

**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**



Tariff Order

Truing up for FY 2019-20

and

Determination of Tariff for FY 2021-22

For

Torrent Power Limited – Distribution

Ahmedabad

Case No. 1926 of 2021

31st March, 2021

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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

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2019-20 and Determination of Tariff for FY 2021-22

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 (A)	Torrent Power Limited – Distribution, Ahmedabad

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1926 of 2021

Date of Order: 31.03.2021

CORAM

Shri Anand Kumar, Chairman

Shri Mehul M. Gandhi, Member

Shri. S. R. Pandey, Member

1. Background and Brief History

1.1. Background

Torrent Power Limited (hereinafter referred to as TPL has filed the present petition on under Section 62 of the Electricity Act, 2003 read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulation, 2016 and Suo-Motu Order No.7 of 2020 dated 22nd December, 2020 for the True-up of FY 2019-20 and determination of tariff for its distribution business at Ahmedabad and Gandhinagar for the FY 2021-22 on 8th January, 2021.

Gujarat Electricity Regulatory Commission (hereinafter referred “the Commission”) notified the GERC (MYT) 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. These Regulations are in force till March, 2021. Even though the process of framing the MYT Regulations for the next Control Period of FY 2021-22 to FY 2025-26 has been initiated, it is likely to be delayed to finalize and notify the new MYT Regulations. Therefore, the Commission decided to defer the 5 year Control Period for new MYT Regulations for one year and consider the next control period from FY 2022-23 to FY 2026-27 vide Suo-Motu Order No.7 of 2020 dated 22nd December, 2020. Accordingly, all the concerned utilities and licensees were directed to file annual ARR for FY 2021-22 and application for determination of Tariff for FY 2021-22 based on the Principles and methodology as provided in the GERC (Multi Year Tariff) Regulations, 2016, on or before 8th January, 2021.

Regulation 17.2 (b) of the GERC (Multi Year Tariff) Regulations, 2016 provides for submission of detailed application comprising Truing up for FY 2019-20 to be carried out under the Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016, revenue from sale of power at existing tariffs and charges for the ensuing year, i.e., FY 2021-22, Revenue Gap or Revenue Surplus for the ensuing year and determination of tariff for FY 2021-22.

Accordingly, the Petitioner submitted the current Petition for truing-up of FY 2019-20, and determination of ARR and tariff for FY 2021-22 on 8th January, 2021.

After Technical validation of the Petition, it was registered on 11th January, 2021 as provided under Regulation 29.1 of the 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 (Ahmedabad) (TPL-D (A)) for its distribution business in Ahmedabad and Gandhinagar.

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.

1.3. Commission’s order for Approval of final ARR for FY 2016-17 and Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21

The Petitioner filed its petition for Truing up for 2015-16, Approval of Final ARR for 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of tariff for 2017-18 on 29th November, 2016. The Petition was registered on 3rd December, 2016 (under Case No. 1627 of 2016).

The Commission vide order dated 9th June, 2017 approved the Truing up for 2015-16, Final ARR for 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

1.4. Commission’s Order for approval of True-up for FY 2016-17 and tariff of FY 2018-19

The Petitioner filed a Petition for Truing up for FY 2016-17 and Determination of tariff for FY 2018-19 on 30th December, 2017. The Petition was registered on 3rd January, 2018 (under Case No. 1696 of 2018). The Commission vide Order dated 31st March, 2018 approved the Truing up for FY 2016-17 and determined the tariff for FY 2018-19.

1.5. Commission’s Order for approval of True-up of FY 2017- 18 and Mid-Term Review of ARR for FY 2019-20 & FY 2020-21

The Petitioner filed a Petition for Truing up of FY 2017-18, Mid-Term Review of FY 2019-20 and FY 2020-21 on 30th November, 2018. The Petition was registered on 4th December, 2018 (Case No. 1764 of 2018). The Commission approved the Truing-up of FY 2017-18, and revised the ARR for FY 2019-20 & FY 2020-21 vide order dated 24th April, 2019.

1.6. Commission’s Order for approval of True-up of FY 2018-19 and Determination of tariff of FY 2020-21

The Petitioner filed its Petition for Truing up for FY 2018-19 and Determination of tariff for FY 2020-21 on 30th November, 2019. The Petition was registered on 4th December, 2019 (under Case No. 1844 of 2019). The Commission vide Order dated 31st March, 2020 approved the Truing up for FY 2018-19 and determined the tariff for FY 2020-21.

1.7. 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 24th December 2020 has directed the utilities to file the petition for ARR for FY 2021-22 and determination of Tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (Multi Year Tariff) Regulations, 2016.

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

The Petitioner submitted the current Petition for truing up of FY 2019-20 and determination of tariff for FY 2020-21 on 8th January, 2021. After technical validation the Petition was registered on 11th January, 2021 (Case No. 1926 of 2021), 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 (A) was directed to publish its application in an abridged form in the newspapers to ensure due public participation.

The Public Notice, inviting objections /suggestions from the stakeholders on the Petition filed by it, was published in the following newspapers:

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

SL. No.	Name of Newspaper	Language	Date of Publication
1	Times of India (Ahmedabad Edition)	English	13/01/2021
2	Gujarat Samachar (Ahmedabad Edition)	Gujarati	13/01/2021
3	Sandesh (Ahmedabad Edition)	Gujarati	13/01/2021

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, 2021.

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

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	20/02/2021
2	Divya Bhaskar	Gujarati	20/02/2021
3	Sandesh	Gujarati	20/02/2021

The Commission received objections / suggestions from consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the Public Hearing for the Petition on 9th March, 2021, through Video conferencing considering prevailing COVID

situation. Subsequently a communication and Microsoft TEAMS Platform Link was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The stakeholders who desired to remain present at the Commission’s Office were provided Video Conferencing facility at the Office.

The Commission also published the notice for Virtual Public Hearing (via video conferencing) on its website www.gercin.org intimating the date and venue as given below in order to solicit participation by the objectors who have submitted their objections, comments and also by any stakeholders who are interested.

Petitions	Date & Time	Venue
TPL-(G), TPL-D(A), TPL-D(S), TPL-D(D)	09.03.2021 at 11.30 A.M	GERC office, Gandhinagar. (through Microsoft TEAMS Platform)

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 1.3: List of Stakeholders who commented on petition filed by TPL-D (A)

Sl. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 09.03.2021
1	K K Bajaj	Yes	Yes	Yes
2	Surat Citizen's Council Trust	Yes	Yes	Yes
3	Users Welfare Association	Yes	Yes	Yes
4	Gujarat Chamber of Commerce and Industries	Yes	Yes	Yes
5	Vishnubhai Desai	Yes	Yes	Yes
6	Utility Users Welfare Association	No	Yes	Yes
7	R J Tillan	No	Yes	Yes
8	Gujarat Krushi Viz Grahak Suraksha Sangh	No	Yes	Yes

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 (A) and the Commission’s views on the response, are as given in Chapter 3.

1.9. 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. The Commission on 9th June, 2017 passed Order for True-up of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for third Control Period i.e., FY 2016-17 to FY 2020-21 and determination of Tariffs for the FY 2017-18.

TPL-D (A) has approached the Commission with the present Petition for “Truing up” of FY 2019-20 and determination of tariff for FY 2021-22.

The Commission has undertaken “Truing up” for FY 2019-20, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2019-20, based on the annual accounts and final ARR for FY 2019-20 approved vide MTR Order dated 24th April, 2019 in Case No 1763/2018.

While truing up for FY 2019-20 the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MTR 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 2019-20 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of Tariff for FY 2021-22 has been considered as per the GERC (MYT) Regulations, 2016 and amendments thereof as the base. Truing up of FY 2021-22 shall be carried out based on the principles and methodology adopted in GERC (MYT) Regulations, 2016.

1.10. 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 (A)’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 2019-20
5. The fifth chapter deals with the determination of tariff for FY 2021-22
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 (Ahmedabad)'s Petition

2.1. Introduction

TPL-D (A) has submitted the current Petition seeking Truing up of ARR for FY 2019-20 and approval of ARR for FY 2021-22. The Petitioner has also submitted the tariff proposal for FY 2021-22, based on the Revenue Gap for FY 2019-20 and ARR for FY 2021-22.

2.2. Actuals for FY 2019-20 submitted by TPL-D (A)

The details of expenses under various heads of ARR approved by the Commission in the Mid Term Review (MTR) Order dated 24th April, 2019 and actuals in FY 2019-20 are as given in the Table below:

Table 2.1: Actuals Claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Actuals as per TPL-D (A)
Power Purchase	4,208.72	4,543.73
O&M expenses	324.42	368.28
Interest on loans	123.55	122.69
Interest on SD	45.34	48.60
Interest on working capital	-	-
Depreciation	183.35	218.20
Bad debts written off	4.70	4.24
Contingency reserve	0.60	0.60
RoE	257.80	255.45
Income Tax	83.40	80.64
Less: Non-tariff income	54.93	34.77
Annual Revenue Requirement (ARR)	5,176.94	5,607.68

2.3. Sharing of gains and losses for FY 2019-20

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

Table 2.2: Summary of Sharing of Gains and Losses for TPL-D (A) for FY 2019-20

(Rs. Crore)

Particulars	FY 2019-20 (MTR Order)	FY 2019-20 (Actual)	Over(+) /Under (-) recovery	Controllable	Uncontrollable
Power Purchase	4,208.72	4,543.73	(335.01)	86.27	(421.28)
O&M expenses	324.42	368.28	(43.86)	(6.80)	(37.06)

Particulars	FY 2019-20 (MTR Order)	FY 2019-20 (Actual)	Over(+) /Under (-) recovery	Controllable	Uncontrollable
Depreciation	183.35	218.20	(34.85)	-	(34.85)
Interest on loan	123.55	122.69	0.86	-	0.86
Interest on Security Deposit	45.34	48.60	(3.26)	-	(3.26)
Interest on Working Capital	-	-	-	-	-
Return on Equity	257.80	255.45	2.35	-	2.35
Bad debts written Off	4.70	4.24	0.46	0.46	-
Contingency Reserve	0.60	0.60	-	-	-
Income Tax	83.40	80.64	2.76	-	2.76
Less: Non-tariff Income	54.93	34.77	20.16	-	20.16
Annual Revenue Requirement	5,176.94	5,607.68	(430.73)	79.92	(510.65)

2.4. Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2019-20

The Table below summarises the proposed ARR claimed by TPL-D (A) for Truing up, revenue from sale of power at existing tariff and the revenue gap estimated for FY 2019-20.

Table 2.3: True-up ARR claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particular		Claimed by TPL-D (A)
ARR as per MTR	(a)	5,176.94
Gains/(Losses) due to Uncontrollable Factors	(b)	(510.65)
Gains/(Losses) due to Controllable Factors	(c)	79.92
Pass through as tariff	d= -(1/3 rd of c+ b)	484.01
Trued -up ARR	e=a+d	5,660.96

The Table below summarises the Revenue Gap/(Surplus) for TPL-D (A) for FY 2019-20:

Table 2.4: Revenue (Gap)/ Surplus for TPL-D (A) for FY 2019-20

(Rs. Crore)	
Particular	Claimed by TPL-D (A)
Trued-up ARR	5,660.96
Revenue from Sale of Energy	5,729.75
Add: Revenue towards recovery of Earlier Years' approved (Gap)/Surplus	(374.27)
Balance Revenue	5,355.48
(Gap)/ Surplus	(305.48)

2.5. ARR, Revenue at Existing Tariff and Revenue (Gap) / Surplus for FY 2021-22

Table 2.5: Revenue (Gap)/ Surplus of TPL-D (A) for FY 2021-22

(Rs. Crore)

Particulars	Claimed by TPL-D (A)
ARR for FY 2021-22	5,263.68
Less:	
Revenue from sale of power at existing tariff rates including base FPPPA revenue @Rs. 1.82 per unit	5,311.79
Revenue from Open Access Charges	23.80
(Gap)/ Surplus	71.91

TPL-D (A) has claimed the cumulative revenue (gap)/surplus for FY 2021-22 as detailed in the Table below:

Table 2.6: Cumulative Revenue (Gap)/Surplus for determination of tariff of TPL-D (A) for FY 2021-22

(Rs. Crore)

Particulars	Claimed by TPL-D (A)
(Gap)/ Surplus of FY 2019-20	305.48
Carrying Cost	56.78
DSM	0.52
(Gap)/ Surplus of FY 2021-22	71.91
Cumulative Gap/ (Surplus) to be recovered through tariff	(290.86)

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

- a) Admit the petition for truing up of FY 2019-20, Aggregate Revenue Requirement for FY 2021-22, and determination of tariff for FY 2021-22.
- b) Approve the trued up (Gap)/ Surplus of FY 2019-20 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 2019-20.
- d) Approve the Aggregate Revenue Requirement for FY 2021-22.
- e) Approve the cumulative (Gap)/ Surplus.
- f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2021.
- g) Approve the recovery of Regulatory Charge as proposed and/or through retail tariff of FY 2021-22.

- 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 (A) and the Commission's view

3.1. Stakeholder's suggestions / objections, Petitioner's response and the Commission's view

In response to the public notice inviting objections / suggestions from the stakeholders on the Petition filed by TPL-D (A) for Truing up of ARR for FY 2019-20 and determination of Tariff for FY 2021-22 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 Projection of Energy Sales for FY 2021-22

The Objector has suggested that the energy sales may increase in FY 2021-22 due to recovery of economy after COVID-19 Pandemic.

Petitioner's response

There is substantial de-growth in sales of FY 2020-21 over FY 2019-20 for the same period. Therefore, long term trends of sales as well as increasing penetration of solar roof top generation also considered. Hence, the sales may be approved as estimated in the petition.

Commission's view

The Commission has noted the objection and response of the petitioner. The energy sales are considered as projected by the petitioner for FY 2021-22 since under the present prevailing conditions, Petitioner is in appropriate position to properly estimate the sales for ensuring year.

3.2.2 Diversion of Energy (DoE) Units

The Objector has submitted that the DoE units should not be considered as energy sales for computation of distribution loss

Petitioner's response

The units which are recovered under theft of energy are reported in sales under the head DoE units, as the same amount to consumption of energy by consumer. Further, distribution loss denotes the difference between the energy purchased and energy sales. Accordingly, units booked as DoE are included in sales.

Commission's view

The Petitioner has clarified the issue in his response.

3.2.3 Bi-monthly Billing

The Objector has submitted that the Electricity Consumption bills are prepared on bi-monthly basis and hence charges increase automatically.

Petitioner's response

Tariff determination by the Commission is always on monthly basis. However, the distribution licensee can opt for the monthly or bi-monthly billing period as per the provision of the Supply Code. The Petitioner prepares bills considering necessary adjustment in slab size due to bi-monthly billing period. Therefore, the understanding that charges increase on account of bi-monthly billing is not correct.

Commission's View

The Commission has given tariff schedule for billing on monthly basis. If any distribution licensee bill on bimonthly basis, the billing is adjusted for monthly billing as explained by Petitioner. It may not make any difference in billing as per approved tariff.

3.2.4 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

As contemplated under the Electricity Act, the key factors to be considered for tariff design are capacity to pay, incentivizing energy conservation through telescopic tariff, promotion of efficient use of electricity. The Commission may take appropriate view in accordance with the applicable statutory provisions.

Commission's view

The suggestion is noted. At present there are three slabs for Residential Category. The Commission will look in to the necessity of increasing the number of consumption slabs for residential category.

3.2.5 Libraries to be categorized under GLP Category

The Objector has suggested that libraries built and operated by Government bodies and urban local bodies shall be charged at Rate: GLP and not at Rate: Non RGP.

Petitioner's response

The Commission shall determine the tariff as per the provision of the Act and National Tariff Policy. Tariff structure of the Petitioner is based on certain widely recognized best practices and in accordance with the legal frame work. The Petitioner suggests that there is no requirement for any change.

Commission's view

The suggestion of the Objector and the response thereon by the Petitioner are noted.

3.2.6 Connected Load based fixed charges for above 15 KW load residential consumers.

The Objector has suggested that connected load based fixed charges for consumers above 15 KW will ensure recovery of fixed cost from the same consumers and will also help in creation of adequate net work to cater to the load, issue of over loading of network due to lack of regularization of load by consumers in such cases will also reduce.

Petitioner's response

The Commission may take appropriate view to rationalize the fixed charges for residential consumers or alternatively introduce connected load based fixed charges.

Commission's view

The Commission has noted the suggestion and response on the same and will consider the same in future at the time of rationalization of the charges..

3.2.7 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

Consumers who have installed solar roof top plants are paying energy charges applicable on net consumption only. This does result in cross subsidization by consumers having lower paying capacity. The Commission may take appropriate view on the suggestion.

Commission's view

The Commission has noted the suggestion of the Objector and response of the Petitioner. The net metering facilities allowed based on the prevailing regulatory framework.

3.2.8 O & M Expenses

The Objector has submitted that the O & M expenses are increased due to wage revision and amendment of the Gratuity Act 1872 which needs scrutiny.

Petitioner's response

There has been an increase in Employee Cost owing to wage revision and change in law resulting in variation in the employee expenses. The exercise of wage settlement of unionized employees of Ahmedabad was concluded in FY 2019-20 and its impact was considered accordingly. Further, Government of India issued a Notification dated 29th March, 2018, amending the payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 lakhs from Rs. 10 lakhs. These developments have resulted in an increase in the employee cost of the Petitioner.

Commission's view

The O & M expenses claimed / projected have been examined and appropriate decision has been taken after prudence check and validation in accordance with the GERC, MYT Regulations, 2016.

3.2.9 Audit by CAG

The Objector has submitted that the account details produced by the Petitioner have to be audited by CAG or by an independent agency for their correctness.

Petitioner's response

The accounts are prepared and maintained in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and the same are duly verified by the statutory auditors of the company.

Commission's view

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

3.2.10 Less generation due to aged plants

The Objector has submitted that lesser investments in up keeping of old generating plants and machinery is leading to low production and high price.

Petitioner's response

The petitioner keeps its plants & machinery in well maintained condition through regular O & M activities to ensure efficiency of its operations. Generation of energy depends on demand which is beyond the control of the licensee.

Commission's view

The Commission has noted the suggestion and the response of the petitioner which is self explanatory.

3.2.11 Fixed Cost of SUGEN and UNOSUGEN

The Objectors has submitted that the fixed costs of SUGEN & UNOSUGEN plants shall be verified with respect to applicable CERC tariff order.

One of the objector contended that cost of power from UNOSUGEN is higher than the Medium Term Power Purchase price.

Petitioner's response

The fixed costs of SUGEN & UNOSUGEN are in line with that approved by the Appropriate Commission.

Commission's view

The Commission has allowed Power Purchase Cost in accordance with orders of CERC/GERC as per prevailing regulatory framework.

3.2.12 TPL-Generation Cost for FY 2019-20

The Objector has submitted that as per TPL-G petition, trued up ARR for FY 2019-20 is Rs. 1012.97 Crore, where as in TPL-D petition the same is considered as Rs. 1027.87 Crore which needs reconciliation.

Petitioner's response

Trued up ARR of TPL-G (APP) for FY 2019-20 is corresponding to actual generation where as the power purchase cost considered for TPL-D (A) is corresponding to scheduled generation.

Commission's view

The Commission has examined the power purchase cost from various sources and has taken appropriate decision which are covered in Chapter 4 of this Order.

3.2.13 Power purchase from Bilateral Sources

The Objector has submitted that more power is procured from bilateral sources vis-à-vis procurement of power from exchange in FY 2019-20.

Petitioner's response

Power purchase is arranged from the sources approved by the Commission. Petitioner has carried out competitive bidding process for procurement of short term power and tied up bilateral power from the relevant period. Balance power has been procured through power exchange to ensure 24 X 7 power supply to the consumers.

Commission's view

Power available from exchange is short term or on day ahead basis which is not guaranteed, where as power supply from the bilateral source or long term source agreement / arrangement are assured power supply.

3.2.14 Focus on Wind / Solar Energy

The Objector has contended that the Petitioner has sought increase in price of coal without focusing on Wind / Solar and natural source of production.

Petitioner's response

The Petitioner procures power from the approved sources which includes both conventional and renewable energy sources.

Commission's view

The Commission has notified the Renewable Power Purchase Obligation Regulations specifying to purchase certain percentage of energy requirement from solar and non-solar energy sources.

3.2.15 RPO Compliance

The Objector has submitted that there is short fall in RPO compliance by the Petitioner in FY 2019-20 and suggested to verify the status of RPO compliance by the Petitioner.

Renewable power shall be procured through competitive bidding, to fulfill the RPO compliance.

Petitioner's response

The Petitioner has approached the Commission seeking revision of minimum quantum of purchase (in %) from renewable energy sources for FY 2019-20. The matter is subjudice.

Regarding procurement of renewable power through competitive bidding, the Petitioner would like to submit that the Commission has directed TPL to procure RE power through competitive bidding and accordingly TPL will take-up RE power through competitive bidding.

Commission's view

The objection and response of the Petitioner on the same are noted. Decision will be taken on the relevant petition filed by the petitioner. However, the Commission is of the view that all power purchases should be done on competitive basis.

3.2.16 Regulatory Charges

The Objector has submitted that the Petitioner is trying to increase the price of electricity in the name of Regulatory Charge of 0.19 paise per unit in Ahmedabad and Rs. 0.09 per unit in Surat which are to be rejected.

Petitioner's response

The Petitioner has proposed Regulatory charge of Rs. 0.19 paise per unit in Ahmedabad and Rs. 0.09 per unit in Surat supply area mainly to recover the gap arising on account of past years under recovery. The Regulatory Charge proposed is to avoid as permanent increase in tariff and to ensure the outstanding under recoveries.

Commission's view

The Commission has discussed the issue in detail in Chapter 9 of this Order.

3.2.17 Carrying Cost on past years revenue gap

The Objector has referred to the amount of Rs. 56.78 Crore claimed by TPL-D (A) for FY 2019-20 as carrying cost and contended that the same should not be allowed till matter gets decided by Tribunal.

Petitioner's response

The computed carrying cost is in line with the methodology approved by the Commission, provisions of the MYT Regulatory and applicable APTEL judgments.

Commission's view

The Commission has noted the objection and response thereon by the Petitioner. The Commission shall take appropriate decision based on prudence check and validation of the claims.

3.2.18 Proceedings of Suo-Motu Petition No. 1534/2015

The Objector has referred to the proceedings in Suo Motu Petition No. 1534 / 2015 and submitted that there are violations of various provisions of Electricity Act, GERC (MYT) Regulations and Tariff Policy.

Petitioner's response

The Commission has initiated the proceedings Suo Motu and directed the Petitioner to file the Petition for truing-up of FY 2014-15 and determination of tariff for

FY 2016-17. There has been no irregularity or informative of in the proceedings and the said proceedings attained finally.

Commission's view

Section 64 of the Electricity Act, 2003 explicitly specifies the procedure to be followed for tariff order. The Commission adheres to the provisions of Electricity Act, Tariff Policy and the GERC (MYT) Tariff Regulations, APTEL decisions and other applicable regulations.

3.2.19 Double recovery of uncovered gap of Rs. 587.04 Crore

The Objector has referred to Tariff Order dated 31.03.2016 in Case No. 1552 of 2015 for FY 2016-17 and stated that there is double recovery resulting in uncovered gap of Rs. 587.07 Crore. Further contended that the so called uncovered gap was already allowed to be recovered while determining the tariff for 2012-13, 2013-14 and 2014-15.

Petitioner's response

The outstanding gap that has already been considered in previous tariff orders has not been considered again in the present petition filed. It is to submit that the proposed regulating charge is mainly to recover the gap arising on account of past years under recovery.

