

# **GUJARAT ELECTRICITY REGULATORY COMMISSION**



## **Tariff Order**

**Truing up for FY 2018-19  
and Determination of Tariff for FY 2020-21**

**For**

**Torrent Power Limited – Distribution  
Dahej**

**Case No. 1846 of 2019**

**31<sup>st</sup> March, 2020**

**6<sup>th</sup> Floor, GIFT ONE, Road 5-C, GIFT City  
Gandhinagar-382355 (Gujarat), INDIA  
Phone: +91-79-23602000 Fax: +91-79-23602054/55  
E-mail: [gerc@gercin.org](mailto:gerc@gercin.org) : Website [www.gercin.org](http://www.gercin.org)**



सत्यमेव जयते

**GUJARAT ELECTRICITY REGULATORY COMMISSION  
(GERC)**

**GANDHINAGAR**

**Tariff Order**

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## ABBREVIATIONS

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



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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 Contribution
TEL	Torrent Energy Limited
TPL	Torrent Power Limited
TPL-D (D)	Torrent Power Limited – Distribution, Dahej



# Before the Gujarat Electricity Regulatory Commission at Gandhinagar

**Case No. 1846 of 2019**

**Date of the Order: 31/03/2020**

## **CORAM**

Shri Anand Kumar, Chairman

Shri. P.J. Thakkar, Member

## **ORDER**

### **1 Background and brief history**

#### **1.1 Background**

Torrent Power Limited (hereinafter referred to as 'TPL' or the 'Petitioner') has filed the present Petition on 30<sup>th</sup> November, 2019 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 for Truing up for FY 2018-19 and for determination of tariff for its distribution business at Dahej for FY 2020-21.

Gujarat Electricity Regulatory Commission notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29<sup>th</sup> March, 2016 which shall be applicable for determination of tariff in all cases covered under the Regulations from 1<sup>st</sup> April, 2016 onwards. Regulation 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of Truing up for FY 2018-19 to be



carried out under the GERC (Multi-Year Tariff) Regulations, 2016, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2020-21) and revenue Gap or revenue Surplus for the third year of the Control Period calculated based on the Aggregate Revenue Requirement approved in the MYT Order and Truing up for the previous year and determination of tariff for FY 2020-21.

After technical validation of the Petition, it was registered on 4<sup>th</sup> December, 2019 as case No. 1846 of 2019 and 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 – Distribution, Dahej (TPL-D (D))**

Torrent Energy Limited (TEL) a Special Purpose Vehicle (SPV), promoted by Torrent Power Limited (TPL), to fulfil its commitment to generate and distribute power as a Co-developer of the Dahej Special Economic Zone.

Dahej SEZ (DSEZ) is being developed by Government of Gujarat through Gujarat Industrial Development Corporation (GIDC) and Oil and Natural Gas Corporation (ONGC). The DSEZ has been notified by the Ministry of Commerce and Industry, Government of India, vide Notification No. 2131(E) dated 20<sup>th</sup> December, 2006, as a Multi-Product SEZ.

The Government of Gujarat has “In-principle” approved Torrent Energy Limited as the Co-developer in DSEZ area for the purpose of establishing generation and distribution facilities. Accordingly, TEL has entered into the Co-developer agreement with Dahej SEZ Ltd. (DSL), an SPV created for developing the DSEZ.

The Ministry of Commerce and Industry, Government of India, has approved TEL as a Co-developer to set up generation and distribution infrastructure in DSEZ.

The Gujarat Electricity Regulatory Commission, vide its Order dated 17<sup>th</sup> November, 2009, issued Orders for issuance of a distribution license to TEL as a second distribution licensee as per the provisions of Section 14 of the Electricity Act, 2003 for distribution of electricity in the DSEZ area. Accordingly, the Gujarat Electricity Regulatory Commission, vide its letter dated 29<sup>th</sup> December, 2009, issued the distribution license dated 18<sup>th</sup> December, 2009 to TEL.



The Hon'ble High Court of Gujarat vide its Order dated 13<sup>th</sup> August, 2015, has sanctioned the Composite Scheme of Amalgamation ("Scheme") of Torrent Energy Limited (TEL) and Torrent Cables Limited (TCL) with Torrent Power Limited (TPL) under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 ("the Act") with effect from appointed date of 1<sup>st</sup> April, 2014. The distribution business of Dahej SEZ area is hereinafter referred to as the Petitioner or TEL-D where matter under reference is related to period prior to 1<sup>st</sup> April, 2014 and referred as the Petitioner or TPL-D (D) where matter under reference is related to period after 1<sup>st</sup> April, 2014 for the sake of brevity.

### **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 FY 2015-16, Approval of Final ARR for FY 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of Tariff for FY 2017-18 on 30<sup>th</sup> November 2016. The Petition was registered on 3<sup>rd</sup> December, 2016 (under Case No. 1629 of 2016). The Commission vide Order dated 9<sup>th</sup> June, 2017 approved the Truing up for FY 2015-16, Final ARR for FY 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 of FY 2016-17 and Determination of Tariff for FY 2018-19**

The Petitioner filed its Petition for Truing up for FY 2016-17 and Determination of Tariff for FY 2018-19 on 30<sup>th</sup> December, 2017. The Petition was registered on 3<sup>rd</sup> January, 2018 (under Case No. 1698 of 2018). The Commission vide Order dated 04<sup>th</sup> April 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, Mid-Term Review of FY 2019-20 & FY 2020-21 and Determination of Tariff for FY 2020-21**

The Petitioner filed its Petition for Truing up for FY 2017-18, Mid-Term Review of FY 2019-20 and FY 2020-21 and Determination of Tariff for FY 2019-20 on 30<sup>th</sup> November, 2018. After technical validation, the Petition was registered on 4<sup>th</sup>



December, 2018 (Case No. 1766 of 2018). The Commission vide Order dated 17<sup>th</sup> July 2019 approved the Truing-up of FY 2017-18, Mid-Term Review of FY 2019-20 & FY 2020-21 and determined the Tariff for FY 2019-20.

## **1.6 Background for 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 for 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).

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.

## **1.7 Registration of the Current Petition and Public Hearing Process**

The Petitioner submitted the current Petition for Truing up for FY 2018-19 and Determination of Tariff for FY 2020-21 on 30<sup>th</sup> December, 2019. After technical validation of the petition, it was registered on 4<sup>th</sup> December, 2019 (Case No 1846 of 2019) 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 was directed to publish its application in newspapers to ensure public participation.

The Public Notice, inviting objections /suggestions from the stakeholders on the petition, was published in the following newspapers:

**Table 1-1: List of newspapers**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Language</b>	<b>Date of Publication</b>
1	Business Standard	English	14.12.2019
2	Divya Bhaskar	Gujarati	14.12.2019

The Petitioner also placed the public notice and the petition on its website ([www.torrentpower.com](http://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 13<sup>th</sup> January, 2020.

The Commission also placed the petition and additional details received from the Petitioner on its website ([www.gercin.org](http://www.gercin.org)) for information and study for all the stakeholders.

The Commission also issued a notice for public hearing in the following newspapers in order to solicit wider participation by the stockholder:

**Table 1-2: List of newspapers (Commission)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Language</b>	<b>Date of Publication</b>
1	The Indian Express	English	04.02.2020
2	Divya Bhaskar	Gujarati	05.02.2020
3	Sandesh	Gujarati	05.02.2020

The Commission received objections / suggestions from consumers / consumer organizations as shown in the Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the Petition on 13<sup>th</sup> February, 2020 at the Commission's Office at Gandhinagar and on 15<sup>th</sup> February, 2020 at GNFC Training Centre at Bharuch for TPL-D (D) and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission.

The status of stakeholders who submitted their written suggestions / 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**

<b>Sr. No.</b>	<b>Name of Stakeholders</b>	<b>Written Submission</b>	<b>Oral Submission</b>	<b>Present on the Day of Public Hearing</b>
1.	K.K Bajaj	Yes	Yes	Yes
2.	Utility Users Welfare Association	Yes	No	No

The issues raised by the objector, along with the response of TPL-Dahej and the Commission's Views on the response, are given in Chapter 3.

## **1.8 Contents of this Order**

This Order is divided into **Nine** chapters as under:

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the public hearing process and the approach adopted for this Order.
2. The **Second Chapter** outlines the summary of TPL-D (D)'s Petition.
3. The **Third Chapter** provides the objections raised by various stakeholders, TPL-D (D)'s response and the Commission's views on the response.
4. The **Fourth Chapter** deals with 'Truing up' for FY 2018-19.
5. The **Fifth Chapter** deals with the Determination of Tariff for FY 2020-21.
6. The **Sixth Chapter** deals with the Compliance of Directives.
7. The **Seventh Chapter** deals with FPPPA.
8. The **Eighth Chapter** deals with Determination of the Wheeling Charges and Cross-Subsidy Surcharge.
9. The **Ninth Chapter** deals with Tariff Philosophy and Tariff Proposals.

## **1.9 Approach of this Order**

The GERC (MYT) Regulations, 2016, provide for "Truing up" of the previous year and Determination of Tariff for the ensuing year. The Commission has approved ARR for five years of the control period of FY 2016-17 to FY 2020-21 in the MYT Order dated 9<sup>th</sup> June, 2017.



TPL-D (D) has approached the Commission with the present Petition for “Truing up” of FY 2018-19 as per the GERC (MYT) Regulations, 2016.

The Commission has undertaken “Truing up” for FY 2018-19, based on the submissions of the Petitioner. The Commission has undertaken the computation of Gains and Losses for FY 2018-19, based on the audited annual accounts and final ARR for FY 2018-19 approved vide Order dated 9<sup>th</sup> June, 2017.

While Truing up for FY 2018-19, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing Up for FY 2018-19 has been considered based on the GERC (MYT) Regulations, 2016.

Determination of Tariff for FY 2020-21 has been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.

## 2 Summary of Truing up for FY 2018-19 and Determination of Tariff for FY 2020-21

### 2.1 Introduction

This Chapter deals with highlights of the Petition as submitted by TPL-D (D) for Truing up for FY 2018-19 and determination of tariff for FY 2020-21.

### 2.2 True up of FY 2018-19

Details of expenses under various components of ARR for FY 2018-19 compared with the final ARR for FY 2018-19 approved in “Multi-Year Tariff Order” dated 9<sup>th</sup> June, 2017 and Item-wise Gain/Loss computations as submitted by TPL-D(D) are presented in the Table below:

**Table 2-1: ARR Claimed by TPL-D(D) for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Over (+) / Under (-) Recovery	Gain/ (Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
Power Purchase Cost	137.06	191.91	(54.85)	-	(54.85)
O&M Expenses	6.29	8.16	(1.87)	-	(1.87)
Depreciation	6.51	6.35	0.16	-	0.16
Interest and Finance Charges	5.57	5.32	0.25	-	0.25
Interest on Security Deposit	2.87	2.06	0.82	-	0.82
Interest on Working Capital	0.00	0.00	0.00	-	0.00
Provision for Bad Debts	0.00	0.00	0.00	-	0.00
Contingency Reserve	0.77	0.81	(0.04)	-	(0.04)
Income Tax	0.00	0.86	(0.86)	-	(0.86)
Return on Equity	5.55	5.67	(0.12)	-	(0.12)
Less: Non-Tariff income	3.09	2.87	0.22	-	0.22
<b>Aggregate Revenue Requirement</b>	<b>161.53</b>	<b>218.28</b>	<b>(56.74)</b>	-	<b>(56.74)</b>



## 2.3 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2018-19

The Table below summarizes the proposed ARR claimed by TPL-D (D) for Truing up:

**Table 2-2: True up of FY 2018-19 as submitted by TPL-D (D)**

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed
a)	ARR approved in the MYT Order	161.53
b)	Gains/(Losses) due to Uncontrollable Factors	(56.74)
c)	Gains/(Losses) due to Controllable Factors	-
d)	Pass through as tariff [-(1/3rd of c + b)]	(56.74)
e)	Trued Up ARR [(e)= a + d]	<b>218.28</b>

The Table below summarizes the trued-up ARR, revenue from sale of power, resultant Gap / (Surplus) and consolidated Gap / (Surplus) for FY 2018-19.

**Table 2-3: Revenue Gap / (Surplus) submitted by TPL-D (D) for FY 2018-19**

(Rs. Crore)

Particulars	Actual Claimed
Trued -up ARR	218.28
Revenue from Sale of Energy	192.50
Less: Revenue towards recovery of Earlier Years' approved Gap/(Surplus)	(1.70)
Balance Revenue	194.19
<b>Gap/ (Surplus)</b>	<b>24.08</b>

## 2.4 Summary of ARR for FY 2020-21

TPL-D (D) has presented the Aggregate Revenue Requirement for FY 2020-21, as per the MTR Order dated 17<sup>th</sup> July, 2019 as given in the Table below:

**Table 2-4: ARR projected by TPL-D (D) for FY 2020-21**

(Rs. Crore)

Particulars	Amount
Power Purchase Cost	177.89
O&M Expenses	7.03
Depreciation	6.19
Interest & Finance Charges	5.21
Interest on Security Deposit	2.32
Interest on Working Capital	-
Bad Debts Written Off	-



Particulars	Amount
Contribution to Contingency Reserves	0.89
Return on Equity	6.42
Income Tax	-
Less: Non-Tariff Income	4.54
<b>ARR</b>	<b>201.42</b>

## 2.5 ARR, Revenue at existing Tariff and Revenue Gap for FY 2020-21

Based on the ARR for FY 2020-21 given in the Table above, the estimated revenue Gap/ (Surplus) for FY 2020-21 at existing tariff is shown in the following Table.

