	Variable Cost per unit (Rs/ kWh)	Total Variable Charges (Rs Crore)	Total Cost of Energy purchased (Rs Crore)	Per Unit Cost of energy purchased (Rs/ kWh)
AMGEN	2,565.31	315.11	3.66	937.68	1,252.79	4.88
SUGEN/UNOSUGEN	3,826.35	837.52	4.52	1729.60	2,567.12	6.71
Bilateral /Exchange	3,541.12	-	5.38	1,905.85	1,905.85	5.38
Renewables (solar +wind) (RPO)	2,284.66	-	4.61	1,053.23	1,053.232	4.61
Total	**12,217.45**	**1,152.63**		**5,626.36**	**6,778.99**	
Energy Required for TPL-D (A) (MU)					**3,691.20**	
Power Purchase Cost for TPL-D (A)					**2,048.10**	

The above power procurement cost is reflective of power requirement of both Ahmedabad and Surat area. For arriving at individual power purchase cost, the total power purchase cost is apportioned in the ratio of power requirement between the two cities. The following table depicts the power purchase cost of Surat area for FY 2023-24.

Table 5.10: Approved Power Purchase Cost for TPL-D (Surat) (Rs. Crore)

Energy Sources	Projected by Petitioner (Rs. Crore)	Approved by Commission (Rs. Crore)
Power Purchase Cost	2272.94	2048.10

5.2. Fixed Charges

5.2.1. Operation and Maintenance (O&M) Expenses

Petitioner's submission:

The Petitioner has submitted that The Hon'ble Commission in its order dated 20th October, 2022 has directed the utilities to consider principles and methodology as provided in the MYT Regulations, 2016.

The Petitioner has projected the O&M expenses of FY 2023-24 as per the methodology specified in MYT Regulations, 2016 by considering O&M expenses of last 3 years (i.e. FY 2019-20 to FY 2021-22) with FY 2020-21 as base year and escalating by 5.72% per annum. Accordingly, the O&M expenses arrived through this methodology for Surat Supply Area is **Rs. 152.82 Crore** for FY 2023-24.

The petitioner also submitted that, that the above O&M expenses does not consider the uncontrollable expenses such as the wage revision, change in law, change in levies/ duties/ taxes and charges, etc. Therefore, the Petitioner requests the Hon'ble Commission to treat these components as uncontrollable factors and any such expenses on accounts of these factors are to be allowed over and above the normal allowable.

Commission's analysis:

In line with the principles and methodology as provided in the GERC MYT Regulations, 2016, the Commission has projected O&M expenses based on the average of actual O&M expenses for the previous three years i.e., FY 2019-20 to FY 2021-22 escalated @5.72% to arrive at O&M expenses for FY 2023-24 at Rs. 152.82 Crore. Accordingly, the Commission approves Rs. 152.82 Crore of O&M Expenses for FY 2023-24.

Table 5.11: O&M Expenses approved by Commission for FY 2023-24 (Rs. Crore)

S. No.	Particulars	Projected by Petitioner	Approved by Commission
1	O&M Expenses	**152.82**	**152.82**
1.1	Employee Expenses	73.08	72.92
1.2	R&M Expenses	38.61	38.61
1.3	A&G Expenses	41.12	41.28
1	**Total Operation & Maintenance Expenses (net of capitalisation)**	**152.82**	**152.82**

5.2.2. Capital Expenditure, Capitalization and Sources of Funding

Petitioner's submission:

The Petitioner has projected capital expenditure of Rs. 475.31 Crore for FY 2023-24 as per the details given in the Table below:

Table 5.12: Capital expenditure claimed by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Projected by the Commission
EHV Network	251.44
HT Network	61.18
LT Network	47.22
Meter Management	34.38

Particulars	Projected by the Commission
Special Projects	69.11
IT & Related Expenditure	2.94
Other Departments	7.58
Customer Care	1.47
Total	**475.31**

Surat city is considered as a hub for textile and diamond industries. The electricity demand has increased from 636 MW in FY 2016-17 to 695 MW in FY 2019-20 i.e. at a 3 Year CAGR rate of about 3%. Surat city has been witnessing vertical growth. The existing load density of Surat license area is about 13 MW/sq.km. The increased urbanisation of Surat city has resulted in increasing issues of availability of corridor for creation of evacuation network. Further, new initiatives such as Smart City, infrastructure projects like BRTS/Metro, modern water/sewage systems necessitate creation of state-of-the-art electrical network with ability of handling large quantum of power at the higher level of reliability.

The Petitioner has planned to undertake capital expenditure for augmentation and up-gradation of distribution network to meet the increasing load, reliability & redundancy requirement, regulatory norms and safety measures. Therefore, during FY 2023-24, the Petitioner plans capital expenditure requirements to maintain the efficiency with long term planning.

The capital expenditure for Surat Supply Area consists of expenditure in planning redundancy and reliability in EHV network to provide un-interrupted supply, additional EHV & HV substations to cater to the load growth, LT network to meet the consumer connectivity, expenditure on Special projects, and other miscellaneous items such as automation, IT, etc.

a) EHV Network:

At the outset, the Petitioner would like to bring to the kind notice of the Hon'ble Commission that the rapid urbanisation of Surat city has resulted in a steep increase in the system demand over the past few years. It is expected that the load density of Surat license area will increase in the coming years and there is potential for further horizontal and vertical development. Accordingly, in order to meet future demand while ensuring reliability and redundancy, TPL-D additionally proposed to establish 220 kV connectivity with GETCO during the 3rd MYT Control Period. This proposal has been approved ‘in principle’ by the Hon’ble Commission. At present, since the scheme is yet to be finalised with GETCO, the Petitioner has not considered any capital expenditure in the current year. The Petitioner will keep the Hon’ble Commission apprised upon finalization of the Scheme.

Further, TPL-D has been carrying out periodic expansion of the existing distribution network to cater to the existing demand. However, aging, optimal loading levels, growing demand, challenging physical environment and high reliability requirements have put strain on the existing network. Therefore, it is necessary to supplement, modernize and overhaul the EHV network.

• 220 kV EHV Line / Cable: During FY 2023-24, capex is proposed towards Distributed Acoustic Sensing (DAS) systems for Continuous monitoring of 220 kV EHV line, Anticorrosive coating on 220 kV EHV tower to protect tower against corrosion and tower material & storage facility development.

• New 66 kV substations: During 3rd MYT control period, new 66/11 kV substations were proposed at Katargam and Bhathena area. However, due to delay in availability of land, the project was rescheduled. Land procurement has been completed at Katargam and substation work shall be completed by FY 2023-24. Additionally, during FY 2023-24, it is proposed to carry out civil work for Bhatena substation. Further, since existing Vastadevdi (B) SS and A K Road (K) SS have already been reached above 70% loading and does not fulfil N-1 criteria, two 66/11 kV substation are proposed in the vicinity of Vastadevdi (B) SS and A K Road (K) SS area.

• Additional/ Augmentation/ Replacement of ICT & Power Transformer: Based on projected loading and n-1 criteria, transformation capacity enhancement is planned as under:

o One additional 220/66 kV (160 MVA) ICT is proposed at 220 kV Puna substation.

o Capacity enhancement of 2 nos. Power transformer (20 to 40 MVA) including panels is proposed at A K Road (K) SS and Causeway (F2) SS

• Replacement & Renovation in existing EHV SS: Replacement of equipment like Relay, VCB, Capacitor, CT, LA, Isolator, Control Panel, Battery Charger, etc. have been considered based on aging, obsolete technology, frequent breakdown, and maintenance problems.

• Supporting infrastructure for EHV network: Major cost involved in this head pertains to ABT and SCADA system replacement. In addition, provisions are being kept for replacement/ new requirement of EHV / ABT meters, MRI, RF amplifier & modem, Load Manager, RTU, Panel, Network Switches, UPS & UPS battery, Testing and measuring equipment.

b) HT Network:

11 kV network development & modification: 11 kV new feeders have been considered to mitigate the future load growth of surrounding area, relieving existing feeders and power transformers, creating redundancy, and to reduce long length of network. Network development and ring modification are proposed based on load balancing of existing feeders, creating of ready to serve network, and enhancement of load transfer flexibility.

