

**BEFORE THE  
GUJARAT ELECTRICITY REGULATORY COMMISSION  
GANDHINAGAR**

**Filing No.**

**Case No.**

**(To be filled by the Office)**

**IN THE MATTER OF**

**Petition for approval of truing up for FY 2019-20 and Determination of Projected / Trajectory Aggregate Revenue Requirement for FY2021-22 and tariff for FY2021-22 under GERC (Multi Year Tariff) Regulations, 2016 along with other guidelines and directions issued by the GERC from time to time and under relevant Sections of the Electricity Act, 2003, for the Distribution Business (at Vadodara SEZ) of AspenPark Infra Vadodara Private Limited (Aspen)**

**AND**

**IN THE MATTER OF**

**AspenPark Infra Vadodara Private Limited  
Survey No.26, Village Pipaliya,  
Taluka: Waghodia  
District: Vadodara – 391760**

**... The Petitioner**

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AspenPark Infra Vadodara Private Limited  
Survey No.26, Village Pipaliya,  
Taluka: Waghodia  
District: Vadodara – 391 760**

**...The Petitioner**

**Most Respectfully Submitted herewith:**

## 1 Executive Summary

1. The Petitioner, AspenPark Infra Vadodara Private Limited (hereinafter referred to as Aspen), is a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at 304, Super Plaza, Sandesh Press Road, Vastrapur, Ahmedabad – 380054, Gujarat , India.
2. Aspen has developed a sector specific SEZ for Hi-tech engineering products and related services at Village Pipaliya, Taluka Waghodia, District Vadodara in the State of Gujarat, under Section 3 of the SEZ Act, 2005 (28 of 2005).
3. Aspen has been notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce), Government of India, vide Notification No. S.O. 1084(E) dated July 3, 2007.
4. In accordance with the Ministry of Commerce & Industry (Department of Commerce) Notification dated March 3, 2010 and under the provisions of the Electricity Act, 2003 (EA 2003) and in view of the Hon'ble Commission's Order dated December 16, 2009 in the matter of grant of distribution licence, Aspen is a deemed Distribution Licensee in its SEZ area at Vadodara.
5. The Hon'ble Commission, vide its Order dated August 17, 2015 in Suo-motu Petition No. 1446 of 2014, has reiterated the status of Aspen as a deemed licensee in the SEZ area, and directed the Secretary of the Hon'ble Commission to issue the licence to Aspen.
6. The Ministry of Commerce & Industry (Department of Commerce) had notified the areas of 100.9900 hectare, 9.6761 hectare and 4.9778 hectare vide notifications S.O.1084(E) (dated July 3, 2007), S.O.1669(E) (dated July 11, 2008), and S.O.1366(E) (dated May 27, 2009), respectively. Hence, the total notified area under the SEZ was 115.6439 hectare. Subsequently, based on a proposal from Aspen, the Ministry of Commerce & Industry (Department of Commerce), de-notified areas of 10.4241 hectare, 52.4588 hectare, 1.2130 hectares and 0.3804 hectare vide its Notifications S.O.2001(E) dated August 4, 2014, S.O.2505(E) dated September 24, 2014, S.O.1218(E) dated April 16, 2015 and S.O. 2453(E) dated 4<sup>th</sup> July 2019 respectively, thereby making the resultant notified area of the SEZ as 51.1676 hectare. Aspen had submitted the map of the resultant SEZ area and SEZ notification dated April 16, 2015 issued by Ministry of Commerce & Industry, Government of India, to the Hon'ble Commission, and the Hon'ble Commission has approved the reduced licence area, in its Order in Suo-motu Petition No. 1446 of 2014.
7. In accordance with the directions of the Hon'ble Commission vide its Order dated December 2, 2015 in Suo-motu Petition No. 1534 of 2015, Aspen filed a Petition for approval of truing up for FY 2014-15 and provisional ARR and

Tariff for FY 2016-17. The Hon'ble Commission vide its Order dated April 4, 2016 in Case No. 1560 of 2016 determined the provisional ARR and tariff for FY 2016-17.