**Table 2-5: Estimated revenue Gap / (Surplus) of TPL-D (D) for FY 2020-21**

Particulars	Amount (Rs. Crore)
ARR for FY 2020-21	201.42
Revenue from Sale of Power at existing Tariff Rates	183.44
<b>Gap/ (Surplus) for FY 2018-19</b>	<b>17.97</b>

Petitioner has claimed the cumulative Gap up to FY 2018-19 is as given in the Table below:

**Table 2-6: Cumulative revenue Gap / (Surplus) of TPL-D (D) for FY 2020-21**

Particulars	Amount (Rs. Crore)
1. Gap/ (Surplus) for 2020-21	17.97
2. Add: Gap/(Surplus) for 2018-19	24.08
3. Add: Carrying Cost	7.59
<b>4. Total Gap/ (Surplus) to be charged to tariffs (1 + 2 +3)</b>	<b>49.65</b>

## 2.6 Request of TPL-D (D)

TPL-D (D) has prayed the Commission to:

- a) Admit the petition for Truing up for FY 2018-19 and determination of tariff for FY 2020-21.
- b) Approve the trued up Gap/ (Surplus) of FY 2018-19.
- c) Approve the sharing of Gains/ Losses as proposed for FY 2018-19.
- d) Approve the cumulative Gap/ (Surplus).
- e) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1<sup>st</sup> April, 2020.



- f) Allow recovery of delayed payment charge as set up in present petition.
- g) Approve the recovery through retail tariff and/or Regulatory Charge as prayed for.
- h) Allow recovery of the costs as per the Judgments of the Hon'ble Tribunal in the Appeals filed by the Petitioner.
- i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.
- j) Permit 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 Commission deems fit to be issued.
- l) Condone any inadvertent omissions/ errors/ rounding off difference/ shortcomings.



### **3 Stakeholder’s suggestions/objections, Petitioner’s response and the Commission’s view**

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#### **3.1 Public Response to the Petition**

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL-D (D) for Truing up for FY 2018-19 and Determination of Tariff for FY 2020-21 under the GERC (MYT) Regulations, 2016, a number of stakeholders filed their objections / suggestions in writing and also participated in the Public Hearing.

The Commission has considered the objections/ suggestions relevant to the present Petition and the response of TPL-D(D) on the same.

These objections/suggestions, the response from the Petitioner and the views of the Commission are dealt with hereunder:

#### **3.2 Issue-wise Submissions, Replies and the Commission’s View**

##### **1. Electricity Duty applicable to Power Sector**

The Objector has suggested that the Commission should direct the Government to reduce ED by 5 % OR charge on actual consumption in units per month. It is to be noted that ED is highest in Gujarat compared to other States of India and therefore needs rationalization.

##### **Response of TPL**

The Duty and Taxes applicable to Power Sector are within the purview of the Government.

##### **Commission’s View**

The levy of Electricity Duty is not within the Commission’s jurisdiction.

##### **2. Rationalisation of Fixed Charges**

The Objector has referred to the rationalization of tariff proposed by the Petitioner and welcomed the initiative to marginally increase the fixed/demand charges including introduction of load based fixed charges for consumers having connected load above 15 kW. However, the Objector has suggested the Hon'ble Commission to specify separate fixed /demand charges for consumers installing the solar rooftop plants.

#### **Response of TPL**

The Petitioner has submitted that ideally the fixed cost of the licensee should be recovered through the fixed charges. However, as per existing tariff design, majority of the fixed cost is being recovered through energy charges. Consumers installing solar rooftop are paying energy charges applicable on net consumption only. This results in cross-subsidization of consumers with higher paying capacity by consumers having lower paying capacity. This is against the intent of the Act and Regulations. The Petitioner requests the Hon'ble Commission to take appropriate view in this regard.

#### **Commission's View**

There are different views and opinion amongst consumers / consumer groups. The Commission in past have also received representations to reduce or remove the fixed charges. As such there is a need to gradually increase the recovery of fixed charges from the fixed cost component of tariff and the Commission shall take the appropriate view. The issue regarding fixed charges has been dealt with in Chapter 9 of this Order, along with the tariff philosophy adopted by the Commission while determining tariff for FY 2020-21.

### **3. Recovery of past Gaps and carrying cost**

The Objector has referred to the past under recoveries and associated carrying cost and has suggested not to accumulate such under recoveries as same attracts the carrying cost as per the Judgments of the Hon'ble Tribunal.

Another objector has stated that no carrying cost and interest on it should be allowed, because it is unjust, not valid and not permissible under MYT regime.

#### **Response of TPL**

Carrying cost for unrecovered Gap is the legitimate claim of the Petitioner to recoup the financial Losses incurred due to deferment in recovery of Gap. The



recovery of carrying cost is the settled position of law. All stakeholders are bound by the decisions of the hierarchy of adjudicating forums in this regard.

The Petitioner would like to clarify that it has computed the carrying cost in line with the provisions of the MYT Regulations and applicable APTEL judgments.

#### **Commission's View**

While determining retail tariff for the consumers, the Commission considers the approved gap as well as consumers' interest and tries to avoid tariff shocks. Carrying cost is considered in accordance with the GERC (MYT) Regulations, 2016 and it is dealt accordingly in subsequent chapters as approved by the Hon'ble APTEL.

#### **4. Absence of Consumer Benefit for Capital Investment**

The objectors have stated that no cost benefit analysis is provided by TPL for the capital investment, in fact, it should be with the prior consent of the GERC and is subject to prudence check.

#### **Response of TPL**

The Petitioner has refuted the allegations of the objector and submitted that the capital investment made for augmentation, up gradation and modernization of network have helped the Petitioner in reducing and containing the distribution losses in addition to meeting the load growth and maintaining/enhancing the system reliability.

Also, the Petitioner has submitted that it has furnished all the details regarding the actual capital expenditure incurred and capitalization carried out during FY 2018-19 in its petition.

#### **Commission's View**

The Commission has approved the capital expenditure after due prudence check and based on the cost-benefit analysis of the capital expenditure schemes proposed by the Petitioner. The Commission ensures that only those capital expenditure schemes which benefits the consumers either in terms of quantity or quality / reliability of supply, are approved.

#### **5. Voltage-wise Cost of Supply**

The objector submitted that TPL has not submitted the voltage-wise cost of supply (VCoS) in the Tariff Petitions.

#### **Response of TPL**

The Petitioner has submitted that it has provided the necessary details in line with the provisions of the MYT Regulations and the forms prescribed thereunder. The average cost of supply for HT and LT tariff categories has been provided in the format provided in the petition.

#### **Commission's View**

It is noted that the Petitioner has not submitted the voltage-wise cost of supply. Necessary directions to the Petitioner in this regard would be issued.

### **6. Power Procurement**

The objector has stated that the power procurement is not legitimate and is total violation of National Tariff Policy Clause-5.1 that all Distribution Licensee should procure their requirement of power only by competitive bidding process to bring down the cost of the power which is more than 85% of the tariff. TPL being a private entity is more efficient and is doing the business in a commercial principle, however, the efficiency in performance is not being reflected in reduction of tariff, a need has been converted into greed which is not a wisdom. In fact, TPL tariff should be 50 % less than the Discoms to set a bench mark.

#### **Response of TPL-D**

The Petitioner has submitted that all the requisite information including variation in the MYT approved power procurement plan is already provided in the petition.

During FY 2018-19, the Petitioner had carried out competitive bidding for procurement of short term power up to 450 MW. In turn, the Petitioner could tie up bilateral power of 50 MW for the relevant period April, 2018 to August, 2018. The same has been approved by the Commission and procured balance power through power exchange. Also, fixed cost of SUGEN is recovered in line with the Hon'ble CERC order.

The Petitioner has refuted all the allegations on irregularity in energy requirement and submitted that it has provided all the requisite details along with the formats of its petitions.



**Commission’s View**

Power purchased by distribution licensee depends on the estimated requirement of power and it is submitted for the ensuing year depending upon licensee’s own generation capacity, bilateral contracts and the remaining deficit is planned to be sourced from short term / medium term / long term markets. There can be change in the quantum and source of supply depending upon the actual tie up, availability of power during that period and market situation. Optimum balance has to be maintained so that 24x7 power supply is not affected to the consumers.

The Commission’s detailed analysis of the source-wise quantum and cost of power purchase for FY 2018-19 have been elaborated in Chapter 4 of this Order. The Commission sought and obtained the necessary justification for the revised figures of source-wise quantum and price of power purchase for FY 2018-19 and has approved the figures for FY 2018-19 after due prudence check.



## 4 Truing up for FY 2018-19

### 4.1 Introduction

This Chapter deals with the Truing up for FY 2018-19.

The Commission has studied and analysed each of the components of the Aggregate Revenue Requirement (ARR) for FY 2018-19 in the following paragraphs.

### 4.2 Energy Sales

#### Petitioner's submission:

The Petitioner has submitted that the actual energy sales for FY 2018-19 are 426.15 MUs, as against the sales of 386.75 MUs approved in the MYT Order dated 9<sup>th</sup> June, 2017.

Table 4-1: Energy Sales claimed for FY 2018-19

(MUs)

Particulars	Approved in the MYT Order	Actual claimed
Non RGP	0.73	0.50
LTMD	1.37	0.57
HTP-1	375.45	421.75
HTP-2	0.37	0.51
HTP-3	8.30	2.01
Others	0.54	0.81
<b>Total Sales</b>	<b>386.77</b>	<b>426.15</b>

TPL-D (D) submitted that, the actual sales in FY 2018-19 were higher than the sales approved in the MYT Order mainly due to the better load factor recorded for anchor industry in the leading category of HTP-I. However, for HTP-III, lower number of customers were added in later part of the year and with lower load factor than anticipated.

#### Commission's analysis

The sales as submitted by the Petitioner has 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 the Petitioner with the Chief Electrical Inspector and Collector of Electricity Duty vide additional details submitted by TPL-D (D).

The Commission has reviewed the above submissions and accordingly, the energy sales for FY 2018-19 are approved as given in the Table below:

**Table 4-2: Energy Sales approved for Truing up for FY 2018-19**

	(MUs)		
Particulars	Approved in the MYT Order	Actual claimed	Approved in Truing up
Energy Sales	386.77	426.15	426.15

**The Commission approves the energy sales of 426.15 MUs for Truing up for FY 2018-19.**

### 4.3 Distribution Losses

#### Petitioner's submission

TPL-D (D) has submitted that the Distribution Losses at Dahej was 2% as per the MYT Order dated 9<sup>th</sup> June, 2017 whereas the actual distribution Losses are 0.35% and it has been making consistent efforts to curtail the Distribution Losses and consequently outperformed the Distribution Losses approved by the Commission in the MYT Order as given in the Table below:

**Table 4-3: Distribution Losses claimed for FY 2018-19**

	(%)	
Particulars	Approved in the MYT Order	Actual Claimed
Distribution Losses	2.00%	0.35%

The Petitioner has also submitted that the variation in the Distribution Losses compared to the approved value is considered as controllable as per the GERC (MYT) Regulations, 2016. However, as the network is yet to be established and load is to be stabilized, the Distribution Losses have been considered as uncontrollable.

TPL-D (D) has not computed any Gain due to reduction in Distribution Losses for Dahej area.



### Commission’s analysis

The Distribution Losses as claimed by TPL-D (D) at 0.35% is approved for the purpose of true-up of FY 2018-19. Any Gain / Loss on account of Distribution Losses is controllable as per the GERC (MYT) Regulations, 2016. However, in this Order, the Distribution Losses have been considered as uncontrollable for the purpose of sharing of Gains / Losses for the present control period as the load is yet to stabilize. Hence, the Commission approves Distribution Losses of 0.35% for Truing up for FY 2018-19.

**Table 4-4: Distribution Losses approved for Truing up for FY 2018-19**

(%)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Distribution Losses	2.00%	0.35%	0.35%

**The Commission approves Distribution Losses of 0.35% for Truing up for FY 2018-19.**

## 4.4 Energy Requirement

### Petitioner’s submission

The Petitioner has submitted the actual energy requirement for Dahej Supply area based on the actual energy sales and the Transmission & Distribution Losses. The total energy requirement was met through various sources.

The actual energy requirement for FY 2018-19 and as approved in the MYT Order dated 9<sup>th</sup> June, 2017 are given in the Table below:

**Table 4-5: Energy Requirement claimed for FY 2018-19**

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed
Energy Sales	386.75	426.15
Distribution Losses (%)	2.00%	0.35%
Distribution Losses	7.89	1.48
Energy Input at Distribution Level	394.66	427.63
Transmission Losses	15.80	13.46
<b>Energy Requirement</b>	<b>410.46</b>	<b>441.09</b>



**Commission’s analysis**

The Commission has approved the Distribution Losses at 0.35% above. The Commission computed the energy requirement with Distribution Losses of 0.35% (1.48 MUs) and Transmission Losses of 13.46 MUs for FY 2018-19 based on actuals as given in the Table below:

**Table 4-6: Energy Requirement approved for Truing up for FY 2018-19**

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Energy Sales	386.77	426.15	426.15
Distribution Losses (%)	2.00%	0.35%	0.35%
Distribution Losses	7.89	1.48	1.48
Energy Input at Distribution Level	394.66	427.63	427.63
Transmission Losses	15.80	13.46	13.46
<b>Energy Requirement</b>	<b>410.46</b>	<b>441.09</b>	<b>441.09</b>

The actual energy requirement is higher than that approved in the MYT Order due to higher than approved sales.