• Replacement/ Shifting of HT network: Based on aging of existing PILC network, infrastructure projects like BRTS/smart city work proposed by local authority, and reliability requirements, it is proposed to replace/shift HT cable on the route. Accordingly, the cost of replacement/shifting has been considered.

• Distribution substation automation: Automation of distribution substation facilitates remote load transfer of 11 kV feeders, which reduces the restoration time and enhances customer satisfaction. It enables effective load management of 11 kV feeders. During FY 2023-24, the Petitioner has proposed distribution automation of distribution substation.

• New distribution substations: To meet the additional load requirement of existing as well as new consumers, the distribution transformers (DT's) need to be upgraded and new DT's need to be installed at the load centre. The substation needs to be planned at load centre. This also involves the development of necessary network by laying new 11 kV cable and installation of switchgear/breaker/LT panels.

New HT consumers: Based on the expected number of new HT consumers, the Petitioner has proposed expenditure for releasing HT connections during FY 2023-24.

• Additional/ Augmentation/ Replacement of Distribution transformer: In order to relieve overloaded distribution transformers and for creating margin for catering to the future load growth, augmentation of distribution transformers is considered in FY 2023-24. Further, based on internal physical condition, frequent problem, test results, such distribution transformers are proposed to be replaced. Additionally, installation of Compact substation is considered by dismantling existing DSS where civil structure/ DSS equipment are found deteriorated.

• Installation/ Replacement of 11 kV switchgear/ LT panel/ Breaker and Accessory for Safety: As part of replacement of deteriorated switchgear/panels/breakers, it is proposed to carry out replacement of switchgear/BMC and LT FSP replacement to ensure safety.

• Distribution substation asset strengthening for safety: Distribution substation (DSS) exists in public domain surrounded by residential / commercial / industrial area. Distribution substations are usually oil type distribution transformers and 11 kV RMUs, which are susceptible to fire and safety hazard in public area and operational safety. Therefore, to identify such critical distribution substation locations for replacement and to reduce safety hazard, distribution asset survey has been carried out based on geographical location, public movements and criticality of asset. Additionally, new earthing system is also proposed.

• Reactive Power Compensation: In order to maintain power factor and to reduce export kVAr in system, it is proposed to install Automatic Power Factor Correction Panels (APFC).

• Supporting Infrastructure: This includes expenses related to replacement / new requirement of Meter Reading Instrument, Earth Tester, Power Quality analyzer, Cable identifier / Cable nailing hydraulic tools, insulation measurement equipment and other Testing / Measuring equipment.

c) LT Network:

• New Connection/Load Extension: The LT capital expenditure is planned to provide network for the last mile connectivity as well as for maintaining “ready to serve” network. The capex is proposed based on expected applications for new connection and extension/reduction.

• LT network development & modification: LT network is required to be developed and modified suitably to cater to load growth, create branch network to reduce faults, balancing network to relieve distribution transformer, and shifting network & related accessories for rerouting/ replacement of cable due to infrastructure projects like BRTS/ smart city, etc.

• Replacement of MSP / MB for Safety & Reliability: LT network exists in public domain surrounded by residential / commercial / industrial area. To enhance safety as well as to improve power reliability, MSP and Meter Box which are found in critical condition will be replaced/ renovated. This will also include revamping of unsafe and deteriorated Meter boxes/services which are found susceptible to fire/repeated faults.

• Earthing of LT assets for Safety: New earthing system in LT asset is proposed to enhance safety based on measurement and physical condition of existing earthing system.

• Supporting Infrastructure: This includes expenses on replacement/new requirement of LT Cable fault locator, Insulation resistance tester, Earthing resistance meter and other Testing / Measuring equipment.

d) Special Project:

• Advanced Metering Infrastructure system:

In order to comply with the requirement of the Ministry of Power notification, capex has been considered towards installation and replacement of consumer meters with smart meters having prepaid technology, in a phased manner.

Further, all DT meters are also required to be smart meters having AMR facilities. It may kindly be noted that implementation of smart meter will also necessitate additional O&M expenses to meet with communication, IT infrastructure requirements, etc.

• Infrastructure development of PSC and Offices:

The Power Supply Centre (PSC) have been proposed to enhance customer services through in attending complaints, releasing connections, approaching consumer's request etc.

Strategically, it is decided to establish PSC in TPL's existing premises at B & C stations by creating space through redesigning existing infrastructure. The PSC and other office buildings will be established with state-of-the-art infrastructure facilities. PSC related work has been initiated in FY 2020-21 and is likely to be completed in FY 2024-25.

e) **Meter Management**

Metering system is an important facet of any electricity distribution utility. Capital expenditure is planned for purchasing Meters, CT/Seals etc. for the following activities:
o Meters for replacing old electromechanical meters in a phased manner
O Meters for replacing static electronic meters which are vulnerable to theft
o Meters for replacing defective energy meters based on the past trend of defective meters replaced
o Meters for providing new electric connections/enhancement of load and for energy accounting for DT meters/Interface meters etc.
In addition to above, it is proposed to incur capex for technology upgradation of existing meter testing laboratory infrastructure through procurement of fully automatic testing bench. Capex for tools/instruments for meter management is also considered.

f) Customer Service

To enhance customer satisfaction, it is proposed to implement the single window concept along with que management system at strategic locations. This necessitates requirement of basic amenities like seating arrangement, writing desk, drinking water, etc. Accordingly, it is planned to develop new plug points along with premise development plan. Also, it is proposed to implement Automatic Metering Infrastructure (AMI) system initially for LTMD services with Smart meters at consumer end.
The Capex provision is made for MRI (Meter Reading Instruments)/ Optical Port and testing/ measuring instruments like Accu-check machine for onsite testing of meters, Clamp on Meters, PF Measuring Instrument, etc.

g) IT & related expenditure

This includes capex requirements related to hardware replacements & software upgradation, fibre network enhancement, network security, network monitoring, and additional SAP licenses.

h) **Others**

This includes capex to be incurred for:

• Replacement / New requirement / Modification related to fire & safety assets and material for safety awareness.

• Replacement / new requirement of testing / measuring equipment to check quality parameters of material.

• Extension & Enhancement of GIS enterprise solution with upgradation and provision for new/replacement of hardware and software.

• MHE, Pallet/ racking system, Vertical Storage system for storing cable drums etc. for safe and better material handling.

• Expenditures for Refurbishment of EHV SS, Dist. SS, etc. and routine need based civil related work.

• Provision for expenses related to fire safety and further modification in existing premises to enhance safety.

• Provision for procurement/replacement/ upgradation of other supporting assets like Air-conditioning System, Water purifiers, OHC equipment, etc.

• CCTV Surveillance system along with IT set-up to enhance safety of premises, strengthening security at all stations, provision for new / replacement / upgradation of other supporting assets/vehicles, etc.

In addition, the petitioner has submitted the details on capital expenditure under "Others" vide additional responses to the data gaps on 15th March 2023 as following:

- Safety - Replacement / New requirement/ Modification related to fire & safety assets and material for safety awareness. Further modification in existing premises to enhance safety.
- Technical Services Replacement / new requirement of testing / measuring equipment to check quality parameters of material.
- GIS - Extension & Enhancement of GIS enterprise solution with upgradation and provision for new/replacement of hardware and software.
- Stores - MHE, Pallet/ racking system, Vertical Storage system for storing cable drums etc. for safe and better material handling.
- Civil Works - Expenditures for Refurbishment of EHV SS, Dist. SS, etc. and routine need based civil related work.

- Admin & Security - Provision for procurement/replacement/ upgradation of other supporting assets like OHC equipment, CCTV Surveillance system along with IT set-up to enhance safety of premises, strengthening security at all stations, provision for new / replacement / upgradation of other supporting assets/vehicles, Air-conditioning System, Water purifiers, etc.

