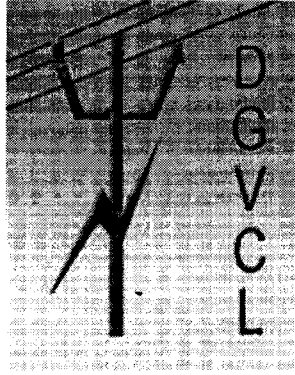


15/20/2020

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR



CASE NO. _____

Filing of Petition for True Up for FY 2019-20

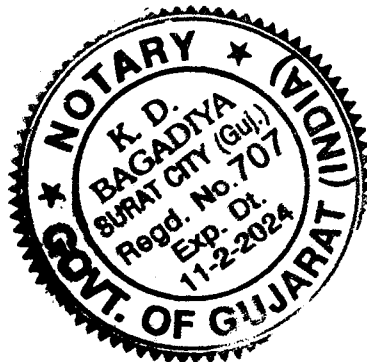
Under

GERC (Multi Year Tariff) Regulations, 2016 along with other Guidelines and Directions issued by the GERC from time to time AND under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant Guidelines

Filed by:-

Dakshin Gujarat Vij Company Ltd.

Corp. Office: Urja Sadan, Nana Varachha Road, Kapodara Char Rasta, Surat -395006.





BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Filing No:

Case No:



IN THE MATTER OF

Filing of the Petition for True Up for FY 2019-20 under GERC (Multi Year Tariff) Regulations, 2016 along with other Guidelines and Directions` issued by the GERC from time to time AND under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant Guidelines

AND

IN THE MATTER OF

Dakshin Gujarat Vij Company Limited,
"Urja Sadan", Nana Varachha Road,
Kapodara Char`Rasta,
Surat - 395 006.

PETITIONER

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007

CO-PETITIONER

THE PETITIONER ABOVE NAMED RESPECTFULLY SUBMITS

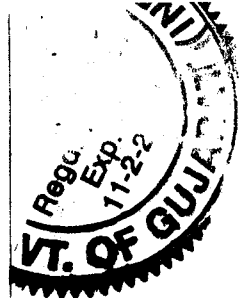


TABLE OF CONTENTS

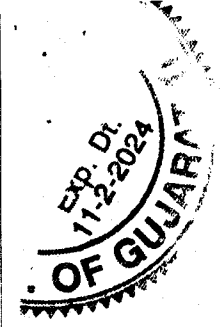
Section 1.	Introduction	6
1.1.	Preamble	6
1.2.	Introduction	6
1.3.	FILING OF TRUE-UP PETITION FOR FY 2019-20.....	7
Section 2.	Executive Summary	8
2.1.	Preamble	8
2.2.	True Up of FY 2019-20	8
Section 3.	True Up for FY 2019-20	11
3.1.	Preamble	11
3.2.	Principles for True Up for FY 2019-20.....	11
3.3.	Category wise Sales.....	11
3.4.	Distribution Losses	12
3.5.	Energy Requirement and Energy Balance.....	12
3.6.	Power Purchase Cost.....	13
3.7.	Capital Expenditure.....	15
3.8.	Funding of Capitalisation	19
3.9.	Fixed Cost for FY 2019-20	19
3.10.	Operation & Maintenance Expenses	20
3.11.	Depreciation.....	24
3.12.	Interest & Financial Charges	25
3.13.	Interest on Working Capital	26
3.14.	Provision for Bad Debts.....	27
3.15.	Return on equity	27
3.16.	Income Tax	28
3.17.	Non-Tariff Income for FY 2019-20	29
3.18.	Aggregate Revenue Requirement for FY 2019-20	29
3.19.	Sharing of Gains & Losses	30
3.20.	Sharing of Gain/ (Loss) for FY 2019-20.....	31
3.21.	Revenue for FY 2019-20.....	31
3.22.	Revenue Gap/Surplus for FY 2019-20.....	32
Section 4.	compliance of Directives.....	34
4.1.	Preamble	34
4.2.	Compliance of Directives	34
Section 5.	Prayer	41
Section 6.	ANNEXURE 1: Tariff Filing Formats.....	44