8. On January 31, 2018, Aspen filed a Petition under Section 62 of Electricity Act 2003, as per Regulation 16.2 of GERC (Multi Year Tariff) Regulations, 2016 [GERC MYT Regulations, 2016] for truing up for FY 2015-16, determination of Multi Year ARR for the Control Period from FY 2016-17 to FY 2020-21 and tariff for FY 2017-18. The Hon'ble Commission vide its Order dated 30<sup>th</sup> June 2017 in Case no 1638 of 2017, determined the Multi-Year ARR for FY 2016-17 to FY 2020-21 and tariff for FY 2017-18. In August 8, 2018 in Case No. 1708 of 2018 determined the tariff for FY 2018-19. The Hon'ble Commission vide its Order dated July 31<sup>st</sup>, 2019 in Case No. 1778 of 2019 determined the ARR for FY 2019-20 and tariff for FY 2019-20. The Hon'ble Commission vide its Order dated April 4<sup>th</sup>, 2020 in Case No. 1853 of 2020 determined the ARR for FY 2020-21 and tariff for FY 2020-21.
9. The current Petition is being filed as per Regulation 16.3 of GERC MYT Regulations, 2016 for truing up for FY 2019-20 and approval of Projected ARR and tariff for FY2021-22.
10. It may be noted that since the values are small, they have been represented in Rs. Lakh instead of Rs. Crore.

#### True up for FY 2019-20

The Hon'ble Commission vide its Tariff Order dated July 31<sup>st</sup>, 2019 in Case No. 1778 of 2019 approved the Aggregate Revenue Requirement for FY 2019-20, wherein the sales, energy balance and power purchase quantum and cost were revised, while the other components were considered at the same level as approved in the Tariff Order for Aspen. Aspen is herewith submitting the details of actual expenses and revenue for FY 2019-20 in this Petition, for truing up of the same in accordance with the GERC (Multi Year Tariff) Regulations, 2016.

The actual energy sales of Aspen were lesser than that approved by the Hon'ble Commission in the Tariff Order for FY 2019-20, at 11.10 Million Units (MU) as against 11.73 MU approved by the Hon'ble Commission in the Tariff Order, as shown in the Table below:

Table 1-1: Energy Sales in FY 2019-20 (Units)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Energy Sales	1,17,27,303	1,11,03,484

Aspen requests the Hon'ble Commission to approve the actual energy sales as indicated above, for truing up of FY 2019-20.

The actual Energy Balance for Aspen's licence area for FY 2019-20 is given in the Table below:

**Table 1-2: Energy Balance for FY 2019-20**

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Energy Sales (Units)	1,17,27,303	1,11,03,484
Distribution Loss (%)	2.47%	1.64%
Distribution Loss (Units)	2,97,000	1,84,756
Energy procured (Units)	1,20,24,303	1,12,88,240

The actual distribution loss at 1.64% is lower than the approved distribution loss level of 2.47%. Aspen humbly requests the Hon'ble Commission to approve the actual distribution loss achieved by Aspen, which is lower than the approved loss levels in percentage terms.

In accordance with the request for approving the actual sales and actual distribution losses, Aspen requests the Hon'ble Commission to approve the actual power purchase quantum of 1,12,88,240 units as shown in the Table above, which is lower than the approved power purchase quantum of 1,20,24,303 units, on account of the lower actual sales.

The actual cost of power purchase from MGVL in FY 2019-20 is summarised in the Table below:

**Table 1-3: Power Purchase Cost for FY 2019-20**

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Power Purchase (Units)	1,20,24,303	1,12,88,240
Power Purchase Cost (Rs. Lakh)	891.00	907.53
Cost per Unit (Rs. /kWh)	7.41	8.03

As can be seen from the above Table, the actual per unit cost of power purchase of Rs. 8.03 per kWh is higher than the rate of Rs. 7.41 per kWh approved by the Hon'ble Commission. Aspen requests the Hon'ble Commission to approve the actual power purchase cost of Rs.907.53 lakh for FY 2019-20, for the purpose of trueing up.

The Hon'ble Commission had approved O&M Expenses of Rs. 42.35 lakh in the Tariff Order. The actual O&M Expenses incurred by Aspen in FY 2019-20 are Rs. 38.22 Lakh as shown in the following Table:

Table 1-4: O&M Expenses for FY 2019-20 (Rs. lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Employee Expenses	3.25	5.47
R&M Expenses	0.93	3.01
A&G Expenses	38.17	29.74
Total O&M expenses	42.35	38.22

The major part of the A&G expenses consists of the Petition filing fees paid to the Hon'ble Commission, in accordance with the GERC (Fees, Fines & Charges) Regulations, 2005, and the remaining expenses are all justified expenses on facility management, security, consultancy fees, etc. Hence, Aspen respectfully submits that the actual A&G expenses should be allowed, as Aspen is entitled to recover the regulatory fees paid to the Hon'ble Commission, from its consumers.