Commission's analysis:

The Petitioner has projected CAPEX of Rs.475.31 Crore for FY 2023-24 as detailed in earlier sections. The Petitioner has furnished the project/work-wise justification for the CAPEX projected for FY 2023-24.

The Commission opines that in order to meet the load growth, system demand and to provide reliable quality supply has provisionally approved the CAPEX for FY 2023-24 as projected by the Petitioner.

The Commission, accordingly, approves the Capital expenditure (CAPEX) at Rs. 475.31 Crore for FY 2023-24.

b) Capitalization and Gross Fixed Assets

Petitioner's submission:

TPL has projected Rs.443.37 Crore towards capitalization for FY 2023-24 and furnished the project/work-wise details of capitalisation in Form 4.3 to the petition.

Table 5.13 Capitalisation Projected for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner
Opening GFA	2329.20
Addition to GFA	443.37
Deletion to GFA	-
Closing GFA	2772.56
SLC addition	18.90

Commission's analysis:

The Commission has observed (from Form 4.3) that the Petitioner has proposed capitalisation of CAPEX relating schemes as given hereunder:

Table 5.14: Projected CAPEX, Capitalisation by TPL-D (S) for FY 2023-24 (Rs. Crore)

Project Code		Capitalization proposed by Petitioner
EHV Network	220 kV EHV Line / Cable	2.63
	New 66 kV EHV SS	139.66
	Additional / Augmentation / Replacement of Power Transformer & ICT	39.54
	Replacement & Renovation in existing EHV SS	1.29
	Supporting Infrastructure - EHV	19.59
HT Network	11 kV HT Network Development & Modification	9.47
	Replacement / Shifting of HT Network	1.18
	Distribution substation automation	3.47
	New Distribution Substations	21.48
	New HT Consumers	9.96
	Additional / Augmentation / Replacement of Dist. X'mer	8.03
	Installation / Replacement of 11 kV S/Gear / LT Panel / Breaker and Acc. for Safety	0.76
	DSS Asset strengthening for Safety	5.82
	Reactive Power compensation	0.59
	Supporting Infrastructure - HT	0.42
LT Network	New Connections / Load Extension	18.64
	LT Network Development & Modification	12.09
	Repl. of MSP / MB for Safety & Reliability	14.85
	Earthing Reactivation of LT assets for Safety	1.44
	Supporting Infrastructure - LT	0.20
Special Projects	Advanced Metering Infrastructure system	28.96
	Infrastructure development for PSC & Other office	56.94
Other - Support Functions	Other - Support Functions	7.58
Meter Management	Normal Load Growth	34.38
Customer Care	Renovation/Upgradation of existing customer centre /Call centre/Collection centre	1.47
IT Related Expenditure	IT	2.94
Total		**443.37**

On query regarding estimation/projection of high capitalization in the FY 2023-24, the Petitioner has submitted that the majority of the capex incurred by the Petitioner pertains to normal load growth, safety, and reliability wherein capex is generally incurred in the same year except for minor rollover. Further, it has submitted that the projects pertaining to the New 66 kV Substation and Power Supply Centers which have longer gestation periods considering the scale and size of the projects and requirements for various approvals including allocation of land, right-of-way, permission from local authorities/National Highway authorities, GETCO approvals, etc. wherein CAPEX is projected considering expected activities in particular years.

The Commission has noted their submission. It is fact that the Petitioner has estimated the Capitalization at the tune of Rs. 443.37 Crore as against Rs. 475.31 Crore of the Capital expenditure. To balancing the interest of the consumer and the distribution utility, we of the view that it is appropriate to consider the ratio of the average Capitalization vis-à-vis Capital Expenditure last true up years. Accordingly, The Commission has worked out the average capitalization over approved CAPEX for last four years i.e., from FY 2018-19 to FY 2021-22 works out to 80.59%. Accordingly, for FY 2023-24 the Commission approves capitalization of **Rs. 357.29 Crore** (443.37*80.59%).

The Commission has approved closing GFA at Rs. 2159.99 Crore in true up for FY 2021-22 and the same is considered as opening GFA for FY 2022-23. Further, the Commission has considered capitalisation of Rs. 199.40 Crore as approved in Tariff Order dated 31.03.2022 for FY 2022-23 and arrived at the closing GFA for FY 2022-23 at Rs. 2359.39 Crore and the same is considered as opening GFA for FY 2023-24. The Commission has further considered the SLC addition as projected by the Petitioner.

The Commission in terms of the GERC (MYT) Regulations, 2016 has approved the funding of capitalisation for normative debt-equity. The Commission, as deliberated above has considered the opening GFA, additions during the year and closing GFA for FY 2023-24 as given in the table below:

Table 5.15: Gross Fixed Assets approved for FY 2023-24 for TPL-D (S) (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	2329.20	2359.39
Addition to GFA	443.37	357.29
Deletion to GFA	-	-
Closing GFA	2772.56	2716.68
Less: SLC Addition	18.90	18.90

Particulars	Claimed by Petitioner	Approved by Commission
Balance Capitalisation	424.27	338.39
Normative Debt @70%	**296.989**	**236.88**
Normative Equity @30%	**127.281**	**101.52**

The Commission, accordingly, approves the GFA and funding for FY 2023-24 as detailed in the table above.

5.2.3. Depreciation

Petitioner's submission:

The petitioner submits that, 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. TPL-D (S) has projected **Rs. 89.35 Crore** towards depreciation for FY 2023-24.

Commission's analysis:

The Commission has approved the opening value of depreciable GFA at as discussed in the earlier sections. The GFA is further updated with the capitalisation approved for FY 2023-24 to compute the depreciation.

The rate of depreciation on assets and SLC is considered on actuals as submitted by the petitioner. The computation of Depreciation as given in the table below:

Table 5.16: Depreciation approved for FY 2023-24 (Rs. Crore)

Particulars	Approved by Commission
Opening value of GFA	2359.39
Additions during year	357.29
Closing GFA	2716.68
Average Depreciable Assets	2538.04
Wt. Avg. Rate of Dep.	3.88%
Depreciation	98.55
Depreciation created out of SLC	11.10
Net Depreciation	**87.45**

The Commission approves the depreciation for FY 2023-24 as shown in the above Table.

5.2.4. Interest and Finance Charges

Petitioner's submission:

TPL has claimed a sum of **Rs.44.52 Crore** towards interest on loans for FY 2023-24.

The Petitioner has submitted that interest is calculated on normative loans in terms of the GERC (MYT) Regulations, 2016 by applying estimated interest rate of 9.25%, while repayment has been considered equal to the depreciation of the assets for the year. The Petitioner has estimated the interest on security deposit for the year considering the interest rate of 4.25% on the average of opening balances and closing balance of security deposit for the Surat supply area. The addition has been projected on the basis of trend observed in the supply area.

Table 5.17: Interest on loans projected by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner
Opening Balance	377.36
Loan addition during year	297.13
Repayment during year	89.35
Closing Balance	585.13
Average Loan	481.24
Weighted average rate of interest (%)	9.25%
Interest Expenses	**44.51**

Commission's analysis:

The Commission has approved the normative closing loan balance at Rs. 347.22 Crore in truing up for FY 2021-22 and the same is considered as opening loan for FY 2022-23. The addition to loan is further updated with the normative loan based on capitalisation approved for FY 2022-23 in the Order dtd. 31.03.2022, which is Rs. 124.12 Crore and also adjustment of Repayment in FY 2022-23, arrived at the closing Loan for FY 2022-23 at Rs. 394.81 Crore and the same is considered as opening Loan for FY 2023-24.