**LIST OF TABLES**

Table 1 : True Up For FY 2019-20.....	8
Table 2 : Summary of Controllable and Uncontrollable Factors for FY 2019-20.....	9
Table 3 : Revenue Gap for FY 2019-20.....	10
Table 4 : Category-wise Sales.....	12
Table 5 : Distribution Losses	12
Table 6 : Energy Requirement and Energy Balance	13
Table 7: Net Power Purchase Cost.....	13
Table 8 : Gain/ (Loss) on account of Distribution Losses for FY 2019-20	14
Table 9 : Gains / (Loss) - Power Purchase Expenses	14
Table 10 : Capital Expenditure	16
Table 11 : Funding of Capitalisation.....	19
Table 12 : Operation & Maintenance Expenses.....	21
Table 13 : Treatment of Operation & Maintenance Expenses	21
Table 14 : Calculation of uncontrollable Employee Cost during FY 2019-20.....	22
Table 15 : Employee Cost for FY 2019-20	23
Table 16 : Repair & Maintenance Cost for FY 2019-20.....	23
Table 17 : Administration & General Expenses for FY 2019-20.....	24
Table 18: Other Expenses Capitalised.....	24
Table 19 : Fixed Asset and Depreciation for FY 2019-20	25
Table 20 : Treatment of Depreciation.....	25
Table 21 : Interest & Finance Charges	26
Table 22 : Treatment of Interest & Finance Charges	26
Table 23 : Interest on Working Capital	27
Table 24: Bad & Doubtful Debts Written Off.....	27
Table 25 : Treatment of bad & doubtful debts.....	27
Table 26 : Return on Equity.....	28
Table 27 : Treatment of Return on Equity	28
Table 28 : Income Tax	28
Table 29 : Treatment of Income Tax	28
Table 30 : Treatment of Non-tariff Income.....	29
Table 31 : Aggregate Revenue Requirement for FY 2019-20.....	29
Table 32 : Net Gain/ (Loss) for FY 2019-20	31
Table 33 : Revenue for FY 2019-20	32
Table 34 : Revenue Gap/ (Surplus) for FY 2019-20.....	33

**ABBREVIATIONS**

1.	ARR	Aggregate Revenue Requirement
2.	DGVCL	Dakshin Gujarat Vij Company Limited
3.	FPPPA	Fuel and Power Purchase Price Adjustment
4.	FY	Financial Year
5.	GEB	Erstwhile Gujarat Electricity Board
6.	GERC	Gujarat Electricity Regulatory Commission
7.	GERC MYT Regulations, 2016	GERC (Multi Year Tariff) Regulations, 2016
8.	GETCO	Gujarat Energy Transmission Corporation Limited
9.	GoG	Government of Gujarat
10.	GoI	Government of India
11.	GSECL	Gujarat State Electricity Corporation Limited
12.	GUVNL	Gujarat Urja Vikas Nigam Limited
13.	kV	Kilo Volt
14.	kVA	Kilo Volt Ampere
15.	kVAh	Kilo Volt Ampere Hour
16.	kWh	Kilo Watt Hour
17.	MCLR	Marginal Cost of Funds based Lending Rate
18.	MGVCL	Madhya Gujarat Vij Company Limited
19.	MTR	Mid-Term Review
20.	MU	Million Units (Million kWh)
21.	MVA	Mega Volt Ampere
22.	MW	Mega Watt
23.	MYT	Multi Year Tariff
24.	MYT Control Period	FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 & FY 2020-21
25.	O&M	Operation & Maintenance
26.	PGVCL	Paschim Gujarat Vij Company Limited
27.	UGVCL	Uttar Gujarat Vij Company Limited



SECTION 1. INTRODUCTION

1.1. PREAMBLE

1.1.1. This section presents the background and reasons for filing this Petition.

1.2. INTRODUCTION

- 1.2.1 The Government of Gujarat (hereinafter referred to as "GoG") notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after called as "Act") in May 2003 for the reorganization of the entire power sector in the State of Gujarat.
- 1.2.2 Pursuant to the above, Government of Gujarat in their letter vide GO / 19th August 2003 had directed GEB to form four Distribution Companies (Discoms) based on geographical location of the circles. Accordingly the four distribution companies had been incorporated with the Registrar of Companies (RoC) on September 15th, 2003. Dakshin Gujarat Vij Company Limited (DGVCL) is one of the distribution companies engaged in distribution of electricity in the south zone area of Gujarat.
- 1.2.3 The Dakshin Gujarat Vij Co. Ltd obtained its Certificate of Commencement of Business on the 15th October, 2003. However, the company did not commence its commercial operations during the financial year ending 31st March, 2005. The Company has started its commercial function w.e.f. 1st April 2005.
- 1.2.4 The Gujarat Electricity Regulatory Commission (hereinafter referred to as "GERC" or "the Hon'ble Commission"), an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998 and is currently under purview of the Electricity Act, 2003. GERC is vested with the authority of regulating the power sector in the State inter alia including determination of Tariff for electricity consumers.
- 1.2.5 The Hon'ble Commission notified the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 ("GERC MYT Regulations, 2016") on 29th March 2016 and shall be applicable for determination of tariff in all cases covered under the regulations from 1st April, 2016 onwards till 31st March, 2020.
- 1.2.6 The Hon'ble Commission issued Order in Case No. 1623 of 2016 dated 31st March, 2017 for Truing up of FY 2015-16, approval of final ARR for FY 2016-17 and approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and determination of Tariff for FY 2017-18. Subsequently, the Hon'ble Commission issued Order in Case No. 1700 of 2018 dated 31st March, 2018 for Truing up of FY 2016-17 and determination of Tariff for FY 2018-19. The Hon'ble Commission also issued Order in Case No.1760 of 2018 dated 24th April, 2019 for Truing up of FY 2017-18 and determination of Tariff for FY 2019-20. The Hon'ble Commission has also issued Order in Case No. 1840 of 2019 dated 31st March, 2020 for Truing up of FY 2018-19 and determination of Tariff for FY 2020-21.