The Commission in the past tariff orders has approved cumulative gap which included amongst other things the then previous years' approved gap as well. Hence, at the time of truing-up, the revenue recovered for the year is required to be compared with the components against which it was approved for. Further, those components of gap have also been revised due to various applicable orders by the Hon'ble Tribunal as well as the Commission. The overall result is thus working out to be revenue gap which is required to be recovered by the Petitioner. The same has been proposed to be recovered by way of regulatory charge to be levied in FY 2021-22.

Commission's view

The revenue gap / surplus was determined by the Commission in various previous orders after due analysis and prudence check.

3.2.20 Transformers more than requirement are being installed.

The Objector has submitted that in order to increase capitalization more number of transformers are installed than required and thus each transformer has load of 20% of maximum capacity of transformer, instead of installing one large sized transformer which will help reduce the “no load” losses.

Petitioner's response:

The coincident system peak demand for Ahmedabad and Gandhinagar Supply Area for FY 2019-20 was 2016 MW. The Peak demand on individual substation / transformer is observed at different time depending upon the usage of electricity by the residential, commercial and industrial consumer in the command area of the substation and does not coincide with system peak demand. Planning and development of distribution network is carried out considering all relevant factors like overall network efficiency, reliability, quality of power supply, future load growth, ready to serve network, location of substation near load centres, requirements of safety and security standards etc.

Commission's view

The capital expenditure and capitalization are approved by the Commission after detailed scrutiny and as per Regulation of the Commission.

3.2.21 Revenue Computation for some LT Category

The Objector has referred to the revenue computation in Form 10 (A) for RGP, LTMD-1, LTMD-2. Temporary HT & LT categories for FY 2019-20 and submitted that there is difference in the computation of energy / fixed charges.

Petitioner's response

The Objector has erroneously computed the energy / fixed charges without considering the tariff schedule / computation methodology. The petitioner has computed the revenue as per the format prescribed by the Commission.

Commission' view

The Objector and the clarification given by the Petitioner are noted.

3.2.22 Revenue from FPPPA

The Objector submitted that during FY 2019-20 FPPPA charge was Rs. 2.11 / kWh, therefore for total sales of 7822.08 MU, FPPPA charges works out to Rs. 1650.45 Crore. But FPPPA revenue is shown at Rs. 1621.73 Crore by the petitioner.

Petitioner's Response

FPPPA revenue as approved by the Commission and as per formula given in the Tariff Order. The FPPPA revenue is booked quarterly on accrual basis considering saleable energy and the differential amount is accounted on billing of FPPPA in subsequent quarter.

Commission's View

The Petitioner has clarified the issue in his response as to how FPPPA is claimed and realized from the consumers which is self explanatory.

3.2.23 Installation of Smart Meters

The Objector has submitted that despite guidelines from Government of India Smart Meters are not yet installed leading to extra charges on public.

Petitioner's response

The technology of Smart Meters is still at nascent stage and the petitioner is evaluating the options and shall approach the Commission at appropriate time.

Commission's view

Installation of Smart Meters should be explored by the Licensee giving it priority.

3.2.24 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.

3.2.25 Electricity Theft Cases

The Objector has submitted that there are many case of electricity theft and the same is required to be stopped.

Petitioner response

Petitioner is making consistent efforts to contain the distribution loss and consequent to the efforts the petitioner has one of the lowest distribution losses in the country.

Commission's view

The Commission has noted the objection and response of the petitioner and directs the Petitioner to continue the efforts to reduce the electricity theft.

3.2.26 Wheeling and Retail Supply

The Objector has submitted that there are no wheeling losses of the petitioner and no ground has been stated in the petition related to it. The petitioner is mixing up the issue with regard to the supply of electricity and network used for supply. The Objector also stated that there is no cost or charges for the distribution as the same

are automatic in overall cost of the petitioner and the transmission tariff would be same irrespective of amount of electricity supplied.

Petitioner's response

Petition has been filed as per provisions of the GERC MYT Regulations, 2016 which inter-alia provides for segregation of ARR into wheeling and retail supply business. Accordingly, approval for determination of wheeling charges and retail supply tariff is sought.

Commission's view

The Commission has to determine the tariff for Distribution Wire Business and for Retail Supply Business in accordance with Regulation 27.2 of GERC MYT Regulation, 2016.

3.2.27 Taxes Not Regulated by GST

The Objector has stated that taxes are not regulated by GST and therefore common people are suffering from high cost. The Objector has also suggested that tariff charges may be different but taxation should be uniform as per the policy of the Union and the State Government.

Petitioner's response

The tariff proposed by the Petitioner is exclusive of Electricity Duty, Tax on sale 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. Further, the implementation of GST is within the jurisdiction of the Government. The suggestions made by the Objector in relation to taxation or objections raised by him are beyond the ambit of the present proceeding under Section 64 (3) of the Electricity Act, 2003.

Commission' view

The response of the Petitioner is self-explanatory.

3.2.28 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 gap / surplus in truing up of earlier years is carried out forward to the current year as per GERC (MYT) regulations. Carrying cost is allowed for earlier years' unrecovered gap as per APTEL decisions.

3.2.29 Meter Box and MOCB which are in good condition are replaced

The Objector submitted that TPL is replacing domestic and commercial connection cable, meter box and MCB which are in good condition, to increase capitalization and thus increased GFA, Equity and ARR.

Petitioner's response

The Petitioner carries out revamping / replacement at customer installation as per requirement and based on safe condition in order to ensure safety and reliability.

Commission's view

The Commission accepts the clarification given by the Petitioner. The Commission approves the capital costs after detailed scrutiny and as per Regulations of the Commission.

3.2.30 Delay in giving new connections due to road widening

The Objector submitted that under the excuse of road opening permission, consumers are not provided new connection even after one or two years. In CGRF of TPL- Ahmedabad, 80% of complaints are related to delay in connection due to road opening permission. TPL is not carrying out proper procedure for road opening permission, which is justified by RTI informative.

Petitioner's response

Nil

Commission's view

The Objection raised by the Objector is noted. The Petitioner is advised to look into the matter.

3.2.31 Minimum charges recovered after temporary disconnections

The Objector has complained that minimum charges are recovered upto 180 days in case of temporary disconnections due to nonpayment of bills. Licensee cannot recover any charges once the sale of supply is off. There are no provisions in tariff to recover such charges. The Objector also suggested to provide some provision so that charges should not be recovered once electricity supply is cut off due to nonpayment of bills.

Petitioner's response

The Petitioner bills the consumers in accordance with the approved tariff schedule and accordingly, same also reflects in the revenue of the Petitioner.

Commission's view

The response of the Petitioner is self -explanatory.

3.2.32 Investment Performance

The Objector has suggested that TPL may be advised to provide figures of load weighted investment Rs.lakhs /MWhr, Rs.lakhs / MW to assess efficacy of investment effectiveness of power delivery system to end user

Petitioner's response

The petition is filed in line with the GERC (MYT) Regulations, 2016 and all the information has been furnished in the formats prescribed to be filed with the petition.

Commission's view:

The Commission has noted the suggestion of the Objector. The distribution and retail business and cost of supply thereon shall be measured in terms of Average Cost of retail sales (Rs./kWh) to the end consumers/users.

3.2.33 Segregation of Regulated and Unregulated Businesses

The Objector has suggested that the aim of the unbundling of electricity sector is to segregate the businesses based on functions ie. Generation, transmission and distribution & retail businesses to improve operational and financial efficiency in the businesses. TPL does not maintain separate accounts of regulated and unregulated business, but extract the accounts to submit to the regulator. The auditors take no responsibility for accuracy and relevance of such extracted accounts. Dividend declared are astronomical which a regulated business can not generate. Costs relating to unregulated business are loaded in to regulated business and cost-plus tariff claimed.

The regulated business shall be made into separate entity for each geographical area of operations for each function i.e. Generation, distribution, manufacturing of

transformers and cables, etc. as the mixed bag creates conflict of interest and complexity to regulators while determining tariff.

Petitioner's response

The accounts are maintained and prepared in accordance with the Companies Act and submitted to the Commission as specified in the GERC (MYT) Regulations, 2016.

Commission's view:

Sections 64 of the Electricity Act, 2003 explicitly specify the procedure to be followed for tariff order. The Commission sternly adheres to the provisions of the Electricity Act, the Tariff Policy and the GERC MYT Tariff regulations, APTEL decisions and other applicable regulations and accordingly processes the petitions. Based on prudence check and validation of claims, the Commission determines the ARR and tariffs year on year.

The Commission has issued separate licenses for each area of operation and ARR and tariffs are notified separately for each area of operations and also for generation business and tariffs thereon year on year continuously post unbundling of the State power sector.

3.2.34 Uniform Tariff across the State

The Objector has suggested that uniform tariff shall be prescribed or notified for similarly placed consumer category across the State as is being implemented in other States where multiple Discoms are operating.

Petitioner's response

Determination of tariffs is the jurisdiction of the Commission. However, the costs/expenses and performance of the utilities have bearing on determination of tariffs.

Commission's view:

Sections 64 of the Electricity Act, 2003 explicitly specify the procedure to be followed for tariff order. The Commission has determined the tariff for the Petitioner Licensee in accordance with prevailing regulatory framework.

4. Truing up for FY 2019-20

4.1. Introduction

This Chapter deals with the truing up of FY 2019-20. The Commission has studied and analysed each component of the ARR for FY 2019-20 in the following paragraphs.

4.2. Energy Sales to the Consumers

Petitioner's submission:

The Petitioner has submitted category-wise actual energy sales for Ahmedabad area for FY 2019-20 along with the sales approved by the Commission in the MTR Order dated 24th April, 2019, as given in the Table below.

Table 4.1: Energy Sales for FY 2019-20 for TPL-D (A) area

(MU)			
Sl. No	Category	Approved in the MTR Order	Actuals Claimed
1	RGP	3,053.08	2,939.69
2	NRGP	1,036.47	1,017.24
3	LTMD	1,822.75	1,763.49
4	HT	2,155.16	2,013.13
5	Others	78.34	74.07
6	DoE units	-	14.46
7	Total	8,145.80	7,822.08

The Petitioner has submitted that the actual sales in FY 2019-20 are lower than that approved in MTR order due to slowdown in industry, lower temperature, and Open Access. Further, the installed capacity of solar rooftop has reached to about 71 MW as on 31st March, 2020. Based on above, the major reasons for deviation in category-wise sales are enumerated hereunder:

- The actual sales for RGP category is lower than the MTR approved sales primarily due to relatively less peak summer days and rising number of solar rooftop installation.
- The Non RGP & LTMD category comprise of sales from commercial and industrial consumers. The actual sales for both Non RGP and LTMD category in FY 2019-20 are lower than MTR approved sales due to slowdown of industries in major GIDC areas along with reduction in sales witnessed in commercial areas.

- 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 2019-20, the total sales in HTMD category were lower than approved mainly due to open access and wind wheeling.
- d) In the others category, the actual sales registered was lower than MTR approved sales due to lower sales in streetlight and agriculture category.

The Petitioner has further submitted that the GERC (MYT) Regulations, 2016 specifies that the variation in quantities of electricity supplied to the consumers is attributed as an uncontrollable factor and requested for the truing up of actual sales as shown in the table above.

Commission's analysis:

The actual sales in FY 2019-20 was 7822.08 MUs as against 8145.80 MUs approved in the MTR Order dated 24th April, 2019 i.e. lesser by 323.72 MU. The total 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 (A) with the Collector of Electricity Duty vide additional data submitted on 10.02.2021.

The Commission considers the energy sales totaling to 7822.08 MUs for FY 2019-20 as submitted by the Petitioner.

The Commission approves the energy sales as mentioned in Table 4.1 above for TPL- D (A) totaling to 7822.08 MUs for truing up for FY 2019-20.

4.3. Distribution Losses

Petitioner's submission:

The Petitioner has submitted that the distribution loss for Ahmedabad and Gandhinagar distribution license area was 6.70% as per MTR Order dated 24th April, 2019 whereas the actual distribution loss is 4.98% for FY 2019-20 as given in the Table

below. TPL- D (A) has been making consistent efforts to contain the distribution losses. Consequently, it has outperformed the distribution losses approved by the Commission. TPL-D (A) also submitted that the distribution loss has been marginally impacted by COVID-19 considering mismatch between power purchase and sales booking period towards the end of financial year and submitted the deviation from the approved value as shown in the Table below:

Table 4.2: Distribution Losses for FY 2019-20 as submitted by TPL-D (A)

Particulars	Approved in the MTR Order	Actual Claimed
Distribution Loss	6.70%	4.98%

TPL-D (A) has submitted that the variation in the distribution loss compared to the approved value is to be considered as controllable.

Commission's analysis:

The reduction in distribution losses in the licensed area has taken place due to upgrading / uprating of the distribution network, augmentation of the old assets, etc. Substantial capitalisation of assets amounting to Rs. 650.38 Crore has been done by TPL-D (A) during FY 2019-20, which has resulted in reduction in transformation losses as well as line losses and ultimately overall Distribution Losses. The Commission accepts TPL-D (A)'s submission and approves the actual Distribution Losses of 4.98% for FY 2019-20.

The Commission also accepts TPL-D (A)'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 2019-20 as given in the Table below:

Table 4.3: Energy Requirement for FY 2019-20 for TPL-D

(MUs)		
Particulars	Approved in the MTR Order	Actuals Claimed
Ahmedabad Supply Area		
Energy Sales	8,145.80	7,822.08
Distribution loss (in %)	6.70%	4.98%
Distribution loss	584.96	409.95
Energy input at distribution level	8,730.76	8,232.04
Transmission loss	41.23	41.37
Energy Requirement (A)	8,771.99	8,273.41
Surat Supply Area		
Energy Sales	3,451.83	3,286.01
Distribution loss (in %)	3.64%	3.43%
Distribution loss	130.39	116.72
Energy input at distribution level	3,582.22	3,402.73
220 kV/Transmission loss	28.53	28.39
Energy Requirement (B)	3,610.75	3,431.12
Total Energy Requirement (A + B)	12,382.74	11,704.53

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 2019-20 along with energy requirement as per MTR Order dated 24th April 2019 has been examined and verified by the Commission. The Commission observed that there is a reduction of 678.21 MUs in the energy requirement for TPL-D (A) and TPL-D (S) against the quantum of 12382.74 MUs approved in the MTR order.

The actual energy requirement is lower than that approved in the MTR Order due to lower energy sales and Distribution Losses. The actual energy requirement being the sum of energy sales, Transmission Losses and Distribution Losses, works out to 11704.53 MUs for FY 2019-20.

The Commission accordingly approves the energy requirement at 11704.53 MUs for truing up of FY 2019-20 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 Licence 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 2019-20 for Ahmedabad & Surat

(MUs)

Sl. No.	Energy Sources	Approved in the MTR Order	Actuals Claimed
1	TPL - G (APP)	2,584.59	2,157.92
2	SUGEN	6,341.80	5,559.81
3	UNOSUGEN	-	1,506.50
4	Bilateral	168.56	383.80
5	Power Exchange	1,517.05	816.16
6	Renewables	1,770.73	1,275.00
7	Sub-Total	12,382.74	11,699.19
8	Add: Sale of surplus power/UI/ Wind Setoff	-	5.34
9	Total	12,382.74	11,704.53

During FY 2019-20, overall lower off-take is mainly on account of reduction in power requirement due to lower sales, reduction in distribution losses and COVID-19/ lockdown imposed in the later part of March 2020.

During FY 2019-20, based on the approval received from the Commission, the Petitioner has commenced sourcing of power from UNOSUGEN. The Petitioner has also procured power from bilateral sources and balance requirement has been fulfilled through procurement of top up power from power exchange.

The Petitioner has submitted that it has also procured power from bilateral sources and balance requirement has been fulfilled through procurement of top-up power from Power Exchange.

4.5.1 Renewable Power Purchase Obligation

Petitioner's submission:

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 the period FY 2017-18 to 2020-21. TPL-D has made all efforts to fulfill its RPPO.

The renewable energy requirement and renewable energy sourced for FY 2019-20 for TPL-D (A) and TPL-D (S) combined, is as under:

Table 4.5: RPPO submitted by TPL for FY 2019-20

Sl. No	Particulars	MU
1	Energy Requirement	11,704.53
2	RE Procurement as per RPO	
3	Wind energy to be procured (@8.05%)	942.21
4	Solar energy to be procured (@5.50%)	643.75
5	Biomass/Bagasse/Others (@0.75%)	87.78
6	Total (14.30%)	1,673.75
7	Compliance (Non-Solar)	
8	Wind	1,031.94
9	Non-Solar REC	-
10	Compliance	1,031.94
11	Compliance (as % of Energy Requirement)	8.82%
12	Compliance (Solar energy)	
13	Solar	360.77
14	Solar-REC	-
15	Compliance	360.77
16	Compliance (as % of Energy Requirement)	3.08%

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 2019-20 in accordance with the RPO Regulations vide its Petition No. 1901 of 2020.

Commission's analysis:

The sources of power approved by the Commission in the MTR Order dated 24th April, 2019 are AMGEN, SUGEN, Bilateral Sources, Power Exchange and Renewable Energy. The Commission had approved the total quantum of power purchase at 12,382.74 MUs for TPL-D (A) and TPL-D (S) combined for FY 2019-20 in the MTR Order dated 24th April, 2019 against which the Petitioner has purchased 11,704.53 MUs during

FY 2019-20. The same is due to lower transmission and distribution losses and also due to lower than the approved sales in FY 2019-20.

TPL-D has procured 1506.50 MU from UNOSUGEN which was not considered in the Power Purchase for FY 2019-20 in the MTR Order and simultaneously reduced the intake from SUGEN from 6341.80 MU approved to 5559.81 MU. It is also noted that the energy cost of UNOSUGEN was Rs. 3.91 / kWh whereas the same from SUGEN was Rs. 4.83 / kWh, thus there was saving in the cost of power procurement.

The Commission has sought reconciliation of sale of surplus power / UI / Wind setoff of 5.34 MU as per Form – 2. The Petitioner submitted the details vide additional data dated 2nd March, 2021 as given below.

Sl. No	Particulars	MU
1	UI	214.71
2	Renewable Purchase Settlements reflecting in UI	-95.33
3	Sale through Power Exchange	-11.29
4	Open Access Settlements	0.87
5	Energy delivered to Wind Consumers	-103.61
6	Total Sale of surplus power/UI/ Wind Setoff	5.34

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) (Second Amendment, Regulations, 2018 for FY 2019-20 are as follows:

Table 4.6: RPO Targets approved by the Commission for TPL-D

Description	FY 2019-20
Solar	5.50%
Wind	8.05%
Others (Biomass, Small Hydro, Bagasse, MSW)	0.75%

TPL-D has achieved 8.82% RPO related to Non-solar and 3.08% RPO related to Solar. There is shortfall in RPO pertaining to 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 2019-20 as shown in the Table below:

Table 4.7: Approved Energy Availability (Net) for FY 2019-20 for TPL-D (A) and TPL-D (S)

(MU)				
Sl. No.	Energy Sources	Approved in the MTR Order	Actuals Claimed	Approved in Truing Up
1.	TPL-G (APP)	2,584.59	2,157.92	2,157.92
2.	TPL-G (SUGEN)	6,341.80	5,559.81	5,559.81
3.	UNOSUGEN	-	1,506.50	1,506.50
4.	Bilateral	168.56	383.80	383.80
5.	Power Exchange	1,517.05	816.16	816.16
6.	Renewables	1,770.73	1,275.00	1,275.00
7.	Sub-Total	12,382.74	11,699.19	11,699.19
8.	Add: UI	-	5.34	5.34
	Total	12,382.74	11,704.53	11,704.53

4.6. Power Purchase Cost

Petitioner's submission:

TPL has submitted the actual power purchase cost for FY 2019-20 against the power purchase cost approved in the MTR Order dated 29th April, 2019 as shown in the Table below:

Table 4.8: Power Purchase Cost projected by TPL for Ahmedabad and Surat area for FY 2019-20

(Rs. Crore)

Sl. No	Energy Sources	Approved in the MTR Order	Actuals Claimed
1	TPL - G (APP)	1,126.85	1,027.87
2	SUGEN	3,321.38	3,358.89
3	UNOSUGEN	-	764.14
4	Bilateral	51.92	226.39
5	Power Exchange	687.22	334.74
6	Renewables	753.76	716.06
7	Total	5,941.13	6,428.09

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 MTR 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 Ahmedabad Supply area is Rs. 4,543.73 Crore for FY 2019-20.

Commission's analysis:

The Commission, in its MTR Order dated 24th April, 2019 had approved the power purchase plan for FY 2019-20 as per the details furnished by TPL in its Case No. 1764 of 2018.

The Commission had approved power purchase for TPL-D (A) & (S) from long-term and short-term sources based on its availability during the previous three quarters of FY 2018-19.

The Commission had approved the quantum of power purchase at 12,382.74 MUs for FY 2019-20 in the MTR Order against which TPL has purchased 11,704.53 MUs. 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 (A) license area works out to 70.69% of the total energy requirement and accordingly, 70.69% of the total power purchase cost has been considered for TPL-D (A) license area.

The Commission has approved power purchase cost of Rs. 5941.13 Crore for FY 2019-20 in the MTR Order against which TPL has incurred Rs. 6428.09 Crore.

The Commission observes that the total power purchase cost has increased by

Rs. 486.96 Crore for FY 2019-20 over that approved in the MTR Order. The main reason for the increase in power purchase cost in FY 2019-20 is increase in the variable cost of purchase from SUGEN power plant. TPL-D has purchased power from SUGEN at a variable cost of Rs. 4.83/kWh as against Rs. 3.98/kWh approved by the Commission in the MTR Order. The generation cost from SUGEN plant has increased due to increase in the fuel gas price.

TPL-D has also purchased power from UNOSUGEN at variable cost of Rs. 3.91 / kWh based on the approval from the Commission which has reduced the power purchase cost considerably.

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. 4.10 / kWh as submitted in Form 2. The Commission has noted the increasing trend of rates in the Power Exchange. The Petitioner has also purchased power from bilateral sources at Rs. 5.90 / kWh as submitted in Form 2. Similarly, the bilateral power price during the MTR period was taken on an average price prevailing during FY 2018-19, which was around Rs. 3.08 / kWh which went up to Rs. 5.90 / kWh during the truing up period i.e. FY 2019-20. 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. The break-up of purchase from Wind and Solar RE sources is given in the Table below.

Table 4.9: Break-up of purchase from RE sources for FY 2019-20

Sl. No.	Particulars	Quantum (MU)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)
1	Wind	980.97	4.64	455.59
2	Solar	294.03	8.86	260.47
3	Total Renewable	1275.00	5.62	716.06

The Commission has duly verified the annual accounts of TPL-D, Ahmedabad and

Surat and the FPPPA approved in 4 (four) quarters of FY 2019-20.

The generation cost of TPL-G (APP) has been considered as approved for TPL-G (APP) for FY 2019-20 in truing-up in Case No. 1925/2021 based on scheduled energy as per GERC MYT Regulations, 2016.

The Commission has approved the power purchase cost for FY 2019-20 as given in the Table below:

Table 4.10: Approved Power Purchase Cost for TPL-D (A) and TPL-D (S) for FY 2019-20
(Rs. Crore)

Energy Sources	Approved in the MTR Order	Actuals Claimed	Approved in Truing Up
TPL - G (APP)	1,126.85	1,027.87	1027.78
SUGEN	3,321.38	3,358.89	3358.89
UNOSUGEN	-	764.14	764.14
Bilateral	51.92	226.39	226.39
Power Exchange	687.22	334.74	334.74
Renewables	753.76	716.06	716.06
Total	5,941.13	6,428.09	6428.00

Considering the approved power purchase cost of Rs. 6428.00Crore for the approved total energy procurement of 11,704.53 MUs, the per unit power purchase cost works out to Rs. 5.491 / kWh for FY 2019-20.

Since, the Commission has approved the energy requirement of TPL-D (A) licence area at its periphery which is 8,273.41 MUs, i.e. 70.69% of the total power purchase quantum, the power purchase cost for TPL-D (A) licence area is computed at Rs.4,543.67 Crore.