Hence, Aspen requests the Hon'ble Commission to approve the actual O&M expenses of Rs. 38.22 lakh for FY 2019-20, for the purpose of truing up, as the same is uncontrollable for Aspen.

As the entire GFA of Aspen has been built up with the help of consumer contributions, Aspen has not claimed depreciation, interest on loans and return on equity, in accordance with regulatory principles, though the Accounts reflect depreciation in accordance with Accounting Principles.

Further, in FY 2019-20, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2019-20. Therefore, Aspen has not considered any Income Tax for the purposes of truing up.

Interest on Security deposit received by Aspen from MGCVCL has been considered as Non-Tariff Income in FY 2019-20. Further, the income from Facility Maintenance from electricity business of Rs. 38.22 lakh has also been included under the Non-Tariff Income. The actual Non-Tariff Income for FY 2019-20 is as shown in the Table below:

Table 1-5: Non-Tariff Income for FY 2019-20 (Rs. lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Non-Tariff Income	60.35	53.31

Aspen requests the Hon'ble Commission to approve the actual Non-Tariff Income of Rs.53.31 lakh for FY 2019-20, which is lower than the approved Non-Tariff Income, for the purpose of truing up.

## Summary of Aggregate Revenue Requirement

The ARR approved by the Hon'ble Commission in the Tariff Order for FY 2019-20 and the actual ARR for FY 2019-20 for the purpose of truing up, are given in the Table below:

Table 1-6: Aggregate Revenue Requirement for FY 2019-20 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Power Purchase Expenses	891.00	907.53
O&M Expenses	42.35	38.22
<i>Employee Expenses</i>	3.25	5.47
<i>R&amp;M Expenses</i>	0.93	3.01
<i>A&amp;G Expenses</i>	38.17	29.74
Depreciation	-	-
Interest on Long Term Loan Capital	-	-
Interest on Working Capital	8.25	0
Income Tax	-	-
Total Revenue Expenditure	941.60	945.75
Return on Equity	-	-
Less: Non-Tariff Income	60.35	53.31
Aggregate Revenue Requirement	881.25	892.44

The actual Revenue from sale of electricity in FY 2019-20 was Rs. 907.53 lakh. Accordingly, the following Table summarizes the Revenue Gap/(Surplus) for FY 2019-20:

Table 1-7: Revenue Gap/(Surplus) for FY 2019-20 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Aggregate Revenue Requirement	881.25	892.44
Revenue from sale of electricity	-	907.53
Revenue Gap/(Surplus)	-	(15.09)

Thus, the Revenue Gap/Surplus for FY 2019-20 works out to Rs. (15.09) lakh. Aspen respectfully submits that the Revenue Gap has been minimised by reducing the distribution losses to 1.64 % as compared to the level of 2.47% approved by the Hon'ble Commission, which enabled Aspen to reduce the quantum of power purchase and hence, the power purchase costs, which is the biggest head of ARR of Aspen.

Accordingly, Aspen requests the Hon'ble Commission to approve the above-mentioned Revenue Gap (Surplus) of Rs. (15.09 ) lakh after truing up for FY 2019-20 and allow Aspen to recover this Revenue Gap/ Surplus in FY2021-22, along with the ARR of FY2021-22

Aspen respectfully submits that as the ARR for FY 2019-20 was approved for the combined Wires and Supply Business, the true-up for this year has to be also be undertaken in a combined manner.



## Trajectory /Projected ARR for FY2021-22 and Tariff for FY2021-22

Based on the past trend of sales, the energy sales projected for FY2021-22 is shown in the Table below:

**Table 1-8: Proposed Energy Sales for FY2021-22 (MU)**

Particulars	Proposed Energy Sales
Energy Sales	9.44

Aspen has proposed the trajectory for Distribution Losses for FY2021-22, as shown in the Table below:

**Table 1-9: Proposed Distribution Loss Trajectory for FY2021-22**

Particulars	Proposed Distribution loss
Distribution Loss	2.30 %

Aspen respectfully requests the Hon'ble Commission to approve the distribution loss for the FY2021-22 as 2.30 %, without any reduction, as the losses are already very low and highly dependent on the quantum of sales, as lower sales have led to higher no-load losses in the past. In case the actual losses turn out to be higher due to lower sales, as was the case in FY 2017-18, then Aspen shall submit the same at the time of true-up for FY 2021-22, however, for projection purposes, the approved loss levels of 2.30 % should be considered for FY2021-22.