1.3. FILING OF TRUE-UP PETITION FOR FY 2019-20

- 1.3.1 The Hon'ble Commission issued Order in Case No. 1623 of 2016 dated 31st March, 2017 for Truing up of FY 2015-16, approval of final ARR for FY 2016-17 and approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and determination of Tariff for FY 2017-18. Subsequently, the Hon'ble Commission also issued MTR Order in Case No.1760 of 2018 dated 24th April, 2019 for Truing up of FY 2017-18 and determination of Tariff for FY 2019-20.
- 1.3.2 As the FY 2019-20 is over and annual accounts of DGVCL are also audited, DGVCL is filing its Petition for True-up of FY 2019-20 in accordance with MYT Regulations, 2016, to the Hon'ble Commission for its approval.

**SECTION 2. EXECUTIVE SUMMARY****2.1. PREAMBLE**

2.1.1. This section highlights the summary of the Petition for True Up for FY 2019-20.

2.2. TRUE UP OF FY 2019-20

2.2.1 DGVCL has worked out its actual Aggregate Revenue Requirement (ARR) for FY 2019-20 based on the audited accounts and the principles adopted by the Hon'ble Commission in its previous Orders.

2.2.2 The actual expenses have been compared against those approved for FY 2019-20 in the MTR of ARR for FY 2019-20 to FY 2020-21 Order dated 24th April, 2019. The detailed comparison of various cost components with the values approved by the Hon'ble Commission has been presented in the next Chapter on True up of FY 2019-20. A summary of the actual ARR for Truing-up of FY 2019-20 compared with the approved ARR for FY 2019-20 is presented in the table given below:

TABLE 1 : TRUE UP FOR FY 2019-20

Rs in Crores				
Sr. No.	Particulars	FY 2019-20 (Approved)	FY 2019-20 (Actual)	Deviation
1	Cost of Power Purchase	11,929.92	13,054.96	(1,125.04)
2	Operation & Maintenance Expenses	550.04	627.76	(77.72)
2.1	Employee Cost	503.49	555.97	(52.48)
2.2	Repair & Maintenance	48.47	66.83	(18.36)
2.3	Administration & General Charges	87.00	106.04	(19.04)
2.4	Other Expenses Capitalised	(88.92)	(101.08)	12.16
3	Depreciation	309.65	312.63	(2.98)
4	Interest & Finance Charges	121.34	132.89	(11.55)
5	Interest on Working Capital	-	-	-
6	Provision for Bad Debts	0.20	0.41	(0.21)
7	Sub-Total [1 to 6]	12,911.16	14,128.65	(1,217.50)
8	Return on Equity	153.15	159.12	(5.97)
9	Provision for Tax / Tax Paid	17.92	18.92	(1.00)
10	Total Expenditure (7 to 9)	13,082.23	14,306.68	(1,224.46)
11	Less: Non-Tariff Income	160.86	203.48	(42.62)
12	Add: DSM Expenses			
13	Aggregate Revenue Requirement (10-11)	12921.37	14,103.20	(1,181.83)



- 2.2.3 In line with the provisions of the GERC MYT Regulations, 2016, DGVCL has computed the gains and losses on account of controllable and uncontrollable parameters and its proposed sharing mechanism.
- 2.2.4 The cost components have been segregated into controllable and uncontrollable factors as per the methodology outlined in Regulation 22 of the MYT Regulations, 2016. Summary of the difference allocation to controllable & Uncontrollable factors is outlined as per the table below:

TABLE 2 : SUMMARY OF CONTROLLABLE AND UNCONTROLLABLE FACTORS FOR FY 2019-20

Sr. No.	Particulars	FY 2019-20 (Approved)	FY 2019-20 (Actual)	Rs in Crores	
				Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Cost of Power Purchase	11,929.92	13,054.96	948.20	(2,073.24)
2	Operation & Maintenance Expenses	550.04	627.76	(16.07)	(61.65)
2.1	Employee Cost	503.49	555.97	2.97	(55.45)
2.2	Repair & Maintenance	48.47	66.83	-	(18.36)
2.3	Administration & General Charges	87.00	106.04	(19.04)	-
2.4	Other Expenses Capitalised	(88.92)	(101.08)	-	12.16
3	Depreciation	309.65	312.63	-	(2.98)
4	Interest & Finance Charges	121.34	132.89	-	(11.55)
5	Interest on Working Capital	-	-	-	-
6	Provision for Bad Debts	0.20	0.41	(0.21)	-
7	Return on Equity	153.15	159.12	-	(5.97)
8	Provision for Tax / Tax Paid	17.92	18.92	-	(1.00)
9	ARR (1 to 8)	13,082.23	14,306.68	931.92	(2,156.38)
10	Non - Tariff Income	160.86	203.48	-	(42.62)
11	Total ARR (9-10)	12,921.37	14,103.20	931.92	(2,113.76)

- 2.2.1. As per the mechanism specified in the MYT Regulation 2016, DGVCL proposes to pass on a sum of 1/3rd of total gain/ (loss) on account of controllable factors i.e. Rs. 310.64 Crores and total gain/ (loss) on account of uncontrollable factor i.e. Rs. (2,113.76) Crores to the consumers. Further, the revenue gap/ (surplus) approved by the Hon'ble Commission on True up of FY 2017-18 of Rs. (409.64) Crores is also considered. Adjusting these to the net Aggregate Revenue Requirement, DGVCL has arrived at the Revised Aggregate Revenue Requirement for FY 2019-20 at Rs. 14,314.85 Crores.
- 2.2.2. This revised Aggregate Revenue Requirement is compared against the revised income under various heads including Revenue from Existing Tariff of Rs. 13,653.66 Crores, Other Consumer related Income of Rs. 286.97 Crores, Agriculture Subsidies of Rs. 44.51 Crores and GUVNL profit allocation of Rs. 30.50 Crores, summing up to a Total Revenue of Rs. 14,015.64 Crores. Accordingly, total Revenue Gap/(Surplus) of DGVCL for FY 2019-20 after treatment of gain/(loss) due to controllable / uncontrollable factors is computed at Rs. 299.22 Crores as shown in the table below:



TABLE 3 : REVENUE GAP FOR FY 2019-20

Sr. No.	Particulars	Rs in Crores
		FY 2019-20 (Actual)
1	Aggregate Revenue Requirement originally approved for FY 2019-20	12,921.37
2	Add: Gap/(Surplus) of FY 2017-18	(409.64)
3	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(2,113.76)
4	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	310.64
5	Revised ARR for FY 2019-20 (1 + 2 - 3 - 4)	14,314.85
6	Revenue from Sale of Power	13,653.66
7	Other Income (Consumer related)	286.97
8	Total Revenue excluding Subsidy (6 + 7)	13,940.63
9	Agriculture Subsidy	44.51
10	GUVNL Profit / (Loss) Allocation	30.50
11	Total Revenue including Subsidy (8 + 9 + 10)	14,015.64
12	Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (5 - 11)	299.22



SECTION 3. TRUE UP FOR FY 2019-20

3.1. PREAMBLE

3.1.1. This section outlines the performance of DGVCL for FY 2019-20. In line with the provisions of the MYT Regulations, 2016, DGVCL hereby submits the True-Up Petition comparing the actual performance of DGVCL during FY 2019-20 with the forecast approved by the Hon'ble Commission vide MTR Order dated 24th April, 2019.

3.2. PRINCIPLES FOR TRUE UP FOR FY 2019-20

3.2.1. As per MYT Tariff Regulations, 2016, the Hon'ble Commission is required to undertake the True-Up of the licensees for FY 2019-20 based on the comparison of the actual performance of the past year with the approved estimates for such year. Section 21.1 of the MYT Regulations, 2016 is read as below:

"the Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations."

3.2.2. In line with the provisions of MYT Regulations, 2016, DGVCL has filed this Petition for True-Up for the year FY 2019-20. Information provided in the True-Up for FY 2019-20 is on the basis of audited actual performance and considering principles adopted by the Hon'ble Commission in its previous Orders. The actual performance has been compared with the approved numbers as per the MTR Order dated 24th April, 2019.

3.2.3. Accordingly, actual data for revised Aggregate Revenue Requirement, revenue and gap for FY 2019-20 are given in the following paragraphs of this chapter.

3.2.4. For the purpose of True-Up all the expense heads have been categorized into Controllable and Uncontrollable factors. A head-wise comparison has been made between the values approved by the Hon'ble Commission and the actual values for various expenditures for FY 2019-20.

3.3. CATEGORY WISE SALES

3.3.1. The actual category wise sales for FY 2019-20 were 19,692.44 MUs as against the approved sales of 19,297 MUs. The table below highlights the comparison of actual category wise sales of DGVCL against that approved by the Hon'ble Commission vide its Tariff Order.