**The Commission approves total energy requirement of 441.09 MUs for Truing up for FY 2018-19.**

## 4.5 Power Purchase cost

**Petitioner’s submission**

TPL-D (D) has submitted that it sourced power from bilateral power purchase, solar & wind power plants and IEX. The details of power procured for Dahej supply area are provided in the Table below:

**Table 4-7: Energy Availability (net) claimed for FY 2018-19**

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed
Bilateral/ Power Exchange	358.33	397.37
Renewable Energy	52.12	39.05
<b>Sub-Total</b>	<b>410.46</b>	<b>436.42</b>
Add: Sale of Surplus Power/UI	-	4.67
<b>Total Energy Availability (net)</b>	<b>410.46</b>	<b>441.09</b>



TPL-D (D) has submitted the actual power purchase cost for FY 2018-19 as provided in the Table below.

**Table 4-8: Power Purchase Cost claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-(-)
Bilateral/ Power Exchange	111.71	171.00	(59.29)
Renewable Energy	25.34	20.91	4.43
REC	-	-	
<b>Total Power Purchase Cost</b>	<b>137.06</b>	<b>191.91</b>	<b>(-54.85)</b>

TPL-D (D) has submitted that the variation in the power purchase cost from the MYT Order dated 9<sup>th</sup> June 2017 is on account of variation in sales and distribution Losses and variation in actual cost with respect to the base power purchase rate during the year. As per the GERC (MYT) Regulations, 2016, the variation in power purchase cost is uncontrollable except on account of variation in distribution Losses. However, the Petitioner has proposed to pass on the entire Gain on account of Distribution Losses reduction to consumers.

#### **Renewable power purchase obligation**

The Petitioner has submitted that Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 specifies the Renewable Power Purchase Obligation (RPPO). The Commission vide Second Amendment to the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 has specified the RPO target for the period FY 2017-18 to FY 2020-21. The Petitioner has made all efforts to fulfil its RPPO.

The compliance against the renewable power purchase obligation as submitted by TPL-D (D) for FY 2018-19 is as under:

**Table 4-9: Renewable Power Purchase Obligation claimed for FY 2018-19**

(MUs)

Particulars	Actual Claimed
<b>Energy Requirement</b>	<b>441.09</b>
<b>Obligation</b>	
Wind energy to be procured (@ 7.95%)	35.07
Solar energy to be procured (@ 4.25%)	18.75
Biomass/ Bagasse/Others (@0.50%)	2.21
Total (12.70%)	56.02



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Particulars	Actual Claimed
<b>Compliance (Non-Solar)</b>	
Wind	29.69
Non Solar –REC	-
Compliance	29.69
Compliance ( as % of Energy Requirement)	6.73%
<b>Compliance (Solar Energy)</b>	
Solar	10.28
Solar-REC	-
Compliance	10.28
Compliance (as% of Energy Requirement)	2.33%
<b>Total Short fall for FY 2018-19</b>	<b>16.05</b>

The Petitioner has approached the Hon'ble Commission in the matter of revision of minimum quantum of purchase (in %) from renewable energy sources for the year FY 2018-19 in accordance with the RPO Regulations vide its Petition no. 1831 of 2019.

Further, during FY 2018-19 the Petitioner has given adjustment of 0.46 MU of wind power and 0.34 MU of solar power towards the compliance of the Hon'ble Commission's Order dated 8th January, 2019 in Case No. 1437 of 2014.

**Commission's analysis**

As verified from the Annual Accounts for FY 2018-19, TPL-D (D) has incurred power purchase cost of Rs. 191.91 Crore during FY 2018-19. The same has also been verified from the quarterly FPPPA submissions.

On a query of the Commission regarding bilateral sources, TPL-D (D) confirmed that it has purchased bilateral power at an average rate of Rs.4.10/kwh from two sources viz.OPGS Power Gujarat Pvt.Ltd. and Tata Power Trading Co.Ltd. The Commission has also noted that TPL-D (D) has procured short-term power from Indian Energy Exchange (IEX) at the rate of Rs. 5.02 per kWh as submitted in Form F2. The Commission has noted the increasing trend of rates in the Power Exchange.

The break-up of purchase from Wind and Solar RE sources is given below:

Sl.	Particulars	Quantum (Mus)	Rate (Rs/kwh)	Total Cost (Rs.Crore)
1	Solar	8.9	7.39	6.58
2	Wind	30.15	4.75	14.33
<b>3</b>	<b>Total</b>	<b>39.05</b>	<b>5.35</b>	<b>20.91</b>



On a query from the Commission regarding RE power purchase, the Petitioner clarified that it has purchased 1.71 MUs from solar generation from consumers. Further, during FY 2018-19 the Petitioner has given adjustment of 0.46 MU of wind power and 0.34 MU of solar power towards the compliance of the Hon'ble Commission's Order dated 8<sup>th</sup> January, 2019 in Case No. 1437 of 2014.

The Commission has noted that TPL has filed a separate petition for compliance of RPO which is pending for adjudication before the Commission. Therefore, as far as compliance of RPO is concerned, the Commission will decide it in separate proceedings.

**The Commission, accordingly, approves total power purchase cost of Rs. 191.91 Crore for Truing up for FY 2018-19.**

As per the GERC (MYT) Regulations, 2016 variation in the price of fuel and/ or price of power purchase are uncontrollable factors. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

**Table 4-10: Gains / (Losses) on account of power purchase cost for FY 2018-19**  
**(Rs. Crore)**

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase cost	137.05	191.91	(54.85)	-	(54.85)

## **4.6 Fixed Cost**

### **4.6.1 Operations and Maintenance (O&M) Expenses**

#### **Petitioner's submission**

TPL-D (D) has claimed Rs. 8.16 Crore towards O&M Expenses against Rs. 6.29 Crore approved for FY 2018-19 in the MYT Order dated 9<sup>th</sup> June 2017 as detailed in the Table below:



**Table 4-11: O&M Expenses claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Deviation (+/(-)
Operations & Maintenance Expenses	6.29	8.16	(1.87)

The Petitioner has submitted that the O&M Expenses in the MYT Order dated 9<sup>th</sup> June 2017 were approved considering past data. However, the network has increased and O&M Expenses have also increased. Therefore, the actual O&M Expenses incurred are higher than the approved.

Further, the Petitioner has stated that the SEZ is still in development stage and demand is yet to be stabilized. Accordingly, the Petitioner has submitted that the variation in O&M Expenses should be considered as uncontrollable as on the same lines of Distribution Losses.

#### **Commission's analysis**

TPL-D(D) has claimed the actual O&M Expenses at Rs. 8.16 Crore inclusive of negative impact of "Re-measurement of Defined Benefit Plans" of Rs. (0.01) Crore in the Truing up for FY 2018-19.

- (a) Employee Expenses: Employee Expenses as per annual accounts are Rs. 1.57 Crore. TPL has included the negative impact towards Re-measurement of Defined Benefit Plans of Rs. (0.01) Crore. Accordingly, the Petitioner has claimed Employee Expenses of Rs. 1.58 Crore.
- (b) A&G: A&G Expenses as per annual accounts is Rs. 4.16 Crore, the Petitioner has claimed the A&G Expenses after reduction of donations of Rs. 0.32 Crore, depreciation on Lease hold land Rs. 0.19 Crore, Corporate Social Responsibility Expenses of Rs.0.09 Crore and Expense capitalised of Rs. 0.14 Crore. Accordingly, TPL has claimed A&G Expenses of Rs. 3.42 Crore.
- (c) R&M: The Petitioner has claimed R&M Expenses of Rs. 3.16 Crore as per annual accounts.



The Commission, accordingly, approves the O&M Expenses of Rs. 8.16 Crore, for Truing up for FY 2018-19.

**Table 4-12: Operation and Maintenance Expenses approved for FY 2018-19**

(Rs. Crore)			
Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
O&M Expenses	6.29	8.16	8.16

Further, as per the GERC (MYT) Regulations, 2016, variation in the O&M is to be considered as controllable factor except the change in law and wage revision. However, as per the judgement dated 09<sup>th</sup> May, 2019 of the Hon'ble APTEL in Appeal No. 256 of 2016, the Commission decides to accept TPL-D (D)'s submission that O&M Expenses should be considered as uncontrollable along the lines of Distribution Losses, as the SEZ is yet to stabilize. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

**Table 4-13: Gains / (Losses) on account of O&M Expenses for FY 2018-19**

(Rs. Crore)					
Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
O&M Expenses	6.29	8.16	(1.87)		(1.87)

#### **4.6.2 Capital Expenditure, Capitalization and Funding of Capex**

##### **Petitioner's submission**

TPL-D (D) has claimed actual capital expenditure at Rs. 5.73 Crore in the Truing up for FY 2018-19 as against Rs. 9.76 Crore approved in the MYT Order dated 9<sup>th</sup> June 2017 for FY 2018-19 as detailed in the Table below:

**Table 4-14: Capital Expenditure claimed for FY 2018-19**

(Rs. Crore)		
Particular	Approved in the MYT Order	Actual Claimed
EHV	2.00	3.51
HT Network	1.97	1.38



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Particular	Approved in the MYT Order	Actual Claimed
LT Network	0.20	0.09
Metering	0.05	0.03
Special Projects	3.05	0.02
Customer Care & IT	0.10	0.05
Others	2.39	0.65
<b>Total capital expenditure</b>	<b>9.76</b>	<b>5.73</b>

**Capital Expenditure**

The reasons for the major variances in the actual expenditure against the approved expenditure are enumerated hereunder:

- a) EHV: The Commission had approved the expenditure of Rs. 2.00 Crore for switchyard enhancement related work in 220 KV East & 33 KV West substations. The actual expenditure incurred during the year was Rs. 3.51 Crore towards the project pertaining to CT replacement work and EHV spares along with commissioning of one number of 33 kV customer.
- b) HT Network: The Commission had approved an expenditure of Rs. 1.97 Crore whereas the actual Expense incurred was Rs. 1.38 Crore. The variation is mainly on account of development of 11 kV network and lower addition of 11 kV customers.
- c) LT Network: The Commission had approved an expenditure of Rs. 0.20 Crore whereas the actual expenditure incurred was Rs. 0.09 Crore. The variation is mainly on account of deferment of expenditure regarding network modification to FY 2019-20.
- d) Metering: The Commission had approved an expenditure of Rs. 0.05 Crore whereas the actual Expense incurred was Rs. 0.03 Crores. The variation is due to deferment of expenditure towards GPRS for meter reading to FY 2019-20 owing to establishment of VPN connectivity.
- e) Special Projects: The Commission had approved an expenditure of Rs. 3.05 Crore whereas the actual Expense incurred was Rs. 0.02 Crore lower based on revised schedule of 11 kV distribution automation project and reduction in cost of development of enterprises GIS mapping.



- f) Customer Care & IT: The Commission had approved an expenditure of Rs. 0.10 Crore whereas the actual Expense incurred was Rs. 0.05 Crore towards hardware replacements and networks enhancement.
- g) Others: In this category, the actual expenditure incurred was Rs. 0.65 Crore against the approved expenditure of Rs.2.39 Crore. The major CAPEX incurred is towards surveillance work and soil filling. The capex towards centralised materials handling building has been deferred to future years.

### **Capitalization and Funding**

TPL-D (D) has claimed a sum of Rs. 4.54 Crore (Rs. 4.68 Crore - Rs. 0.14 Crore) towards net capitalization during FY 2018-19 as derived in the Table below.