## Energy Balance

Based on the projected Sales and Distribution Loss, the Energy Balance for Aspen's licence area for FY2021-22 is given in the Table below:

**Table 1-10: Revised Projected Energy Balance for FY2021-22**

Particulars	Revised Projections
Energy Sales (Units)	94,42,600
Distribution Loss (%)	2.30 %
Distribution Loss (Units)	2,17,180
Energy procured (Units)	96,59,780

## Power Purchase

In accordance with the total sales, distribution loss and energy requirement, Aspen has estimated the cost of power purchase from MGVCL for FY2021-22, as shown in the Table below:

Table 1-11: Trajectory /Projected Power Purchase Cost for FY2021-22

Particulars	Revised Projections
Power Purchase (Units)	96,59,780
Power Purchase Cost (Rs. Lakh)	715.59
Cost per Unit (Rs. /kWh)	7.41

## O&M Expenses

Aspen has projected the O&M expenses for FY2021-22 by escalating the actual O&M expenses of FY 2019-20 as claimed in the true-up for FY 2019-20, with 5.72% twice, to account for the growth of 2 years. The escalation factor of 5.72% has been specified in the GERC MYT Regulations, 2016.

Table 1-12: Trajectory /Projected O&M Expenses for FY2021-22 (Rs. lakh)

Particulars	Revised Projections
O&M expenses	42.72

## Capital related expenses

As the entire GFA of Aspen has been built up with the help of consumer contribution, and no capital investment has been envisaged for FY2021-22, Aspen has not considered any depreciation, interest on loans, and return on equity for the FY2021-22

## Income Tax

In FY 2019-20, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2019-20. Therefore, Aspen has not considered any provisional Income Tax for its business for FY2021-22. In case Income Tax is actually paid for FY2021-22, the same shall be claimed at the time of true-up.

## Interest on Working Capital

The rate of interest for computing the Interest on Working Capital (IoWC) for FY2021-22 has been considered as 1-year SBI MCLR as on April 1, 2019, i.e., 8%, plus 250 basis points, in accordance with the First Amendment to the GERC MYT Regulations, 2016. Thus, the effective rate of interest for IoWC works out to 10.50%,

The normative IoWC has been calculated as per the methodology specified in Regulation 40.5 of the GERC MYT Regulations, 2016, as summarised in the Table below:  
Table 1-13: Revised IoWC for FY2021-22 (Rs. lakh)

Particulars	Revised Projections
IoWC	0

#### Non-Tariff Income

Aspen has projected the income from Facility Management Charges under Non-Tariff Income for the FY2021-22, at the same level as the actual income from these Charges in FY 2019-20. The total Non-Tariff Income projected for FY2021-22 is shown in the Table below:

**Table 1-14: Trajectory /Projected Non-Tariff Income for the FY2021-22 (Rs. lakh)**

Particulars	Revised Projections
Non-Tariff Income	59.05

#### Summary of Aggregate Revenue Requirement

Based on the components of ARR discussed above, the projected Aggregate Revenue Requirement for FY2021-22 is shown in the Table below:

**Table 1-15: Projected Aggregate Revenue Requirement for FY2021-22 (Rs. Lakh)**

Particulars	Revised Projections
Power Purchase Expenses	715.59
O&M Expenses	42.72
Depreciation	
Interest on Long Term Loan Capital	
Interest on Working Capital	0.00
Income Tax	
Total Revenue Expenditure	758.31
Return on Equity	
Less: Non-Tariff Income	59.05
Aggregate Revenue Requirement	699.26

#### Revenue Gap/(Surplus)

Based on the projected ARR for FY2021-22 and expected revenue from sales at the existing tariff, the projected Revenue Gap/(Surplus) for FY2021-22 is shown in the Table below:

**Table 1-16: Trajectory /Projected Revenue Gap/(Surplus) for FY2021-22 (Rs. Lakh)**

Particulars	FY2021-22
Total ARR of FY2021-22	699.26
Add: Revenue Gap of FY 2019-20	(15.09)
Net ARR	684.17
Revenue from Sales	713.07
Revenue Gap/(Surplus)	(28.90)

### Proposed Tariff

As Aspen is still in the process of development of the SEZ, and the sales are yet to reach significant levels, Aspen requests the Hon'ble Commission to allow Aspen to continue to charge consumers in the SEZ area at the same tariff that shall be applicable for the respective category of consumers in the MGVCCL area of supply for FY2021-22. It is expected that the tariff increase approved for Aspen, by virtue of the MGVCCL tariff being the ceiling tariff, would be able to adjust/ recover all/most of the Revenue Gap/ Surplus of Rs.(28.90) lakh for FY2021-22.

### Segregation of ARR between Wires Business and Supply Business

Aspen has segregated the Trajectory /Projected ARR for the FY 2021-22 between Distribution Wires Business and Retail Supply Business as per the Allocation Matrix specified in Regulation 87.1 of the GERC MYT Regulations, 2016.

### Proposed Wheeling Charges

In accordance with the approach adopted by the Hon'ble Commission in the MYT Order Case No. 1638 of 2017 30th June 2017, the ARR of the Wires Business computed above, has not been segregated between HT and LT Voltages. Accordingly, the proposed Wheeling Charges are calculated as shown in the Table below:

Table 1-17: Proposed Wheeling Charge at 11 kV for FY2021-22 (Paise/kWh)

Sl.	Particulars	Units	Amount
1	ARR for the Wires Business	Rs. Lakh	29.37
2	Energy Input at 11 kV	Lakh Units	96.60
3	Wheeling Charge at 11 kV	Paise/kWh	30.40
4	Proposed Wheeling Charges at 11 kV	Paise/kWh	31.00

Further, the Open Access consumers will also have to be bear the Distribution Losses of 2.30 %, in addition to the above proposed Wheeling Charges.

### Proposed Cross-Subsidy Surcharge

As the CSS works out to be negative based on existing tariff, no CSS is proposed for Open Access consumers for FY2021-22. In case the CSS works out to be positive based on tariffs approved by the Hon'ble Commission for FY2021-22, then the same shall be applicable for Open Access consumers.

## **Prayers**

In view of the above facts and circumstances, Aspen prays that the Hon'ble Commission may be pleased to:

- i) Admit the Petition for approval of truing up for FY 2019-20 and approval of Trajectory /Projected ARR and Tariff for FY2021-22;**
- ii) Allow Aspen to continue to charge consumers in the SEZ area at the same Wheeling Charge that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY2021-22;**
- iii) Allow Aspen to continue to charge consumers in the SEZ area at the same Retail Tariff that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY2021-22**
- iv) Condone any inadvertent omissions/errors/shortcomings and permit Aspen to add/change/modify/alter this filing and make further submissions as may be required at a future date;**
- v) Pass such Orders as the Hon'ble Commission may deem fit in the facts of the present case.**

## 2.0 Introduction

The Petitioner, AspenPark Infra Vadodara Private Limited (hereinafter referred to as Aspen) is a Company incorporated under the provisions of the Companies Act, 1956, with its Registered office at 304, Super Plaza, Sandesh Press Road, Vastrapur, Ahmedabad – 380054, Gujarat, India.

Aspen is primarily engaged in execution of projects for complete installation of the flagship Company's end-products, hi-technology wind turbines and development of all associated infrastructure required for its operations. Aspen has the capability to undertake infrastructure projects across the spectrum of needs of heavy engineering and hi-tech industries in varied regimes.

AspenPark Infra Vadodara Private Limited has developed a sector specific Special Economic Zone (SEZ) for Hi-tech engineering products and related services at Village Pipaliya, Taluka Waghodia, District Vadodara in the State of Gujarat, under Section 3 of the SEZ Act, 2005 (28 of 2005).

Aspen has been notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce), Government of India, vide Notification No. S.O. 1084(E) dated July 3, 2007.

In accordance with the Ministry of Commerce & Industry (Department of Commerce) Notification dated March 3, 2010 and under the provisions of the Electricity Act, 2003 (EA 2003) and in view of the Hon'ble Commission's Order dated December 16, 2009 in the matter of grant of distribution licence, Aspen is a deemed Distribution Licensee in its SEZ area at Vadodara.