The rate of interest is considered as per the actuals of FY 2021-22, which is approved in this Order and accordingly computed the interest on loan for FY 2023-24 as given in the table below:

Table 5.18: Interest on loans approved for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
Opening Balance	377.35	394.81
Loan addition during year	297.13	236.88
Repayment during year	89.35	87.45
Closing Balance	585.13	544.24
Average Loan	481.24	469.52
Weighted average rate of interest (%)	9.25%	7.58%
Interest Expenses	**44.51**	**35.61**

The Commission, accordingly, approves the interest on loan for FY 2023-24 as detailed in the table above.

5.2.5. Interest on Security Deposit

Petitioner's Submission:

The Petitioner has projected Rs. 16.39 Crore towards interest on security deposit for FY 2023-24. The Petitioner considered 4.25% interest rate on the average estimated balance of security deposit for FY 2023-24.

Commission's Analysis:

The Commission considers and approves the interest on security deposit of Rs. 16.39 Crore as projected by the Petitioner for FY 2023-24.

5.2.6. Return on Equity

Petitioner's submission:

The return on equity has been computed based on the opening & closing balance of the equity arrived at considering the estimated capitalization in FY 2023-24. The RoE is computed at 14% on the average of the opening & closing balance of the equity and accordingly, projected **Rs. 117.17 Crore** towards Return on Equity @ 14%.

Commission's analysis:

The Commission has approved the normative closing equity at Rs. 728.64 Crore in truing up for FY 2021-22 and the same is considered as opening equity for FY 2022-23. The addition to equity is further updated with the normative equity based on capitalisation approved for FY 2022-23 in the Order dtd. 31.03.2022, which is Rs. 53.20 Crore, arrived at the closing equity for FY 2022-23 at Rs. 781.84 Crore and the same is considered as opening equity for FY 2023-24. The Commission accordingly computed the Return on equity for FY 2023-24 as given in the table below:

Table 5.19: Return on Equity approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Projected by the Petitioner	Approved by the Commission
Regulatory Equity at the beginning of the year	773.22	781.84
Equity portion of capitalisation during the year	127.34	101.52
Reduction in Equity Capital on account of retirement / replacement of assets	-	-
Regulatory Equity at the end of the year	900.57	883.36
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year	108.25	109.46
Return on Regulatory Equity addition during the year	8.91	7.11
Total Return on Equity	**117.17**	**116.56**

The Commission, accordingly, approves the Return on Equity for FY 2023-24 as detailed in the table above.

5.2.7. Income Tax

Petitioner's submission:

The Petitioner has projected the Income Tax at **Rs. 13.25 Crore** based on the actual tax paid for FY 2021-22 and in proportion to the PBT of TPL-D (S).

Commission's analysis:

The Commission has approved Rs. 13.13 Crore towards income tax in true up for FY 2021-22. The Commission, accordingly, in terms of regulation 41.1 has considered **Rs. 13.13 Crore** towards income tax for FY 2023-24 subject to true up based on the actual tax paid for the relevant year as specified in regulation 41.2 of the GERC (MYT) Regulations, 2016.

5.2.8. Bad Debts Written Off

Petitioner's submission:

The Petitioner has projected bad debts of **Rs. 0.92 Crore** based on the trend of amount written off in previous years.

Commission's analysis:

Regulation 94.9 of the GERC (MYT) Regulations, 2016 specify that bad debts written off may be allowed as a pass through in the ARR subject to prudence check based on the trend of write off of bad debts in the previous years. The Commission has approved Rs. 0.55 Crore towards bad debts written off for FY 2021-22 in truing up based on the available audited annual accounts for FY 2021-22. The Commission, accordingly, has considered bad debts written off at **Rs. 0.92 Crore** for FY 2023-24.

5.2.9. Contingency Reserve

Petitioner's Submission:

The Commission had allowed contingency reserve of Rs. 0.40 Crore for each year of the control period to meet the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values and prayed to the Commission to allow the same for FY 2023-24.

Commission's Analysis:

The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the Commission approves Rs. 0.40 Crore towards contingency reserve for FY 2023-24.

5.2.10. Interest on Working Capital

Petitioner's submission:

The interest on working capital is computed as per the MYT Regulations, 2016. The interest rate, being the SBI MCLR rate on 1st April, 2021 plus 250 basis points, of 9.50% is to be applied on the working capital requirement arrived at in accordance with the Regulations. The estimate of interest on working capital is shown in the table below for the approval of the Hon'ble Commission. The Petitioner has computed the working capital requirement and interest on working capital as shown in the table below:

Table 5.20: Interest on Working Capital projected by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Projected by the petitioner
O&M expenses	12.73
Maintenance Spares	23.29
Receivables	224.75
Working Capital requirement	260.78
Less: Amount held as security deposit from Distribution System Users	385.69
Total Working Capital	-
Interest Rate (%)	9.50%
Interest on Working Capital	-

Commission's analysis:

As per the working capital requirement as specified in Regulation 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 read in conjunction with the GERC MYT (First Amendment) Regulations, 2016 based on the O&M expenses and other expenses as approved above and after considering the security deposit amount available during the year and the rate of interest on working capital has been considered as 9.50% considering SBI MCLR as on 01.04.2022 (7.00% plus 250 basis points), the working capital and interest thereon calculated in table below;

The working capital requirement and the interest on working capital computed for FY 2023-24 is as shown in the Table below:

Table 5.21: Interest on Working Capital approved for FY 2023-24 (Rs. Crore)

Particulars	Projected by the petitioner	Approved by the Commission
O&M expenses	12.74	12.74
Maintenance Spares	23.29	23.59
Receivables	224.75	206.11
Working Capital requirement	260.78	242.44

Particulars	Projected by the petitioner	Approved by the Commission
Less: Amount held as security deposit from Distribution System Users	385.69	385.69
Total Working Capital	-	-
Interest Rate (%)	9.50%	9.50%
Interest on Working Capital	-	-

The Commission, accordingly, approves interest on working capital as NIL for FY 2023-24.

5.2.11. Non-Tariff Income

Petitioner's Submission:

The Petitioner has projected Non-Tariff Income at Rs. 10.74 Crore for FY 2023-24 based on the current trend and stated that variation in actual non-tariff income except bad debt recovery shall be considered as uncontrollable during truing up exercise. The Petitioner has requested the Commission to approve the non-tariff income for FY 2023-24 as estimated.

Commission's Analysis:

The Commission in the Tariff Orders had approved Non-Tariff Income for ensuing years equal to the actual Non-Tariff Income approved in the latest True-up. The Commission, accordingly, approves the Non-Tariff Income at **Rs. 10.74** Crore for FY 2023-24 subject to true-up.

5.2.12. Aggregate Revenue Requirement (ARR) for FY 2023-24

Petitioner's submission:

The Petitioner has projected the ARR for FY 2023-24 as given in the table below:

Table 5.22: ARR projected by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	Projected by the Petitioner
Power Purchase Expenses	2,272.94
Operation & Maintenance Expenses	152.82
Depreciation	89.35
Interest Expenses	44.52

Particulars	Projected by the Petitioner
Interest on SD	16.39
Interest on Working Capital	-
Bad Debts written off	0.92
Contribution to contingency reserves	0.40
Return on Equity Capital	117.17
Income Tax	13.25
Less: Non Tariff Income	10.74
Aggregate Revenue Requirement	**2,697.02**

Commission's analysis:

The Commission based on the costs/expenses approved in the preceding paragraphs has computed the ARR as given in the Table below:

Table 5.23: ARR approved in respect of TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Approved by the Commission
Power Purchase Expenses	2,048.10
Operation & Maintenance Expenses	152.82
Depreciation	87.45
Interest Expenses	35.61
Interest on SD	16.39
Interest on Working Capital	-
Bad Debts written off	0.92
Contribution to contingency reserves	0.40
Return on Equity Capital	116.56
Income Tax	13.13
Less: Non-Tariff Income	10.74
Aggregate Revenue Requirement	**2,460.65**

5.2.13. Revenue from Sale of Power

Petitioner's submission:

The Petitioner has projected the revenue from sale of power at **Rs. 2769.04 Crore** for FY 2023-24 considering the sales at existing tariff rates for different category of consumers. It is further submitted that the revenue from sale of power arrived at with existing tariff includes the revenue **from FPPPA Charges at Rs.2.70 per unit**.