**Table 4-15: Capitalization claimed for FY 2018-19**

(Rs. Crore)

Particulars	Legend	Actual Claimed
Opening GFA	a	162.11
Addition to GFA	b	4.68
Deletion to GFA	c	0.14
Closing GFA (a + b - c)	d=a+b-c	166.65
SLC Addition	e	2.61
Capitalization (b - c - e) for Debt	f=b-c-e	1.93
Capitalization for Equity	g	1.93
Normative Debt @ 70% (f * 70%)	h=f*70%	1.35
Normative Equity @ 30% (f * 30%)	i=f*30%	0.58

### **Commission's analysis**

The Commission has noted the submissions of TPL in the earlier paragraphs regarding the capital expenditure as well as capitalisation of assets. In the present case, the Commission notes that TPL has incurred capital expenditure towards the project pertaining to CT replacement work and EHV spares along with commissioning of one number of 33 kV customer, network enhancement and metering. On a query from the Commission regarding submission of energization certificates from the Chief Electrical Inspector, Petitioner submitted the same vide its additional details. The details are tabulated below:



**Table 4-16: Details of CEI Certificates for FY 2018-19**

Sr. No.	Capex Head	Description	CEI Inspection Date	Date of Charging/ Commissioning
1	EHV network-33 KV Consumer	New HT connection-Benzochem Industries	23-01-2019	23-01-2019
2	New HT consumer	New HT Connection-Gujarat Dyestuff Industries	18-07-2018	18-07-2018
		New HT Connection-PowerBand Industries	15-11-2018	15-11-2018
		New HT Connection-ISGEC Heavy Engineering	18-07-2018	18-07-2018
		New HT Connection-Therma Nutriment	20-03-2019	20-03-2019
		New HT Connection-Mascon Colorchem	23-07-2018	23-07-2018

The Petitioner has also given the break-up of asset-wise capitalisation as shown in the Table below:

**Table 4-17: Break-up of Capex and Capitalisation for FY 2018-19 (Rs.Crore)**

Project Title	Capex	Capitalisation
<b>EHV Network</b>		
33kV DGEN-West Connectivity	-	-
220 kV Substation and Network	1.46	1.56
220 kV & 33 kV Consumers	1.95	1.09
33 kV Sub Stations	0.10	0.10
<b>HT Network</b>	-	
Distribution S/s.	-	0.02
New HT Consumers	0.71	0.47
Cable Scheme	0.64	0.64
Existing electrical equipment	0.04	0.04
<b>LT Network</b>		
Services on Existing Mains / DE	0.08	0.07
Extension / Reduction of Load	0.01	0.01
<b>Metering</b>		
Normal Load Growth	0.03	0.03
<b>Special Project</b>		
Misc. Projects	0.02	-
<b>Customer Care &amp; IT</b>		
Computer - IT & SAP	0.05	0.05
<b>Others</b>		
Administration	0.20	0.18



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Project Title	Capex	Capitalisation
Civil	0.43	0.41
Misc.	0.01	0.01
<b>Grand Total</b>	<b>5.73</b>	<b>4.68</b>

The Commission observed that the Petitioner has incurred lower Capex as compared to the value approved in the MYT Order. The Commission has verified from the Annual Accounts of TPL-D(D) that the GFA addition in FY 2018-19 is Rs. 4.68 Crore. Further, TPL-D (D) has decapitalised assets to the extent of Rs. 0.14 Crore during FY 2018-19 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. Accordingly, the Commission approves the Capex, capitalization and funding of Capex for the purpose of Truing up for FY 2018-19 as follows:

**Table 4-18: Capital expenditure, capitalization and funding of capex approved for FY 2018-19**

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Capex	9.76	5.73	5.73
Capitalization	4.68	4.68	4.68
Less Deduction from GFA	-	0.14	0.14
Less: SLC Addition	0.98	2.61	2.61
Balance Capitalization	3.70	1.93	1.93
Normative Debt (70%)	2.59	1.35	1.35
Normative Equity (30%)	1.11	0.58	0.58

**The Commission approves the Capex, Capitalisation and funding as shown in the above Table in the Truing up for FY 2018-19.**

### **4.6.3 Depreciation**

#### **Petitioner's submission**

TPL-D (D) has claimed an amount of Rs. 6.35 Crore towards depreciation in the Truing up for FY 2018-19, against Rs. 6.51 Crore approved in the MYT Order for FY 2018-19, as shown in the Table below. It has applied depreciation rates in accordance with the GERC (MYT) Regulations, 2016 on the opening GFA and for the assets capitalized during the year, TPL-D (D) has claimed depreciation as an uncontrollable item.



**Table 4-19: Depreciation claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-
Depreciation	6.51	6.35	0.16

**Commission’s analysis**

The details of opening balance of GFA, as on 1<sup>st</sup> April, 2018, addition to and deduction from the Gross Block, during FY 2018-19 and the depreciation on the assets, asset classification-wise, are given in the Petition. The Commission has verified the same from the annual accounts for FY 2018-19. It is observed that depreciation as per annual accounts is Rs. 7.68 Crore. The Petitioner has added lease land depreciation of Rs. 0.19 Crore and reduced the depreciation on assets funded through service line contribution of Rs. 1.52 Crore and accordingly claimed the depreciation of Rs. 6.35 Crore.

The Commission verified from the annual accounts that the depreciation amount has been claimed after reducing the corresponding depreciation on assets created using the service line contribution.

**The Commission, accordingly, approves the depreciation of Rs. 6.35 Crore as shown in the Table below:**

**Table 4-20: Depreciation approved for Truing up for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
<b>Depreciation</b>	<b>6.51</b>	<b>6.35</b>	<b>6.35</b>

With regard to the computation of Gains / (Losses), Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variations in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of a 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. If the Gain is on account of lesser capital expenditure and capitalisation, it cannot be attributed to the



efficiency of the utility to allow one-third of Gain to the utility. Similarly, if the Loss is on account of higher capital expenditure and capitalisation due to bonafide reasons, the utility cannot be penalised by allowing only two-thirds of the Loss in the ARR. Hence, The Commission considers the variation in capitalization as uncontrollable. This applies to debt and equity in allowing Gains / (Losses) on account of interest and return on equity too. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

**Table 4-21: Gains / (Losses) on account of depreciation for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	6.51	6.35	0.16	0.00	0.16

#### 4.6.4 Interest and Finance Charges

##### Petitioner's submission

TPL-D (D) has considered the Interest Expenses as per the GERC (MYT) Regulations, 2016 on normative loans. It has calculated the Interest Expenses by applying Weighted Average Rate of Interest of the Actual Loan Portfolio of the Petitioner during the year on the loan component while repayment has been considered equal to the depreciation of the assets for the year.

TPL-D (D) has claimed the interest and finance charges for FY 2018-19 as shown in the Table below:

**Table 4-22: Interest and Finance Charges claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed
Addition to GFA	4.68	4.68
Less: Deletions from GFA	0.00	0.14
Less: SLC additions	0.98	2.61
Capitalisation for Debt	3.70	1.93
Normative Debt @ 70%	2.59	1.35
Opening Balance of Loans	60.62	63.21
Repayments	6.51	6.35



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Particulars	Approved in MYT Order	Actual Claimed
New Borrowings	2.59	1.35
Closing Balance of Loans	56.70	58.21
Average Loan	58.66	60.71
Rate of Interest	9.50%	8.70%
<b>Interest Expense</b>	5.57	5.28
Other Borrowing Cost	0.00	0.04
<b>Interest and Finance Charges</b>	<b>5.57</b>	<b>5.32</b>

Accordingly, interest and finance charges for FY 2018-19 claimed by TPL-D (D) compared to that approved under the MYT Order dated 9<sup>th</sup> June, 2017 is summarized below:

**Table 4-23: Interest and Finance Charges claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-
Interest and Finance Charges	5.57	5.32	0.25

**Commission's analysis**

The existing loan outstanding as on 31<sup>st</sup> March, 2018 has been verified with the Tariff Order dated 24<sup>th</sup> April, 2019 and found to be correct. The additional loan of Rs. 1.35 Crore is in accordance with the requirements of capitalization and source of funding as approved in the Table 4.16 above. The GERC (MYT) Regulations, 2016 provide for computation of interest on loan on normative basis on the opening balance of loan brought forward from the previous year's closing balance, capitalization and funding approved during the year. The opening balance of loan for FY 2018-19 has been brought forward from the closing balance of the actual loan outstanding as on 31.03.2018. As per the GERC (MYT) Regulations, 2016, repayment of the loan is considered equal to the depreciation allowed.

As per first proviso of 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 Company shall be considered as the rate of interest. As per aforesaid Regulations, the Commission has worked out the interest rate of 8.70% based on information such as lender wise portfolio with periodical variation in interest rate, principle repayment and tenure during FY 2018-19 as received from the Petitioner through additional details.



The Commission sought information on reconciliation of other borrowing cost, which the Petitioner has submitted vide additional details. The Petitioner has claimed the other borrowing cost of Rs. 0.04 Crore, after deducting Rs. 0.04 Crore against amortisation for FY 2015-16 from the total borrowing cost of Rs. 0.08 Crore as per the annual accounts.

Accordingly, based on the actual capitalisation achieved by TPL-D (D) during FY 2018-19 and the approved normative borrowings considering the interest rate of 8.70%, the Commission has computed the interest on normative loans, as detailed in the Table below:

**Table 4-24: Interest and Finance Charges approved for FY 2018-19**

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Opening Balance	60.62	63.21	63.21
Addition of Loan due to Capitalisation during the Year	2.59	1.35	1.35
Repayment of Loan during the Year	6.51	6.35	6.35
Less: Reduction of Normative Loan due to Retirement or Replacement of Assets	-	-	-
Closing Balance of Loan	56.70	58.21	58.21
Average Balance of Loan	58.66	60.71	60.71
Weighted Average Rate of Interest on Actual Loans (%)	9.50%	8.70%	8.70%
<b>Interest Expenses</b>	<b>5.57</b>	<b>5.28</b>	<b>5.28</b>
Finance Charges	-	0.04	0.04
<b>Interest and Finance Charges</b>	<b>5.57</b>	<b>5.32</b>	<b>5.32</b>

**The Commission accordingly approves interest and finance charges of Rs. 5.32 Crore for Truing up for FY 2018-19.**

With regard to the computation of Gains / Losses, Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variations in capitalisation on account of time and/or cost overruns/ efficiencies in the implementation of a 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 lesser capital

expenditure and capitalisation, it cannot be attributed to the efficiency of the utility to allow 2/3<sup>rd</sup> of the Gain to the utility. Similarly, if the Loss is on account of more capital expenditure and capitalisation due to bona fide reasons i.e. due to force majeure events like Act of God, non-receipt of statutory approval etc. the utility cannot be penalised by allowing only 1/3<sup>rd</sup> of the Loss in the ARR. Accordingly, the Commission has decided to consider variation in capitalisation as uncontrollable. Hence, the components of ARR related to capitalisation, like interest and finance charges, depreciation and return on equity are also considered as uncontrollable.

**The Commission, accordingly, approves the Gains / Losses on account of interest and finance charges as uncontrollable, in the Truing up for FY 2018-19, as detailed in the Table below:**

**Table 4-25: Gains / (Losses) on account of interest and finance charges for FY 2018-19**  
(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest and Finance Charges	5.57	5.32	0.25	-	0.25

#### 4.6.5 Interest on Working Capital

##### Petitioner's submission

TPL-D (D) has submitted that the working capital requirement is arrived at as per the GERC (MYT) Regulations, 2016. As the working capital requirement works out to be negative, the TPL-D (D) has not claimed any interest on working capital. The computation is provided in the Table below.

**Table 4-26: Interest on Working Capital claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
O&M Expenses (1 month)	0.52	0.68
Maintenance spares (1% of opening GFA)	1.54	1.62
Receivables (1 month)	14.96	16.04
Less: Security Deposit	37.05	32.74
Normative Working Capital	-	-
Interest Rate (%)	11.70%	10.89%



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Particulars	Approved in the MYT Order	Actual Claimed
<b>Interest on Working Capital</b>	-	-

TPL-D (D) 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 interest rate applicable to working capital requirement.

**Commission’s analysis**

The Commission has examined the computation of normative working capital and interest thereon as per the GERC (MYT) Regulations, 2016.

While computing the working capital the Commission has reduced the working capital requirement by considering the average security deposit of Rs 32.74 Crore for FY 2018-19 as per annual accounts. The working capital requirement works out to be negative as given in the Table below:

**Table 4-27: Interest on Working Capital approved for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
O&M Expenses (1 month)	0.52	0.68	0.68
Maintenance spares (1% of opening GFA)	1.54	1.62	1.62
Receivables (1 month)	14.96	16.04	18.05
Less: Security Deposit	37.05	32.74	32.74
Normative Working Capital	-	-	-
Interest Rate (%)	11.70%	10.89%	10.89%
<b>Interest on Working Capital</b>	-	-	-

**The Commission approves the interest on working capital as “Nil” for the Truing up for FY 2018-19.**

**The Commission, accordingly, approves the Gains / Losses on account of interest on working capital as uncontrollable, in the Truing up for FY 2018-19, as detailed in the Table below:**



**Table 4-28: Gains / (Losses) on account of interest on working capital for FY 2018-19**  
**(Rs. Crore)**

Particulars	Approved in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Working Capital	-	-	-	-	-

#### 4.6.6 Interest on Security Deposit

##### Petitioner's submission

TPL-D (D) has submitted that the Commission in the MYT Order dated 9<sup>th</sup> June 2017 had approved the interest on security deposit considering 7.75 % interest rate on the average balance of security deposit for FY 2018-19. TPL-D (D) has now claimed a sum of Rs 2.06 Crore towards the actual Interest Expense on Security Deposit considering the rate of interest of 6.25% paid to consumers based on Bank Rate as submitted in the Table below:

**Table 4-29: Interest on Security Deposit for FY 2018-19**

**(Rs. Crore)**

Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-
Interest Rate	7.75%	6.25%	
Interest on Security Deposit	2.87	2.06	0.81

##### Commission's analysis

The Commission has scrutinized the annual accounts and observed that the actual interest paid as per annual accounts is found to be Rs. 2.06 Crore. Accordingly, the Commission approves this value as per actuals.

**Table 4-30: Interest on Security Deposit approved for FY 2018-19**

**(Rs. Crore)**

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Interest on Security Deposit	2.87	2.06	2.06

**The Commission approves interest on security deposit at Rs. 2.06 Crore for Truing up for FY 2018-19.**



The deviation of Rs. 0.81 Crore is considered as Gain on account of uncontrollable factors as detailed in the Table below:

**Table 4-31: Gains / (Losses) on account of interest on security deposit for FY 2018-19**  
**(Rs. Crore)**

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Security Deposit	2.87	2.06	0.81	0.00	0.81

#### 4.6.7 Bad Debts Written off

##### Petitioner's submission

TPL-D (D) has not claimed any amount towards bad debts written off in the Truing up for FY 2018-19 against Nil value approved in the MYT Order for FY 2018-19 as mentioned in the Table below:

**Table 4-32: Bad debts written off claimed for FY 2018-19**

**(Rs. Crore)**

Particulars	Approved in the MYT Order	Actual Claimed
Bad Debts Written Off	0.00	0.00

##### Commission's analysis

The Commission has verified from the annual accounts for FY 2018-19 that bad debts written off are nil.