The Commission accordingly approves the power purchase cost at Rs. 4,543.67 Crore for TPL-D (A) licence area in the True-Up for FY 2019-20.

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 Case No. 1627 of 2016 vide order dated 9th June, 2017 has been considered as base level by the Petitioner the gains due to reduction in distribution loss at Rs. 86.27 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 2019-20 claimed by TPL-D (A)

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	(a)	8,232.04
Energy Sales	MU	(b)	7,822.08
Wheeling Energy - OA/RE	MU	(c)	202.70
Total wheeled units	MU	(d) = (b)+(c)	8,024.79
Approved Distribution Loss	%	(e)	6.70%
Energy required at distribution level at approved loss	MU	(f) = (d)/(1-(e))	8,601.06
Difference	MU	(g) = (f)-(a)-(c)	166.32
Units recovered as loss	MU	(h)	9.24
Reduction in Energy Requirement	MU	(i) = (g)-(h)	157.08
Average PPC	Rs./kWh	(j)	5.49
Savings	Rs. Crore	(k) = (i)*(j)/10	86.27

Commission's analysis:

The Commission has approved distribution loss at 6.70% in the MTR Order dated 24th April, 2019 whereas TPL has claimed the actual distribution loss at 4.98% for FY 2019-20. 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 2019-20

Particulars	Unit	Legend	Approved in Truing Up
Actual energy purchased at distribution level	MU	a	8232.04
Energy Sales	MU	b	7822.08
Wheeling of energy	MU	c	202.70
Total energy wheeled	MU	d=b + c	8024.78
Approved Distribution Loss	%	e	6.70%
Energy required at distribution level at approved loss	MU	f=d/(1-e)	8601.05
Difference	MU	g=(f)-((a)+ (c))	166.31
Units recovered as loss	MU	h	9.24
Reduction in Energy Requirement	MU	i=g-h	157.07
Average PPC	Rs/kWh	j	5.4919
Savings	Rs Crore	k=i * j/10	86.26

The Commission, accordingly, approves the gain on account of reduction in distribution loss at Rs. 86.26 Crore during FY 2019-20 for truing up.

4.7. Fixed Charges

4.7.1 Operation and Maintenance (O&M) Expenses

Petitioner's submission:

TPL has claimed Rs.368.28 Crore as O&M expenses as against the total O&M expenses of Rs.324.42 Crore approved for FY 2019-20 in the MTR Order dated 24.04.2019 as detailed in the Table below:

Table 4.13: O&M expenses claimed by TPL- Ahmedabad for FY 2019-20

(Rs. Crore)		
Particulars	Approved in the MTR Order	Claimed by the Petitioner
O&M Expenses	324.42	368.28

The Petitioner has submitted that the variation in O&M expenses should be considered as controllable except change in law and wage revision.

The Petitioner has submitted that wage revision w.e.f. 1.4.2017 was concluded and its impact was crystallized in FY 2019-20. It was stated that provision of Rs.9.00 Crore, Rs.9.00 Crore, and Rs.9.23 Crore was made for wage revision in the employee expenses for FY 2017-18, FY 2018-19 and FY 2019-20 respectively, in the books of accounts. Further, crystallization of wage revision has also resulted in increase in leave encashment by Rs.3.37 Crore.

It was further submitted that the Government of India vide Notification dated 29.03.2018 has increased the upper ceiling of gratuity to Rs.20 lakhs from Rs.10 lakhs resulting in increase in the employee cost. The said notification i.e. amendment in the Payment of Gratuity Act, 1972 is a change in law in terms of Regulations 2(15) of the MYT Regulations, 2016 and has resulted in the increase in Employee Cost by Rs.12.46 Crore for FY 2019-20.

The Petitioner has requested the Commission to consider the increase in O&M expenses on account of change in law as uncontrollable and allow gains/losses accordingly.

Commission's analysis:

TPL-D (A) has submitted the actual O&M expenses at Rs.368.28 Crore inclusive of impact of "Re-measurement of Defined Benefit Plans" of Rs.21.09 Crore in the truing-up for FY 2019-20.

It is observed from the Annual Accounts, the O&M Expenses are Rs. 352.38 Crore; whereas TPL has claimed O&M Expenses of Rs.368.28 Crore. The head-wise analysis is as under:

- a) Employee Expenses: Employee expenses as per annual accounts are Rs.146.57 Crore net of expenses capitalised of Rs.98.05 Crore. TPL has added the commission to Non-Executive Directors of Rs.1.94 Crore (from A&G expenses head) and expense towards re-measurement of defined benefit plans of Rs.21.09 Crore from P & L statement. Accordingly, the employee expenses are Rs.169.60 Crore.

The Commission has addressed the Petitioner vide letter dated 27.01.2021 to clarify that the amount claimed as change in law due to change in Gratuity Act has been actually paid or provision made in the accounts. The Petitioner vide letter dated 06.02.2021 has submitted that re-measurement of the defined benefit plans is paid to Gratuity Fund with LIC.

The Commission, in view of the above approves the employee expenses as Rs.169.60 Crore.

- b) A&G Expenses: A&G Expenses as per annual accounts is Rs.94.85 Crore (net of capitalisation of Rs.22.49 Crore). The Petitioner has claimed the A&G Expenses after reduction on account of Commission to Non-Executive Directors (Rs.1.94 Crore), Bad Debts Written off-net (Rs.0.12 Crore), Insurance Claim Receipt (Rs.0.02 Crore), DSM expenses (Rs.0.52 Crore), Allowance of Doubtful Debts (Rs.4.08 Crore), Sponsorship Expenses (Rs.0.34 Crore), Advertisement Expenses (Rs.0.12 Crore), Gardening Expenses (Rs.0.45 Crore) and AMC penalty (Rs.0.03 Crore) and claimed Lease payments (Rs.0.25 Crore), Accordingly, TPL has claimed A&G expenses of Rs.87.22 Crore (net of capitalisation of Rs.22.49 Crore).

The A&G expenses includes negative expenses of Rs.0.12 Crore towards net Bad

debts written off i.e. recovery of bad debts. The Commission has considered and allowed bad debts of Rs.4.24 Crores separately and considered Rs.4.36 Crore in the Non-tariff income in the truing up. Hence, the Commission has considered negative expenses of Rs.0.12 Crore in the A&G expenses in truing up for FY 2019-20.

The Commission has considered Insurance Claim Receipt (Rs.0.02 Crore) as a part of Non-Tariff Income and the same has not been reduced from A&G expenses. Accordingly, the Commission approves the A&G expense of Rs.87.24 Crore.

- c) R&M Expenses: The Petitioner has claimed R&M expenses of Rs.111.46 Crore as per annual accounts for FY 2019-20 and the Commission approves the same.

The Commission, accordingly, approves the O&M expenses of Rs. 368.30 Crore in truing up for FY 2019-20.

Further, as per Regulation 22 of the GERC (MYT) Regulations, 2016, the variation in O & M expenses is to be considered as controllable except the change in law and wage revision. The increase in employee cost due to the amendment in the Payment of Gratuity Act, 1972 has resulted the increase in Employee Cost by Rs. 16.16 Crore (Gratuity Rs. 12.46 Crore and Leave encashment Rs. 3.37 Crore). Further, as submitted by the Petitioner, Wage Revision w.e.f. 1st April, 2017 was concluded and its impact was crystalized in FY 2019-20 and provision of Rs. 9.00 Crore, Rs. 9.00 Crore and Rs. 9.23 Crore was made during FY 2017-18, FY 2018-19 and FY 2019-20 respectively. However, those provisions of Rs. 9.00 Crore and Rs. 9.00 Crore were approved while truing up of FY 2017-18 and FY 2018-19 respectively and variations were treated as controllable. Accordingly, only 1/3rd of Losses due to controllable factor were passed to the consumers and remaining 2/3rd of such loss was borne by TPL in the Truing up of 2017-18 and 2018-19 as per Regulation 24.1 of the GERC (MYT) Regulations, 2016. However, as specified above, wage revision expenses are to be considered as uncontrollable. Therefore, such 2/3rd of Rs. 9.00 Crore and Rs. 9.00 Crore on account of wage revision pertaining to FY 2017-18 and FY 2018-19 along with Rs. 16.16 Crore pertaining to change in law related to Gratuity and Leave

encashment shall be treated as uncontrollable. Further, the Commission has considered impact of Rs. 9.23 Crore on account of wage revision pertaining to FY 2019-20 as uncontrollable. The Commission has, accordingly, treated Rs. 37.06 (2/3rd of (9.00+9.00) + 16.16+9.23) Crore as uncontrollable Losses in truing up of FY 2019-20.

Accordingly, as per the GERC (MYT) Regulations, 2016 Gain/(Losses) on account of O&M expenses in the truing up of FY 2019-20 is approved by the Commission as given in the Table below:

Table 4.14: O&M Expenses and Gains / (Losses) Approved in truing up for FY 2019-20
(Rs. Crore)

Particulars	Approved for FY 2019-20 in the MTR order	Approved in truing up for FY 2021-22	Deviation +(-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to uncontrollable factor
O & M Expenses	324.42	368.30	(43.88)	(6.82)	(37.06)

4.7.2 Capital Expenditure, Capitalization and Sources of Funding

a) Capital Expenditure

Petitioner's submission:

The petitioner has claimed capital expenditure of Rs.650.38 Crore in the truing up for FY 2019-20, based audited annual accounts as against Rs.1433.29 Crore approved in the MTR Order dated 24th April, 2019 as per the details given in the Table below:

Table 4.15: Capital expenditure claimed by TPL-D (A) for FY 2019-20

Particulars	Approved in the MTR order	Claimed by the petitioner
EHV	738.60	168.92
HT Network	213.51	213.90
LT Network	204.14	139.64
Metering	37.44	18.42
Other departments	53.55	5.60
PSC	155.43	94.31
Miscellaneous	15.84	1.21
IT and related expenditure	14.78	8.37
Total	1433.29	650.38

TPL has submitted that the capital expenditure incurred for Ahmedabad Supply Area in FY 2019-20 is Rs. 650.38 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 Commission had approved the capital expenditure of Rs.738.60 Crore for EHV. In this regard, the Petitioner has incurred the expenditure of Rs.168.92 Crore. The major variation is on account of expenditure incurred towards the following:

- Bulk Supply Points: Planned expenditure towards 220 kV supply point at Gandhinagar, Thaltej and Acher have been deferred due to issues in land procurement and Right of Way (RoW).
- EHV line: Expenditure incurred towards installation of power transformers at Odhav substation. Expenditure has also been incurred towards installation of transformer and GIS at Thaltej, towards cable laying for upgradation of 66 kV line between Vinzol and Amraiwadi and between Odhav and Amraiwadi. Work of Airport-Nicol-1 connectivity was deferred due to issue in cable laying permission.
- EHV Projects: Expenditure incurred pertains to overhead to underground conversion of part of 132 kV feeders due to infrastructure development projects by AMC and NHSRCL along with civil and bay work at 132 kV ISRO and Naranpura substations, installation of 132 kV switchgear and CRP at Thaltej substation.

Expenditure has also been incurred towards installation of additional transformers of 132/33 kV & 132/11 kV to enhance reliability and to cater to the load demand. Expenditure related to 132 kV EHV substations at Lambha and Wadej has been deferred due to issues in land procurement.

- 33 kV Substation: Expenditure has been incurred towards 33 kV substations at various locations like Shahpur, Shahwadi, GIDC Ph-4, Sarkhej, installation of additional 33/11 kV transformers to cater to the load growth and for relieving the existing transformers. The work of 33 kV substation at Riverfront,

Maninagar, Ashram Road, Gita Mandir, New Naroda, Shahalam and Gota were deferred due to issues in land procurement.

- Renovation and Replacement: Renovation and Replacement expenditure has been incurred primarily towards phasing out of obsolete assets such as switchgears and civil revamping of EHV substations & switchyard.
- Safety: Expenditure planned for undergrounding of 132 kV Jamalpur-Vinzol and Dudheshwar-Naroda line has been deferred due to delay in receipt of road opening permission.
- Supporting Infrastructure: Expenditure has been incurred for procurement of relays, battery, testing equipment, etc.
- Automation: Expenditure primarily incurred towards EHV substation automation.

(b) HT – The Commission had approved the capital expenditure of Rs.213.51 Crore for HT network and expenditure of Rs.213.90 Crore is incurred. The major variation is because of:

- Normal load growth: Expenditure incurred is mainly towards distribution transformer installations necessitated by higher inflow of bunch applications, transformer augmentation, HT customer application processing and various network modification schemes.
- Reliability, Renovation and Modernisation: Expenditure incurred towards transformer replacement, HT network shifting due to road widening and other infrastructure development projects and old and obsolete network upgradation.
- Safety: Expenditure incurred towards replacement of old switchgear, transformer, HT cable and FSP.
- Supporting Infrastructure: Expenditure incurred towards testing and measuring equipment like clip on meters, cable identifier, route tracer, earth tester and thermal imaging camera.

(c) LT: The Commission had approved the capital expenditure of Rs.204.14 Crore for LT network and actual expenditure incurred is Rs.139.64 Crore. The major variation is on account of:

- Normal load growth: Expenditure is incurred mainly towards release of new connection/extension/reduction, load balancing, relieving of overloaded distributors and substation interlinking schemes. Variation in expenditure is mainly due to lower number of applications received for load growth and lower number of schemes for relieving overloaded distributors and substation interlinking due to issues of road opening permission.
 - Reliability, Renovation and Modernisation: Expenditure has been incurred mainly towards revamping of LT network of Distribution Transformers and shifting requirement of LT network due to road widening and other infrastructure development projects. Work related to upgradation scheme for old/obsolete network has been affected due to delay in RO permissions.
 - Safety: Lower capital expenditure has been incurred under the head of safety mainly towards replacement of LC and service revamping due to issues related to right of way and road opening permissions.
 - Supporting Infrastructure: Expenditure has been incurred towards testing and measuring equipment like cable identifier, route tracer, earth tester, megger, clip on meters and instruments for field force mobile application.
- (d) Meter Management: The Commission had approved capital expenditure pertaining to Metering of Rs. 37.44 Crore. The actual expenditure incurred was lower based on actual requirement of quantum of three phase and single-phase meters. The expenditure has also been incurred for test benches as part of supporting infrastructure.
- (e) Dept.: The Commission had approved capital expenditure pertaining to Other Dept. of Rs.53.55 Crore. The major variation is due to ongoing work of new customer care centre at locations such as Amraiwadi, Gandhinagar, Narol and Odhav. The actual expenditure incurred was Rs.5.60 Crore towards:
- Establishing new customer care centre (Plug-point) at Shahibaug
 - Procurement of GIS hardware and software
 - Procurement of distribution transformer and switchgear testing equipment
 - Procurement of safety equipment
 - Storage facility at PSC

- (f) Power Supply Centre (PSC): The Commission had approved capital expenditure pertaining to PSC of Rs.155.43 Crore. The Petitioner submitted that the work for implementation of PSC across different location across Ahmedabad initiated in FY 2017-18 has been continued during FY 2019-20. PSC work at Motera, Vasna and Naroda have been completed during FY 2019-20.
- (g) Miscellaneous: The Petitioner has incurred need based capital expenditure of Rs.1.21 Crore under the head of miscellaneous.
- (h) IT & related expenditure: Majority capex is towards IT infrastructure such as hardware and servers.

Commission's analysis:

The Petitioner has claimed CAPEX of Rs.650.38 Crore in truing up for FY 2019-20, against CAPEX of Rs.1433.29 Crore approved in MTR Order 24.04.2019.

The Commission has approved CAPEX of Rs.1433.29 Crore in the MTR order dated 24.04.2019 in Case no.1764 of 2018.

The Commission has observed that according to the audited annual accounts for FY 2019-20, the capex is at Rs.650.38 Crore. The petitioner has furnished the project-wise/scheme-wise/work-wise details of CAPEX in the Form 4.2 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 2019-20 and capitalization against the approval of the Commission in MTR Order. With reference to the Commission's query regarding detailed information for the deviation in CAPEX from the approved plan as per MTR Order, the Petitioner has submitted the details. The details of the approved CAPEX as per MYT Order and the actual CAPEX and the capitalization during FY 2019-20 are as mentioned in the Tables below:

**Table 4.16: Details of CAPEX break-up along with Project Date & Date of Completion
submitted by TPL-D (A) for FY 2019-20**

(Rs. Crore)

Project Title	Capex approved for FY 2019-20 in MTR order	Project Start date	Estimated Completion date	Actual capex during FY 2019-20
EHV				
Bulk Supply Points	340.39	01.04.2019	31.03.2022	19.73
EHV Lines	81.45	01.04.2016	31.03.2021	61.24
EHV SS Projects	120.51	01.04.2019	31.12.2021	42.29
33 kV SS Projects	158.44	01.04.2016	31.03.2021	36.66
Renovation and Replacement	4.44	01.04.2019	31.03.2020	2.22
Safety	31.22	01.02.2017	31.03.2022	4.98
Support Infrastructure	1.25	01.04.2019	31.03.2020	0.96
Automation	0.90	01.04.2019	31.03.2020	0.83
Total EHV	738.60			168.92
HT				
11kV Normal Load Growth	135.59	01.04.2019	31.03.2020	133.69
Reliability, Renovation & Modernisation	61.18	01.04.2019	31.03.2020	59.44
Safety	15.24	01.04.2019	31.03.2020	19.50
Supporting Infrastructure	1.50	01.04.2019	31.03.2020	1.27
Total HT	213.51			213.90
LT				
Normal Load Growth	112.98	01.04.2019	31.03.2020	92.13
Reliability, Renovation & Replacement	47.48	01.04.2019	31.03.2020	28.82
Safety	42.93	01.04.2019	31.03.2020	17.28
Supporting Infrastructure	0.75	01.04.2019	31.03.2020	1.42
Total LT	204.14			139.64
Meters				
Normal Load Growth	34.62	01.04.2019	31.03.2020	16.22
Reliability, Renovation & Replacement	1.85	01.04.2019	31.03.2020	
Supporting Infrastructure	0.97	01.04.2019	31.03.2020	2.20
Total Meters	37.44			18.42
CS	33.21			2.38
Stores	7.66			0.74
GIS	3.50			1.10
QA/QC	1.58			1.05
RPRC	0.06			0.07
Safety	0.19			0.25
IT	14.78			8.37
PSC	155.43	01.06.2017	30.04.2022	94.31
Advanced Metering infrastructure	7.35			
Miscellaneous	15.84			1.21
Sub-total	239.60			109.49
Grand Total	1433.29			650.38

Table 4.17: CAPEX approved in MTR Order & Actual CAPEX and Capitalization during FY 2019-20 for TPL-D (A)

(Rs. Crore)

Project Title	Capex proposed for FY 2019-20 in MTR petition	Capex approved for FY 2019-20 in MTR order	Capex claimed and approved in truing up for FY 2019-20	Capitalisation proposed for FY 2019-20 in MTR petition	Capitalisation approved for FY 2019-20 in MTR order	Capitalisation claimed in truing up for FY 2019-21	Difference proposed & approved capitalisation for FY 2019-20
A	B	C	D	E	F	G	H=(F-G)
EHV							
Bulk Supply Points	340.39	340.39	19.73	262.02	175.55	0.20	175.35
EHV Lines	81.45	81.45	61.24	92.59	62.04	13.41	48.63
EHV SS Projects	120.51	120.51	42.29	113.97	76.36	25.76	50.60
33 kV SS Projects	158.44	158.44	36.66	144.81	97.02	51.40	45.62
Renovation and Replacement	4.44	4.44	2.22	4.44	2.97	2.22	0.75
Safety	31.22	31.22	4.98	5.60	3.75	3.93	-0.18
Support Infrastructure	1.25	1.25	0.96	1.25	0.84	0.94	-0.10
Automation	0.90	0.90	0.83	0.90	0.60	0.72	-0.12
Total EHV	738.60	738.60	168.92	625.58	419.13	98.58	320.55
HT							
11kV Normal Load Growth	135.59	135.59	133.69	135.59	90.85	108.65	-17.80
Reliability, Renovation & Modernisation	61.18	61.18	59.44	61.18	40.99	48.62	-7.63
Safety	15.24	15.24	19.50	15.24	10.21	11.03	-0.82
Supporting Infrastructure	1.50	1.50	1.27	1.50	1.01	1.21	-0.20
Total HT	213.51	213.51	213.90	213.51	143.06	169.51	-26.45
LT							
Normal Load Growth	112.98	112.98	92.13	112.98	75.70	84.35	-8.65
Reliability, Renovation & Replacement	47.48	47.48	28.82	47.48	31.81	24.89	6.92
Safety	42.93	42.93	17.28	42.93	28.76	16.93	11.83
Supporting Infrastructure	0.75	0.75	1.42	0.75	0.50	1.41	-0.91
Total LT	204.14	204.14	139.64	204.14	136.77	127.58	9.19
Meters							
Normal Load Growth	34.62	34.62	16.22	34.62	23.20	16.09	7.11
Reliability, Renovation & Replacement	1.85	1.85		1.85	1.24		1.24
Supporting Infrastructure	0.97	0.97	2.20	0.97	0.65	2.23	-1.58
Total Meters	37.44	37.44	18.42	37.44	25.09	18.32	6.77
CS	33.21	33.21	2.38	33.21	22.25	3.92	18.33
Stores	7.66	7.66	0.74	7.66	5.13	0.21	4.92
GIS	3.50	3.50	1.10	3.50	2.35	1.15	1.20
QA/QC	1.58	1.58	1.05	1.58	1.06	1.14	-0.08
RPRC	0.06	0.06	0.07	0.06	0.04	0.07	-0.03
Safety	0.19	0.19	0.25	0.19	0.13	0.52	-0.39
IT & related expenditure	14.78	14.78	8.37	14.78	9.90	7.37	2.53
PSC	155.43	155.43	94.31	155.43	104.14	2.74	101.40

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2019-20 and Determination of Tariff for FY 2021-22

Project Title	Capex proposed for FY 2019-20 in MTR petition	Capex approved for FY 2019-20 in MTR order	Capex claimed and approved in truing up for FY 2019-20	Capitalisati on proposed for FY 2019-20 in MTR petition	Capitalisati on approved for FY 2019-20 in MTR order	Capitalisati on claimed in truing up for FY 2019-21	Difference proposed & approved capitalisati on for FY 2019-20
A	B	C	D	E	F	G	H=(F-G)
Advanced Metering infrastructure	7.35	7.35		7.35	4.92		4.92
Miscellaneous	15.84	15.84	1.21	15.84	10.61	0.96	9.65
Sub-total	239.60	239.60	109.49	239.60	160.53	18.08	142.45
Grand Total	1433.29	1433.29	650.38	1320.27	884.58	432.07	452.51

From the said details, it is observed that the major deviation in the capital expenditure is on account of deviation in EHV works. Against approved capital expenditure of Rs.340.39 Crore for EHV works (Bulk Supply Points) in MTR order, the Petitioner has incurred capital expenditure of Rs.19.73 Crore only as the major CAPEX towards 220 kV supply points at Gandhinagar, Thaltej and Acher has been deferred due to issues in land procurement and RoW.

EHV lines are one of the major components with a CAPEX of Rs. 61.24 Crore, out of total CAPEX of Rs.168.92 Crore incurred towards EHV works. Under the head of EHV lines, major expenditure has been incurred towards upgradation of 66 kV line between Vinzol-Amraiwadi and Odhav-Amraiwadi and installation of power transformer at Odhav SS, GIS Thaltej.

Under the head of EHV SS projects, expenditure of Rs.42.29 Crore was incurred against the CAPEX of Rs.120.51 Crore approved in MTR order. Majority expenditure was incurred towards overhead to underground conversion of part of 132 kV feeders due to infrastructure development projects by AMC and NHRCL. Expenditure was also incurred towards civil and bay work at 132 kV ISRO SS and Naranpura SS, installation of 132 kV switchgear and CRP at Thaltej SS and installation of additional transformers of 132/33 kV & 132/11 kV to enhance reliability and to cater to the load demand.