Commission's analysis:

The Commission decides to revise and approve the base FPPPA for FY 2023-24 @ Rs. 2.17/kWh. Accordingly, the Commission considers the Revenue from sale of power at Rs. 2582.48 Crore for FY 2023-24 with existing tariff i.e. as applicable for each category of consumer (slab-wise) as per the tariff (including FPPPA charge @2.17/Unit).

5.2.14. True-up net Revenue Gap/(Surplus) of FY 2021-22

The Commission has approved the net revenue gap in true up for FY 2021-22 including the gains/ losses shared on account of controllable and uncontrollable factors in accordance with Regulation 23 and 24 of the GERC (MYT) Regulations, 2016. The Commission has also considered earlier years approved gap and also impact on ARR due to review petition of the Petitioner, which is mentioned in the previous Chapter. It is found that the Commission has calculated/ computed an amount of Rs. 1.36 Crore as Gap for the TPL-D(S) for FY 2021-22.

Regulation 21.6 (c) of the MYT Regulations, 2016 specify that carrying cost is to be allowed on the amount of revenue gap / (surplus) for the period from the date on which such gap / (surplus) has become due, calculated on the simple interest basis at the weighted average SBI Base Rate for the relevant year, subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the which revenue gap is addressed.

As stated above, the Gap approved for true-up of FY 2021-22 is Rs. 1.36 Crore and the related carrying cost @ 7.00% for two years is worked out as Rs. 0.19 Crore.

The Commission, accordingly, will consider the trued-up Revenue Gap of Rs. 1.55 Crore for FY 2021-22 which is inclusive of carrying cost, the same will consider for determination of tariff for FY 2023-24.

5.2.15. Revenue Gap/(Surplus) for FY 2023-24

The Commission has approved the ARR at Rs. 2460.65 Crore and revenue from sale of power at Rs. 2582.48 Crore with existing tariff i.e. as applicable for each category of consumer (slab-wise) as per the tariff (including FPPPA charge @2.17/Unit). The Commission has considered DSM expenses at Rs. 0.13 Crore which reflected in the Audited Accounts of FY 2021-22.

The Commission has approved revenue gap of Rs. 1.55 Crore for FY 2021-22 after considering the Carrying cost, which is elaborated in the above sections.

The Commission accordingly computed the revenue Gap/(Surplus) for FY 2023-24 as given in the table below:

Table 5.24: Revenue Gap / (Surplus) approved for FY 2023-24 (Rs. Crore)

Particulars	Projected by Petitioner	Approved by the Commission
Aggregate Revenue Requirement	2,697.02	2,460.65
Revenue at existing tariff	2,769.04	2,582.48
Revenue (Gap)/Surplus for FY 23-24	**72.02**	**121.83**
Less: Gap carried from FY 2021-22	1.50	1.36
Less: Carrying cost on gap for FY 2021-22	15.61	0.19
DSM Expenses	0.13	0.13
Net (Gap)/Surplus	**54.78**	**120.15**

Accordingly, the Commission arrives at Estimated Surplus amounting to Rs. 120.15 Crore as against Rs. 54.78 Crore as proposed by the Petitioner for FY 2023-24.

6. Compliance of Directives

6.1. EARLIER DIRECTIVES

Directive: Long-term Power Procurement Plan along-with RPO Commitments:

The Commission has directed the Petitioner to carry out a detailed study of the load growth and power requirement for the next decade and accordingly strategy to meet the requirement from conventional and RE sources.

Compliance

The Petitioner submitted that presently, RE Developers are evaluating various options to offer RE Power with certainty using various options including Storage so as to deal with uncertainty and/ or intermittency of RE Power.

The Petitioner is evaluating available options to make necessary tie-up with a view to reduce the cost while avoiding the issue of Intermittency of RE Power. Regarding RPO fulfilment, the Petitioner has tied up 450 MW solar through bidding process for fulfilment of RPO. The Petitioner will update the Hon'ble Commission based on development of same.

Commission's Comment

The Commission has noted the submission of the Petitioner.

Directive: Implementation of Smart pre-payment meter/ pre-payment meters

The Commission has directed TPL-D to participate in the scheme of switching over to smart pre-payment meters, which will help in improvement of metering, billing and collection.

Compliance:

The Petitioner submitted that as per the existing Revamped Distribution Sector Scheme, private sector is not permitted to avail benefits under the Scheme. In turn, the Petitioner has written to the Ministry of Power to permit the private sector to avail benefits of the scheme and to provide financial support for implementing prepaid metering/ smart prepaid metering. However, there is no further update in the matter.

Commission's Comment

The Commission has noted the submission of the Petitioner.

7. Fuel and Power Purchase Price Adjustment

7.1. Fuel Price and Power Purchase Price Adjustment

The Commission in Case No. 1309 of 2013 and 1313 of 2013 vide its order dated 29th October, 2013 has revised the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) as mentioned below:

7.2. Formula

FPPPA = [(PPCA-PPCB)]/ [100-Loss in %]

Where,

PPCA	is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the power purchase agreements in Rs./kWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.
PPCB	is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs./kWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.
Loss in %	is the weighted average of the approved level of Transmission and Distribution losses (%) for the four DISCOMs / GUVNL and TPL applicable for a particular quarter or actual weighted average in Transmission and Distribution losses (%) for four DISCOMs / GUVNL and TPL of the previous year

	for which true-up have been done by the Commission, whichever is lower.

7.2.1. Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for TP`L-D including fixed cost, variable cost, etc. from the various sources for FY 2023-24 in this Order as given in the Table below:

Table 7.1: Approved power purchase cost per unit for FY 2023-24

Particulars	Total Energy Requirement (MU)	Approved Power Purchase Cost (Rs. Crore)	Power Purchase Cost/Unit (Rs./kWh)
FY 2023-24	12,217.45	6778.99	5.55

Thus, the base Power Purchase cost for TPL-D is Rs. 5.55/ kWh for FY 2023-24.

As the Base Power Purchase Price (PPCB) of Rs. 4.88 per Unit in FY 2022-23 has been shifted to Rs. 5.55 per Unit for FY 2023-24, Accordingly, the Base FPPPA charge is increased from Rs. 1.48 per Unit to Rs. 2.17 per Unit (after netting off with T&D losses). Therefore, the Commission has decided to approve the Base FPPPA charges at Rs. 2.17 per Unit for TPL-D (Surat) in FY 2023-24 against the base FPPPA projected by the Petitioner to the tune of Rs. 2.70 per Unit.

The Petitioner has submitted that looking at the fluctuation in fuel cost, automatic pass through of 10 paisa per unit is not sufficient which results into substantial backlog in recovery and additional burden on the end consumers. Taking into cognizance of delay in approval of incremental fuel cost under the present mechanism and consequent delay in recovery of revenue, the Mistry of Power has vided its communication dated 09.11.2021 directed the State Commissions to consider automatic pass through of additional fuel cost in tariff without any delay. While doing so, the Ministry of Power has also considered the grave circumstances witnessed by the power sector including issues of availability of fuel namely coal and gas for power plants, spike in prices in of coal and gas in the international markets as well as the need for all stake holders in the value chain of power sector to recover cost in a timely fashion and the revenue constraints faced by the distribution companies. In view of above, it has requested to consider Automatic pass through of FPPPA without any delay. In the alternative, the Petitioner has further requested the Commission to consider automatic passthrough of at least 20 paise per unit in the interregnum.

The Commission has noted the submission of the Petitioner. The Commission will take due consideration of the communication dtd. 09.11.2021 of the Mistry of Power, GoI at the time of framing Draft GERC (MYT) Regulations for 4th Control Period, which is under process. In the meantime, the Commission has a view that it will continue with the existing mechanism.