The Hon'ble Commission, vide its Order dated August 17, 2015 in suo-motu Petition No. 1446 of 2014, has reiterated the status of Aspen as a deemed licensee in the SEZ area, and directed the Secretary of the Hon'ble Commission to issue the licence to Aspen.

The Ministry of Commerce & Industry (Department of Commerce) had notified the areas of 100.9900-hectare, 9.6761 hectare and 4.9778 hectare vide notifications S.O.1084(E) (dated July 3, 2007), S.O.1669(E) (dated July 11, 2008), and S.O.1366(E) (dated May 27, 2009), respectively. Hence, the total notified area under the SEZ was 115.6439 hectare. Subsequently, based on a proposal from Aspen, the Ministry of Commerce & Industry (Department of Commerce), de-notified areas of 10.4241-hectare, 52.4588 hectare, and 1.2130 hectares vide its Notifications S.O.2001(E) dated August 4, 2014, S.O.2505(E) dated September 24, 2014, and S.O.-(E) dated April 16, 2015, respectively, thereby making the resultant notified area of the SEZ as 51.5480 hectare. Aspen had submitted the map of the resultant SEZ area and SEZ notification dated April 16, 2015 issued by Ministry of Commerce & Industry, Government of India, to the Hon'ble

Commission, and the Hon'ble Commission has approved the reduced licence area, in its Order in suo-motu Petition No. 1446 of 2014.

Presently, Aspen is catering to electricity needs of consumers/Unit holders in its licensed area. It may be noted that for Aspen, electricity distribution business is not the main activity; it is only one of the support services extended to its consumers under its main activity.

The Hon'ble Commission vide its Order dated October 20, 2012 in Case No. 1240 of 2012 decided not to determine the ARR for FY 2011-12 and FY 2012-13 and approved the ceiling tariff in Aspen's Area of Supply as equivalent to MGVCL tariff. Further, the Hon'ble Commission directed Aspen to file the Petition for the remaining years of the Control Period, i.e., for FY 2013-14 to FY 2015-16 in accordance with the GERC (Multi Year Tariff) Regulations, 2011. In compliance with the Hon'ble Commission's directives, Aspen filed a Petition for approval of the Business Plan and MYT Petition for the remaining years of the second Control Period from FY 2013-14 to FY 2015-16.

The Hon'ble Commission, vide its Order dated May 8, 2013 in Case No. 1271 of 2012, approved the Aggregate Revenue Requirement for FY 2013-14 to FY 2015-16 and determined the tariff for FY 2013-14 for Aspen.

On December 30, 2013, Aspen filed a Petition for approval of Tariff for FY 2014-15. The Hon'ble Commission vide its Order dated May 29, 2014 in Case No. 1390 of 2014 determined the tariff for FY 2014-15 for Aspen.

On January 19, 2015, Aspen filed a Petition for approval of Tariff for FY 2015-16. The Hon'ble Commission vide its Order dated April 23, 2015 in Case No. 1479 of 2015 determined the tariff for FY 2015-16 for Aspen.

In accordance with the directions of the Hon'ble Commission vide its Order dated December 2, 2015 in suo-motu Petition No. 1534 of 2015, Aspen filed a Petition for approval of truing up for FY 2014-15 and provisional ARR and Tariff for FY 2016-17. The Hon'ble Commission vide its Order dated April 4, 2016 in Case No. 1560 of 2016 determined the provisional ARR and tariff for FY 2016-17.

On January 18, 2017, Aspen filed a Petition under the Gujarat Electricity Regulatory Commission Regulations (Multi-Year Tariff) Regulations, 2011, for the Truing up of FY 2015-16 and Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016, for Determination ARR for Control Period, i.e., FY 2016-17 to FY2020-21 and Determination of Tariff for FY 2017-18. The Hon'ble Commission vide its Order dated June 30, 2017 in Case No. 1638 of 2017 approved the ARR for the Control Period, i.e., FY 2016-17 to FY2020-21 and determined the tariff for FY 2017-18 for Aspen.

## **Electricity Distribution Business**

For Aspen, electricity distribution business is not the main activity; it is only one of the support services extended to its consumers under its main activity. Aspen is currently catering to the electricity needs of consumers in its licensed area.

