BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

Petition No.1034 / 2010

In the matter of:
Review petition filed by GETCO under section 94 (f) of the Electricity Act, 2003 read with Regulation 72 (1), of the Gujarat Electricity Commission (Conduct of Business) Regulations, 2004 seeking review of the decisions, directions and Commission's order dated 31.3.2010 in case no.990 of 2010 filed for Annual Performance Review (APR) of F.Y. 2009-10 and Aggregate Revenue Requirement (ARR) for F.Y. 2010-11

Petitioner :Gujarat Energy Transmission Corpn. Ltd.
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara 390 007

Respondent : Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara 390 007 and Others

CORAM:

Dr. P.K. Mishra, Chairman
Shri Pravinbhai Patel, Member (T)
Dr. M.K. Iyer, Member (F)

ORAL ORDER

1. The matter was called out on 5.10.2010. S/Shri S.K.Negi, B.C. Shah and S.K. Trivedi were present on behalf of Gujarat Energy Transmission Corporation (GETCO). Shri K.P. Jangid and Shri V.T.

Patel were present on behalf of Gujarat Urja Vikas Nigam Ltd. (GUVNL).

2. Shri B.C. Shah on behalf of GETCO submitted that some apparent errors are found by the petitioner in the Order dated 31-03-2010 passed by the Commission in petition no. 990 of 2009.

2.1 He submitted that the Commission has not considered the audited figures of FY 2008-09 while estimating the interest and finance charges for FY 2009-10. Instead of audited figures, the Commission has considered the opening loan of 1,642.65 Crores for FY 2009-10 based on the closing loan estimates of the Tariff Order dated 14.12.2009 in case of Petition No. 975/2009. This loan amount considered by the Commission during FY 2008-09 is based on the normative Debt: Equity ratio of 70:30 of the capitalization value for the same year. However, the capitalization value of Rs 560 Crores considered by the Commission for FY 2008-09 is lower than the actual capital expenditure done in that year. The loan addition so considered by the Commission is much lower than the actual debt raised by the GETCO.

2.2 He further submitted that the Commission has considered the new debt amount as per the normative principle, but, it has not followed the usual practice of considering 10% of the opening loan as repayment. Instead, it has considered the repayment amount of Rs 964.74 crores as estimated by GETCO for FY 2008-09. This has resulted in lowering of the closing balance of debt amount for the FY 2008-09 considerably and therefore the interest and finance charges

so estimated are also on the lower side. The impact of lower closing balance of FY 2008-09 reflected in to the estimates of interest and finance charges for the FY 2009-10 and in FY 2010-11. The Commission needs to revisit the computation of the interest and finance charges.

2.3 It was submitted that the Commission has computed the incentive for Target Availability for FY 2009-10 by comparing its availability level of 99.61% for the same year with the Target Availability levels approved under the MYT Order for FY 2009-10, set at 99.36%. Instead, the Commission should compute the incentive level by comparing the availability level of 99.61% with the normative level of 98%. This would result in the GETCO receiving an incentive amount of Rs 40.47 crores, instead of the Rs 4.62 crores approved by the Commission. Commission's practice of comparing the actual Target Availability levels to that approved in the MYT Order has resulted in low levels of incentives.

2.4 The Commission has also not permitted the ULDC charges to GETCO on the grounds that as per MYT Order dated 14.12.2009, the ULDC charges are to be paid by SLDC and are henceforth not to be reflected in GETCO's books. The Commission's order for SLDC came into effect from the year 01.01.2010 only, and therefore, the ULDC expenses of Rs 5.21 crores incurred for the period FY 2009-10 upto 31.12.2009 should be approved and permitted to be claimed by GETCO.

2.5 It was further stated that the Commission has estimated the debt & equity component for FY 2009-10 based on the capitalization level of Rs 1155.98 crores. The Commission has further deducted the component of interest capitalized amounting to Rs 47.03 crores from the total ARR. This deduction of interest capitalized by the Commission is incorrect in the light of the fact that the Commission has considered the capitalization estimate and not the capital expenditure figure for computing debt and equity levels for FY 2009-10. GETCO in its petition had estimated capital expenditure of Rs 1393.55 crores and in order to show the effect of the capital work in progress, had reduced the amount of interest capitalized, under the head of expenses capitalized from the ARR. The Commission should not have deducted the expense of Rs 47.03 crores from the ARR for FY 2009-10, when it has based its computation of debt and equity on capitalization estimates for the same year

2.6 GETCO, thus seeks review of the costs approved for different components of the ARR, and revisit the interest on working capital.

3 Sh. K.P.Jangid on behalf of respondent GUVNL prayed the Commission to rectify the errors observed by GETCO in the Commission's order dated 31-03-2010.

4 The matter was kept for admission hearing in which the petitioner brought some errors to the notice of the Commission for rectification of the order. Hence, we decide to admit the review petition filed by GETCO.

5 The petition filed by GETCO is for the review of order dated 31.3.2010 passed by the Commission in petition no 990/2010 for APR of F.Y. 2009-10 and ARR for F.Y.2010-11. In fact, the order dated 31.3.2010 was passed by the Commission after hearing suggestions and objections received from stakeholders and public. We, therefore, direct the petitioner that they should send a copy of review petition to all the objectors in petition no.990 of 2010.

6 The next date of hearing will be communicated in due course.

7 We order accordingly.

Sd/-	Sd/-	Sd/-
[**Dr.P.K. Mishra]**	**[Pravinbhai Patel]**	**[Dr. M.K. Iyer]**
Chairman	**Member (T)**	**Member (F)**

Place: Ahmedabad
Date: 21 /10/2010