However, the expenditure planned towards establishment of 132 kV substation at Lambha and Wadaj has been deferred due to issues in land procurement.

Under the head of 33 kV SS projects, expenditure of Rs.36.66 Crore was incurred against the capex of Rs.158.44 Crore approved in MTR order. During the year 2019-

20, capex is incurred towards 33 kV substations at Shahpur, Shahwadi, GIDC Ph-4, Sarkhej. Expenditure was also incurred towards installation of additional 33/11 kV transformers to cater to the load growth, 33 kV cable laying, cable trench and building works. However, work of 33 kV substation at Riverfront, Maninagar, Asharm Road, Gita Mandir, New Naroda, Shahalam and Gota were deferred due to issues in land procurement.

Capital expenditure related to HT network of Rs.213.90 Crore has been incurred towards distribution transformer installations necessitated by higher inflow of bunch applications. Expenditure has also been incurred for transformer augmentation, HT customer application processing and various network modification schemes.

Capital expenditure towards LT network of Rs.139.64 Crore has been incurred towards release of new connection/extension/reduction, load balancing, relieving overloaded distributors and interlinking new substation, revamping of distribution transformers, LT network shifting necessitated due to road widening by local authorities for infrastructure development projects and lower quantum of requirement of three-phase and single- phase meters than envisaged. Capex is also incurred towards implementation of PSC at different locations across Ahmedabad. The PSC work at Motera, Vasna and Naroda have been completed.

The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs.650.38 Crore during FY 2019-20.

The Commission has considered the opening CWIP at Rs.188.08 Crore based audited annual accounts for FY 2019-20.

The Commission based on the audited annual accounts of FY 2019-20 has considered the opening CWIP, capex and capitalisation during the year and closing CWIP in true up for FY 2019-20 as given in the table below:

Table 4.18: Capital works in progress (CWIP) approved in true up for FY 2019-20 for TPL-D (A)

(Rs. Crore)		
Sl. No.	Particulars	Approved in truing up
1	Opening CWIP	188.08
2	Capex during the year	650.38
3	Less: Capitalisation	432.07
4	Closing CWIP (1+2-3)	406.39

The Commission, accordingly, approves the CWIP in truing up for FY 2019-20 as detailed in the table above.

b) Capitalization and Gross Fixed Assets

Petitioner's submission:

TPL has claimed a sum of Rs.432.07 Crore towards capitalization, against the approved capitalization of Rs.884.58 Crore for FY 2019-20 in the MTR Order dated 24.04.2019.

Commission's analysis:

The Petitioner has claimed capitalisation of Rs.432.07 Crore in truing up for FY 2019-20, against capitalisation of Rs.884.58 Crore approved by the Commission in MTR Order 24.04.2019 in Case no.1724 of 2018.

The Commission has observed that there is significant variation in the value of Opening GFA in the Annual Accounts and Petition. TPL-D (A) clarified that the Fixed Asset Schedule in Annual Accounts is on NFA basis as per Ind-AS. However, TPL-D (A) has submitted fixed asset schedule in the petition on GFA basis as per the GERC (MYT) Regulations, 2016 vide additional details dated 22nd January, 2020.

The Commission has approved closing GFA at Rs.5957.19 Crore in true up for FY 2018-19 and the same is considered as opening GFA for FY 2019-20.

The Commission has observed that according to the audited annual accounts for FY 2019-20, the capitalisation is at Rs.432.07 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 2019-20

		(Rs. Crore)
Asset Classification		Actual Capitalisation
EHV		
Bulk Supply Points		0.20
EHV Lines		13.41
EHV SS Projects		25.76
33 kV SS Projects		51.40
Renovation and Replacement		2.22
Safety		3.93
Support Infrastructure		0.94

Asset Classification	Actual Capitalisation
Automation	0.72
Total EHV	98.58
HT	
Normal Load Growth	108.65
Reliability, Renovation & Modernization	48.62
Safety	11.03
Supporting Infrastructure	1.21
Total HT	169.52
LT	
Normal Load Growth	84.35
Reliability, Renovation & Replacement	24.89
Safety	16.93
Supporting Infrastructure	1.41
Total LT	127.58
Meters	
Normal Load Growth	16.09
Supporting Infrastructure	2.23
Total Meters	18.32
CS	3.92
Stores	0.21
GIS	1.16
QA/QC	1.14
RPRC	0.07
Safety	0.52
IT	7.37
PSC	2.74
Others	0.96
Grand Total	432.07

Further, the Commission has sought the following details with respect to the capitalization of the assets during the FY 2019-20.

Table 4.20: Details of CEI Certificates & Transformer Loading for TPL-D (A) for FY 2019-20

Capex Head	Voltage level/ Voltage ratio	Description	CEI inspection date / certificate date	Location
EHV	132/33 kV	75000 KVA transformer	09.10.2019 / 07.11.2019	132 kVSS, Vinzol GIS SS
	132/11 kV	40000 KVA transformer		
	132 kV	2 x 1600 AMP HT breaker		
HT	11 kV	3 x 40000 KVA transformer	06.03.2020 / 03.11.2020	132 kVSS, Vinzol SS
		3 x 2500 AMP HT breaker		
	33/11 kV	2 x 20000 KVA transformer	18.03.20	33 kV Shahpur

Capex Head	Voltage level/ Voltage ratio	Description	CEI inspection date / certificate date	Location
	33 kV	2 x 1250 AMP HT breaker	20 / 18.03.2020	SS
	33/11 kV	20000 KVA transformer	19.07.2019 / 19.07.2019	33 kV Artex SS
	33 kV	1250 AMP HT breaker		
	33/11 kV	20000 KVA transformer	06.06.2019 / 07.06.2019	33 kV Chanakyapuri SS
	33 kV	1250 AMP HT breaker		
	33/11 kV	2 x 10000 KVA transformer	06.06.2019 / 07.06.2019	33 kV Sumel SS
	33 kV	2 x 1250 AMP HT breaker		
	12 kV	2500 AMP HT breaker	17.03.2020 / 18.03.2020	33 kV VS Hospital SS
	12 kV	2500 AMP HT breaker	17.03.2020 / 18.03.2020	33 kV VS Narol SS
	11 kV	40000 KVA transformer	18.06.2019 / 26.06.2019	132 kVSS, IT park SS
		2500 AMP HT breaker		

Table 4.21: Details of CEI Certificates & UG cable works for TPL-D (A) for FY 2019-20

Capex Head	Voltage level/ Voltage ratio	Description	Length of line (KM)	CEI inspection date / certificate date	Type of Conductor	Location from	Location to
EHV	132 kV	132 kV XLPE UG Cable	2.02	31.05.2019 / 01.06.2019	800 sq.mm	Tower No.11 D-S line	Tower No.9A D-S line
	132 kV	132 kV XLPE UG Cable	0.48	06.05.2019 / 09.05.2019	1600 sq.mm	Tower No.5	Tower No.7

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 (A) has upgraded and uprated some of the existing sub-stations and lines as well as switchgears.

Moreover, TPL-D (A) has also established and augmented various sub-stations at 33 kV level in different parts of the city near the load centres, which has led to reduction in the Transmission Losses and Distribution Losses.

The Commission has verified the energisation of EHV system during FY 2019-20 from the Certificate of energisation issued by the Chief Electrical Inspector and details of loading of the newly created EHV network, as submitted vide additional details dated 10.02.2021, 11.02.2021, 02.03.2021 and 11.03.2021 which substantiates that the assets created through CAPEX have been put to service.

Based on the above observations and verification from the annual accounts, the Commission approves the capitalization of Rs.432.07 Crore in truing up for FY 2019-20 as shown in the Table given below:

Table 4.22: Capitalization approved for FY 2019-20 for TPL-D (A)
(Rs. Crore)

Project Title	Capitalisation approved for FY 2019-20 in MTR order	Capitalisation claimed in truing up for FY 2019-20	Capitalisation approved in truing up
EHV			
Bulk Supply Points	175.55	0.20	0.20
EHV Lines	62.04	13.41	13.41
EHV SS Projects	76.36	25.76	25.76
33 kV SS Projects	97.02	51.40	51.40
Renovation and Replacement	2.97	2.22	2.22
Safety	3.75	3.93	3.93
Support Infrastructure	0.84	0.94	0.94
Automation	0.60	0.72	0.72
Total EHV	419.13	98.58	98.58
HT			
11kV Normal Load Growth	90.85	108.65	108.65
Reliability, Renovation & Modernisation	40.99	48.62	48.62
Safety	10.21	11.03	11.03
Supporting Infrastructure	1.01	1.21	1.21
Total HT	143.06	169.51	169.51
LT			
Normal Load Growth	75.70	84.35	84.35
Reliability, Renovation & Replacement	31.81	24.89	24.89
Safety	28.76	16.93	16.93
Supporting Infrastructure	0.50	1.41	1.41
Total LT	136.77	127.58	127.58
Meters			

Project Title	Capitalisati on approved for FY 2019-20 in MTR order	Capitalisati on claimed in truing up for FY 2019-20	Capitalisation approved in truing up
Normal Load Growth	23.20	16.09	16.09
Reliability, Renovation & Replacement	1.24		
Supporting Infrastructure	0.65	2.23	2.23
Total Meters	25.09	18.32	18.32
CS	22.25	3.92	3.92
Stores	5.13	0.21	0.21
GIS	2.35	1.15	1.15
QA/QC	1.06	1.14	1.14
RPRC	0.04	0.07	0.07
Safety	0.13	0.52	0.52
IT & related expenditure	9.90	7.37	7.37
PSC	104.14	2.74	2.74
Advanced Metering infrastructure	4.92		
Miscellaneous	10.61	0.96	0.96
Sub-total	160.53	18.08	18.08
Grand Total	884.58	432.07	432.07

Further, TPL-D (A) has de-capitalised assets to the extent of Rs.16.72 Crore during FY 2019-20. However, it is observed that deductions from GFA is at Rs.8.32 Crore as per (Note 4.1) of the audited annual accounts for FY 2019-20. The Commission vide letter dated 27.01.2021 has asked the petitioner to furnish the details for the discrepancy. The Petitioner vide letter dated 06.02.2021 has reported that the fixed asset shown in the annual accounts is on Net Fixed Assets (NFA) basis as per Ind AS and the same is shown in the petition on Gross Fixed Assets (GFA) basis as per GERC MYT Regulations. Hence, the Commission considers de-capitalised assets at Rs.16.72 Crore and accordingly adjustments made to GFA in truing up for FY 2019-20

The Commission, in view of the above has considered the capex, capitalisation, asset deductions and closing GFA in true up for FY 2019-20 as given in the table below:

Table 4.23: Gross Fixed Assets approved in true up for FY 2019-20 for TPL-D (A)
(Rs. Crore)

Sl. No.	Particulars	Approved in truing up
1	Opening GFA	5957.19
2	Assets capitalized during the year	432.07
3	Less: Deductions	16.72
4	Net capitalisation (2-3)	415.35

Sl. No.	Particulars	Approved in truing up
5	Closing GFA (1+4)	6372.54

The Commission, accordingly, approves the GFA in truing up for FY 2019-20 as detailed in the table above.

c) Funding of CAPEX

Petitioner's submission:

TPL has submitted the capitalisation and funding of CAPEX, as detailed in the Table below:

Table 4.24: Funding of capitalization claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particulars	Approved in the MTR Order	Claimed by the petitioner
Opening GFA	5686.80	5957.19
Addition to GFA	884.58	432.07
Deletion from GFA		16.72
Closing GFA	6571.38	6372.54
Less: SLC Additions	50.64	121.34
Balance Capitalization	833.94	294.01
Normative Debt @ 70%	583.76	205.81
Normative Equity @ 30%	250.18	88.20

Commission's analysis:

The Commission as deliberated in earlier paragraph has considered de-capitalised assets to the extent of Rs.16.72 Crore during FY 2019-20 and reduced the capitalisation during the year by deletion of the said amount from the fixed assets to work out net capitalisation for debt and equity component as provided in Regulation 33 of the GERC (MYT) Regulations, 2016.

The normative debt-equity considered towards additional capitalisation are Rs.205.81 Crore and Rs.88.20 Crore, respectively. The Commission verified the above details and approves the capitalisation and funding thereof as shown in the Table below for truing up of FY 2019-20:

Table 4.25: Funding of capitalization approved for TPL-D (A) for FY 2019-20

(Rs. Crore)			
Particulars	Approved in the MTR Order	Claimed by the petitioner	Approved in Truing-up
Opening GFA	5686.80	5957.19	5957.19
Addition to GFA	884.58	432.07	432.07

Particulars	Approved in the MTR Order	Claimed by the petitioner	Approved in Truing-up
Deletion from GFA		16.72	16.72
Closing GFA	6571.38	6372.54	6372.54
Less: SLC Additions	50.64	121.34	121.34
Balance Capitalization	833.94	294.01	294.01
Normative Debt @ 70%	583.76	205.81	205.81
Normative Equity @ 30%	250.18	88.20	88.20

The Commission approves the capitalization and funding as shown in the above Table in the truing up for FY 2019-20.

4.7.3 Depreciation

Petitioner's submission:

TPL-D (A) has claimed a sum of Rs. 218.20 Crore towards depreciation in the truing up for FY 2019-20 as against Rs.183.35 Crore approved in the MTR Order for FY 2019-20 as shown in the Table below:

Table 4.26: Depreciation claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particulars	Approved in the MTR Order	Claimed by the Petitioner
Depreciation	183.35	218.20

TPL-D (A) 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 2019-20 equal to the closing balance of GFA for FY 2018-19 approved by the Commission vide Order dated 24th April, 2019 in Case No. 1764 of 2018.

The details of opening GFA as on 1st April, 2019, addition to and deduction from the Gross Block during FY 2019-20 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 2019-20. It is observed that depreciation as per annual accounts is Rs.267.92 Crore. The Petitioner has added leased land depreciation of Rs.0.31 Crore and reduced the depreciation of Rs.49.72 Crore on assets funded through service line contribution, and accordingly claimed depreciation of Rs.218.20 Crore.

The Commission has observed that the petitioner has added leased land depreciation of Rs.0.31 Crore. The Petitioner has clarified that the amount represents amortisation of lease value of RoU assets proportionate to tenure of the lease period. The Commission has accordingly considered Rs.0.31 Crore as part of the depreciation in truing up for FY 2019-20.

As per Regulation 39.2(b) of the GERC (MYT) Regulations, 2016, depreciation of assets financed through consumer contribution, deposit works, and grants should be considered as per Audited Accounts. However, since deferred income on this account has not been claimed under Non-Tariff Income, the depreciation on assets financed through consumer contribution and grants has been deducted.

The Commission, accordingly, approves the depreciation of Rs.218.20 Crore in the truing up for FY 2019-20 as given below.

Sl. No.	Particulars	Amount (Rs. Crore)
1	Depreciation on assets (Note 4.1 of annual accounts)	264.50
2	Depreciation on intangible assets (Note 6 of annual accounts)	3.11
3	Amortisation of lease value of RoU assets	0.31
4	Less: Depreciation on assets financed through SLC	49.72
5	Net depreciation allowed in true up (1+2+3-4)	218.20

The Commission has approved depreciation at Rs.183.35 Crore in MTR order dated 24.04.2019. The deviation of Rs.34.85 Crore is considered as an uncontrollable loss as the depreciation is dependent on capitalisation.

The Commission, accordingly, approves the gains/ (losses) on account of depreciation in the truing up for FY 2019-20, as detailed in the Table below:

Table 4.27: Depreciation and Gains/Losses approved by the Commission for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Approved in Truing-up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Depreciation	183.35	218.20	(34.85)	(34.85)

4.7.4 Interest and Finance Charges

Petitioner's submission:

TPL has claimed a sum of Rs. 122.69 Crore towards actual interest expenses in the truing up for FY 2019-20 as detailed in the Table below as against Rs.123.55 Crore approved in the MTR Order dated 24.04.2019.

Table 4.28: Interest Expense claimed by TPL-D (A) for FY 2019-20

Particulars	Approved in the MTR Order	(Rs. Crore)
		Claimed by the petitioner
Addition to GFA		432.07
Less: Deletions from GFA		16.72
Less: SLC Additions		121.34
Capitalisation for Debts		294.01
Normative Debt @ 70%		205.81
Opening Balance of Loans	1246.47	1363.14
Loan addition during the year	583.76	205.81
Repayments	183.35	218.20
Closing Balance of Loans	1646.88	1350.74
Average Loan	1446.68	1356.94
Weighted average rate of interest	8.54%	8.94%
Interest Expense	123.55	121.28
Other Borrowing Cost		1.42
Total Interest & Finance Charges	123.55	122.69

The Petitioner has submitted that interest is calculated on normative loans in terms of the GERC (MYT) Regulations, 2016 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.

The Petitioner has requested the Commission to approve the interest expenses claimed as above. The variation in interest expenses compared to the approved expenses be treated as uncontrollable as it depends on the quantum of actual capitalization and the variation in the interest rates.

Commission's analysis:

The Commission has considered the opening normative loan at Rs.1363.14 Crore for FY 2019-20 based the closing normative loan approved in true up for FY 2018-19 in

Order dated 31.03.2020 in Case No. 1844 of 2019.

Addition to loan during the year FY 2019-20 is considered at Rs.205.81 Crore as approved (in Table 4.25) in accordance with the GERC MYT regulations 2016. The repayment is considered equivalent to depreciation of Rs.218.20 Crore 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.

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 dated 06.02.2021. The Commission has calculated the weighted average rate of interest at 8.91% against 8.94% claimed by the Petitioner for FY 2019-20.

The Commission sought information on reconciliation of other borrowing cost, which the Petitioner has submitted vide additional details dated 06.02.2021. The Petitioner has given a reconciliation with respect to the other borrowing cost of Rs.0.96 Crore and amortisation of borrowing cost of Rs. 1.04 Crore reported in Note 30 of Annual Accounts, based on which the Petitioner has claimed other borrowing cost of Rs.1.42 Crore, after deducting Rs.0.59 Crore against amortisation for FY 2015-16.

The Commission accordingly approves the other borrowing cost of Rs.1.42 Crore based on the annual accounts.

The Commission has computed the interest on loan for FY 2019-20, as detailed in the Table below:

Table 4.29: Interest Expenses approved in truing up for FY 2019-20

(Rs. Crore)

Sl. No.	Particulars	Claimed by the petitioner	Approved in truing-up
1	Opening loan balance	1363.14	1363.14
2	Additions during the year	205.81	205.81
3	Normative Repayment	218.20	218.20
4	Closing Loan (1+2-3)	1350.75	1350.75
5	Average Loan $\{(1+4)/2\}$	1356.94	1356.94
6	Interest rate	8.94%	8.91%
7	Interest on loans (5 * 6)	121.28	120.94
8	other finance charges	1.42	1.42
9	Total interest and finance charges	122.70	122.36

The Commission, accordingly, approves the interest and finance charges at Rs. 122.36 Crore in the truing up for FY 2019-20.

As regards the computation of Gains/(Losses), Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variation in capitalization on account of time and/or cost over-runs/efficiencies in the implementation of capital expenditure project, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. As per Regulation 24 of the GERC (MYT) Regulations, 2016, if the gain is on account of lower capital expenditure and capitalization, it cannot be attributed to the efficiency of the utility to allow 2/3rd of gains to the utility. Similarly, if the loss is on account of higher capital expenditure and capitalization due to bona-fide reasons beyond the control of utility due to Force Majeure event like Act of God, non-receipt of statutory approval, etc., the utility cannot be penalized by allowing only 1/3rd of the losses in the ARR.

The Commission, accordingly, approves the Gains/(Losses) on account of interest and finance charges in the truing up for FY 2019-20, as detailed in the Table below:

Table 4.30: Interest Expenses and Gains/ (Losses) approved by the Commission for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Approved in Truing-up	Deviation +/-	Gains/(Losses) due to Uncontrollable Factors

Particulars	Approved in the MTR Order	Approved in Truing-up	Deviation +/-	Gains/(Losses) due to Uncontrollable Factors
Interest and Finance charges	123.55	122.36	1.19	1.19

4.7.5 Return on Equity

Petitioner's submission:

TPL-D (A) has claimed a sum of Rs.255.45 Crore towards Return on Equity @ 14% in the truing up for FY 2019-20 as against Rs.257.80 Crore approved in the MTR Order dated 24.04.2019 as detailed in the Table below:

Table 4.31: Return on Equity claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particulars	Approved in the MTR Order	Claimed by the petitioner
Opening Equity	1716.32	1780.55
Equity addition during the year	250.18	88.20
Closing Equity	1966.50	1868.75
Average of Opening and Closing Equity	1841.41	1824.65
Rate of Return on Equity	14%	14%
Return on Equity	257.80	255.45

TPL-D (A) has submitted that the closing balance of equity has been arrived at considering additional equity equivalent to 30% of the capitalization during the year. The return on equity has been computed by applying the rate of 14% on the average of the opening and closing balance of equity for FY 2019-20.

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, 2019 approved in the Truing up order dated 31st March 2020 in Case No. 1844 of 2019 has been considered as the opening equity for FY 2019-20.

During the year FY 2019-20, the net asset addition to GFA is at Rs.310.73 Crore (addition to GFA Rs.432.07 Crore less SLC Rs.121.34 Crore) and the equity at 30% works out to Rs.93.22 Crore. Further during the year deletion from GFA is at Rs.16.72 Crore. Accordingly, reduction in equity is considered at Rs.5.02 Crore being 30% of

the asset reduction. Thus, net equity addition is considered at Rs.88.20 Crore for FY 2019-20 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 4.32: Return on Equity approved by the Commission for FY 2019-20
(Rs. Crore)

Sl. No.	Particulars	Approved in MTR order	Claimed by the petitioner	Approved in truing up
1	Opening Equity	1716.32	1780.55	1780.55
2	Additions during the year	250.18	93.22	93.22
3	Reduction in equity on account of asset retirement		5.02	5.02
4	Net addition to GFA during the year (2-3)		88.20	88.20
5	Closing Equity (1+4)	1966.50	1868.75	1868.75
6	Average Equity (1+5)/2	1841.41	1824.65	1824.65
7	Rate of Return on Equity	14%	14%	14%
8	Return on opening Equity (1*7)	240.28	249.28	249.28
9	Return on equity addition during the year (4/2)*7	17.51	6.17	6.17
10	Total Return on Equity (8+9)	257.80	255.45	255.45

The Commission, accordingly, approves the Return on Equity at Rs. 255.45 Crore in the truing up for FY 2019-20.

The Return on Equity depends on the amount of capitalization during the year and the debt 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 2019-20 as detailed below.

Table 4.33: Return on Equity and Gains/Losses approved in truing up for FY 2019-20
(Rs. Crore)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation +/-	Gains/(Losses) due to Uncontrollable Factors
Return on Equity	257.80	255.45	2.35	2.35

4.7.6 Interest on Consumer's Security Deposit

Petitioner's submission:

The Petitioner has claimed Rs.48.60 Crore towards interest on security deposit in truing-up for FY 2019-20 as against Rs.45.34 Crore approved in the MTR Order. The Commission in the MTR Order had approved the interest on security deposit for the Petitioner considering 6.25% interest rate on the average estimated balance of security deposit for FY 2019-20.

The Petitioner has submitted the actual interest expense on security deposit considering the rate of interest of 6.50% paid to consumers based on Bank Rate is submitted in the Table below.

Table 4.34: Interest on Security Deposit claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particulars	Approved in MTR Order	Claimed by the petitioner
Interest Rate	6.25%	6.50%
Interest on Security Deposit	45.34	48.60

The Petitioner has 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.