Information regarding FPPPA recovery and the FPPPA calculation shall be kept on the website of TPL.

For any increase in FPPPA, worked out on the basis of above formula, beyond ten (10) paise per kWh in a quarter, prior approval of the Commission shall be necessary and only on approval of such additional increase by the Commission, the FPPPA can be billed to consumers. FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

8. Wheeling Charges and Cross Subsidy Surcharge

8.1. Wheeling Charges

Petitioner's submission:

The Petitioner has submitted that 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. 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 a part of the retail supply business.

The allocation matrix as specified by the Commission for segregation of expenses between Wires and Supply business is as shown in the Table below:

Table 8.1: Allocation Matrix for segregation of Wheeling and Retail Supply submitted by the Petitioner for FY 2023-24

Particulars	Wire Business (%)	Retail Business (%)
Power Purchase Expenses	0%	100%
Employee Expenses	60%	40%
A&G Expenses	50%	50%
R&M Expenses	90%	10%
Depreciation	90%	10%
Interest on Long Term Loans	90%	10%
Interest on Working Capital and Security Deposit	10%	90%
Bad Debts Written off	0%	100%
Income Tax	90%	10%
Contribution to Contingency Reserve	100%	0%
Return on Equity	90%	10%
Non-Tariff Income	10%	90%

Based on the above allocation matrix TPL-D (S) has segregated the ARR of Surat Supply Area for Wires and Supply business as under:

Table 8.2: Segregation of ARR into Wires and Supply Business for FY 2023-24 (Rs. Crore)

Particulars	Wire Business	Retail Business
Power Purchase Expenses	-	2,272.94
Employee Expenses	43.85	29.23
A&G Expenses	20.56	20.56
R&M Expenses	34.75	3.86
Depreciation	80.42	8.94
Interest & Finance Charges (incl SD)	54.82	6.09
Interest on Working Capital	-	-
Bad Debts written off	-	0.92
Income Tax	11.93	1.33
Contribution to contingency reserves	0.40	-
Return on Equity Capital	105.45	11.72
Non Tariff Income	1.07	9.67

The Petitioner has submitted that the above segregated ARR has been considered to determine the Wheeling Charges and Cross-Subsidy Surcharge for FY 2023-24.

Commission's analysis:

The Commission, in order to compute the Wheeling Charges and Cross-Subsidy Surcharge, has considered the allocation matrix between the Wheeling and Retail Supply Business as per the GERC (MYT) Regulations, 2016.

Based on the ARR approved by the Commission, the allocation matrix thereof as provided in the GERC (MYT) Regulation, 2016, the ARR approved for Wires and Retail Supply Business for FY 2023-24 is shown in the Table below:

Table 8.3: Approved Segregation of ARR into Wires and Supply Business for FY 2023-24 (Rs. Crore)

Particulars	Wire Business	Retail Business
Power Purchase Expenses	-	2,048.10
Employee Expenses	43.75	29.17
A&G Expenses	20.64	20.64
R&M Expenses	34.75	3.86
Depreciation	78.70	8.74
Interest & Finance Charges incl. SD	46.80	5.20
Interest on Working Capital	-	-
Bad Debts written off	-	0.92
Income Tax	11.82	1.31
Contribution to contingency reserves	0.40	-
Return on Equity Capital	104.90	11.66

Particulars	Wire Business	Retail Business
Non Tariff Income	1.07	9.67

8.1.1. Determination of Wheeling Charges

Petitioner's submission:

The Petitioner has submitted that the GERC (MYT) Regulations, 2016 specifies that the Wheeling Charges shall be determined based on the ARR allocated to the Wheeling Business. The Petitioner has computed the Wheeling Charges based on the allocation of ARR of distribution business, in accordance with the GERC (MYT) Regulations, 2016.

The Petitioner submitted that 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.

Based on the above approach, the ARR for the Wheeling Business has been apportioned to HT and LT voltage in two steps as under:

- Apportioning the ARR of Wheeling Business to HT and LT voltage level based on ratio of GFA;
- Apportioning the ARR of the HT voltage level again between HT and LT voltage level based on respective contribution in the system peak demand.

The ARR is apportioned between the HT and LT Voltage level in proportion to the ratio of the closing GFA for FY 2021-22. Further, the HT voltage level ARR is further proposed to be segregated between HT and LT voltage levels.

The GFA (excluding assets related to retail supply) for Surat Supply Area as on 31st March, 2022 is Rs 1826.11 Crore. The GFA identified for HT & LT business are Rs. 1402.38 Crore & Rs. 423.73 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.

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.

The system peak demand for Surat Supply Area for the year FY 2021-22 was 689 MW and the contract demand for all the HT consumers is about 158.68 MW. Assuming that 85% of the contract demand of HT consumers (i.e. 134.88 MW) contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 554.12 MW.

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 charges determined in terms of Rs/kWh/Month has been tabulated as below:

Table 8.4: Wheeling Charges proposed by TPL-D (S) for FY 2023-24

Particulars	Value
First level segregation of ARR (Rs. Crore)	
HT Voltage	259.56
LT Voltage	78.43
Total	337.98
Second level segregation of ARR (Rs. Crore)	
HT Voltage	50.81
LT Voltage	287.17
Total	337.98
Wheeling Charge in Rs/kW/Month	
HT Voltage	313.93
LT Voltage	431.88
Wheeling Charge in Rs/kWh	
HT Voltage	0.96
LT Voltage	0.96
Wheeling Charge in Rs. Crore/MW	
HT Voltage	0.38
LT Voltage	0.52

The Petitioner has further submitted that an open access consumer will also have to bear the following wheeling losses in addition to the wheeling charges:

Table 8.5: Proposed Wheeling Losses for TPL-D (S) for FY 2023-24

Category	Loss %
HT Category	3.25%
LT Category	4.72%

Commission's analysis:

The Commission has determined the ARR of the Wires Business for FY 2023-24 in the earlier section, as Rs.342.85 Crore.

The ARR is apportioned between the HT and LT Voltage level in the ratio of 77:23, which is the ratio of GFA of HT: LT for FY 2021-22.

The system peak demand for Surat Supply Area for the year FY 2021-22 was 689 MW and the contract demand for all the HT consumers is about 158.68 MW. Assuming that 85% of the contract demand of HT consumers (i.e. 134.88 MW) contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 554.12 MW.

To determine the Wheeling Charges for the HT and 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 is shown in the Table below:

Table 8.6: Wheeling Charges for TPL-D (S) for FY 2023-24

Particulars	Approved
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	262.35
LT Voltage	78.36
Total	**340.71**
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	66.70
LT Voltage	274.01
Total	**340.71**
Wheeling Charge (in Rs/ kWh)	
HT Voltage	1.26
LT Voltage	0.92

The Commission has accordingly approved the wheeling charges for HT and LT voltages as shown in the Table above.

The Commission approves the following losses for Open Access consumers in addition to the Wheeling Charges:

Table 8.7: Wheeling Losses approved for Open Access consumers for TPL-D (S)

Category	Wheeling Losses (%)
HT Category	3.25%
LT Category	3.65%

8.2. Cross Subsidy Surcharge

Petitioner's submission:

The Petitioner has submitted that 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.

The Petitioner has proposed the cross subsidy for HTMD-1, HTMD-2, HTMD-Metro, RGP, NRGP, LTMD and GLP category consumer as shown in the Table below.