**Table 4-33: Bad debts written off approved for Truing up for FY 2018-19**

**(Rs. Crore)**

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Bad Debts Written Off	0.00	0.00	0.00

The Commission considers bad debts written off as controllable accordingly, the Commission has approved the Gain /Losses as shown in Table below:



**Table 4-34: Gains/(Losses) on account of Bad debts written off approved by the Commission for FY 2018-19**

(Rs. Crore)					
Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Bad Debts Written Off	0.00	0.00	0.00	0.00	0.00

#### 4.6.8 Contingency Reserve

##### Petitioner's submission

TPL-D (D) has proposed the contingency reserve at Rs. 0.81 Crore in the Truing up for FY 2018-19 in line with the amount approved in the MYT Order dated 9<sup>th</sup> June, 2017, TPL-D (D) has considered 0.5% of the cost of fixed assets towards the contingency reserve as shown in the Table below:

**Table 4-35: Contingency reserve claimed for FY 2018-19**

(Rs. Crore)			
Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-
Contingency Reserve	0.77	0.81	(0.04)

##### Commission's analysis

Regulation 86.3 of the GERC (MYT) Regulations, 2016 specifies that where the Distribution Licensee has made an appropriation to the Contingency Reserve, a sum not more than 0.5 % of the original cost of fixed assets shall be allowed annually towards such appropriation in the calculation of aggregate revenue requirement. The Commission has also validated the amount claimed by TPL-D (D) from the annual accounts.

**Table 4-36: Contingency Reserve approved for FY 2018-17**

(Rs. Crore)			
Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Contingency Reserve	0.77	0.81	0.81



**The Commission approves contribution to contingency reserve at Rs. 0.81 Crore for Truing up for FY 2018-19.**

The Commission considers variation in the contribution to contingency reserve as an uncontrollable factor. Accordingly, the Commission approves the Gains / (Losses) as shown in the Table below:

**Table 4-37: Gains / (Losses) on account of contribution to contingency reserve for FY 2018-19**

(Rs. Crore)					
Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Contingency Reserve	0.77	0.81	(0.04)	0.00	(0.04)

#### **4.6.9 Return on equity**

##### **Petitioner's submission**

TPL-D (D) has claimed a sum of Rs. 5.67 Crore towards return on equity @ 14% in the Truing up for FY 2018-19 against Rs. 5.55 Crore approved in the MYT Order dated 9<sup>th</sup> June, 2017 as detailed in the Table below:

**Table 4-38: Return on Equity claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Opening Equity	39.10	40.24
Equity Addition during the Year	1.11	0.58
Closing Equity	40.21	40.82
Average of Opening & Closing Equity	39.66	40.53
<b>Return on Equity @ 14%</b>	<b>5.55</b>	<b>5.67</b>

TPL-D (D) has submitted that the closing balance of equity has been arrived at considering additional equity of 30% of the capitalization during the year. The return on equity has been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2018-19.



**Commission’s analysis**

The opening equity for FY 2018-19 is same as the closing equity for FY 2017-18 approved in the True up Order for FY 2017-18. The addition of equity of Rs. 0.58 crore is due to net capitalization during FY 2018-19 as approved in para 4.6.2 of this Order. Considering the rate of return of 14% as per the GERC (MYT) Regulations, 2016 on average equity, the return on equity works out to Rs 5.67 Crore as given in the Table below:

**Table 4-39: Return on Equity approved for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Opening Equity	39.10	40.24	40.24
Equity Addition during the Year	1.11	0.58	0.58
Closing Equity	40.21	40.82	40.82
Average Equity	39.66	40.53	40.53
<b>Return on Equity @ 14%</b>	<b>5.55</b>	<b>5.67</b>	<b>5.67</b>

**The Commission, accordingly, approves the return on equity at Rs. 5.67 Crore in the Truing up for FY 2018-19.**

The return on equity depends on the amount of capitalisation during the year and 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, approved Gains/(Losses) on account of return on equity in the Truing up for FY 2018-19 as detailed below:

**Table 4-40: Gains/(Losses) on account of return on equity for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	5.55	5.67	(0.12)	0.00	(0.12)



#### **4.6.10 Income Tax**

##### **Petitioner's submission**

TPL-D (D) has claimed income tax of Rs. 0.86 Crore in the Truing up for FY 2018-19 against approved Nil amount of income tax in the MYT Order dated 9<sup>th</sup> June, 2017 as detailed in the Table below:

**Table 4-41: Income Tax claimed for FY 2018-19**

**(Rs. Crore)**

<b>Particulars</b>	<b>Approved in the MYT Order</b>	<b>Actual Claimed</b>	<b>Deviation +/-</b>
Income Tax	-	0.86	(0.86)

The Petitioner has claimed the Income Tax based on the actual tax paid in proportion to the PBT of TPL-D(D).

##### **Commission's analysis**

The Commission had asked TPL-D (D) to furnish the details of segregation of income tax paid by TPL-D (D) in respect of TPL-D (D) Ahmedabad along with copies of challans of income tax paid. In its reply, TPL-D (D) submitted that being a single corporate entity, income tax is paid for the company as a whole. TPL also submitted that it has computed the income tax, by applying the prevailing MAT rate on the PBT, as per the annual accounts and submitted the copies of challans of income tax paid.

The Commission verified the PBT figures from the annual accounts for FY 2018-19. The Petitioner has shown a PBT of Rs. 4.05 Crore net of Re-measurement of Defined Benefit Plans. The PBT as per standalone financial statement of TPL net of Re-measurement of Defined Benefit Plans is Rs. 1238.81 Crore and the total current tax paid is Rs 274.06 Crore.

TPL-D (D) submitted that the computation of Income Tax has been done in line with the approach adopted by the Commission viz., the Tax has been computed by applying the MAT rate of 21.5488% as against the actual Tax rate of 22.12% for the Company as a whole, and the Tax credit of Rs. 3.38 crore for the Company as a whole has been considered proportionately for TPL-G, TPL-D (A), TPL-D (S) and TPL-D (D). Accordingly, TPL-D (D) submitted the computation of Income Tax of Rs.



0.86 crore for TPL-D (D).

**The Commission accordingly, approves income tax at Rs. 0.86 Crore for Truing up for FY 2018-19 as shown below:**

**Table 4-42: Income Tax approved for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Income Tax	0.00	0.86	0.86

As per the GERC (MYT) Regulations, 2016 variation in the taxes on income is an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

**Table 4-43: Gains / (Losses) on account of income tax for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Income Tax	0.00	0.86	(0.86)	0.00	(0.86)

#### **4.6.11 Non-Tariff Income**

##### **Petitioner's submission**

TPL-D (D) has claimed the Non-Tariff income at Rs. 2.87 Crore in the Truing up for FY 2018-19 against Rs. 3.09 Crore approved in the MYT Order dated 9<sup>th</sup> June 2017 for FY 2018-19 as detailed in the Table below:

**Table 4-44: Non-Tariff income claimed for FY 2018-19**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-
Non-Tariff Income	3.09	2.87	0.22



**Commission’s analysis**

The non-tariff income is specified in Regulation 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 noted that the non-tariff income claimed by the Petitioner for FY 2018-19 is Rs. 2.87 Crore.

It is observed that the non-tariff income as per annual accounts is Rs. 4.39 Crore. The Petitioner has deducted the deferred income on transfer of assets from consumers of Rs 1.52 Crore (which is considered in Depreciation) to arrive at Rs. 2.87 Crore.

**The Commission, accordingly, approves the Non-Tariff income at Rs. 2.87 Crore for Truing up for FY 2018-19 as shown below:**

**Table 4-45: Non-Tariff income approved by the Commission FY 2018-19**  
**(Rs. Crore)**

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
Non-Tariff Income	3.09	2.87	2.87

The Commission considers variation in the non-tariff income as an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

**Table 4-46: Gains / (Losses) on account of non-tariff income for FY 2018-19**  
**(Rs. Crore)**

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non-Tariff Income	3.09	2.87	0.22	0.00	0.22



## 4.7 Revenue from Sale of Power

### Petitioner's submission

TPL-D (D) has submitted the revenue from sale of power at Rs. 192.50 Crore in the Truing up for FY 2018-19.

### Commission's analysis

The Commission has verified the revenue from sale of power from the annual accounts for FY 2018-19. The Commission has considered the revenue from sale of power as reflecting in the Note 26 of the audited accounts for FY 2018-19 i.e. Rs. 216.60 Crore. The Commission notes that the Petitioner has claimed total tax on this total revenue of Rs. 0.86 Crore in the section on Income Tax. The same has been considered by the Commission based on the verification of the actual income tax challans submitted by the Petitioner for FY 2018-19.

**In accordance with the GERC (MYT) Regulations, 2016, The Commission thus approves Rs.216.60 Crore as Revenue from Sale of power for Truing up for FY 2018-19.**

## 4.8 Summary of Aggregate Revenue Requirement and Sharing of Gains/ Losses

### Petitioner's submission

TPL-D (D) has submitted the comparison of various ARR items and computed the Gains/ Losses due to controllable and uncontrollable factors as summarized below:

**Table 4-47: Controllable & Uncontrollable Variations for FY 2018-19 as claimed by TPL-D (D)**

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Over (+) / Under (-) Recovery	Gains/ (Losses) due to Controllable factor	Gains/ (Losses) due to Uncontrollable factor
Power Purchase Cost	137.06	191.91	(54.85)	-	(54.85)
O&M Expense	6.29	8.16	(1.87)	-	(1.87)
Depreciation	6.51	6.35	0.16	-	0.16
Interest and Finance	5.57	5.32	0.25	-	0.25



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Particulars	Approved in the MYT Order	Actual Claimed	Over (+) / Under (-) Recovery	Gains/ (Losses) due to Controllable factor	Gains/ (Losses) due to Uncontrollable factor
Charges					
Interest on Security Deposit	2.87	2.06	0.82	-	0.81
Interest on Working Capital	-	-	-	-	-
Provision for Bad Debts	-	-	-	-	-
Contingency Reserve	0.77	0.81	(0.04)	-	(0.04)
Income Tax	-	0.86	(0.86)	-	(0.86)
Return on Equity	5.55	5.67	(0.12)	-	(0.12)
Less: Non-Tariff Income	3.09	2.87	0.22	-	0.22
<b>Aggregate Revenue Requirement</b>	<b>161.53</b>	<b>218.28</b>	<b>(56.74)</b>	<b>-</b>	<b>(56.74)</b>

Following is the summary of Truing-up ARR to be recovered by TPL-D (D) for FY 2018-19 after inclusion of sharing of Gains/ Losses.

**Table 4-48: Trued-up ARR for FY 2018-19 as claimed by TPL-D (D)**

(Rs. Crore)

Particulars	Legend	Actual Claimed
ARR approved in the MYT Order for FY 2018-19	A	161.53
Gains/ (Losses) due to Uncontrollable Factors	B	(56.74)
Gains/ (Losses) due to Controllable Factors	C	-
Pass through as Tariff [-(1/3 <sup>rd</sup> of c+ b)]	D=-(1/3 <sup>rd</sup> of c+b)	56.74
<b>Trued-up ARR for 2018-19 [(e) = a + d]</b>	<b>e=a+d</b>	<b>218.28</b>

TPL-D (D) has submitted that the treatment of revenue towards recovery of earlier years' approved Gap/ (Surplus) works out to Surplus of Rs. 1.70 Crore as per the Commission's True-Up Orders dated 31<sup>st</sup> March 2016, 4<sup>th</sup> April,2018 and 19<sup>th</sup> June 2019 for the petitioner including the corresponding impact for subsequent periods.

TPL-D (D) has submitted that the tariff determination under the Electricity Act, 2003 is carried out under the principle incorporated in the Act and the Regulations. The GERC (MYT) Regulation,2016 specify the list of items to be considered for ARR of a distribution licensee. However, inadvertently, the Delayed Payment Charges for FY 2016-17 of 0.005 Crore and FY 2017-18 of 0.007 Crore had been considered as part



of ARR of FY 2016-17 and FY 2017-18, respectively. Thus, the Delayed Payment Charges were considered in the tariff determination process but inadvertently given an erroneous treatment contrary to applicable Regulations. TPL-D (D) requests commission to allow the correct treatment Rs. 0.012 Crore in the earlier years' Gap, in accordance with the Statutory Regulations as applicable.

Based on the above, the Gap/ (Surplus) for FY 2018-19 is arrived at by equating the Trued-Up ARR with the revenue from sale of power after adjusting against earlier years' trued-up Gap/ (Surplus). The summary of the Gap/ (Surplus) for Dahej Supply area for FY 2018-19 is shown in the Table below.