The Commission, accordingly, approves the interest on security deposit at Rs.48.60 Crore in the truing up for FY 2019-20.

The deviation of Rs.3.26 Crore is considered as gain on account of uncontrollable factor as detailed in the Table below:

Table 4.35: Interest on Security Deposit and Gains/Losses approved for FY 2019-20

(Rs. Crore)				
Particulars	Approved in the MTR Order	Approved in Truing- Up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Interest on Security Deposit	45.34	48.60	3.26	3.26

4.7.7 Income Tax

Petitioner's submission:

While passing the MTR Order, the Commission approved Rs.83.40 Crore as income tax as per the actuals of FY 2017-18.

For FY 2019-20, the Petitioner has claimed the Income Tax based on the actual tax paid in proportion to the PBT of TPL-D (A). Hence, the total amount claimed under the head of income-tax is Rs.80.64 Crore.

Table 4.36: Income tax claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particulars	Approved in the MYT Order	Claimed by the petitioner
Income Tax	83.40	80.64

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 (A) along with copies of challans of income tax paid. In its reply, TPL-D (A) submitted that being a single corporate entity, income tax is paid for the company as a whole along with copies of challan 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 2019-20. The Petitioner has shown a PBT of Rs.460.79 Crore including Re-measurement of Defined Benefit Plans. The PBT as per standalone financial statement of TPL (including Re-measurement of Defined Benefit Plans) is Rs. 1501.33 Crore and the total tax paid by the Company as a whole is Rs.305.94 Crore. It is observed that during FY 2019-20, the Petitioner has paid Minimum Alternate Tax (MAT) of 17.472%, though the effective tax rate works out to be 20.38%. Applying the MAT rate of 17.472% on the PBT of TPL-D (A), the income tax for TPL- D (A) works out to be Rs. 80.51 Crore.

The petitioner has made adjustment of tax credit of (-) Rs.0.14 Crore and total tax of Rs.80.64 Crore claimed in truing up for FY 2019-20.

The Commission, accordingly, approves the Income Tax at Rs. 80.64 Crore in the

truing up for FY 2019-20.

The Commission has treated the Income Tax as an uncontrollable expense and, accordingly, approves the gains/losses on account of Income Tax in the truing up for FY 2019-20, as detailed in the Table below:

Table 4.37: Income Tax and Gains/Losses approved in the truing up for FY 2019-20

(Rs. Crore)				
Particulars	Approved in the MTR Order	Approved in Truing Up	Deviation +/-	Gains/(Losses) due to Uncontrollable Factors
Income Tax	83.40	80.64	2.76	2.76

4.7.8 Bad Debts Written Off

Petitioner's submission:

The Commission in the MTR order had approved the bad debts of Rs.4.70 Crore on provisional basis for Ahmedabad supply area. The Petitioner has written off bad debts of Rs.4.24 Crore during the year, as shown in the Table below.

Table 4.38: Bad Debts Written-off claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)		
Particulars	Approved in the MTR Order	Claimed by the petitioner
Bad Debts Written off	4.70	4.24

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 2019-20 as controllable for sharing of gains/losses in line with the Regulations.

Commission's analysis:

The Petitioner has claimed Rs.4.24 Crore towards bad debts written off during FY 2019-20 against which the recovery of bad debts made is Rs.4.36 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs.4.24 Crore minus Rs.4.36 Crore) is (-) Rs.0.12 Crore. The Commission has verified the bad debt written off (net) from the Annual Accounts for FY 2019-20.

The Commission, accordingly, approves the bad debts written off at Rs.4.24 Crore in the truing up for FY 2019-20.

The deviation of Rs. 0.46 Crore in bad debts is considered as controllable factor.

The Commission, accordingly, approves the gains / losses on account of bad debts in the truing up for FY 2019-20 as detailed below:

Table 4.39: Bad Debts Written off and Gains/Losses approved for truing up for FY 2019-20
(Rs. Crore)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation +/-	Gains / (Losses) due to Controllable Factors
Bad Debts Written off	4.70	4.24	0.46	0.46

4.7.9 Contingency Reserve

Petitioner's submission:

The Commission had allowed contingency reserve for meeting the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values as shown in the following Table:

Table 4.40: Contingency Reserve claimed by TPL-D (A) for FY 2019-20
(Rs. Crore)

Particulars	Approved in the MTR Order	Claimed by the petitioner
Contingency Reserve	0.60	0.60

The Petitioner has requested the Commission to approve the contingency reserve for the purpose of truing up.

Commission's analysis:

The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the same is approved as shown below.

Table 4.41: Contingency Reserve and Gains/Losses approved for truing up for FY 2019-20
(Rs. Crore)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation +/-	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	0.60	0.60	-	-

The Commission, accordingly, approves the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2019-20.

4.7.10 Non-Tariff Income

Petitioner's submission:

The Commission had approved Non-Tariff Income of Rs.54.93 Crore for FY 2019-20 in the MTR Order dated 24.04.2019. The actual Non-Tariff Income considered for truing up is Rs.34.77 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 2019-20 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 4.42: Non-Tariff Income claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Claimed by the petitioner
Non-Tariff Income	54.93	34.77

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 2019-20 is Rs.34.77 Crore. The Non-Tariff Income as per the Annual Accounts is Rs.91.41 Crore. The Petitioner has reduced the Insurance Claim Receipt (Rs.0.02 Crore), Amortisation of Deferred Revenue (Rs.49.14 Crore) and Delayed payment

surcharge (Rs.11.84 Crore). The Petitioner has included recovery from bad debts of Rs.4.36 Crore in the Non-Tariff Income to arrive at claimed figure of Rs.34.77 Crore.

As discussed in the section on O&M expenses, Insurance Claim Receipt of Rs.0.02 Crore has been considered as a part of Non-Tariff Income.

The Commission, accordingly, approves the Non-Tariff Income of Rs. 34.79 Crore for FY 2019-20.

The Commission, accordingly, approves the gains/(losses) on account of Non- Tariff Income in the truing up for FY 2019-20 as detailed below:

**Table 4.43: Non-Tariff Income and Gains/(Losses) approved for truing up for FY 2019-20
(Rs. Crore)**

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation +/-	Gains / (Losses) due to Uncontrollable Factors
Non-Tariff Income	54.93	34.79	20.14	20.14

4.7.11 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 4.44: Interest on Working Capital claimed by TPL-D (A) for FY 2019-20
(Rs. Crore)**

Particulars	Approved in the MTR Order	Claimed by the petitioner
O&M Expense for 1 month	27.04	30.69
1 % of GFA for Maintenance Spares	56.87	59.57
Receivables for 1 month	431.42	477.48
Less: Security Deposit	725.42	779.30
Working Capital Requirement	-	-
Interest Rate (%)	10.65%	10.66%
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 (A) 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 (A) has considered the working capital interest rate @ 10.66% per annum, being the weighted average 1-year MCLR prevailing during FY 2019-20 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 2019-20 from the State Bank of India website which worked out to 8.16%. Accordingly, the rate of interest for computation of interest on working capital works out to 10.66% (8.16%+2.50%) and the same is adopted in truing up for FY 2019-20.

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

Table 4.45: Interest on Working Capital approved by the Commission for FY 2019-20
(Rs. Crore)

Sl. No.	Particulars	Approved in MTR order	Claimed by the petitioner	Approved in truing up
1	O&M exp. (1 month)	27.04	30.69	30.69
2	Maintenance spares @1% of opening GFA	56.87	59.57	59.57
3	Receivables for 1 month	431.42	477.48	489.42
4	sub-total (1+2+3)	515.33	567.74	579.68
5	Less: Amount held as Security deposit from Distribution system users	725.42	779.30	779.30
6	Working capital requirement (4-5)	--	--	--
7	Rate of interest %	10.66%	10.66%	10.66%
8	Interest on working capital (6 * 7)	--	--	--

The Commission, accordingly, approves the interest on working capital as NIL in the truing up for FY 2019-20.

4.7.12 Revenue from Sale of Power

Petitioner's submission:

The Petitioner has submitted the revenue from sale of power as Rs.5729.75 Crore as the revenue from sale of power in the truing up for FY 2019-20 as detailed in the Table below.

Table 4.46: Revenue from Sale of Power claimed by TPL-D (A) for FY 2019-20

(Rs. Crore)	
Particulars	Claimed by the petitioner
Revenue from Sale of Power	5729.75

Commission's analysis:

The Commission has observed that the revenue from sale of power is at Rs. 5873.01 Crore as per the annual accounts for FY 2019-20. However, the Petitioner in Form 10 has depicted Rs.5729.75 Crore and accordingly the same is considered in the petition for truing up for FY 2019-20. It was stated that provision of Rs. 143.26 Crore is not considered in revenue from sale of electricity.

The Commission has asked the petitioner vide letter dated 27.01.2021 to explain why it is not considered under revenue for sale of energy. The Petitioner vide letter dated 06.02.2021 and 02.03.2021 has submitted certificate of Statutory Auditor certifying that amount of Rs. 143.26 Crore is not recovered from the consumers on account of unrecovered gap/ FPPPA charges. The Commission has not considered the amount of Rs. 143.26 Crore on account of unrecovered FPPPA charges not reflected as revenue for FY 2019-20. Accordingly, the Commission has considered the actual recovered revenue of Rs. 5729.75 Crore for the purpose of truing up of FY 2019-20. Thus, the unrecovered FPPPA of the past period is reflected in trued up (Gap)/Surplus of FY 2019-20 and accordingly, the past period unrecovered FPPPA is subsumed in the trued up (Gap)/Surplus of FY 2019-20.

The Commission in accordance with the GERC (MYT) Regulations, 2016 approves the Revenue from sale of power at Rs. 5729.75 Crore for FY 2019-20 in the truing up.

4.7.13 Gains/Losses under truing up for FY 2019-20

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 2019-20 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 4.47: Controllable & Uncontrollable variations for FY 2019-20 claimed by the Petitioner

Particulars	Approved in MTR order	Claimed by the petitioner	Over (+) / Under (-) recovery	(Rs. Crore)	
				Controllable	Uncontrollable
Power purchase	4208.72	4543.73	(335.01)	86.27	(421.28)
O & M expenses	324.42	368.28	(43.86)	(6.80)	(37.06)
Depreciation	183.35	218.20	(34.85)		(34.85)
Interest and finance charges	123.55	122.69	0.86		0.86
Interest on SD	45.34	48.60	(3.26)		(3.26)
Interest on working capital	0.00	0.00	0.00		
Bad debts written off	4.70	4.24	0.46	0.46	
Contingency reserve	0.60	0.60	0.00		
Return on Equity	257.80	255.45	2.35		2.35
Income tax	83.40	80.64	2.76		2.76
Less: Non-tariff income	54.93	34.77	20.16		20.16
Net ARR	5176.94	5607.68	(430.73)	79.92	(510.65)

Commission's analysis:

The Commission has reviewed the performance of TPL-D (A) under Regulation 22 of the GERC (MYT) Regulations, 2016, for FY 2019-20. The Commission has computed the gains / (losses) for FY 2019-20 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 MTR, 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 4.48: ARR approved in respect of TPL-D (A) in the truing up for FY 2019-20

(Rs. Crore)							
Sl. No.	Particulars	Approved in MTR order	Claimed by the petitioner	Approved in truing up	Over / (Under) recovery	Controllable	Uncontrollable
1	2	3	4	5	6 = (3-5)	7	8
1	Power purchase	4208.72	4543.73	4543.67	(334.95)	86.26	(421.21)
2	O & M expenses	324.42	368.28	368.30	(43.88)	(6.82)	(37.06)
3	Depreciation	183.35	218.20	218.20	(34.85)		(34.85)
4	Interest and finance charges	123.55	122.69	122.36	1.19		1.19
5	Interest on Security deposits from consumers	45.34	48.60	48.60	(3.26)		(3.26)
6	Interest on working capital	--	--	0.00	0.00		
7	Bad debts written off	4.70	4.24	4.24	0.46	0.46	
8	Contribution to contingency reserve	0.60	0.60	0.60	0.00		
9	Return on Equity	257.80	255.45	255.45	2.35		2.35
10	Income tax	83.40	80.64	80.64	2.76		2.76
11	Less: Non-tariff income	54.93	34.77	34.79	20.14		20.14
12	ARR for the year	5176.95	5607.68	5607.27	(430.33)	79.90	(510.23)

4.7.14 Sharing of Gains / Losses for FY 2019-20

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 23 shall 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 2019-20 as claimed by TPL-D (A) and as approved by the Commission is summarized in the Table below:

Table 4.49: Approved Trued up ARR incl. Gains/(Losses) for TPL-D (A) for FY 2019-20

(Rs. Crore)			
Sl. No.	Particulars	Claimed by the Petitioner	Approved in truing up
A	ARR as per MTR order dated 24.04.2019	5176.94	5176.94
B	Gains/(Losses) due to uncontrollable factors	510.65	510.23
C	Gains/(Losses) due to controllable factors	79.92	79.90
D	Less: 1/3 of gains/(Losses) due to controllable factors (C/3)	26.64	26.63
E	Pass through as tariff (B-D)	484.01	483.59
F	True up ARR (A+E)	5660.96	5660.53

The Petitioner has requested the Commission to consider an amount of Rs.374.27 Crore as revenue towards recovery of earlier years' approved (Gap)/Surplus as per the Commission's orders dated 24th April 2019 and 5th September 2020 (read with APTEL judgment dated 9th June 2020). 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 judgment and accordingly carrying cost has been considered.

The Commission sought further break-up of the revenue of Rs.374.27 Crore considered towards recovery of earlier years' approved Gap/(Surplus). The Petitioner vide additional details dated 11th February, 2021 submitted the further break-up of the same as shown in the table below.

Table 4.50: Break-up of Revenue towards recovery of earlier years approved (Gap)/Surplus for TPL-D (A) claimed for FY 2019-20

(Rs. Crore)	
Particulars	Claimed by the Petitioner
(Gap)/Surplus of FY 2017-18	(197.44)
Carrying cost claimed as proposed in the Petitioner No.1627 of 2016 as against the carrying cost allowed in order dated 05.09.2020	(176.83)
Total	(374.27)

The Commission had approved Rs.197.44 Crore towards revenue gap (Rs.170.21 Crore) and carrying cost (Rs. 27.23 Crore) in truing up for FY 2017-18 in Order dated 24.04.2019 in Case No. 1764 of 2018 and adjusted the same in the ARR of FY 2019-20. The Commission, accordingly has considered Rs.197.44 Crore in truing up for FY 2019-20.

As could be observed from the table above, the Petitioner is claiming Rs.176.83 Crore towards past periods carrying cost. The Commission in the order dated 5th September 2020, after due diligence and deliberations in Consequential order in petition no.1627 of 2016 dated 09.06.2017, has adjudged as follows:

“7. We have now calculated the deferred Carrying Cost amounting to Rs.122.28 Crore for TPL-D (Ahm & G’Nagar) as against Rs.176.80 Crore claimed in their petition in the matter of Truing up of FY 2015-16, Approval of ARR for FY 2016-17 to FY 2020-21 and Determination of Tariff for FY 2017-18.

8. We decide to allow the deferred Carrying cost amounting to Rs.122.28 Crore in the next tariff order in accordance with the law. Therefore, TPL-D (Ahm & G’Nagar) is allowed to claim this amount of carrying cost in their future filings of tariff petitions.

9. The directions contained in the judgment of the Hon’ble Tribunal dated 09.06.2020 in Appeal No. 248 of 2017 stand fully implemented by this Order.

10. All other terms contained in the Order dated 09.06.2017 in Petition No. 1627 of 2016 shall remain unaltered”.

The Commission, in the order dated 5th September 2020, has approved the carrying cost of Rs. 122.28 Crore against Rs. 176.80 Crore claimed by the petitioner. This is a settled case and attained irrevocability. TPL-D (A) shall only claim Rs. 122.28 Crore in the present petition in accordance with the orders.

The Commission, accordingly has considered the carrying cost of Rs. 122.28 Crore as approved in the order dated 05.09.2020 and adjusted the same to arrive at the revenue (gap)/Surplus for FY 2019-20 in true up.

The revenue gap claimed and approved for TPL-D (A) for FY 2019-20 is detailed in the Table below:

Table 4.51: Approved Revenue Gap for TPL-D (A) for FY 2019-20

(Rs. Crore)			
Sl. No.	Particulars	Claimed by the Petitioner	Approved in truing up
A	Trued up ARR	5660.96	5660.53
B	Revenue from sale of power	5729.75	5729.75
C	Revenue (Gap)/Surplus (B-A)	68.79	69.36
D	Add: Revenue gap approved in true up for FY 2017-18 (incl. carrying cost of Rs.27.23 Crore)	(374.27)	197.44
E	Add: Carrying cost allowed in order dated 05.09.2020		122.28
F	Sub-total (D+E)	(374.27)	319.72
G	True up (Gap)/Surplus for FY 2019-20 (C+F)	(305.48)	(250.50)

The Commission, accordingly, considers the trued-up Revenue Gap of Rs. 250.50 Crore for FY 2019-20, for determination of tariff for FY 2021-22.

5. Aggregate Revenue Requirement (ARR) for FY 2021-22 and determination of tariff for FY 2021-22

The control period is defined at Regulations 2 (17) of GERC (MYT) Regulations, 2016 to mean 1st April, 2016 to 31st March, 2021. The Commission vide its Order dated 22nd December, 2020 has directed the utilities to file the Petition for truing up of FY 2019-20, ARR of FY 2021-22 and determination of tariff for FY 2021-22 as per provisions of MYT Regulations, 2016. The Petitioner TPL has filed Petition No. 1926 of 2021 on 8th January, 2021 for determination of ARR as well as tariff for the FY 2021-22 for Ahmedabad and Gandhinagar Supply Area. The Commission has analyzed the proposal of TPL taking into consideration the comments and suggestions from the stakeholders, GERC (MYT) Regulations, 2016 and other relevant Regulations which include the GERC (Conduct of Business) Regulations, 2004, RPO Regulations, Distribution Licensee Regulations, etc.

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 2021-22 for approval of ARR.

5.1.1 Category-wise consumers

The consumers in Ahmedabad and Gandhinagar are broadly categorized as under:

Residential- Domestic (RGP)	Applicable to lights, fans, appliances etc in residential premises. Load upto 15 KW
Commercial (Non RGP)	Applicable to lights, fans, appliances etc in commercial, industrial premises (other than residential). Load upto 15 KW
LTMD	Applicable to motive power installations up to and including 15 KW Applicable to motive power installations above 15 KW
HT	Applicable to High tension consumers for maximum demand of 100 KW and above
HT (pumping station)	Applicable for supply to water and sewage pumping stations. Maximum demand 100 KW and above.
Others	Applicable to installations for temporary requirement of electricity, Agriculture, Street Lighting, EV Charging etc.

5.1.2 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 (Ahmedabad) supply area

Consumer Category	(MUs)				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
HT	1,486.91	1,529.39	1,902.68	2,029.38	1,885.40
RGP	2,433.92	2,517.12	2,669.94	2,821.25	2,939.69
Non RGP	896.36	914.72	957.20	998.05	1,017.24
LTMD	1,633.25	1,647.71	1,713.28	1,773.70	1,763.49
AMC-HT	120.10	127.21	124.41	125.12	120.60
Others	95.16	92.69	93.04	87.76	95.66
Total Sales	6,665.72	6,828.84	7,460.55	7,835.27	7,822.08

5.1.3 Overall approach to sales projections

TPL has submitted that the license area of Ahmedabad has already witnessed surge in energy demand and consumption subsequent to the “Mega City” status. Subsequently, the growth rates in consumption have stabilised while growth in demand is at higher rate. Further, the Commission has notified the Net Metering Regulations, 2016 for rooftop solar projects which encourages residential & non-residential consumers to set up rooftop solar projects. The surge in solar rooftop installations witnessed in the later part of the 3rd control period is likely to affect the sales of mainly the residential category going forward. The COVID-19 pandemic has impacted the sales across all the industrial and commercial categories during FY 2020-21 and the resultant slowdown in economy shall continue to affect the sales of all categories.

TPL has submitted that for FY 2021-22, sales are retained at gross level of FY 2019-20 for all category except HT and HT Metro where sales is projected considering current scenario and likely development.

5.1.4 Projected energy sales

The category wise energy sales forecast for FY 2021-22 is as follows:

5.1.5 Residential (RGP)

Petitioner’s submission:

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

a) RGP Category

- i. This category consists of Residential consumers and higher growth in the past was mainly due to new construction activities in the residential/real estate projects. Considering the effect of COVID-19 and resultant slowdown coupled with labor migration, the sales of RGP category is showing a declining trend in FY 2020-21.
- ii. It is expected that by FY 2021-22, the gross sales shall recover to the level of FY 2019-20. Accordingly, gross sales of FY 2019-20 have been considered as base and adjusted with estimated rooftop solar units of 117.35 MUs for FY 2021-22 to arrive at the net RGP sales of FY 2021-22.

Table 5.2: Energy sales in RGP category projected for FY 2021-22

Particulars	FY 2021-22
Energy sales (MUs)	2851.47

Commission's analysis:

The Commission considers the submission of TPL and approves the sales to the residential category for FY 2021-22 as given in the Table below:

Table 5.3: Energy sales approved by the Commission for the residential category (RGP) for FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	2851.47	2851.47

5.1.6 Non RGP Category

Petitioner's submission:

b) Non RGP Category

- i. The category consists of the commercial and small industrial consumers and is expected to have lower growth in the consumption. TPL-D does not expect any incremental activity due to reduction in new commercial projects, offices, and malls within the licensed area. Further, due to the effect of COVID-19 and resultant slowdown, the sales of Non RGP category is showing a declining trend in FY 2020-21.
- ii. By FY 2021-22, it is expected that the gross sales shall recover to the level of FY 2019-20. Accordingly, gross sales of FY 2019-20 have been considered as base

and adjusted with estimated rooftop solar units of 14.03 MUs for FY 2021-22 to arrive at the net Non RGP sales of FY 2021-22.

Table 5.4: Energy sales in Commercial (Non RGP) category projected for FY 2021-22

Particulars	FY 2021-22
Energy sales (MU)	1011.59

Commission's analysis:

The Commission considers the forecast made by the Petitioner and approves the same as given in the Table below.

Table 5.5: Energy sales approved by the Commission for commercial (Non RGP) category for FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	1011.59	1011.59

5.1.7 Low Tension Maximum Demand (LTMD)

This category consists of the consumption from electric installations above 15 kW for residential purpose, pumping stations run by local authorities, commercial and industrial load. These are high consumption category of consumers which include the bigger commercial and industrial units.

Petitioner's submission:

- i. Due to higher land cost within the licensee area and adherence to stringent environmental norms, major expansion in industrial category is not seen within the license area. Due to recent de-growth in the sales because of COVID-19, the sales in this category is assumed to regain its normal level only by FY 2022-23.
- ii. Accordingly, gross sales of FY 2019-20 have been considered as base and adjusted with estimated rooftop solar units of 9.02 MUs for FY 2021-22 to arrive at the net LTMD sales of FY 2021-22.

Table 5.6: Energy sales in LTMD category projected for FY 2021-22

Particulars	FY 2021-22
Energy sales (MU)	1759.16

Commission's analysis:

The Commission considers the forecast as projected by the Petitioner and approves the same as given in the Table below.

Table 5.7: Energy sales approved by the Commission for LTMD category for FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	1759.16	1759.16

5.1.8 HT Pumping Stations (HTP)

Petitioner's submission:

This category includes the water and sewerage pumping stations run by local authorities. The consumption in this category depends on the monsoon and water table in the licensed area.

Considering that the sales in this category have largely remained stagnant, the sales for FY 2019-20 have been considered as base to arrive at the sales of FY 2021-22.

The sales forecast for FY 2021-22 for the category as projected by the Petitioner is shown in the table below.