Table 8.8: Proposed Cross Subsidy Surcharge payable for Open Access Consumers in TPL-D (S) for FY 2023-24

Particulars	HTMD-1	HTMD-2	HTMD-Metro
T-Tariff in Rs./kWh	8.47	8.27	7.45
PPC-Average Cost of Power Purchase (Rs./kWh)	6.33	6.33	6.33
Avg W-Average Wheeling Charges (Rs./kWh)	0.96	0.96	0.96
Cross-Subsidy Surcharge (Rs./kWh)	1.18	0.99	0.17

Particulars	RGP	NRGP	LTMD	GLP
T-Tariff in Rs./kWh	6.92	7.69	8.60	6.81
PPC-Average Cost of Power Purchase (Rs./kWh)	6.41	6.41	6.41	6.41
Avg W-Average Wheeling Charges (Rs./kWh)	0.96	0.96	0.96	0.96

Particulars	RGP	NRGP	LTMD	GLP
Cross-Subsidy Surcharge (Rs./kWh)	-	0.33	1.24	-

*Note: * Including Regulatory Charge*

Commission's analysis:

The Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross- subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued Tariff Policy, 2016 wherein the formula for Cross Subsidy Surcharge is given as under;

S = T – [C / (1 - L/100) + D + R]

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets

Further, the Tariff Policy, 2016 also stipulates that the surcharge shall not exceed 20% of the tariff applicable to the category of consumers seeking Open Access.

The Commission has considered the average tariff rate for HTMD-1, HTMD-2 & HT-Metro as per the existing tariff.

Accordingly, the Commission has determined the Cross-Subsidy Surcharge based on the formula stipulated in the Tariff Policy, as shown in the Table below:

Table 8.9: Approved Cross Subsidy Surcharge payable for open access consumers in TPL-D (S) for FY 2023-24

Particulars	HTMD-1	HTMD-2	RGP	NRGP	LTMD	GLP
T-Tariff in Rs./kWh	7.93	7.74	6.39	7.16	8.07	6.28
C - Wt. Avg. Power Purchase Cost (Rs./kWh)	5.55	5.55	5.55	5.55	5.55	5.55
D - Wheeling Charges (Rs./kWh)	1.26	1.26	0.92	0.92	0.92	0.92
L – Loss for HT Category (in %)	3.25%	3.25%	3.65%	3.65%	3.65%	3.65%
R - per unit cost of carrying Regulatory Assets (Rs./kWh)	-	-	-	-	-	-
S = Cross Subsidy Surcharge (Rs./kWh)	0.94	0.74	-0.28	0.49	1.40	-0.40

However, the Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. Hence, the aforesaid surcharge is restricted to 20% of tariff applicable to that category.

Thus, Cross Subsidy Surcharge as per formula in Tariff Policy, 2016 works out to Rs.0.94/kWh for HTMD-1, Rs.0.74/kWh for HTMD-2, NIL for RGP, Rs. 0.49/ kWh for NRGP, Rs. 1.40/ kWh for LTMD and NIL for GLP category.

8.3. Additional Surcharge

Petitioner's submission:

The Petitioner has submitted that as per Regulation 25 of the 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 Electricity Act, 2003.

Commission's analysis:

The Petitioner should submit the requisite data and justification separately for determination of Additional Surcharge.

9. Tariff Philosophy and Tariff Proposals

9.1. Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and GERC (MYT) Regulations, 2016 notified by the Commission.

Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply tariff. The basic principle is to ensure that the tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidy amongst categories within a period to be specified by the Commission.

9.2. Proposal of TPL for increase in Retail Tariffs for TPL-D (S) for FY 2023-24

Background

The Petitioner has submitted that the cumulative (gap)/surplus for FY 2021-22, FY 2023-24 and carrying cost are computed as detailed in the earlier chapters. The Petitioner has proposed to:

- Recover the Gap/carrying cost for matters pending with the Commission/ APTELby a way of regulatory charge along with the FPPPA ceiling of Rs. 1.86 per unit.

Tariff Philosophy

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:

- Consumers' capacity to pay
- Principles of cross subsidy prescribed by Tariff Policy
- Incentivising energy conservation
- Demand Side Management
- Promotion of efficient use of electricity

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 consider necessary revision of the fixed/demand charges.

Determination of Retail Tariff

9.3. Commission's Ruling on Retail Tariffs for TPL-D (S) for FY 2023-24

The Commission has in the past Orders, rationalised the tariffs in order to ensure that the tariffs reflect, as far as possible, the cost of supply. The Commission has also tried to address operational and field issues, keeping in view the interest of the consumers, while rationalising the tariff structure.

TPL-D (S) has proposed to address cumulative revenue surplus of Rs. 54.78 Crore during the true-up of FY 2023-24.

However, as discussed earlier, the Commission has approved a cumulative revenue surplus of Rs. 120.15 Crore during FY 2023-24 in Chapter 5. It has been observed that the Petitioner has filed reviews/Appeals in various forums related past year gaps and related carrying costs, which are at the different stages. Accordingly, the revenue gap/surplus may vary while truing-up ARR for FY 2023-24, when actuals as per audited annual accounts are available. Keeping it in view, the Commission decides to continue with the existing tariff structure. Accordingly, the category-wise tariff is retained at the same level as approved for FY 2023-24.

9.4. Green Power Tariff

The Petitioner has submitted that it has received representations regarding introduction of "Green Tariff" in its license areas. However, the methodology for determination of "Green Tariff" is required to be determined by the Hon'ble Commission. Hence, for FY 2023-24, the Petitioner proposes "Green Tariff" of Rs. 1.50 per unit.

It is noted that the petitioner has proposed the Green Tariff at the rate of Rs. 1.50 per Unit for FY 2023-24. Considering various aspects, the Commission decides to fix the Green Tariff as additional rate of Rs. 1.50 per Unit for Torrent Power Ltd. (Surat) license area for FY 2023-24.

- Green Power Tariff of Rs 1.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
- All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- This option can be exercised by consumer giving Billing Cycle notice to the Distribution Licensee in writing before commencement of billing period.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for TPL-D (Surat) for FY 2023-24 as shown in the Table below:

Approved ARR for TPL-D (Surat) for FY 2023-24 (Rs. Crore)

Particulars	Approved by the Commission
Power Purchase Expenses	2,048.10
Operation & Maintenance Expenses	152.82
Depreciation	87.45
Interest Expenses	35.61
Interest on Security Deposit	16.39
Interest on Working Capital	-
Bad Debts written off	0.92
Contribution to contingency reserves	0.40
Return on Equity Capital	116.56
Income Tax	13.13
Less: Non Tariff Income	10.74
Aggregate Revenue Requirement	**2,460.65**

The retail supply tariffs for Surat distribution area for FY 2023-24 determined by the Commission are annexed to this order.

This order shall come into force with effect from 1st April, 2023.

-Sd-	**-Sd-**	**-Sd-**
S. R. Pandey	**Mehul M. Gandhi**	**Anil Mukim**
Member	**Member**	**Chairman**

Place: Gandhinagar

Date: 31/03/2023

ANNEXURE: TARIFF SCHEDULE

TARIFF SCHEDULE FOR SURAT LICENSE AREA OF TORRENT POWER LIMITED - SURAT

TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION AND EXTRA HIGH TENSION

Effective from 1st April, 2023

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL 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 shall adjust the rates according to billing period applicable to consumer.
5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
6. Conversion of Ratings of electrical appliances and equipment 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) Horsepower or kilo watt (HP or kW) 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 one kilo-watt-hour (kWh).
8. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
9. Contract Demand shall mean the maximum kW for the supply of which TPL undertakes to provide facilities to the consumer from time to time.
10. Maximum Demand in a month means the highest value of average 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.
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.
15. Delayed Payment Charges: No delayed payment charges will be levied if the bill is paid on or before due date indicated in the bill. 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.
18. Green Power Tariff
    - Green Power Tariff of Rs 1.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
    - All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
    - This option can be exercised by consumer giving Billing Cycle notice to the Distribution

Licensee in writing before commencement of billing period.

PART- I

SUPPLY DELIVERED AT LOW/ MEDIUM VOLTAGE

(230 VOLTS- SINGLE PHASE, 400 VOLTS)

1. RATE: RGP

This tariff is applicable to supply of electricity for:

i. Single phase supply – Aggregate load upto 6kW

ii. Three phase supply – Aggregate load above 6kW.