**Table 4-49: Revenue Gap/ (Surplus) for FY 2018-19 as claimed by TPL-D (D)**  
**(Rs. Crore)**

Particulars	Actual Claimed
Trued-up ARR	218.28
Revenue from Sale of Energy	192.50
Less: Revenue towards Recovery of Earlier Years' approved Gap/ (Surplus)	(1.70)
Balance Revenue	194.19
<b>Gap/ (Surplus)</b>	<b>24.08</b>

#### **Commission's analysis**

The Commission reviewed the performance of TPL-D (D) under Regulation 22 of the GERC (MYT) Regulations, 2016 with reference to the annual accounts for FY 2018-19. The Commission has computed the sharing of Gains and Losses for FY 2018-19 based on the Truing up for each of the components discussed in the above paragraphs. The Aggregate Revenue Requirement (ARR) approved for FY 2018-19 in the MYT Order dated 9<sup>th</sup> June, 2017 and computed in accordance with the GERC (MYT) Regulations, 2016 are given in the Table below:

**Table 4-50: ARR approved for FY 2018-19 along with impact of Controllable/ Uncontrollable Factors**  
**(Rs. Crore)**

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up	Over (+) / Under (-) Recovery	Gain / (Loss) due to Controllable factor	Gain / (Loss) due to Uncontrollable factor
Power Purchase Cost	137.06	191.91	191.91	(54.85)	-	(54.85)
O&M Expenses	6.29	8.16	8.16	(1.87)	-	(1.87)
Depreciation	6.51	6.35	6.35	0.16	-	0.16



Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up	Over (+) / Under (-) Recovery	Gain / (Loss) due to Controllable factor	Gain / (Loss) due to Uncontrollable factor
Interest and Finance Charges	5.57	5.32	5.32	0.25	-	0.25
Interest on Security Deposit	2.87	2.06	2.06	0.81	-	0.81
Interest on Working Capital	0.00	0.00	0.00	-	-	-
Provision for Bad Debts	0.00	0.00	0.00	-	-	-
Contingency Reserve	0.77	0.81	0.81	(0.04)	-	(0.04)
Income Tax	0.00	0.86	0.86	(0.86)	-	(0.86)
Return on Equity	5.55	5.67	5.67	(0.12)	-	(0.12)
Less: Non-Tariff Income	3.09	2.87	2.87	0.22	-	0.22
<b>Aggregate revenue requirement</b>	<b>161.53</b>	<b>218.27</b>	<b>218.27</b>	<b>(56.74)</b>	<b>-</b>	<b>(56.74)</b>

#### 4.9 Sharing of Gains/ Losses for FY 2018-19

The Commission has analysed the Gains / Losses on account of controllable and uncontrollable factors.

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 2018-19 as claimed by TPL-D (D) and as approved by the Commission is summarized in the Table below:

**Table 4-51: Trued-up ARR for FY 2018-19 as approved by the Commission**  
**(Rs. Crore)**

Particulars	Approved in Truing up
ARR approved in the MYT Order for FY 2018-19	161.53
Less: Gains / (Losses) on account of Controllable Factor to be passed to consumers (1/3 <sup>rd</sup> )	-
Less: Gains / (Losses) on account of Uncontrollable Factor	(56.74)
<b>Trued-Up ARR for 2018-19</b>	<b>218.27</b>

#### 4.10 Net Revenue Gap / (Surplus)

On a query from the Commission regarding the break-up of Revenue towards recovery of earlier years approved Gap/(Surplus), TPL-D (D) vide its additional details submitted the following break-up:

**Table 4-52: Break-up of Revenue towards recovery of Earlier Years' approved Gap / (Surplus) for FY 2018-19**

Particulars	Rs.Crore
Gap/(Surplus) of FY 16-17	(7.08)

**Table 4-53: Break-up of Carrying Cost and Other Consequential Orders/Directions claimed for FY 2018-19**

Particulars	Rs.Crore
Carrying Cost for FY 2016-17	(1.25)
Carrying Cost for FY 2014-15	(0.50)
APTEL Judgement in Appeal No. 256/2016	7.12
Delayed Payment Charges for FY 2016-17 & FY 2017-18	0.01
<b>Total</b>	<b>5.38</b>

As seen above, the aforesaid claim of Petitioner towards recovery of Earlier Years' approved Gap/Surplus is inclusive of Rs. (1.25) Crore towards carrying cost of FY 2016-17, Rs. (0.50) Crore towards carrying cost of FY 2014-15, Rs 7.12 Crore towards Impact of APTEL judgement in Appeal No. 256/2016 and Delayed Payment Charges of Rs.0.01 Crore for FY 2016-17 and FY 2017-18.

The Commission analysed the above submitted details. The Commission has allowed the recovery of the past Gap as claimed by the Petitioner after due diligence.

The Revenue Gap/ (Surplus) claimed and approved for TPL-D (D) for FY 2018-19 is detailed in the Table below:

**Table 4-54: Net Revenue Gap / (Surplus) approved for FY 2018-19**

(Rs. Crore)

Particulars	Actual Claimed	Approved in Truing up
1. Trued-up ARR for FY 2018-19	218.27	218.27
2. Revenue from Sale of Power	192.50	216.60



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Particulars	Actual Claimed	Approved in Truing up
3. Less: Revenue towards recovery of Earlier Years' approved Gap / (Surplus)	(1.70)	(7.08)
4. Balance Revenue	194.20	223.68
<b>5. Net Revenue Gap/ (Surplus) (4-1)</b>	<b>24.08</b>	<b>(5.41)</b>

**Accordingly, the Commission approves the Trued-up Surplus of Rs. 5.41 Crore for FY 2018-19. This Trued-up Surplus is considered by the Commission for Determination of Tariff for FY 2020-21.**

**The Commission has dealt with Rs. 5.38 Crore (as per Table 4-53) on account of carrying cost and other consequential orders / directions for TPL-D (D) claimed for FY 2018-19 in the next Chapter while deciding Tariff for FY 2020-21.**

The Commission in its MYT Regulations, 2016 has prescribed that the carrying cost to be allowed on the amount of revenue gap or revenue 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 for carrying cost in the year during which revenue (Gap)/Surplus remains. Hence, the Commission has allowed carrying cost at the weighted average SBI Base Rate on the outstanding actual Surplus of Truing up of FY 2018-19 as per the GERC (MYT) Regulations, 2016.



## 5 Determination of Tariff for FY 2020-21

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### 5.1 Introduction

This Chapter deals with the determination of Revenue Gap/Surplus, as well as consumer tariff for FY 2020-21.

The Commission has considered the ARR approved in the MTR Order dated 17<sup>th</sup> July, 2019 for FY 2020-21 and the adjustment on account of True-up of FY 2018-19, while determining the revenue Gap/Surplus for FY 2020-21.

### 5.2 Gap/(Surplus) for FY 2020-21

The Table below summarises the Annual Revenue Requirement, as approved by the Commission for FY 2020-21 in the MTR Order dated 17<sup>th</sup> July, 2019.

**Table 5-1: Approved ARR for FY 2020-21**

Particulars	FY 2020-21 (Rs.Crore)
Power Purchase Expenses	177.89
O&M Expenses	7.03
Depreciation	6.19
Interest & Finance Charges	5.21
Interest on Security Deposit	2.32
Interest on Working Capital	-
Bad Debts Written off	-
Contribution to Contingency Reserves	0.89
Return on Equity	6.42
Income Tax	-
Less: Non-Tariff Income	4.54
<b>ARR</b>	<b>201.42</b>

#### **Petitioner's submission:**

The revenue for FY 2020-21 is arrived at considering sales forecast for FY 2020-21 and by applying the existing tariff. Accordingly, the estimated revenue for FY 2018-19 works out to Rs. 183.44 Crore. The ARR for FY 2020-21 is Rs. 201.42 Crore. Accordingly, the Petitioner has arrived at the Revenue Gap of Rs. 17.97 Crore for FY 2020-21. Accordingly, the consolidated Gap/ (Surplus) for FY 2020-21 including Gap



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of FY 2020-21 and Surplus of FY 2018-19 along with carrying cost on Surplus of FY 2018-19 and previous years at existing tariffs, is submitted as follows:

**Table 5-2: Consolidated Gap/ (Surplus) for FY 2020-21 as submitted by TPL-D (D)**  
**(Rs. Crore)**

Particulars	Actual Claimed
ARR for FY 2020-21	201.42
Revenue from Sale of Power at Existing Tariff Rates	183.44
Gap/ (Surplus) for 2020-21	17.97
Add: Gap/(Surplus) for 2018-19	24.08
Add: Carrying Cost	7.59
<b>Total Gap/ (Surplus) to be charged through tariffs</b>	<b>49.65</b>

The Petitioner proposes to recover part of the cumulative Gap of Rs. 43.70 Crore, consisting of the aforementioned Gap of Rs. 49.65 Crore and carrying cost of Rs. (5.95) Crore kept in abeyance during Truing up of FY 2015-16, with effect from 1<sup>st</sup> April, 2020, by way of tariff revision of Rs. 0.59 per unit during FY 2020-21.

For the recovery of balance cumulative Gap, the petitioner has proposed Regulatory Charge at the rate of Rs. 0.30 per w.e.f. 1<sup>st</sup> April, 2020.

**Commission's analysis**

The Commission has gone through the merits of the Petition and determined the various components of the tariff in this Order and accordingly the Commission has independently worked out the ARR as well as revenue for TPL-D (D) for FY 2020-21, as shown in the Table below:

**Table 5-3: Approved Revenue Gap / (Surplus) of TPL-D (D) for FY 2020-21**  
**(Rs. Crore)**

Particulars	Amount
ARR for FY 2020-21	201.42
Revenue from sale of power at existing tariff rates	183.44
<b>Gap/ (Surplus) for FY 2020-21</b>	<b>17.98</b>

In Chapter 4, the Commission has approved the Revenue Surplus after True-up of FY 2018-19 as Rs. 5.41 Crore as against the Revenue Gap of Rs. 24.08 Crore claimed by the Petitioner.



The summary of Cumulative Revenue Gap/(Surplus) for Determination of Tariff for FY 2020-21 approved by the Commission is shown in the following Table:

**Table 5-4: Approved Cumulative revenue Gap/ (Surplus) for FY 2020-21 at existing tariffs**

(Rs. Crore)

Particulars	Claimed	Approved
Gap/ (Surplus) for FY 2018-19	24.08	(5.41)
Gap/(Surplus) for FY 2020-21	17.98	17.98
<b>Cumulative Gap/ (Surplus) to be recovered through Tariffs</b>	42.06	12.57

Thus, as against the cumulative Revenue Gap of Rs. 42.06 Crore projected by TPL-D (D) without Carrying Cost, the Commission has approved cumulative Revenue Gap of Rs. 12.57 Crore for FY 2020-21.

The Petitioner has requested to consider the carrying cost of Rs. 1.64 Crore on the Revenue Gap of FY 2018-19 including pending claims in the Tariff. The Commission has considered the recovery of carrying cost on the Revenue Surplus of Rs. 5.41 Crore for FY 2018-19 which is Rs. (0.91) Crore, as per the GERC (MYT) Regulations, 2016, as mentioned in the Table below:

**Table 5-5: Break-up of Carrying Cost and Other Consequential Orders / Directions for TPL-D (D) approved for FY 2020-21**

(Rs.Crore)

Particulars	Approved
Carrying Cost for FY 2016-17	(1.25)
Carrying Cost for FY 2014-15	(0.50)
APTEL judgement in Appeal No. 256/2016	7.12
Delayed Payment Charges for FY 16-17 & FY 17-18	0.01
<b>Sub-Total</b>	<b>5.38</b>
Carrying Cost for FY 2018-19 on Rs.(5.41) Crore*	(0.91)
<b>Total</b>	<b>4.48</b>

\* At weighted average rate of 8.39% (SBI Base Rate for the period)



The Commission allows Carrying cost of earlier years' along with other pending dues and payment towards the Hon'ble APTEL's Order as mentioned in the Table above, which is Rs. 4.48 Crore.

**Accordingly, the Commission approves a Total Revenue Gap of Rs. 17.05 Crore (12.57 +4.48) for TPL-D (D).**

## 6 Compliance of Directives

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### 6.1 Existing directives

The Commission has issued directive to the Petitioner in its Order dated 17<sup>th</sup> July 2019 in Case No 1766 of 2018. In this regard, TPL-D (D) has submitted the compliance. The comments of the Commission on the submission / compliance of TPL-D (D) are given below.

#### **Directive No. 1: Power Purchase Strategy (Planning)**

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

#### **Compliance submitted by TPL-D (D)**

In this regard, TPL-D (D) submits that it is submitting its note on power purchase strategy on quarterly basis.

#### **Commission's view**

The Commission has noted the submission of the Petitioner.

### 6.2 Fresh Directives

#### **Directive 1: Load Flow for Validation of Capital Expenditure and Capitalization**

The GERC Regulations allows the CAPEX to be passed through in tariff as and when the assets are put to use, after prudent check. Accordingly, the Petitioner is directed to keep a proper record of all the assets which is approved for capitalization during the years along with the necessary details, including date of commissioning / testing, date of loading (maximum and minimum during the period), time and cost overrun with respect to the approved projections. TPL shall submit the progress and details to the Commission every quarter.

**Directive 2: Long-term Power Procurement Plan along-with RPO Commitments**

The Commission has declared RPO target for different licensees. Since, power from renewable is now becoming cheaper and available, TPL-D (D) is directed to design optimal long-term mixed power purchase availability and planning for the next 10 years. TPL is directed to carry out a detailed study of the load growth and power requirement for the next decade and accordingly formulate a strategy to meet the requirement from conventional and RE sources till FY 2029-30. TPL-D (D) is directed to submit the report by December, 2020.