Table 5.8: Projected energy for HT pumping category for FY 2021-22

Particulars	FY 2021-22
Energy sales (MU)	120.60

Commission's analysis:

The Commission considers the forecast as projected by the Petitioner and approves the same as given in the Table below.

Table 5.9: Energy Sales approved by the Commission for HTP category for FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	120.60	120.60

5.1.9 HT Maximum Demand (HTMD)

HTMD category includes major industries in Ahmedabad like textile, chemical process house, casting & moulding industries, and food & confectionary products. Most of these segments are facing stagnancy. Further, due to higher cost of space within the licensee area and adherence to stringent environmental norms, major expansion in this category is likely to take place outside the license area.

Petitioner's submission:

- i. In the last few years, some of the HT customers have set up their wind power generators and have availed the set-off of wind power generation against their

consumption in the license area. The credit against wind power generation has been increasing over the years. This will have an impact on the actual sales of this category. Further, the sales to this category have also been impacted due to operationalisation of open access since the MYT 2nd Control Period.

- ii. Additionally, in the current FY 2020-21, HT sales is expected to go down considerably due to COVID-19 pandemic and it is assumed that it will take 2 to 3 years to regain normal consumption.
- iii. In this background, the gross HT sales for FY 2021-22 have been forecasted based on industry interactions and feedback. The open access (OA) sales for FY 2021-22 has been estimated at 100 MUs based on current trend.

Based on all the above, the forecast of net sales for FY 2021-22 for the category is shown in the table below.

Table 5.10: Energy sales in HTMD Category projected for FY 2021-22

Sl. No	HT – Category	FY 2021-22
1	Energy Sales (MUs)	1,800.00
2	Less: OA Sales (MUs)	100.00
3	Energy Sales (MUs)	1,700.00

Commission’s analysis:

The Commission considers the forecast made by the Petitioner and approves the same as given in the Table below.

Table 5.11: Sales approved by the Commission for HTMD category FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	1700.00	1700.00

5.1.10 HT – Metro

Petitioner’s submission:

During MYT 3rd control period, the Commission has introduced the tariff category of HT-Metro to cater the requirement of electricity for Metro traction.

Despite current situation, metro is expected to show good growth with commencement of new routes. The estimated sales of FY 2021-22 are expected to be double that of FY 2019-20.

Table 5.12: Sales of HT-Metro Category projected for FY 2021-22

HT-Metro – Category	FY 2021-22
Energy Sales (MU)	7.17

Commission’s analysis:

The Commission considers the forecast made by the Petitioner and approves the same as given in the Table below.

Table 5.13: Sales approved by the Commission for HT – Metro FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	7.17	7.17

5.1.11 Others

This category contains the sales to the GLP category, LTP (AG), Streetlight, and LT & HT -Temporary and Electric Vehicle Units. The potential for any sudden spurt in growth is not expected due to the nature of consumption in the category.

Petitioner’s submission:

The gross sales of FY 2019-20 have been considered to arrive at the sales of FY 2021-22 as shown in the table below.

Table 5.14: Projected energy sales to others for FY 2021-22

Particulars	FY 2021-22
Energy sales (MU)	78.30

Commission’s analysis:

The Commission considers the forecast made by the Petitioner and approves the same as given in the table below:

Table 5.15: Sales approved by the Commission for others for FY 2021-22

Particulars	Projected by Petitioner	Approved by Commission
Energy Sales (MU)	78.30	78.30

5.1.12 Summary of Energy sales

Commission’s analysis:

The category-wise energy sales for the control period for Ahmedabad and Gandhinagar license area for each of the categories as approved by the Commission is given in the Tables below:

Table 5.16: Approved Energy sales for TPL – D (Ahmedabad) area for FY 2021-22

(MUs)

Category	Projected by Petitioner	Approved by Commission
RGP	2,851.47	2,851.47
Non RGP	1,011.59	1,011.59
LTMD	1,759.16	1,759.16
HT Pumping Stations	120.60	120.60
HT	1,700.00	1,700.00
HT-Metro	7.17	7.17
Others	78.30	78.30
Total	7,528.30	7,528.30

5.1.13 Distribution losses

Petitioner's submission:

The Petitioner submitted that the Commission in its order dated 22nd December, 2020 has directed the utilities to consider principles and methodology as provided in the MYT Regulations, 2016.

In its Order dated 9th June, 2017 for ARR for FY 2016-17 to FY 2020-21, the Commission has stipulated trajectory of Distribution Loss with 0.15% reduction each year. Accordingly, the Petitioner has extended the same trajectory for projecting the Distribution loss for FY 2021-22.

Table 5.17: Projected Distribution Loss for TPL – D (Ahmedabad) supply area for FY 2021-22

Particulars	FY 2021-22
Distribution Loss	6.40%

Commission's analysis:

The Commission has noted that the percentage of distribution loss in TPL-D (A) supply area is gradually reducing year on year as given in the Table below:

Table 5.18: Past period distribution loss in TPL-D(A) supply area

Supply	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Approved Distribution Loss (%) in T.O	8.50%	7.50%	7.00%	6.85%	6.70%
Actual Distribution Loss (%) achieved	7.15%	6.81%	6.31%	5.61%	4.98%

The Commission has also observed that against the distribution loss of 6.70% approved for FY 2019-20 in the MTR Order, TPL-D (A) has actually reduced the loss upto 4.98% i.e. a reduction of 1.72%. The Commission appreciates the utility for its

sustained efforts for bringing down the loss levels. TPL has proposed 6.40% distribution loss considering a reduction of 0.15% over 6.55% distribution loss approved for FY 2020-21 in the MTR Order.

The Commission has considered to approve an average of actual distribution loss for FY 2016-17 to FY 2018-19 considering FY 2019-20 as an exceptional year on account of COVID-19 pandemic. Accordingly, the Commission approves distribution loss for FY 2021-22 for TPL- D (A) as 6.24%.

Table 5.19: Distribution losses approved by the Commission for TPL-D Ahmedabad area for FY 2021-22

Particulars	Actuals in FY 2019-20	Projected by Petitioner	Approved by Commission
Distribution Losses	4.98%	6.40%	6.24%

5.1.14 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 the FY 2021-22 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 5.20: Energy requirement projected by TPL-D for FY 2021-22

Particulars	(MU) FY 2021-22
Ahmedabad Supply Area	
Total Sales	7,528.30
Distribution Loss (%)	6.40%
Distribution Loss	514.76
Energy Required at Distribution periphery	8,043.06
220 kV/Transmission Loss	81.44
Energy Requirement of TPL-D (A)	8,124.49
Surat Supply Area	
Total Sales	3,265.01
Distribution Loss (%)	3.54%
Distribution Loss	119.82
Energy Required at Distribution periphery	3,384.84
220 kV/ Transmission Loss	39.64
Energy Requirement of TPL-D (S)	3,424.48

Particulars	FY 2021-22
Total Energy required by TPL-D	11,548.98

Commission's analysis:

Based on the energy sales in Table 5.16 and distribution losses % as approved in Table 5.19 and transmission loss % as per True Up of FY 2019-20. The Commission has computed the energy requirement of TPL distribution area and at its periphery as given in Table below:

Table 5.21: Energy requirement approved by the Commission for TPL-D for FY 2021-22 (MU)

Particulars	Projected by Petitioner	Approved by Commission
Ahmedabad Supply Area		
Total Sales	7,528.30	7528.30
Distribution Loss (%)	6.40%	6.24%
Distribution Loss	514.76	501.03
Energy Required at Distribution periphery	8,043.06	8029.33
220 kV/Transmission Loss (%)		0.50%
220 kV/Transmission Loss	81.44	40.35
Energy Requirement of TPL-D (A)	8,124.49	8069.68
Surat Supply Area		
Total Sales	3,265.01	3258.24
Distribution Loss (%)	3.54%	3.54%
Distribution Loss	119.82	119.57
Energy Required at Distribution periphery	3,384.84	3377.81
220 kV/ Transmission Loss (%)		0.83%
220 kV/ Transmission Loss	39.64	28.27
Energy Requirement of TPL-D (S)	3,424.48	3406.08
Total Energy required by TPL-D	11,548.98	11475.76

The Commission approves the energy requirement of TPL-D supply area at its periphery as shown in the Table above.

5.1.15 Energy Availability

Petitioner's submission:

The Petitioner has submitted that the energy sourcing is planned from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources. The long term sources include TPL – G (APP) sources, SUGEN, UNOSUGEN and Renewable Energy sources. The short term sources include bilateral sources/power exchange.

The 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 renewable energy for FY 2021-22 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 the FY 2021-22 subject to minimum technical/Must run criteria while ensuring reliability of power giving due consideration to optimization of cost.

Based on the above, the Petitioner submitted to the Commission to approve the power purchase quantum as proposed in the Table below.

Table 5.22: Energy availability as projected by Petitioner for FY 2021-22

Particulars	FY 2021-22 (MU)
TPL-G(APP)	2,451.59
SUGEN	5,193.04
UNOSUGEN	2,017.57
Bilateral/ Power Exchange	580.70
Renewable Energy	1,306.09
Total	11,548.98

Commission's analysis:

As per GERC (MYT) Regulation, 2011, the Distribution Licensees are required to project the power purchase requirement based on the Merit Order Despatch principles of all generating stations considered for power purchase, RPO and the targets set if any, for Emergency Efficiency and DSM schemes.

TPL-D has projected power purchase requirement of 11548.98 MU whereas the Commission has approved 11475.76 MU based on the approved energy sales, transmission and distribution losses for FY 2021-22. Accordingly, the quantum of energy purchase is regulated as detailed below:

The Commission has considered the quantum of energy availability from TPL– G (APP) as approved in the Order of TPL–G(APP), for FY 2021-22 in Petition No. 1925 of 2021. The quantum of purchase from UNOSUGEN is considered as projected by TPL, since the variable cost is lesser than from any other sources projected.

RPO targets approved by the Commission as per GERC (Procurement Energy from Renewable Sources) (Second Amendment) Regulations, 2018 for FY 2021-22 are as

given in the Table below:

Table 5.23: RPO targets approved for FY 2021-22

Description	FY 2021-22
Solar	8.0%
Wind	8.25%
Others (Biomass, Bagasse, MSW and Hydro)	0.75%
Total RPO	17.00%

The quantum of purchase from Wind Energy and Solar Energy sources has been considered in accordance with RPO targets. No purchase of RECs has been considered in view of the prevailing low rates of renewable power discovered through competitive biddings.

The remaining required power purchase is considered from SUGEN. Power purchase from bilateral and power exchange is not 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 2021-22 is given in the Table below:

Table 5.24: Energy availability approved by the Commission for TPL-D supply area for FY 2021-22

Source of Power	Projected by Petitioner	MUs Approved by Commission
TPL – G (APP)	2451.59	2451.59
SUGEN	5193.04	5055.72
UNOSUGEN	2017.57	2017.57
Bilateral	580.70	0
Power Exchange		
Non-Solar	1306.09	1032.82
Solar		918.06
Total	11548.98	11475.76

TPL-D is advised to adhere to the above power procurement sources and quantum as approved by the Commission. The Commission is of the view that in case of urgent requirement of fulfilling its USO, TPL-D Ahmedabad is entitled to change the source of power supply. However, on completion of such event TPL-D Ahmedabad shall require post facto approval from the Commission for change in quantum and source of

energy supply and the power procurement cost.

5.1.16 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 Commission adopted 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 5.25: Power Purchase Cost Projected by TPL-D for FY 2021-22

		(Rs. Crore)
Sl. No	Source of Power (Station wise)	FY 2021-22
1	TPL-G(APP)	1,199.68
2	SUGEN	2,689.20
3	UNOSUGEN	869.37
4	Bilateral/ Power Exchange	243.89
5	Renewable Energy	714.94
6	Total	5,717.09

Commission's analysis:

The power procurement cost of TPL varies from source to source. In case of procurement of TPL-G (APP), the same has been derived from the power generation cost as determined by the Commission for FY 2021-22 in Tariff Petition No. 1925 of 2021.

SUGEN tariff has been determined by the CERC and the Commission has adopted the same and factored in the power procurement cost. SUGEN cost also consists of the fixed cost as well as variable cost. Considering the availability of this plant to be more than 85% during FY 2021-22, TPL-D needs to pay fixed charge for the whole year if the generator declare availability based on gas availability. The Commission has considered the same as payable to SUGEN. TPL has proposed variable charges of Rs 3.90/kWh as a weighted average cost of fuel from different sources for SUGEN plant. The Commission has accordingly considered Rs 3.90/kWh as the variable charges for SUGEN plant.

UNOSUGEN tariff has been determined by the CERC and the Commission has adopted the same and factored in the power procurement cost. UNOSUGEN cost also consists of the fixed cost as well as variable cost. Considering the availability of this plant to be more than 85% during FY 2021-22, TPL-D needs to pay fixed charge for the whole year if the generator declare availability based on gas availability. The Commission has considered the same as payable to UNOSUGEN. TPL has proposed variable charges of Rs 3.14/kWh as a weighted average cost of fuel from different sources for UNOSUGEN plant. The Commission has accordingly considered Rs 3.14/kWh as the variable charges for UNOSUGEN plant.

On the fixed cost component of SUGEN Plant, the Petitioner vide additional information dated 11.02.2021 submitted the details of Annual Fixed Charges for SUGEN at Rs. 820.16 Crore for FY 2021-22 including water charges and TPL-D's share as Rs. 613.68 Crore for FY 2021-22. TPL-D vide additional detail dated 29.03.2021 has clarified that an estimated Transmission Charge of Rs. 48 Crore is required to be

added in the SUGEN fixed cost of Rs. 613.68 Crore to arrive at SUGEN fixed cost to TPL-D as Rs. 661.68 Crore.

Regarding the fixed cost of UNOSUGEN Plant, the Petitioner vide additional information dated 11.02.2021 submitted that the Annual Fixed Charges approved by CERC is higher than the ceiling allowed by the Commission and hence the Annual Fixed Charges for UNOSUGEN for FY 2021-22 is considered at Rs. 228.00 Crore plus estimated water charges of Rs. 8.26 Crore totaling Rs 236.26 Crore.

Accordingly, the Commission has considered the capacity charges payable to SUGEN and UNOSUGEN at Rs. 613.68 Crore and 236.26 Crore respectively for FY 2021-22.

As regards renewable energy power, TPL –D has submitted the details of tied up sources vide additional information dated 06.02.2021, according to which 909.14 MU of Solar Energy at Wt. Avg tariff of Rs.4.34 per kWh and 1022.78 MU of Non-Solar energy at Wt. Avg tariff of Rs.4.00 per kWh will be available in FY 2021-22. The Commission has considered the cost of Purchase of balance requirement of Renewable energy to meet RPO requirement at the Green Market Power Price available on Power Exchange for FY 2020-21 for the purpose of Power Purchase cost estimation. 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. The break-up of power purchase cost from Renewable Energy sources for FY 2021-22 is shown in the Table below.

Table 5.26: Cost of Renewable Power Purchase for TPL- D for FY 2021-22

Sl. No	Source	Quantum (MU)	Rate (Rs/kWh)	Cost (Rs.Crore)
A	Solar Energy			
1	Power contracted in preferential Tariff	269.19	8.33	224.24
2	Power Procurement for fulfillment of RPO	648.87	4.00	259.55
3	Total Solar purchase	918.06	5.27	483.78
B	Non-Solar Energy			
1	Power contracted in preferential Tariff	962.01	4.10	394.42
2	Power Procurement for fulfillment of	70.81	4.00	28.32

Sl. No	Source	Quantum (MU)	Rate (Rs/kWh)	Cost (Rs.Crore)
	RPO			
3	Total Solar purchase	1032.82	4.09	422.75
	Total Renewable Purchase	1950.88	4.65	906.53

Considering above, the total procurement cost for power from different sources for TPL-D during FY 2021-22 works out as given in the table below:

Table 5.27: Summary of approved power procurement sources with cost/kWh for TPL-D for FY 2021-22

Power Sources	Energy Sources (MU)	Capacity charges payable by utility (Rs. Crore)	Variable Cost per unit (Rs/kWh)	Total Variable charges (Rs. crore)	Total Cost of Energy purchased (Rs. Crore)	Unit/ Cost (Rs/kWh)
AMGEN	2451.59	319.51	3.42	837.84	1157.34	4.72
SUGEN	5055.72	661.68	3.90	1971.73	2633.41	5.21
UNOSUGEN	2017.57	236.26	3.14	633.52	869.78	4.31
Bilateral through competitive bidding						
Power Exchange						
Non Solar	1032.82		4.09	422.75	422.75	4.09
Solar	918.06		5.27	483.78	483.78	5.27
Total	11475.76	1217.45		4349.62	5567.06	4.851
Energy Requirement TPL- D (A)	8069.68					
Ahmedabad % Share					70.32%	
Total Power Purchase Cost of TPL- D (A)					3914.72	
Energy Requirement TPL- D (S)	3406.08					
Surat % of share					29.68%	
Total Energy Requirement TPL - D (A & S)	11475.76					
Total Power Purchase Cost of TPL- D (S)					1652.34	
Total Power Purchase Cost of TPL- D (A & S)					5567.06	

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 Ahmedabad area for FY 2021-22.

Table 5.28: Approved Power Purchase Cost for TPL-D (Ahmedabad)

(Rs. Crore)

Particulars	Projected by Petitioner	Approved by Commission
Power Purchase Cost	4021.87	3914.72

5.2. Fixed Charges

5.2.1 Operation and Maintenance (O&M) Expenses

Petitioner's submission:

The Petitioner has submitted that the Commission in order dated 22nd December, 2020 has noted that it would be difficult to make realistic projection and accordingly directed the utilities to consider principles and methodology as provided in the MYT Regulations, 2016. It is stated that the Commission in Order dated 9th June, 2017 has stipulated trajectory of O&M expenses with escalation of 5.72% for each year and accordingly, extended the trajectory and projected the O&M expenses for FY 2021-22 as detailed in the Table below:

Table 5.29: O&M expenses claimed by TPL- Ahmedabad for FY 2021-22

(Rs. Crore)

Particulars	Projected by the petitioner
O&M Expenses	362.59

The Petitioner has submitted that the variation in O&M expenses does not take into account the uncontrollable expenses such as the wage revision, change in law, change in levies/ duties/ taxes and charges, etc. and requested these components of uncontrollable factors and any such expenses on account of these factors are to be allowed over and above the normal allowable components.

Commission's analysis:

The Petitioner has projected the O&M expenses for FY 2021-22 based on the O&M expenses approved (Rs.342.98 Crore) for FY 2020-21 in MTR order with escalation of 5.72% in terms of Regulation 86.2 (b) and accordingly projected O&M expenses of Rs.362.59 Crore ($342.98 \times 1 + 5.72\%$) for FY 2021-22.

The Commission in the MYT Order had approved O & M Expenses for the ensuing

years based on the average of actual O & M expenses for the previous three years escalated @ 5.72%. Accordingly, the Commission considering the actual O&M Expenses approved for FY 2017-18 to FY 2019-20 and computed the O&M expenses at Rs.389.64 Crore for FY 2021-22. However, the Petitioner has proposed Rs. 362.59 Crore as O & M Expenses for FY 2021-22 and therefore, the Commission considers the same.

The Commission, accordingly, approves the O&M expenses for FY 2021-22 as given hereunder.

Table 5.30: O&M Expenses approved by the Commission for FY 2021-22

(Rs. Crore)

Particulars	Projected by the Petitioner	Approved by Commission
O&M Expenses	362.59	362.59

5.2.2 Capital Expenditure, Capitalization and Sources of Funding

a) Capital Expenditure

Petitioner's submission:

The petitioner has projected capital expenditure of Rs.1585.34 Crore for FY 2021-22 as per the details given in the Table below:

Table 5.31: Capital expenditure claimed by TPL-D (A) for FY 2021-22

(Rs. Crore)

Particulars	Projected by the petitioner
EHV Network	997.65
HT Network	221.17
LT Network	164.63
Metering	30.91
Other departments	41.12
PSC	114.22
Miscellaneous	0.78
IT and related expenditure	14.87
Total	1585.34

It is submitted that Ahmedabad and Gandhinagar city are being developed as the hub for commercial and service sector and demand for electricity has increased at a 3 Year CAGR rate of about 5.47% and is likely to increase in the coming years.

The rapid urbanisation of the twin cities of Ahmedabad & Gandhinagar 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 highest levels of reliability.

While the Petitioner has been maintaining the existing network efficiently and is one of the best performing utilities in the country, it plans to undertake capital expenditure for augmentation and up-gradation of distribution network to meet the future load growth while ensuring reliability & quality of power along with safety measures.

The capital expenditure for Ahmedabad & Gandhinagar Area consists of expenditure to create capacity 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, customer connect centre, power supply centre, and other miscellaneous items such as automation, IT etc.

TPL has furnished the details of major capital expenditure as detailed below:

(a) EHV Network:

- Bulk Supply Points: The capex approved in MTR for establishment of 220 kV Substations at Thaltej, Acher and Gandhinagar has been initiated in FY 2019-20 and continued during FY 2021-22 and beyond. Installation of bays and associated civil works at existing Gandhinagar SS shall be executed during FY 2021-22. Proposed 220/132 kV SS at Gota for sourcing of power from CTU/STU to cater future demand of western part of Ahmedabad and commissioning of reactor bay and reactor in FY 2021-22.
- EHV Sub-Stations: Demand of Ahmedabad and Gandhinagar city is increasing year on year necessitating capacity augmentations. Proposed establishment of 132 kV substation at Lambha, Riverfront and SG Highway to cater to the demand of nearby areas. Installation of additional transformers of 132/33 kV and 132/11 kV to cater to the load demand of nearby areas and to feed the upcoming 33 kV/11 kV substations.

- **EHV Consumer:** Envisages energisation of 132 kV consumer based on existing trend.
- **33 kV Substation:** Establishment of 33 kV substations at Odhav, Maninagar, Electronics SEZ, IIT Gandhinagar, Platinum park, Iconic Shyamal and Venus. Installation of additional transformer at 33 kV SS, Raipur and replacement of existing transformers with higher capacity at 33 kV SS, Sumel-6 and Sumel-8 and building works of 33 kV SS.
- **Renovation and Replacement:** Phasing out of obsolete assets and refurbishment.
- **Safety:** Proposed for ensuring general public and employees' safety and environment safety. Some of the major safety schemes proposed pertain to ongoing underground cable connectivity between 132 kV Jamalpur to Vinzol SS which are located in densely populated area. Providing emulsifying system for EHV/33 kV SS, procurement of safety tools, revamping of earthing systems, replacement of old conductors, safeguarding of towers, replacement of switchyard equipment, earthing system for towers and various firefighting arrangements.
- **Supporting Infrastructure:** Proposed advanced cable fault test van to detect faults at 220 kV level, general working, purchase of advance tools and tackles and testing kits.
- **Automation:** Proposed substation automation and islanding schemes for facilitating remote control and monitoring for better network operation.

(b) **HT Network**

- **New 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 in load centre to ensure lower LT length of lines to maintain the existing level of losses. This also involves the development of necessary network by laying new 11 kV cable and installation of switchgear.
- **HT Consumers:** Based on the expected number of new HT consumer as well as load enhancement of the existing consumers, proposed expenditure for creating necessary network infrastructure including HT cable, RMU and Other Accessories
- **Transformer Augmentation:** Proposed to replace existing distribution transformers by higher size to meet the load growth and based on peak load observed in FY 2019-

20, around 140 transformers are proposed to be augmented during FY 2021-22.