1.1. FIXED CHARGE

For Other than BPL consumers

(a)	Single Phase Supply	Rs. 25 per month per installation
(b)	Three Phase Supply	Rs. 65 per month per installation

For BPL household consumers*

(a)	Fixed Charges	Rs. 5 per month per installation

1.2. ENERGY CHARGE

For Other than BPL consumers

(a)	First 50 units during the month	320 Paise per Unit
(b)	For the next 50 units during the month	365 Paise per Unit
(c)	Next 150 units during the month	425 Paise per Unit
(d)	Above 250 units during the month	505 Paise per Unit

For BPL household consumers*

(a)	First 50 units consumed per month	150 Paise per Unit
(b)	For remaining units consumed per month	Rate as per RGP

** 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 zonal office of the Distribution Licensee. The concessional tariff is only for 50 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 Streets Light, 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 6 kW Three-phase supply- Aggregate load above 6 kW

2.1. FIXED CHARGE

Fixed Charges	Rs. 55 per month per installation

2.2. ENERGY CHARGE

Energy Charges	405 Paise per Unit

3. <u>RATE: NON-RGP</u>

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 CHARGE

(a)	First 10 kW	Rs. 70 per kW per month
(b)	Next 5 kW	Rs. 90 per kW per month

3.2. ENERGY CHARGE

(a)	For installations having connected load upto 10 kW	435 Paisa/ Unit
(b)	Next 5 kW	455 Paisa/ Unit

4. <u>Rate: LTMD</u>

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. FIXED CHARGE

1. For Billing Demand up to and including Contract Demand

(a)	Up to 20 kVA of billing demand	Rs. 115 per kVA
(b)	Above 20 kVA & up to 60 kVA billing demand	Rs. 155 per kVA
(c)	Above 60 kVA of billing demand	Rs. 225 per kVA
(d)	In excess of contract demand	Rs. 250 per kVA

Note: BILLING DEMAND: *Billing demand during the month shall be the highest of thefollowing:*

i. Maximum demand recorded during the month

ii. 85% of the contract demand

iii. 6 kVA

PLUS

4.2. ENERGY CHARGE

Energy Charges	485 Paise per unit

PLUS

4.3. Reactive Energy Charges (kVARh Units)

For installation having contracted load of 40 kVA and above

For all the reactive units drawn during the month	10 Paise/kVARh

5. <u>RATE: TMP</u>

Applicable to installations for temporary requirement of electricity supply.

5.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per kW per Day

5.2. ENERGY CHARGE

A flat rate of	500 paise per Unit

6. RATE: AGP

This tariff is applicable to motive power services used for irrigation purpose. Therates for following group are as under

6.1. FIXED CHARGES:

Fixed Charges	Rs. 20.00 per HP per month

PLUS

6.2. ENERGY CHARGES:

Energy Charges	60 Paise/unit

Note:

1. *The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 wattsin the Pump House without recovering any charges. Any further extension or addition ofload will amount to unauthorized extension.*
2. *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

PLUS

7.2. ENERGY CHARGE

Energy Charge	410 Paise per Unit

PART- II

RATE SCHEDULE FOR SERVICE AT HIGH TENSION

8. RATE: HTMD-1

This tariff shall be applicable for supply of energy to consumers at 3.3 kV and above for contracting the demand of 100 kVA and above for purposes other than pumping stations run by Local Authorities..

8.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

First 500 kVA of billing demand	Rs. 170 per kVA
Above 500 kVA	Rs. 285 per kVA

B. For Billing Demand in excess of the Contract Demand

For billing demand in excess over contract demand	Rs.395/- per kVA

Note: The Billing Demand shall be the highest of the following:

i. The Maximum Demand established during the month OR

ii. 85% of the Contract Demand OR

iii. 100 kVA

8.2. ENERGY CHARGE

(a)	First 400 units per kVA billing demand per month	480 Paise/unit
(b)	Remaining units consumed per month	470 Paise/unit

PLUS

8.3. TIME OF USE (TOU) CHARGE

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and1800 Hrs. to 2200 Hrs.	
For Billing Demand up to 500kVA	65 Paise per Unit
For Billing Demand above 500kVA	100 Paise per Unit

PLUS

8.4. POWER FACTOR:

8.4.1. Power Factor Adjustment Charges:

8.4.1.1. 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 8.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

8.4.1.2. 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 8.2 of this schedule, will be charged.

8.4.2. 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 7.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

PLUS

8.5. 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.

8.6. REBATE FOR SUPPLY AT EHV:

Sl. 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 %

9. <u>RATE: HTMD-2</u>

This tariff shall be applicable for supply of energy at 3.3 kV and above and contracting for demand of 100 kVA and above for water works and pumping stations run by Local Authorities.

9.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

First 500 kVA of billing demand	Rs. 140/- per kVA per month
Above 500 kVA of billing demand	Rs. 225/- per kVA per month

B. For Billing Demand in excess of the Contract Demand

For Billing demand in excess over Contract demand	Rs. 360/- per kVA per month

Note: *The Billing Demand shall be the highest of the following:*

i. The Maximum Demand recorded during the month

ii. 85% of the Contract Demand

iii. 100 kW

PLUS

9.2. ENERGY CHARGE

First 400 units per kVA billing demand per month	475 Paise/unit
Remaining units consumed per month	470 Paise/unit

9.3. TIME OF USE (TOU) CHARGE

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and1800 Hrs. to 2200 Hrs.	
For Billing Demand up to 500 kVA	45 Paise per Unit
For Billing Demand above 500 kVA	80 Paise per Unit

PLUS

9.4. POWER FACTOR:

Power Factor Adjustment Charge:

1. 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 9.2 of this schedule, for every 1%drop or part thereof in the average power factor during the month below 90% up to 85%.
2. 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 9.2 of this schedule, will be charged.

9.5. 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 9.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

9.6. 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.

9.7. REBATE FOR SUPPLY AT EHV:

Sl. 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 %

10. 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.

10.1. FIXED CHARGE

For billing demand up to contract demand	Rs. 25/- per kVA per day
For billing demand in excess of contract demand	Rs. 35/- per kVA per day

Note: The Billing Demand shall be the highest of the following:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii. 100 kW

Whichever is the highest.

10.2. ENERGY CHARGE

For all units consumed during the month	695 Paise/Unit

10.3. 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.	
(a) For Billing Demand up to 500kVA	45 Paise per Unit
(b) For Billing Demand above 500kVA	80 Paise per Unit

10.4. POWER FACTOR:

Power Factor Adjustment Charges:

1. 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 10.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

2. 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 10.2 of this schedule, will be charged.

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 10.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

11. RATE: HTMD- METRO TRACTION

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

11.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 335 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 Per kW

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 kW Whichever is the highest.

11.2. ENERGY CHARGE

A flat rate of	345 Paise/Unit

11.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below- (i) For April to October period- 1200 Hrs. to 1700 Hrs. &	60 Paise per unit

(ii)	1830 Hrs. to 2130 Hrs. For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	

11.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

11.5. 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 3.00 Paise per unit

12. <u>RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)</u>

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.

12.1. FIXED CHARGE

Fixed Charges 30% of the Demand Charges under relevant Tariff Category

12.2. ENERGY CHARGE

A flat rate of	340 Paise per unit

12.3. POWER FACTOR

POWER FACTOR ADJUSTMENT CHARGE

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 12.2 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 12.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 12.0 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTMD category demand charge rates given in para 8.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTMD category energy charge rates given in para 8.2 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 demand charge and entire energy consumption during the relevant billing month shall be billed as per HTMD category demand charge and energy charge*
6. *rates given in para 8.1 and 8.2 respectively, of this schedule.*
7. *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.*
8. *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.*

13. <u>RATE: HT - Electric Vehicle (EV) Charging Stations</u>

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 & NTCT.

13.1. DEMAND CHARGE

For billing demand up to contract demand	Rs. 25 per kW per
For billing demand in excess of contract demand	Rs. 50 per kW per

PLUS

13.2. ENERGY CHARGE

Energy Charge	400 Paise per Unit