## 7 Fuel and Power Purchase Price Adjustment

### 7.1 Fuel Price and Power Purchase Price Adjustment

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

**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-D applicable for a particular quarter or actual weighted average in Transmission and Distribution Losses (%) for four DISCOMs/ GUVNL and TPL-D of the previous year for which true-up have been done by the Commission, whichever is lower.



## 7.2 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for TPL-D (D) including fixed cost, variable cost etc. from the various sources for FY 2020-21 as given in the Table below:

**Table 7-1: Energy requirement and power purchase cost approved by the Commission for FY 2020-21**

Year	Total Energy Requirement (MUs)	Approved Power Purchase cost (Rs Crore)	Power Purchase Cost per unit (Rs/kWh)
FY 2020-21	517.23	177.89	3.44

As mentioned above the base Power Purchase cost for TPL-D (D) is **Rs. 3.44 per kWh**. The base FPPPA has been equated to zero at the beginning of FY 2020-21.

TPL-D (D) 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 the preceding section.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of TPL-D (D).

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

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 the segregation of Expenses between Wires and Supply business is shown in the Table below:

**Table 8-1: Allocation matrix for segregation to Wheeling and Retail Supply for FY 2020-21 as per the GERC (MYT) Regulations, 2016**

Sl. No.	Particulars	Wire business (%)	Retail Supply 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 Consumer Security Deposit	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 has segregated the ARR of Dahej Supply Area for Wires and Supply business as under:

**Table 8-2: Allocation matrix for segregation to Wheeling and Retail Supply for FY 2020-21**

(Rs. Crore)

ARR Components	Wires Business	Retail Supply Business	Total ARR
Power Purchase Expense	0.00	177.89	177.89
Employee Expense	0.32	0.22	0.54
Administrative & General Expenses	2.71	2.71	5.42



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ARR Components	Wires Business	Retail Supply Business	Total ARR
Repair & Maintenance Expenses	0.96	0.11	1.07
Depreciation	5.57	0.62	6.19
Interest & Finance Charges	4.69	0.52	5.21
Interest on Security Deposit	0.23	2.09	2.32
Interest on Working capital	0.00	0.00	0.00
Bad Debts Written off	0.00	0.00	0.00
Income Tax	0.00	0.00	0.00
Contingency Reserve	0.89	0.00	0.89
Return on Equity	5.78	0.64	6.42
Less: Non-Tariff Income	0.45	4.09	4.54
<b>Aggregate Revenue Requirement</b>	<b>20.71</b>	<b>180.70</b>	<b>201.42</b>

**Petitioner's submission**

TPL-D (D) has submitted that the sales to the LT category are negligible. Hence, it has not segregated the wheeling ARR in the LT and HT category. The wheeling charges for FY 2020-21 are submitted as below:

ARR of wheeling Business – Rs. 20.71 Crore

Sales (MUs) – 488.96

**Wheeling Charges – Rs. 0.42 per kWh.**

TPL-D (D) further submitted that the Open Access consumers will also have to bear the **wheeling Losses in addition to wheeling charges at 2.00% for HT category and 4.00% LT Category.**

**Commission's analysis**

The Commission, in Order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix between the wires and retail supply business as per the GERC (MYT) Regulations, 2016. The allocation matrix and the basis of allocation of various cost components of the ARR as per the GERC (MYT) Regulations, 2016 are shown below:

**Table 8-3: Segregation between Wires and Retail Supply business ARR as approved by the Commission for FY 2020-21**

(Rs. Crore)

ARR Components	Wires Business	Retail Supply Business	Total ARR
Power Purchase Expenses	0.00	177.89	177.89
Employee Expenses	0.32	0.22	0.54



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ARR Components	Wires Business	Retail Supply Business	Total ARR
Administrative & General Expenses	2.71	2.71	5.42
Repair & Maintenance Expenses	0.96	0.11	1.07
Depreciation	5.57	0.62	6.19
Interest & Finance Charges	4.69	0.52	5.21
Interest on Security Deposit	0.23	2.09	2.32
Interest on Working Capital	0.00	0.00	0.00
Bad Debt Written Off	0.00	0.00	0.00
Income Tax	0.00	0.00	0.00
Contingency Reserve	0.89	0.00	0.89
Return on Equity	5.78	0.64	6.42
Less: Non-Tariff Income	0.45	4.09	4.54
<b>Aggregate Revenue Requirement</b>	<b>20.71</b>	<b>180.70</b>	<b>201.42</b>

The above allocations of ARR are used for determination of wheeling charges for FY 2020-21.

Determination of wheeling charges

The Petitioner has not segregating wheeling ARR between HT and LT voltage levels. Accordingly, the Commission has derived the wheeling charges as shown below:

ARR of wheeling business (Rs. Crore)	– 20.71
Sales (MUs)	– 488.96
<b>Wheeling Charges</b>	<b>– Rs. 0.42 / kWh.</b>

The Open Access consumer will also have to bear the **wheeling Losses in addition to wheeling charges at 2.00% for HT category.**

## 8.2 Determination of Cross Subsidy Surcharge

### Petitioner's submission

TPL-D (D) submitted cross-subsidy calculation based on the formula enumerated in the Tariff Policy as shown in the Table below:

**Table 8-4: Cross subsidy surcharge for FY 2020-21 submitted by TPL-D (D)**

Particulars	HTP-1
T – Tariff for HT category in Rs/ kWh	4.63
PPC – Average cost of power Purchase in Rs/ kWh	3.44
L – Loss for HT category in %	2.00%



Particulars	HTP-1
D –Wheeling charges for HT category in Rs/ kWh	0.42
<b>Cross subsidy surcharge in Rs/ kWh</b>	<b>0.69</b>

### Commission’s analysis

The 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 recently issued Tariff Policy, 2016. According to this policy the formula for Cross Subsidy Surcharge is 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.

The Cross Subsidy Surcharge based on the above formula is determined as shown in the Table below:

**Table 8-5: Cross subsidy surcharge for FY 2020-21**

Sr. No.	Particulars	HTP-I
1	T - Tariff for HTP-I Category (Rs./ kWh)	4.04
2	C – Wtd. Avg. Power Purchase Cost (Rs./kWh)	3.44
3	D - Wheeling Charge (Rs./kWh)	0.42
4	L - Aggregate T&D Loss (%)	2.00%
5	R - per unit cost of carrying regulatory assets (Rs./kWh)	0.00
<b>6</b>	<b>S - Cross subsidy surcharge (Rs./kWh)</b>	<b>0.11</b>



$$\begin{aligned} S &= T - [C / (1 - L/100) + D + R] \\ &= 4.04 - [3.44 / (1 - 2\%) + 0.42 + 0.00] \\ &= 0.11 \end{aligned}$$

Accordingly, **Cross Subsidy Surcharge for HTP-I Category = 0.11 Rs. /kWh for FY 2020-21.**

### **8.3 Determination of Additional Surcharge**

#### **Petitioners Submission**

As per the Regulation 25 of GERC (Terms & Conditions of Intra-State Open Access) Regulations, 2011, the Open Access consumer will also be required to pay an additional surcharge as per section 42 (4) of the Electricity Act, 2003.

#### **Commission's View**

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

## 9 Tariff Philosophy and Tariff Proposal

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### 9.1 Introduction

This chapter discusses TPL-D (D)'s tariff proposal and changes suggested in tariff structure and provides the Commission's final decision on the same.

### 9.2 TPL-D (D)'s Tariff Proposals and changes in Tariff Structure

The Petitioner proposes to recover the cumulative Gap of Rs. 43.70 Crore including carrying cost of Rs. (5.95) Crore kept in abeyance during truing-up of FY 2015-16 w.e.f. 1<sup>st</sup> April, 2020 by way of average tariff increase of Rs. 0.59 per unit during FY 2020-21. The Petitioner has proposed rationalization of the tariffs so as to recover the aforementioned cumulative Revenue Gap. The following major changes have been proposed by the Petitioner.

- Residential consumers having per installation based fixed charges have been proposed to be shifted to load based tariff.
- Commercial and Industrial consumers having load from 15-40 KW having load based tariff have been proposed to be shifted to demand based tariff.

For the recovery of balance cumulative Gap, the petitioner has proposed Regulatory Charges at rate of Rs. 0.30 per unit w.e.f. 1<sup>st</sup> April, 2020.

The Petitioner has submitted that, if for any reason, the Commission does not allow the revised tariff w.e.f. 1<sup>st</sup> April, 2020, the tariff rates need to be appropriately adjusted to allow the Petitioner to recover the cumulative Gap of Rs. 43.70 Crore entirely during FY 2020-21.

### **9.3 Commission's analysis**

The Tariff Policy and Electricity Act, 2003 provide for tariff structure rationalization. The Commission notes that the Petitioner has proposed rationalization in the Tariff Rates.

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.

In order to address these issues to some extent, the Commission has introduced the slab of 0-50 units for BPL category consumers. The energy charges across all categories have also been increased by 30 Paise.

In the previous section, the Commission has approved the Cumulative Gap of Rs.17.05 Crore to be recovered through tariff for FY 2020-21. The revenue from sale of Power at existing vs approved tariff is shown below:

**Table 9-1: Revenue from Sale of Power at Existing vs Approved Tariffs for FY 2020-21**

<b>Particulars</b>	<b>Legend</b>	<b>Rs.Crore</b>
Revenue at Existing Tariff Rates	a	183.44
Revenue at Approved Tariff Rates for FY 2020-21	b	198.11
Gap Recovered	c = b-a	14.67
Gap to be Recovered	d	17.05
Remaining Gap/(Surplus)	e=d-c	2.38

**With this revision in the tariff rates, the Commission has arrived at Revenue Gap of Rs. 2.38 Crore as shown in the above Table, which will be duly considered by the Commission in the Truing up exercise.**

## **COMMISSION'S ORDER**

The Commission approves the Aggregate Revenue Requirement (ARR) for Torrent Power Limited -Distribution (Dahej) for FY 2020-21, as shown in the Table below:

**(Rs. Crore)**

<b>Particulars</b>	<b>FY 2020-21</b>
Power Purchase Expenses	177.89
O&M Expenses	7.03
Depreciation	6.19
Interest & Finance Charges	5.21
Interest on Security Deposit	2.32
Interest on Working Capital	-
Bad Debts Written Off	-
Contribution to Contingency Reserves	0.89
Return on Equity	6.42
Income Tax	-
Less: Non-Tariff Income	4.54
<b>ARR</b>	<b>201.42</b>

The retail supply tariffs for TPL-D (D) for FY 2020-21 determined by the Commission are annexed to this Order. This Order shall come into force with effect from 1<sup>st</sup> April 2020.

**The revised rate shall be applicable for the electricity consumption from the 1<sup>st</sup> April, 2020 onwards.**

**Sd/-**

\_\_\_\_\_  
**P. J. THAKKAR**  
Member

**Sd/-**

\_\_\_\_\_  
**ANAND KUMAR**  
Chairman

Place: Gandhinagar

Date: 31/03/2020





**ANNEXURE: TARIFF SCHEDULE**

**TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION,  
AND EXTRA HIGH TENSION  
Effective from 1<sup>st</sup> April, 2020**

**GENERAL CONDITIONS**

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by all the consumers of Torrent Power Limited – Distribution in the Dahej SEZ area.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for purpose 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.
6. 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.
7. Conversion of Ratings of electrical appliances and equipments from kilo watt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilo watt equal to 1 B.H.P.
8. 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 kilowatt (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).
9. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.



10. 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.
11. Contract Demand shall mean the maximum kW for the supply of which licensee undertakes to provide facilities to the consumer from time to time.
12. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.
13. 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.
14. 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 licensees shall be entitled to take any other action deemed necessary and authorized under the Act.
15. Delayed payment charges for all consumers:

No delayed payment charges shall be levied if the bill is paid within 10 days from the date of billing (excluding date of billing).

Delayed payment charges will be levied at the rate of 15% per annum for the period from the due date till the date of payment.

For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.

**PART - I**

**SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY  
AT LOW AND MEDIUM VOLTAGE**

**1.0 Rate: RGP**

This tariff is applicable to all services in the residential premises.

Single-phase supply: Aggregate load up to 6 kW

Three-phase supply: Aggregate load above 6 kW

**1.1 Fixed Charges:**

For other than BPL consumers

Range of Connected Load:

Up to and including 2 kW	Rs.15/- per month
Above 2 and up to 4 kW	Rs.25/- per month
Above 4 and upto 6 kW	Rs.45/- per month
Above 6 kW	Rs.70/- per month

For BPL household consumers\*

Fixed Charges	Rs. 5 per month per installation
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**PLUS**

**1.2 Energy Charges: For the total monthly consumption:**

For other than BPL consumers

(a)	First 50 units	205 Paise per Unit
(b)	Next 50 units	235 Paise per Unit
(c)	Next 150 units	300 Paise per Unit
(d)	Above 250 units	390 Paise per Unit

For BPL household consumers\*

(a)	First 50 units	150 Paise per Unit
(b)	For remaining units	Rates 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.*



**1.3 Minimum bill**

Payment of fixed charges as specified in 1.1 above.

**2.0 Rate: Non-RGP**

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load up to and including 40 kW.