- 11 kV normal load growth/OHL schemes: Proposed to carry out network modification including laying of new feeders from existing and proposed EHV substations in order to remove bottlenecks from existing system.
- Reliability, Renovation and Modernisation: Replacement of PLC cable, old and faulty distribution transformers, transformers with poor oil quality and faulty switchgear. Modification of network for infrastructure projects, feeder automation on around 150 distribution SS. Installation of 50 Automatic Power Factor Correction Panel (APFC) at distribution SS to maintain power quality and for ensuring better performance of the system.
- Supporting Infrastructure: Procurement of Meggers, Cable Fault Locators, Thumpers, Earthing testers, Thermographic cameras
- Safety: Replacement of conventional oil filled switchgears, RMU/ FSP replacement, Distribution substation revamping and PMT to Compact Substation replacement in dense areas along with oil type transformer replacement with dry type transformer for ensuring general public/employee safety and environment safety.

c) LT Network:

- New Connection/Load Extension/Reduction: To provide network for the last mile connectivity as well as for maintaining “ready to serve” network. Around 82,000 applications for new connection and extension/reduction are expected to be released.
- Relieving Overload Distributions, Load Balancing/ Interlinking of New Substations: Proposed distributor load relieving/balancing and network modification schemes for relieving overloaded distributors and interlinking of distributors to enhance the system reliability
- Supporting Infrastructure: Procurement of equipment’s such as Meggers, Cable Fault Locators, Thumpers, Earth Testers, Reference Standard Meters, MRIs, etc.
- Reliability, Renovation and Replacement: Proposed old and obsolete network upgradation (T-off network removal/ Bifurcation of distributors) for network improvement for system reliability. Further, road widening work is being carried out

at various places in and around the Supply area necessitating shifting work of LT network & assets.

- Safety: Proposed carrying out replacement of Old MSP, Old LC network, and Service Revamping.

d) Metering:

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:

- Meters for releasing solar net meters under the GERC Net Metering Regulations, 2016.
- Meters for replacing old electromechanical meters in a phased manner
- Meters for replacing static electronic meters which are vulnerable to theft
- Meters for replacing defective energy meters based on the past trend of defective meters replaced
- Meters for providing new electric connections/enhancement of load and for energy accounting for DT meters/Interface meters etc.
- Major expenditure is planned for normal services consisting of the new connections & load enhancement requirements. Expenditure is also planned for Reliability, Renovation and Replacement including replacement of defective meters and replacement of old meters with new static meters and supporting infrastructure like test benches.

e) Others: Proposed Power Supply Center, Automatic Meter Reading, Special projects, IT & ERP, Storage system, office space, etc. These schemes are detailed as under:

- QA/QC: Procurement of various testing and measuring equipment like Digital conductivity meter, Tablets for onsite report preparation, Power Analyzer, Compactors, Power Tools, Portable MCB testing kit, Testing Setup for Distribution automation enabled equipment.
- GIS: Procurement of instruments, various hardware and software for Geographic Information System (GIS).
- Stores: Implementation of AVSR (Automated Vertical Storage retrieval system) and upgradation of storage systems.

- Customer Services: Automated Meter Reading and HT meter replacement and procurement of various equipment for digitisation and setting up of new LEC connect centre.
- Safety: Proposed for various safety equipment such as Signages, Arc Hood and suit, Balaclave, Goggles for LV.
- RPRC: Procurement of Meter Reading Instruments (MRI), Clamp on meter, Multi meter, Load Elements, Document Scanner, etc.
- Miscellaneous: Office equipment like LED lights, Miscellaneous Infra expense, etc.
- Power Supply Centre: Upgradation of existing zonal offices of Naranpura, Amraiwadi and Odhav to provide enhanced and improved customer services and at new locations identified at Gandhinagar and Narol for setting up Power Supply Centres.
- IT & related expenditure: Setting up new Data center, hardware replacements, software upgradation, new IT initiatives and projects, SAP licenses, network upgradation, etc.
- Special Project: Implementation of Automatic Meter Reading of Distribution Transformer & LTMD Customers, Advanced Distribution Management System (ADMS), Advanced metering infrastructure (AMI), and Data Analytics Project.

Commission's analysis:

The Petitioner has projected CAPEX of Rs.1585.34 Crore for FY 2021-22 as detailed above. The Petitioner has furnished the project/work-wise justification for the capex projected for FY 2021-22.

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 2021-22 as projected by the Petitioner.

The Commission, accordingly, approves the Capital expenditure (Capex) at Rs.1585.34 Crore for FY 2021-22.

b) Capitalization and Gross Fixed Assets

Petitioner's submission:

TPL has projected Rs.1479.14 Crore towards capitalization for FY 2021-22 and furnished the project/work-wise details of capitalisation in Form 4.3 to the Petition.

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 5.32: Projected Capex, capitalisation by TPL-D (A) for FY 2021-22

Project/schemes	Capex	Capitalisation	% of capitalisation to Capex
1	2	3	4=(3/2)
EHV BSP	743.25	608.62	82%
EHV SS	153.51	150.54	98%
33 kV SS	66.47	55.97	84%
Normal Load Growth	246.80	246.80	100%
Reliability, Renovation and Modernisation	90.90	90.90	100%
Safety	93.93	116.75	124%
Supporting infrastructure	16.68	16.68	100%
Power Supply Centre (PSC)	114.22	130.50	114%
Other capex	59.59	62.36	105%
Total	1585.34	1479.14	

It is observed by the Commission that average capitalization over approved CAPEX for last four years i.e. from FY 2016-17 to FY 2019-20 works out to 56.33%. Accordingly, for FY 2021-22 the Commission approves capitalization of Rs. 893.02 Crore (1583.34*56.33%).

The Commission has approved closing GFA at Rs.6372.54 Crore in true up for FY 2019-20 and the same is considered as opening GFA for FY 2020-21. Further, the Commission has considered capitalisation of 891.86 Crore as approved in MTR order dated 24.04.2019 for FY 2020-21 and arrived at the closing GFA for FY 2020-21 at Rs.7264.40 Crore (6372.54+891.86) and the same is considered as opening GFA for FY 2021-22.

The Commission, as deliberated above has considered the opening GFA, additions during the year and closing GFA for FY 2021-22 as given in the table below:

Table 5.33: Gross Fixed Assets approved for FY 2021-22 for TPL-D (A)

(Rs. Crore)

Sl. No.	Particulars	Approved by Commission
1	Opening GFA	7264.40
2	Asset additions during the year	893.02
3	Closing GFA (1+2)	8157.42

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

c) Funding of CAPEX

Petitioner's submission:

TPL has submitted the capitalisation and funding of CAPEX, as detailed in the Table below:

Table 5.34: Funding of capitalization projected by TPL-D (A) for FY 2021-22

(Rs. Crore)

Particulars	Projected by the Petitioner
Opening GFA	7216.27
Addition to GFA	1479.11
Deletion from GFA	—
Closing GFA	8695.38
Less: SLC Additions	74.29
Balance Capitalization	1404.82
Normative Debt @ 70%	983.38
Normative Equity @ 30%	421.45

Commission's analysis:

The Commission as deliberated in earlier paragraph has considered the opening GFA, addition to GFA and Closing GFA as approved above. The Commission has considered the SLC addition as projected by the Petitioner, since these SLCs are received from the consumers and relates to service connections and not attributable to EHV schemes (i.e. EHV SS) for which capitalisation is regulated.

The Commission in terms of GERC (MYT) Regulations 2016 has approved the funding of capitalisation for normative debt-equity as shown in the Table below for FY 2021-22:

Table 5.35: Funding of capitalization approved for FY 2021-22

(Rs. Crore)		
Particulars	Projected by the Petitioner	Approved by Commission
Opening GFA	7216.27	7264.40
Addition to GFA	1479.11	893.02
Deletion from GFA	–	0.00
Closing GFA	8695.38	8157.42
Less: SLC Additions	74.29	74.29
Balance Capitalization	1404.82	818.73
Normative Debt @ 70%	983.38	573.11
Normative Equity @ 30%	421.45	245.62

The Commission approves the funding of capitalization for FY 2021-22 as shown in the above Table.

5.2.3 Depreciation

Petitioner's submission:

TPL-D (A) has projected Rs.291.15 Crore towards depreciation for FY 2021-22 as shown in the Table below:

Table 5.36: Depreciation projected by TPL-D (A) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Depreciation	291.15

Commission's analysis:

The Commission has approved the closing value of depreciable GFA at Rs.6210.66 Crore in truing up for FY 2019-20 and the same is considered as opening depreciable GFA for FY 2020-21. The GFA is further updated with the capitalisation approved for FY 2020-21 in the MTR order dated 24.04.2019 and the addition approved for FY 2021-22.

The rate of depreciation on assets and SLC is considered as per actual of FY 2019-20 and accordingly computed the depreciation for FY 2021-22 as given in the table below:

Table 5.37: Depreciation approved for FY 2021-22

		(Rs. Crore)
Sl. No.	Particulars	Approved by Commission
1	Opening value of depreciable GFA	7079.66
2	Additions during the year	893.02
3	Closing GFA (1+2)	7972.68
4	Average depreciable assets (1+3)/2	7526.17
5	Weighted average rate of depreciation	4.48%
6	Depreciation (4*5)	337.12
7	Depreciation on assets created out of SLC (considered as projected by the petitioner)	55.68
8	Depreciation allowed in ARR (6-7)	281.44

The Commission approves the depreciation for FY 2021-22 as shown in the above Table.

5.2.4 Interest and Finance Charges

Petitioner's submission:

TPL has claimed a sum of Rs.177.61 Crore towards interest on loans for FY 2021-22 as detailed in the Table below.

The Petitioner has submitted that interest is calculated on normative loans in terms of the GERC (MYT) Regulations, 2016 by applying estimated opening Weighted Average Rate of interest of the actual loan portfolio of the Petitioner at the beginning of the year while repayment has been considered equal to the depreciation of the assets for the year.

Table 5.38: Interest on loans projected by TPL-D (A) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Opening Balance of Loans	1627.30
Loan addition during the year	983.38
Repayments	291.15
Closing Balance of Loans	2319.52
Average Loan	1973.41
Weighted average rate of interest	9.00%
Interest Expense	177.61

Commission's analysis:

The Commission has approved the normative closing loan balance at Rs.1350.75 Crore in truing up for FY 2019-20 and the same is considered as opening loan for FY 2020-21. The addition to loan is further updated with the normative loan based on capitalisation approved for FY 2020-21 in the MTR order dated 24.04.2019 and the capitalisation approved for FY 2021-22.

The rate of interest is considered as projected by the petitioner and accordingly computed the interest on loan for FY 2021-22 as given in the table below:

Table 5.39: Interest on loans approved for FY 2021-22

Particulars	(Rs. Crore)	
	Projected by the Petitioner	Approved by Commission
Opening Balance of Loans	1627.30	1726.36
Loan addition during the year	983.38	573.11
Repayments	291.15	281.44
Closing Balance of Loans	2319.52	2018.03
Average Loan	1973.41	1872.19
Weighted average rate of interest	9.00%	9.00%
Interest Expense	177.61	168.50

The Commission, accordingly, approves the interest on loan for FY 2021-22 as detailed in the table above.

5.2.5 Return on Equity

Petitioner's submission:

TPL-D (A) has projected Rs.322.09 Crore towards Return on Equity @ 14% for FY 2021-22 as detailed in the Table below:

Table 5.40: Return on Equity projected by TPL-D (A) for FY 2021-22

Particulars	(Rs. Crore)	
	Projected by the Petitioner	
Opening Equity	2089.93	
Equity addition during the year	421.45	
Closing Equity	2511.38	
Average of Opening and Closing Equity	2300.66	
Rate of Return on Equity	14%	
Return on Equity on opening equity	292.59	
Return on equity on equity addition during the year	29.50	
Total Return on Equity	322.09	

Commission's analysis:

The Commission has approved the closing equity at Rs.1868.75 Crore in truing up for FY 2019-20 and the same is considered as opening equity for FY 2020-21. The addition to equity is further updated based on capitalisation approved for FY 2020-21 in the MTR order dated 24.04.2019 and the capitalisation approved for FY 2021-22. The Commission accordingly computed the Return on equity for FY 2021-22 as given in the table below:

Table 5.41: Return on Equity approved by the Commission for FY 2019-20

Sl. No.	Particulars	(Rs. Crore)	
		Projected by the Petitioner	Approved by Commission
1	Opening Equity	2089.93	2120.93
2	Equity addition during the year	421.45	245.62
3	Closing Equity	2511.38	2366.55
4	Average of Opening and Closing Equity	2300.66	2243.74
5	Rate of Return on Equity	14%	14%
6	Return on Equity on opening equity	292.59	296.93
7	Return on equity addition during the year	29.50	17.19
8	Total Return on Equity	322.09	314.12

The Commission, accordingly, approves the Return on Equity for FY 2021-22 as detailed in the table above.

5.2.6 Interest on Consumer's Security Deposit

Petitioner's submission:

The Petitioner has projected Rs.41.50 Crore towards interest on security deposit for FY 2021-22. The Petitioner considered 4.65% interest rate on the average estimated balance of security deposit for FY 2021-22 as given in the Table below.

Table 5.42: Interest on Security Deposit projected for FY 2021-22

Particulars	(Rs. Crore)
	Actual
Interest Rate	4.65%
Interest on Security Deposit	41.50

Commission's analysis:

The Commission provisionally considers and approves the interest on security deposit as projected by the Petitioner for FY 2021-22.

The Commission, accordingly, approves the interest on security deposit at Rs.41.50 Crore for FY 2021-22.

5.2.7 Income Tax

Petitioner's submission:

The Petitioner has projected the Income Tax at Rs.80.64 Crore based on the actual tax paid for FY 2019-20 and in proportion to the PBT of TPL-D (A).

Table 5.43: Income tax projected by TPL-D (Ahd) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Income Tax	80.64

Commission's analysis:

The Commission has approved Rs. 80.64 Crore towards income tax in true up for FY 2019-20. The Commission, accordingly, in terms of regulation 41.1 has provisionally considered Rs. 80.64 Crore towards income tax for FY 2021-22 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, as given in the Table below:

Table 5.44: Income Tax approved for FY 2021-22

(Rs. Crore)		
Particulars	Projected by the Petitioner	Approved by Commission
Income Tax	80.64	80.64

The Commission, accordingly, approves the income tax for FY 2021-22 as detailed in the table above.

5.2.8 Bad Debts Written Off

Petitioner's submission:

The Petitioner has projected bad debts of Rs.4.24 Crore based on the trend of amount written off in previous years as shown in the Table below.

Table 5.45:Bad Debts Written-off projected by TPL-D (A) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Bad Debts Written off	4.24

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.4.24 Crore towards bad debts written off for FY 2019-20 in truing up based on the available audited annual accounts for FY 2019-20. The Commission, accordingly has considered bad debts written off at Rs.4.24 Crore for FY 2021-22 as shown in the Table below:

Table 5.46: Bad Debts Written off approved for FY 2021-22

(Rs. Crore)		
Particulars	Projected by the Petitioner	Approved by Commission
Bad Debts Written off	4.24	4.24

The Commission, accordingly, approves the bad debts written off for FY 2021-22 as given in the table above.

5.2.9 Contingency Reserve

Petitioner’s submission:

The Petitioner has submitted that the Commission had allowed contingency reserve for each year of the previous control period and based on the same principle has proposed the same amount towards contingency reserve for FY 2021-22 as shown in the Table below.

Table 5.47: Contingency Reserve projected by TPL-D (A) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Contingency Reserve	0.60

Commission’s analysis:

Regulation 86.3.1 of GERC (MYT) Regulations 2016 specify *the Distribution Licensee may make an appropriation to the Contingency Reserve of a sum not exceeding 0.5 per cent of the original cost of fixed assets at the beginning of the year, for each year, which shall be allowed in the calculation of aggregate revenue requirement:*

The Commission has approved opening GFA at Rs.7264.40 Crore for FY 2021-22 and the contingency reserve at 0.5% of Original cost of GFA at the beginning of the year works out to Rs.36.32 Crore. However, the Petitioner has projected Rs.0.60 Crore towards contingency reserve for FY 2021-22.

The Commission, accordingly considers contribution to Contingency Reserve at Rs.0.60 Crore for FY 2021-22 as shown in the table below.

Table 5.48: Contingency Reserve approved for FY 2021-22

(Rs. Crore)		
Particulars	Projected by the Petitioner	Approved by Commission
Contingency Reserve	0.60	0.60

The Commission, accordingly, approves the contingency reserve at Rs. 0.60 Crore for FY 2021-22 as shown in the table above.

5.2.10 Non-Tariff Income

Petitioner's submission:

The Petitioner has projected Non-Tariff Income at Rs.38.61 Crore for FY 2021-22 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 2021-22 as estimated and shown in the table below.

Table 5.49: Non-Tariff Income projected by TPL-D (A) for FY 2021-22

		(Rs. Crore)
		Projected by the Petitioner
Particulars		
Non-Tariff Income		38.61

Commission's analysis:

The Commission in the MYT Order had approved Non-Tariff Income for ensuing years equal to the actual Non-Tariff Income approved in latest True Up. The Commission, accordingly approves Non-Tariff Income as Rs. 34.79 Crore for FY 2021-22 at the same level as approved for FY 2019-20 in the Truing up.

Table 5.50: Non-Tariff Income approved for FY 2021-22

(Rs. Crore)		
Particulars	Projected by the Petitioner	Approved by Commission
Non-Tariff Income	38.61	34.79

5.2.11 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.

The Petitioner has submitted that interest on working capital is computed as per the MYT Regulations, 2016 and the interest rate of 10.25%, being the SBI MCLR rate on 1st April, 2020 plus 250 basis points, is applied on the working capital requirement arrived at in accordance with the Regulations.

The Petitioner has computed the working capital requirement and interest on working capital as shown in the table below.

Table 5.51: Interest on Working Capital projected by TPL-D (A) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
O&M Expense for 1 month	30.22
1 % of GFA for Maintenance Spares	72.16
Receivables for 1 month	438.64
Less: Security Deposit	892.55
Working Capital Requirement	-
Interest Rate (%)	10.25%
Interest on Working Capital	-

Commission's analysis:

The Commission has computed the working capital requirement of TPL-D (A) 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.

The Petitioner has considered rate of interest @ 10.25% p.a. for computing interest on working capital for FY 2021-22. The Commission has verified the 1-year SBI MCLR as on 1st April 2020 is at 7.75%. Accordingly, the rate of interest (including 250 basis)

as per regulations works out to 10.25% (7.75%+2.50%) for computation of interest on working capital for FY 2021-22.

The working capital requirement and the interest on working capital computed for FY 2021-22 is as shown in the Table below:

Table 5.52: Interest on Working Capital approved for FY 2021-22

(Rs. Crore)			
Sl. No.	Particulars	Projected by the Petitioner	Approved by Commission
1	O&M exp. (1 month)	30.22	30.22
2	Maintenance spares @1% of opening GFA	72.16	72.64
3	Receivables for 1 month	438.64	427.80
4	sub-total (1+2+3)	541.02	530.65
5	Less: Amount held as Security deposit from Distribution system users	892.52	892.52
6	Working capital requirement (4-5)	–	-
7	Rate of interest (%)	10.25%	10.25%
8	Interest on working capital (6 * 7)	–	-

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

5.2.12 Aggregate Revenue Requirement (ARR) for FY 2021-22

Petitioner's submission:

The Petitioner has projected the ARR for FY 2021-22 as given in the table below:

Table 5.53: ARR projected by the Petitioner for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Power purchase	4021.87
O & M expenses	362.59
Depreciation	291.15
Interest on loans	177.61
Interest on working capital	0.00
Interest on SD	41.50
Bad debts written off	4.24
Contingency reserve	0.60
Return on Equity	322.09
Income tax	80.64
Less: Non-tariff income	38.61
ARR	5263.68

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 5.54: ARR approved in respect of TPL-D (A) for FY 2021-22

(Rs. Crore)			
Sl. No.	Particulars	Projected by the Petitioner	Approved by Commission
1	Power purchase	4021.87	3914.72
2	O & M expenses	362.59	362.59
3	Depreciation	291.15	281.44
4	Interest on loans	177.61	168.50
5	Interest on Security deposits from consumers	41.50	41.50
6	Interest on working capital	–	0.00
7	Bad debts written off	4.24	4.24
8	Contribution to contingency reserve	0.60	0.60
9	Return on Equity	322.09	314.12
10	Income tax	80.64	80.64
11	Total ARR	5302.29	5168.35
12	Less: Non-tariff income	38.61	34.79
13	Net ARR	5263.68	5133.56

5.2.13 Revenue from Sale of Power

Petitioner's submission:

The Petitioner has projected the revenue from sale of power at Rs. 5311.79 Crore for FY 2021-22 considering the sales and 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.1.82 per unit.

The Petitioner has submitted the revenue from sale of power for FY 2021-22 as given in the Table below.

Table 5.55: Revenue from Sale of Power projected by TPL-D (A) for FY 2021-22

(Rs. Crore)	
Particulars	Projected by the Petitioner
Revenue from Sale of Power	5311.79

Commission's analysis:

The Commission in accordance with the GERC (MYT) Regulations, 2016 approves the Revenue from sale of power at Rs.5311.79 Crore for FY 2021-22 with existing tariff i.e.as applicable for each category of consumer (slab-wise) as per the tariff (including Fuel surcharge) notified by the Commission for FY 2020-21 as given in the Table below.

Table 5.56: Revenue from Sale of Power approved for FY 2021-22

(Rs. Crore)		
Particulars	Projected by the Petitioner	Approved by Commission
Revenue from Sale of Power	5311.79	5311.79

5.2.14 Trued up net Revenue (Gap)/Surplus of FY 2019-20

The Commission has approved the net revenue gap in true up for FY 2019-20 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 as given in the Table below:

Table 5.57: Approved Revenue Gap for TPL-D (A) for FY 2019-20

(Rs. Crore)			
Sl. No.	Particulars	Claimed by the Petitioner	Approved in truing up
A	Trued up ARR	5660.96	5660.53
B	Revenue from sale of power	5729.75	5729.75
C	Revenue (Gap)/Surplus (B-A)	68.79	69.22
D	Add: Revenue gap approved in true up for FY 2017-18 (incl. carrying cost of Rs.27.23 Crore)	(374.27)	(197.44)
E	Add: Carrying cost allowed in order dated 05.09.2020		(122.28)
F	Sub-total (D+E)	(374.27)	(319.72)
G	True up (Gap)/Surplus for FY 2019-20 (C+F)	(305.48)	(250.50)

The Commission, accordingly, considers the trued-up Revenue Gap of Rs. 250.50 Crore for FY 2019-20, for determination of tariff 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 weightage 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.

It is pertinent to mention that the trued-up Gap of FY 2019-20 consists of unrecovered gap/ FPPPA amount of Rs. 143.26 Crore as certified by the Petitioner's Statutory Auditor. That means the total Revenue Gap of Rs. 250.50 Crore for FY 2019-

20 as shown in table above has two components viz. (i) Rs. 143.26 Crore of unrecovered gap/FPPPA and (ii) Rs. 107.24 Crore on account of Gains/Losses worked out as per MYT Regulations, 2016. FPPPA amount is being recovered as per the practice in vogue. The Commission, keeping in mind the interest of consumers as well as Licensee, allows the amount of FPPPA to be recovered from the consumers on quarterly basis. There are instances where the Commission has allowed the past unrecovered FPPPA in the quarterly revisions of FPPPA. Accordingly, the unrecovered amount of Rs. 143.26 Crore as certified by the Statutory Auditor is the amount gradually accumulated during FY 2019-20. Therefore, the Commission has decided to allow carrying cost on the amount of Rs. 107.24 Crore as per Regulations.

Further, the Petitioner has adopted weighted average SBI Base rate of 9.29% for computing the carrying cost. However, the SBI weighted average Base rate during FY 2019-20 works out to 8.83% based on the applicable SBI Base rate for FY 2019-20 is as given hereunder:

From 01.04.2019 to 09.09.2019	– 9.05%
From 10.09.2019 to 15.12.2019	– 8.95%
From 16.12.2019 to 09.03.2020	– 8.45%
From 10.03.2020 to 31.03.2020	– 8.15%

The Commission accordingly computed the carrying cost on the trued-up revenue (Gap)/Surplus as detailed hereunder:

Table 5.58: Carrying cost approved for Revenue (Gap)/Surplus

Carrying Cost allowed for Years	Wt. Avg. Rate of Interest	Amount in Rs. Crore
Trued up (Gap)/ Surplus of FY 2019-20 eligible for carrying cost		(107.24)
FY 2019-20	8.83%	(9.47)
FY 2020-21	8.83%	(9.47)
Total Carrying Cost allowed for FY 2019-20		(18.94)

5.2.15 Revenue (Gap)/Surplus for FY 2021-22

The Commission has approved the ARR at Rs. 5133.56 Crore and revenue from sale of

power at Rs.5311.79 Crore. The Commission has considered revenue from open access charges at Rs.23.80 Crore as estimated by the petitioner. Thus, the total revenue is considered at Rs.5335.59 Crore for FY 2021-22.

The Petitioner has submitted that the Commission had approved Rs.4.45 Crore towards DSM plan expenses in terms of GERC (Demand Side Management) Regulations 2012 for TPL-D (A) Ahmedabad/Gandhinagar supply area. The Petitioner has submitted that Rs.0.52 Crore is incurred towards DSM expenses (incl. DELP programme) during FY 2019-20. The Commission has considered Rs.0.52 Crore towards DSM charges in truing up for FY 2019-20.

The Commission had approved revenue gap of Rs. 250.50 Crore for FY 2019-20 in truing up and the carrying cost of Rs. (18.94) Crore totaling to Rs. 269.44 Crore.

The Commission accordingly computed the revenue (Gap)/Surplus for FY 2021-22 as given in the table below:

Table 5.59: Revenue (Gap) / Surplus approved for FY 2021-22

(Rs. Crore)			
Particulars		Projected by TPL-D (Ahd)	Approved by Commission
ARR for the year FY 2021-22	A	5263.68	5133.56
Revenue from sale of power for the year FY 2021-22	B	5311.79	5311.79
Revenue from Open access charges	C	23.80	23.80
Revenue (Gap) / Surplus for the year FY 2021-22	D=B+C-A	71.91	202.03
DSM	E	0.52	0.52
Add: Revenue (Gap) / Surplus approved for FY 2019-20 (incl. carrying cost)	F	(362.26)	(269.44)
Net revenue (Gap) / Surplus for the year FY 2021-22	G=D-E+F	(290.86)	(67.93)

Accordingly, the Commission has worked out Gap of Rs. 67.93 Crore for FY 2021-22 which includes the trued up Gap of Rs. 269.44 (Rs 250.50 Crore + Rs. 18.94 carrying cost) Crore for FY 2019-20. The Commission has taken appropriate decision in the Chapter 9 of this Order about addressing the Gap of Rs. 67.93 Crore.

6. Compliance of Directives

6.1. Earlier Directives

The Commission had issued directives to the Petitioner in its order dated 31st March, 2020 in Case No. 1844/2019. In this regard, TPL- D has already submitted the compliances to the Commission.

The status on compliance of the directives issued and the comments of the Commission are given below

Directive 1: Power Purchase Strategy (Planning):

The Commission had directed the Petitioner to submit a quarterly note, detailing the approach taken for quarterly Power Purchase.

Compliance submitted by TPL-D (A)

TPL-D (A) has stated that it has been submitting its note on power purchase stage on quarterly basis.

Commission's view

The Commission has noted the submission of the Petitioner.

Directive 2: Details of Capital Expenditure and Capitalization:

The Commission had directed the Petitioner to submit a quarterly report of actual Capex for EHV scheme.

Compliance submitted by TPL-D (A)

TPL-D (A) has stated that it has been submitting its report on actual capital expenditure incurred for EHV schemes on quarterly basis.

Commission's view

The Commission has noted the submission of the Petitioner.

Directive No. 3: Controlling the Price of Power Purchase

The Commission had directed the Petitioner to submit its plan for the next year and submit quarterly report on the purchase of imported fuel along with the necessary documents.

Compliance submitted by TPL-D (A)

TPL-D (A) has stated that it has been submitting the relevant details as required.

Commission's view

The Commission has noted the submission of the Petitioner.

Directive No. 4: Load Flow for Validation of Capital Expenditure and Capitalization

The Commission had directed the Petitioner to keep a proper record of all the EHV assets which is approved for capitalization during FY 2019-20 along with the necessary details. The Petitioner is required to submit the progress and details to the Commission every quarter.

Compliance submitted by TPL-D (A)

TPL-D (A) has stated that it has been submitting its report on actual capital expenditure incurred for EHV schemes on quarterly basis.

Commission's view

The Commission has noted the submission of the Petitioner.

Directive No. 5: Long-term Power Procurement Plan along-with RPO Commitments

The Commission 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 till FY 2029- 30.

Compliance submitted by TPL-D (A)

TPL-D (A) has stated that the Petitioner shall submit the details in due course.

Commission's view

The Commission had noted the submission. The Commission reiterates the directive and directs TPL to submit the study report of the earliest.

6.2. Fresh Directives

6.2.1 Directive:

Voltage wise Cost of Supply

TPL is directed to conduct a study to assess technical losses for all the voltage class feeders and some selected LT lines and compute voltage wise cost of supply i using above data for FY 2020-21.

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

$$FPPPA = [(PPCA-PPCB)] / [100-Loss \text{ in } \%]$$

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 TPL-D including fixed cost, variable cost, etc. from the various sources for FY 2021-22 in this Order as given in the Table below:

Table 7.1: Approved power purchase cost per unit for FY 2021-22

Year	Total Energy Requirement (MUs)	Approved Power Purchase Cost (Rs. Crore)	Power Purchase Cost per unit (Rs./kWh)
FY 2021-22	11475.76	5567.06	4.85

Thus, the base Power Purchase cost for TPL-D is Rs. 4.85 / kWh for FY 2021-22.

The Commission continues to keep the base FPPPA charge at Rs. 1.82/kWh.

TPL-D (A) may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 7.2 above over and above the base FPPPA Charge of Rs. 1.82/kWh, subject to current ceiling limit of total FPPPA charge of Rs. 2.11 / kWh.

Information regarding FPPPA recovery and the FPPPA calculations 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 2021-22

Sl. No.	Particulars	Wires Business (%)	Retail Business (%)
1	Power Purchase Expenses	0%	100%
2	Employee Expenses	60%	40%
3	Administration and General Expenses	50%	50%
4	Repairs and Maintenance Expenses	90%	10%
5	Depreciation	90%	10%
6	Interest on Long term Loan Capital	90%	10%
7	Interest on Working Capital and Security Deposits	10%	90%
8	Bad Debts Written off	0%	100%
9	Income Tax	90%	10%
10	Contribution to Contingency Reserve	100%	0%
11	Return on Equity	90%	10%
12	Non-Tariff Income	10%	90%

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

Table 8.2: Segregation of ARR into Wires and Supply Business for FY 2021-22
(Rs. Crore)

Particulars	Wires Business	Retail Business
Power Purchase Expenses	-	4021.87
Employee Expenses	91.32	60.88
Administrative & General Expenses	50.46	50.46
Repair & Maintenance Expenses	98.53	10.95
Depreciation	262.04	29.12
Interest on Loan	159.85	17.76
Interest on Security Deposit	4.15	37.35
Interest on Working Capital	-	-
Bad Debts Written off	-	4.24
Contingency Reserve	0.60	-
Income Tax	72.58	8.06
Return on Equity	289.88	32.21
Less: Non-Tariff Income	3.86	34.75
Aggregate Revenue Requirement	1025.54	4238.15

The Petitioner has submitted that the above segregated ARR has been considered to determine the Wheeling Charges and Cross-Subsidy Surcharge for FY 2021-22.

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 2021-22 is shown in the Table below:

Table 8.3: Approved Segregation of ARR into Wires and Supply Business for FY 2021-22
(Rs. Crore)

Particulars	ARR approved for TPL-D (Ahd)	Approved for Wire business	Approved for Retail business
Power purchase	3914.72	0.00	3914.72
Employee expenses	152.19	91.32	60.88
Administration & General expenses	109.48	54.74	54.74
Repairs & Maintenance expenses	100.92	90.82	10.09
Depreciation	281.44	253.29	28.14
Interest and finance charges	168.50	151.65	16.85
Interest on Security deposits from consumers	41.50	4.15	37.35
Interest on working capital	0.00	0.00	0.00

Particulars	ARR approved for TPL-D (Ahd)	Approved for Wire business	Approved for Retail business
Bad debts written off	4.24	0.00	4.24
Contribution to contingency reserve	0.60	0.60	0.00
Return on Equity	314.12	282.71	31.41
Income tax	80.64	72.58	8.06
Less: Non-tariff income	34.79	3.48	31.31
Aggregate Revenue Requirement (ARR)	5133.56	998.38	4135.18

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 2019-20. Further, the HT voltage level ARR is further proposed to be segregated between HT and LT voltage levels.

The Petitioner has submitted that the GFA (excluding assets related to retail supply i.e. SLC and Meters) for Ahmedabad & Gandhinagar Supply Areas as on 31st March, 2020 is Rs.5017.45 Crore. In case of Ahmedabad & Gandhinagar Supply Area, the GFA identified for HT & LT business are Rs.3271.65 Crore & Rs.1745.80 Crore, respectively. The ratio of HT assets to LT assets is 65:35, 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 FY 2019-20 was 2016 MW for Ahmedabad and Gandhinagar Supply Area. In case of Ahmedabad & Gandhinagar Supply Area, the contract demand for all the HT consumers is about 755.95 MW. Assuming that 85% of the contract demand of HT consumers contributes 642.55 MW to the system peak demand, the total demand of LT contributing to the system peak is computed as 1373.45 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 (A) for FY 2021-22

Particulars	Value
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	668.71
LT Voltage	356.83
Total	1025.54
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	213.13
LT Voltage	812.40
Total	1025.54
Wheeling Charge (in Rs/ kWh)	
HT Voltage	1.10
LT Voltage	1.43

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 (A) for FY 2021-22

Category	Loss %
HT Category	4.00%
LT Category	7.50%

Commission's analysis:

The Commission has determined the ARR of the Wires Business for FY 2021-22 in the earlier section, as Rs. 998.38 Crore.

The ARR is apportioned between the HT and LT Voltage level in the ratio of 65.21:34.79, which is the ratio of GFA of HT: LT for FY 2019-20.

The system peak demand for TPL-D (A) for FY 2019-20 was 2016 MW. The contract demand for all the HT consumers is about 755.95 MW. Assuming that 85% of the contract demand of HT consumers contributes to the system peak demand, the HT demand contributing to the system peak works out to 642.55 MW. The balance contribution to the system peak has been considered against LT demand, which works out to 1373.45 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 (A) for FY 2021-22

Particulars	Approved
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	651.04
LT Voltage	347.34
Total	998.38
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	207.50
LT Voltage	790.88
Total	998.38
Wheeling Charge (in Rs/ kWh)	
HT Voltage	1.13

Particulars	Approved
LT Voltage	1.39

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 (A)

Category	Wheeling Losses (%)
HT Category	4.00%
LT Category	7.50%

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 and HTMD-Metro category consumer as shown in the Table below.

Table 8.8: Proposed Cross Subsidy Surcharge payable for Open Access Consumers in TPL-D (A) for FY 2021-22

Particulars	HTMD-1	HTMD-2	HT Metro
T - Tariff for HT Category (Rs./kWh)*	7.78	8.22	9.93
C - Wt. Avg. Power Purchase Cost (Rs./kWh)	5.16	5.16	5.16
D - Wheeling Charge (Rs./kWh)	1.10	1.10	1.10
L - Loss for HT Category (%)	4.00%	4.00%	4.00%
S = Cross Subsidy Surcharge (Rs./kWh)	1.52	1.64	1.99

*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
(A) for FY 2021-22**

Sl. No.	Particulars	HTMD-1	HTMD-2	HT Metro
1	T - Tariff for HT Category (Rs./kWh)	7.69	8.13	9.84
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.85	4.85	4.85
3	D - Wheeling Charges (Rs./kWh)	1.13	1.13	1.13
4	L – Loss for HT Category (in %)	4.00%	4.00%	4.00%
5	R - per unit cost of carrying Regulatory Assets (Rs./kWh)	-	-	-
6	S = Cross Subsidy Surcharge (Rs./kWh)	1.50	1.94	3.66

Thus, Cross Subsidy Surcharge as per formula in Tariff Policy, 2016 works out to Rs.1.50/kWh for HTMD-1, Rs.1.94/kWh for HTMD-2 and Rs.3.66/kWh for HT-Metro.

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.

Accordingly, Cross Subsidy Surcharge is determined as given in the table below;

Category	Cross Subsidy Surcharge for FY 2021-22 (Rs./unit)
HTMD-1	1.50
HTMD-2	1.63
HT-Metro	1.97

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 (A) for FY 2021-22

Background

The Petitioner has submitted that the cumulative (gap) / surplus for FY 2019-20, FY 2021-22 and carrying cost are computed as detailed in the earlier chapters.

The Petitioner has proposed to:

- a) Recover the accumulated (gap)/ surplus by way of Regulatory Charge
- b) Recover the Gap/ Carrying cost for matters pending with Hon'ble GERC / APTEL within the FPPPA ceiling of Rs. 2.21 per unit

Tariff Philosophy

The Petitioner has submitted that the Commission has approved the existing tariff structure based on widely recognized best practices in accordance with the legal framework as detailed hereunder:

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

The Petitioner has also submitted that same tariff structure and philosophy is maintained while designing the tariff for FY 2021-22.

Determination of Retail Tariff

The Petitioner has submitted that the cumulative gap of Rs. 290.86 Crore is arising mainly on account of past years' under-recovery. Therefore, the Petitioner is not proposing any increase in tariff and is proposing to recover this cumulative gap by way of a time bound Regulatory Charge at the rate of Rs. 0.19 per unit w.e.f 1st April, 2021 over a period of two years with necessary adjustment of cost due to deferment of recovery.

Further, the Petitioner has proposed to recover the Gap/Carrying cost for matters pending with Hon'ble GERC / APTEL within the FPPPA ceiling of Rs. 2.21 per unit.

The Petitioner has also submitted that any variation in recovery of the said gap shall be dealt with during Truing up exercise for FY 2021-22 and the claim for carrying cost for the portion of the said gap that gets recovered beyond FY 2021-22 shall be filed subsequently.

The Petitioner further submitted that, if for any reason, the Commission does not allow the recovery of part of the gap by way of Regulatory Charge w.e.f. 1st April, 2021, the tariff rates need to be appropriately adjusted to allow the Petitioner to recover the cumulative gap of Rs. 290.86 Crore entirely during 2021-22.

It is also submitted that the Petitioner is not requesting a permanent increase in tariff and is proposing to recover the past-period under-recoveries through a Regulatory Charge. The approval of Regulatory Charge is essential so as to liquidate under recoveries and enable the Petitioner to maintain and further improve its high standards of quality, reliability and customer services.

9.3. Commission's Ruling on Retail Tariffs for TPL-D (A) for FY 2021-22

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 (A) has proposed to recover cumulative revenue gap of Rs. 290.86 Crore with effect from 1st April, 2020, by way of Regulatory charge at the rate of Rs. 0.19 per unit over a period of two years.

However, as discussed earlier, the Commission has approved a cumulative revenue gap of Rs. 67.93 Crore during FY 2021-22 in Chapter 5. It is also required to appreciate that the actual trued up Gap of the Petitioner for FY 2019-20 along with the carrying cost in accordance with the Regulations is Rs. 269.44 Crore (Rs. 250.50 Crore+ Rs. 18.94 Crore carrying cost). The Commission has decided to address this Gap by way of revising tariff as under;

Tariff category	Energy charge slabs	Change in tariff
RGP and BPL	First 50 units consumed per month	No change
	For the next 150 units consumed per month	Increased by Rs. 0.05/unit
	Remaining units consumed per month	Increased by Rs. 0.10/unit
GLP	First 200 units consumed per month	No change
	Remaining units consumed per month	No change
Rest of the tariff categories	All the slabs as per Tariff Schedule	Increased by Rs. 0.10/unit

With this change in tariff, it is estimated that Revenue of the Petitioner shall increase by around Rs. 61 Crore per annum. The remaining (gap)/ surplus shall be taken care by the Commission at the time of truing up of FY 2021-22.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for TPL-D (Ahmedabad) for FY 2021-22 as shown in the Table below:

Approved ARR for TPL-D (Ahmedabad) for FY 2021-22

(Rs. Crore)

Sl. No.	Particulars	FY 2021-22
1	Power purchase	3914.72
2	Employee expenses	152.19
3	Administration & General expenses	109.48
4	Repairs & Maintenance expenses	100.92
5	Depreciation	281.44
6	Interest and finance charges	168.50
7	Interest on Security deposits from consumers	41.50
8	Interest on working capital	0.00
9	Bad debts written off	4.24
10	Contribution to contingency reserve	0.60
11	Return on Equity	314.12
12	Income tax	80.64
13	Less: Non-tariff income	34.79
14	Aggregate Revenue Requirement (ARR)	5133.56

The retail supply tariffs for Ahmedabad distribution area for FY 2021-22 determined by the Commission are annexed to this order.

This order shall come into force with effect from 1st April, 2021. The revised rates shall be applicable for the electricity consumption from 1st April, 2021 onwards.

Sd/-
S. R. Pandey
Member

Sd/-
Mehul M. Gandhi
Member

Sd/-
Anand Kumar
Chairman

Place: Gandhinagar

Date: 31.03.2021

ANNEXURE: TARIFF SCHEDULE

**TARIFF SCHEDULE FOR AHMEDABAD - GANDHINAGAR LICENSE AREA OF TORRENT POWER
LIMITED - AHMEDABAD**

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

Effective from 1st April, 2021

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Ahmedabad- Gandhinagar 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 equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
7. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power 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. The energy bills shall be paid by the consumer within 14 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date to the date of payment of bill.
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. 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.
16. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and TPL shall be entitled to take any other action deemed necessary and authorized under the Act.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

(230 VOLTS- SINGLE PHASE, 400 VOLTS- THREE PHASE, 50 HERTZ)

1. RATE: RGP

This tariff is applicable to supply of electricity for:

- i. residential purpose, and
- ii. Installations having connected load up to and including 15 kW for common services like elevators, water pumping systems, passage lighting in residential premises and pumping stations run by local authorities.

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
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1.2. ENERGY CHARGE

For Other than BPL consumers

(a)	First 50 units consumed per month	320 Paise per Unit
(b)	For the next 150 units consumed per month	395 Paise per Unit
(c)	Remaining units consumed per month	500 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

Applicable for supply of electricity to ‘other than residential’ premises used for charitable purposes like: public hospitals, dispensaries, educational and research institutions and hostels attached to such institutions, youth hostels run by Government, religious premises exclusively used for worship or community prayers, electric crematorium etc. Such premises should be in the use of ‘Public Trust’ as defined under section 2(13) of the Bombay Public Trust Act, 1950.

2.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 70 per month per installation

2.2. ENERGY CHARGE

(a)	First 200 units consumed per month	410 Paise per Unit
(b)	Remaining units consumed per month	480 Paise per Unit

3. RATE: NON-RGP

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.

Consumers covered in this category can also opt for tariff rates covered in “Rate: LTMD-2”.

3.1. FIXED CHARGE

(a)	For installations having Connected Load up to and including 5 kW	Rs. 70 per kW per month
(b)	For installations having Connected Load more than 5 kW and up to 15 kW	Rs. 90 per kW per month

3.2. ENERGY CHARGE

A flat rate of	460 Paise per Unit
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4. RATE: LTP (AG)

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	340 Paise per Unit
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4.2. MINIMUM CHARGE

Minimum Charge per BHP of Connected Load	Rs. 10 per BHP per Month
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Note:

1. The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the Pump House. Any further extension or addition of load will amount to unauthorized extension.
2. No machinery other than pump for irrigation will be permitted under this tariff.

5. Rate: LTMD-1

Applicable for supply of electricity to installations above 15 kW of connected load used for common services like elevators, water pumping systems and passage lighting for residential purpose and pumping stations run by local authorities.

5.1. FIXED CHARGE

1. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 150 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 185 per kW
(c)	Rest of Billing Demand per month	Rs. 245 per kW

2. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 350 Per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

5.2. ENERGY CHARGE

(a)	For Billing Demand up to and including 50 kW	465 Paise per unit
(b)	For Billing Demand above 50 kW	480 Paise per unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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6. RATE: LTMD-2

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

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.

6.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 175 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 230 per kW
(c)	Rest of Billing Demand per month	Rs. 300 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 425 Per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

6.2. ENERGY CHARGE

(a)	For Billing Demand up to and including 50 kW	480 Paise per unit
(b)	For Billing Demand above 50 kW	500 Paise per unit

6.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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7. RATE: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	430 Paise per Unit
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7.2. OPTIONAL kVAh CHARGE

For all the kVAh units consumed during the month	335 Paise per Unit
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8. RATE: TMP

Applicable to installations for temporary requirement of electricity supply.

8.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per kW per Day
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8.2. ENERGY CHARGE

A flat rate of	510 Paise per Unit
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9. 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.

9.1. FIXED CHARGE

Rs. 25 per month per installation

PLUS

9.2. ENERGY CHARGE

Energy Charge	420 Paise per Unit
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PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

(11000 VOLTS- THREE PHASE, 50 HERTZ)

10. RATE: HTMD-1

Applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kW and above for purposes other than pumping stations run by local authorities.

10.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month for Billing demand up to 1000 kW	Rs. 260 per kW
Fixed Charge per kW of Billing Demand per Month for Billing demand 1000 kW and above	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
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

10.2. ENERGY CHARGE

(a)	First 400 units consumed per kW of Billing Demand per Month	455 Paise per unit
(b)	Remaining Units consumed per Month	445 Paise per unit

10.3. 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. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 300 kW	80 Paise per Unit

(b) For Billing Demand Above 300 kW	100 Paise per Unit
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10.4. 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.

10.5. 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
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11. RATE: HTMD-2

Applicable for supply of energy to Water and Sewage Pumping Stations run by local authorities and 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. 225 per kW
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 285 Per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

11.2. ENERGY CHARGE

A flat rate of	410 Paise per unit
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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. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	60 Paise per unit

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
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12. RATE: HTMD-3

This tariff shall be applicable to a consumer taking supply of electricity at high voltage, contracting for not less than 100 kW 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.

12.1. FIXED CHARGE

For billing demand up to contract demand	Rs. 25/- per kW per day
For billing demand in excess of contract demand	Rs. 30/- per kW per day

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.

12.2. ENERGY CHARGE

For all units consumed during the month	705 Paise/Unit
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12.3. 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. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	60 Paise per unit
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12.4. 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
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13. RATE: HTMD- METRO TRACTION

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

13.1. 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
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 Per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 100 kW Whichever is the highest.

13.2. ENERGY CHARGE

A flat rate of	355 Paise/Unit
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13.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below-	60 Paise per unit
(i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	

13.4. 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.

13.5. 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
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14. **RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)**

This is night time concessional tariff for consumers for regular power supply who opt to use electricity EXCLUSIVELY during night hours between 22.00 hours and 06.00 hours next day.

14.1. **FIXED CHARGE**

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

A flat rate of	350 Paise per unit
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14.3. **POWER FACTOR ADJUSTMENT CHARGE**

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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NOTE:

- 15% of the contracted demand can be availed beyond the night hours prescribed as per para 14.0 above.
- 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 14.0 above.
- 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 10.1 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 10.2 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 rates given in para 10.1 and 10.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to shift from regular HTMD tariff category to Rate: NTCT or from Rate: NTCT to regular HTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.*

15. RATE: HT - Electric Vehicle (EV) Charging Stations

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

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

15.1. 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

15.2. ENERGY CHARGE

Energy Charge	410 Paise per Unit
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