**2.1 Fixed charges per month:**

Up to and including 10 kW of connected load	Rs. 50/- per kW
Above 10 kW and up to 40 kW of connected load	Rs. 85/- per kW

**PLUS**

**2.2 Energy charges:**

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	280 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	310 Paise per Unit

**2.3 Minimum Bill**

Minimum bill per installation per month for consumers other than Seasonal Consumers:

Payment of Fixed Charge as specified in 2.1 above.

**2.4 Minimum Bill per Installation for Seasonal Consumers**

- a) "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice candy machines, ginning and pressing factory, oil mill, rice mill, huller, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fisheries industry), tapioca industries manufacturing starch, etc.
- b) Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing in advance about the off-season period during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The total period of the off-season so declared and

observed shall be not less than three calendar months in a calendar year.

- c) The total minimum amount under the head “Fixed and Energy Charges” payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1800/- per annum per kW of the contracted load.
- d) The units consumed during the off-season period shall be charged for at a flat rate of 345 Paise per unit.
- e) The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads “Fixed Charges” and “Energy Charges”, shall be taken into account while determining the amount of short-fall payable towards the annual minimum bill as specified under sub-clause (c) above.

### 3.0 **Rate: LTMD**

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load above 40 kW and up to 100 kW.

This tariff shall also be applicable to consumer covered in category- ‘Rate: Non-RGP’ so opts to be charged in place of ‘Rate: Non-RGP’ tariff.

### 3.1 **Fixed charges:**

	<b>For billing demand up to the contract demand</b>	
<b>(a)</b>	(i) For first 40 kW of billing demand	Rs. 90/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 130/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 195/- per kW per month
<b>(b)</b>	<b>For billing demand in excess of the contract demand</b>	Rs. 265/- per kW per month

**PLUS**

### 3.2 **Energy charges:**

For the entire consumption during the month	315 Paise per unit
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**PLUS**



**3.3 Reactive Energy Charges:**

For all the reactive units (KVARH) drawn during the month	10 Paise per KVARH
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**3.4 Billing Demand**

The billing demand shall be highest of the following:

- (a) Eighty-five percent of the contract demand
- (b) Actual maximum demand registered during the month
- (c) 15 kW

**3.5 Minimum Bill**

Payment of demand charges every month based on the billing demand.

**3.6 Seasonal Consumers taking LTMD Supply:**

3.6.1 The expression, "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice-candy machines, ginning and pressing factory, oil mill, rice mill, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fishery industry), tapioca industries manufacturing starch, pumping load or irrigation, white coal manufacturers etc.

3.6.2 A consumer, who desires to be billed for minimum charges on annual basis, shall intimate in writing in advance about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of off-season so declared and observed shall be not less than three calendar months in a calendar year.

3.6.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 3.6.1 above and complying with provisions stipulated under sub clause 3.6.2 above shall be Rs. 2970/- per annum per kW of the billing demand.

3.6.4 The billing demand shall be the highest of the following:

- (a) The highest of the actual maximum demand registered during the calendar year.
- (b) Eighty-five percent of the arithmetic average of contract demand during

the year.

(c) 15 kW.

3.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 345 Paise per unit.

**4.0 Rate: Non-RGP Night**

This tariff is applicable for aggregate load up to 40 kW and using electricity **exclusively during night hours** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

**4.1 Fixed Charges per month:**

50% of the Fixed charges specified in Rate Non-RGP above.
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**PLUS**

**4.2 Energy Charges:**

For entire consumption during the month	260 Paise per unit
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**NOTE:**

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 4.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 4.0 above.
3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per Non-RGP category demand charge rates given in para 2.1 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 Non-RGP category energy charge rates given in para 2.2 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 Non-RGP category demand charge and energy charge rates given in para 2.1



and 2.2 respectively, of this schedule.

6. This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.
7. The option can be exercised to shift from regular Non-RGP tariff category to Rate: Non-RGP Night tariff or from Rate: Non-RGP Night tariff category to regular Non-RGP tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.'

**5.0 Rate: LTMD- Night**

This tariff is applicable for aggregate load above 40 kW and using electricity **exclusively during night hours** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

**5.1 Fixed Charges per month:**

50 % of the Fixed charges specified in Rate <b>LTMD</b> above.
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**PLUS**

**5.2 Energy Charges:**

For entire consumption during the month	265 Paise per unit
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**5.3 Reactive Energy Charges:**

For all reactive units (KVARH) drawn during the month	10 Paise per KVARH
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**NOTE:**

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 5.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 5.0 above.
3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per LTMD category demand charge rates given in para 3.1 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 LTMD category energy charge rates given in para 3.2 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 LTMD category demand charge and energy charge rates given in para 3.1 and 3.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to shift from regular LTMD tariff category to Rate: LTMD-Night tariff or from Rate: LTMD-Night tariff category to regular LTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.'*

**6.0 Rate: WWSP**

This tariff shall be applicable to services used for water works and sewerage pumping purposes.

(a)	Fixed charges per month	Rs. 20 per HP
<b>PLUS</b>		
(b)	Energy charges per month: For entire consumption during the month	295 Paise per Unit

**7.0 Rate: SL**

**7.1 Tariff for Street Light for Local Authorities and Industrial Estates:**

This tariff includes the provision of maintenance, operation and control of the street lighting system.

**7.1.1 Energy Charges:**

For all the units consumed during the month	270 Paise per unit
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**7.1.2 Renewal and Replacements of Lamps:**

The consumer shall arrange for renewal and replacement of lamp at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.



7.1.3 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting system shall be carried out by Distribution Licensee.

**8.0 Rate: TMP**

This tariff is applicable to services of electricity supply for temporary period at the low voltage.

**8.1 FIXED CHARGE**

Fixed charge per installation	Rs. 15 per kW per Day
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**PLUS**

**8.2 ENERGY CHARGE**

A flat rate of	475 Paise per unit
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*Note: Payment of bills is to be made within seven days from the date of issue of the bill. Supply would be disconnected for non-payment of dues on 24 hours' notice.*

**9.0 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
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**PLUS**

**9.2 ENERGY CHARGE**

Energy Charge	335 Paise per Unit
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**PART-II**  
**TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION**  
**(3.3 KV AND ABOVE, 3-PHASE 50 C/S), AND EXTRA HIGH TENSION**

The following tariffs are applicable for supply at high tension for large power services for contract demand not less than 100 kVA

**10.0 Rate: HTP-I**

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT Categories.

**10.1 Demand Charges;**

10.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 150/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 260/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 475/- per kVA per month

10.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 555 per kVA per month
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**PLUS**

**10.2 Energy Charges**

<b>For entire consumption during the month</b>		
(a)	up to 500 kVA of billing demand	280 Paise per Unit
(b)	For next 2000 kVA of billing demand	300 Paise per Unit
(c)	For billing demand in excess of 2500 kVA	310 Paise per Unit

**PLUS**

**10.3 Time of Use Charges:**

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	35 Paise per Unit
(b)	For Billing Demand above 500 kVA	75 Paise per Unit



**10.4 Billing Demand:**

The billing demand shall be the highest of the following:

- (a) Actual maximum demand established during the month
- (b) Eighty-five percent of the contract demand
- (c) One hundred kVA

**10.5 Minimum Bills:**

Payment of “demand charges” based on kVA of billing demand.

**10.6 Power Factor Adjustment Charges:**

**10.6.1 Penalty for poor Power Factor:**

1. The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 10.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
2. In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 10.2 of this schedule, will be charged.

**10.6.2 Power Factor Rebate:**

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 10.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

**10.7 Maximum Demand and its Measurement:**

The maximum demand in kW or kVA, as the case may be, shall mean an average KW/KVA supplied during consecutive 30/15 minutes or if consumer is having parallel operation with the grid and has opted for 3 minutes, period of maximum use where such meter with the features of reading the maximum



demand in KW/KVA directly, have been provided.

**10.8 Contract Demand:**

The contract demand shall mean the maximum KW/KVA for the supply, of which the supplier undertakes to provide facilities from time to time.

**10.9 Rebate for Supply at EHV:**

<b>On Energy charges:</b>		<b>Rebate @</b>
(a)	If supply is availed at 33/66 kV	0.5%
(b)	If supply is availed at 132 kV and above	1.0%

**10.10 Concession for Use of Electricity during Night Hours:**

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning (recorded by a polyphase meter operated through time-switch) shall be eligible for concession at the rate of 30 Paise per unit. The polyphase meter and time switch shall be procured and installed by the consumer at his cost and sealed by the Distribution Licensee.

**10.11 Seasonal Consumers taking HT Supply:**

10.11.1 The expression, “Seasonal Consumer”, shall mean a consumer who takes and uses power supply for ice factory, ice-candy machines, ginning and pressing factory, oil mill, rice mill, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fishery industry), tapioca industries manufacturing starch, pumping load or irrigation, white coal manufacturers etc.

10.11.2 A consumer, who desires to be billed for minimum charges on annual basis, shall intimate in writing in advance about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of off-season so declared and observed shall be not less than three calendar months in a calendar year.

10.11.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub clause 10.11.1 above and complying with provisions stipulated under sub clauses 10.11.2 above shall be Rs. 4550/- per annum per kVA of the billing demand.



10.11.4 The billing demand shall be the highest of the following:

- (a) The highest of the actual maximum demand registered during the calendar year.
- (b) Eighty-five percent of the arithmetic average of contract demand during the year.
- (c) One hundred kVA.

10.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 350 Paise per unit.

10.11.6 Electricity bills paid during off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills for seasonal period only under the heads “Demand Charges” and “Energy Charges” shall be taken into account while determining the amount payable towards the annual minimum bill.

**11.0 Rate HTP-II**

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 KVA and above, requiring power supply for Water Works and Sewerage pumping stations.

**11.1 Demand Charges:**

11.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 115/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 225/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 290/- per kVA per month

11.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 360 per kVA per month
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**PLUS**

**11.2 Energy Charges:**



For entire consumption during the month		
(a)	up to 500 kVA of billing demand	300 Paise per Unit
(b)	For next 2000 kVA of billing demand	320 Paise per Unit
(c)	For billing demand in excess of 2500 kVA	330 Paise per Unit

**PLUS**

**11.3 Time of Use Charges:**

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	35 Paise per Unit
(b)	For Billing Demand above 500 kVA	75 Paise per Unit

- |  |                                  |                                     |
|--|----------------------------------|-------------------------------------|
| <p>11.4 Billing demand</p> <p>11.5 Minimum bill</p> <p>11.6 Maximum demand and its measurement</p> <p>11.7 Contract Demand</p> <p>11.8 Rebate for supply at EHV</p> <p>11.9 Concession for use of electricity during night hours</p> | <p style="font-size: 4em;">}</p> | <p>Same as per<br/>HTP-I Tariff</p> |
|--|----------------------------------|-------------------------------------|

**11.10 POWER FACTOR ADJUSTMENT CHARGES:**

11.10.1 Penalty for poor Power Factor:

- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 11.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 11.2 of this schedule, will be charged.

11.10.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in



excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 11.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

**12.0 Rate: HTP-III**

This tariff shall be applicable to a consumer taking supply of electricity at high voltage, contracting for not less than 100 kVA for temporary period. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

**12.1 Demand Charges:**

For billing demand up to contract demand	Rs. 18/- per kVA per day
For billing demand in excess of contract demand	Rs. 20/- per kVA per day

**PLUS**

**12.2 Energy charges**

For all units consumed during the month	540 Paise / Unit
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**PLUS**

**12.3 Time of Use Charges:**

Additional charge for energy consumption during two peak periods, viz. 0700 Hrs. to 1100 Hrs. an 1800 Hrs to 2200 Hrs.	75 Paise per unit
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12.4 Billing demand	}	Same as per HTP-I Tariff
12.5 Minimum bill		
12.6 Maximum demand and its measurement		
12.7 Contract Demand		
12.8 Rebate for supply at EHV		

**12.9 POWER FACTOR ADJUSTMENT CHARGES:**

12.9.1 Penalty for poor Power Factor:



- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 12.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 12.2 of this schedule, will be charged.

**12.9.2 Power Factor Rebate:**

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 12.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

**13.0 Rate: HTP-IV**

This tariff shall be applicable for supply of electricity to HT consumers opting to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day and contracted for regular power supply of 100 kVA and above.

**13.1 Demand Charges:**

1/3 <sup>rd</sup> of the Fixed Charges specified in rate HTP-I above
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**PLUS**

**13.2 Energy Charges:**

For all units consumed during the month	260 Paise per unit
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13.3	Billing demand	}	Same as per HTP-I Tariff
13.4	Minimum bill		
13.5	Maximum demand and its measurement		
13.6	Contract Demand		
13.7	Rebate for supply at EHV		

### **13.8 POWER FACTOR ADJUSTMENT CHARGES:**

#### 13.8.1 Penalty for poor Power Factor:

- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 13.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 13.2 of this schedule, will be charged.

#### 13.8.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 13.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

#### *NOTE:*

- 1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 13.0 above.*
- 2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 13.0 above.*
- 3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTP-I 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 HTP-I 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 HTP-I 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 HTP-I tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to shift from regular HTP-I tariff category to Rate: HTP-IV tariff or from Rate: HTP-IV tariff category to regular HTP-I tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.'*

#### **14.0 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. HTP-I, HTP-II, HTP-III & HTP-IV.

##### **14.1 Demand Charge**

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

**PLUS**

##### **14.2 Energy Charge**

Energy Charge	330 Paise per Unit
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