Aspen is receiving 66 kV supply for various activities with Contract Demand of 2.9 MVA from MGVCL under HTP-I category. The 66-kV power supply is fed through 66 kV, double circuit transmission line of 9.5 km from 220 kV Waghodia substation of the Gujarat Energy Transmission Corporation Limited (GETCO). The operation and maintenance of overhead line up to last transmission tower erected near 66/33 kV substation of Aspen and 66 kV bay at 220 kV Waghodia GETCO substation is carried out by GETCO. It may be noted that though this 66-kV bay and associated 66 kV D/C transmission line of 9.5 km from 220 kV Waghodia GETCO Sub-station to 66 kV SIL SEZ Substation have been paid for by Aspen in the form of Service Line Charges (Consumer Contribution), these assets would be included under the assets of GETCO, as is the usual practice.

The present electricity distribution system of Aspen mainly comprises of the following:

- (a) 66/33 kV substation with 1 x 10 MVA transformer and associated switchgears, which comprises one no. of 66/33 kV transformer, two no's of 33/11 kV 2.5 MVA distribution transformer and one 33/0.415 kV 750 kVA distribution transformer
- (b) 33 kV underground distribution network and 11 kV Overhead Line for supply to its consumers and common services in the SEZ area

### **3.0 Objective of the Petition**

Aspen is hereby submitting this True up and Tariff Petition, for obtaining the Hon'ble Commission's approval for:

1. Truing up for FY 2019-20;
2. Determination of Trajectory /Projected ARR for FY2021-22; and
3. Determination of the tariff applicable to its consumers for FY2021-22.

This Petition has been prepared in accordance with Sections 61 and 62 of the Electricity Act, 2003 and has taken into consideration the relevant provisions of the GERC MYT Regulations, 2016.



#### 4.0 True-up for FY 2019-20

The Hon'ble Commission notified the GERC MYT Regulations, 2016, on March 29, 2016, in exercise of the powers conferred under Section 181 (2) read with Sections 61, 62, 63, 64, 65 and 86 of the Electricity Act, 2003 and under Section 32 of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003, thereby superseding the earlier Regulations, i.e., the GERC (Multi Year Tariff) Regulations, 2011. These Regulations are applicable for the third Control Period of five years beginning from April 1, 2016 to March 31, 2021.

Regulation 16.2 of the GERC (Multi Year Tariff) Regulations, 2016 specifies as under:

**“16.2 The Multi-Year Tariff framework shall be based on the following elements, for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business:**

**(i) A detailed Multi-Year Tariff Application comprising the forecast of Aggregate Revenue Requirement for the entire Control Period and expected revenue from existing tariffs for the first year of the Control Period to be submitted by the Applicant:**

....

**(ii) Determination of Aggregate Revenue Requirement by the Commission for the entire Control Period and the tariff for the first year of the Control Period for the Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business;**

**(iii) Truing up of previous year's expenses and revenue by the Commission based on Audited Accounts vis-à-vis the approved forecast and categorisation 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):**

....” (emphasis added)

In accordance with Regulation 16.2 of GERC (Multi Year Tariff) Regulations, 2016, Aspen is filing for approval of truing up for FY 2017-18 under GERC (Multi Year Tariff) Regulations, 2016.

The Hon'ble Commission, vide its Order dated dated July 31, 2019 in Case No. 1778 of 2019, approved the Aggregate Revenue Requirement for FY 2019-20, wherein the sales, energy balance and power purchase quantum and cost were revised, while the other components were considered at the same level as approved in the MYT Order for Aspen. Aspen is herewith submitting the details of actual

expenses and revenue for 2019-20 in this Petition, for truing up of the same under the GERC MYT Regulations, 2016.

### Energy Sales

In the Petition for FY 2019-20, the Hon'ble Commission approved the sales figure of 1,11,39,670 units.

However, the actual energy sales of Aspen were lower than that approved by the Hon'ble Commission in the MYT Order for FY 2019-20, at 9.41 Million Units (MU) as against 11.17 MU approved by the Hon'ble Commission in the MYT Order, as shown in the Table below:

**Table 4-1: Energy Sales in FY 2019-20 (Units)**

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Energy Sales	1,17,27,303	1,11,03,484

Aspen requests the Hon'ble Commission to approve the actual energy sales as indicated above for truing up of FY 2019-20.

### Distribution Loss & Energy Balance

The actual Distribution Loss and Energy Balance for Aspen's licence area for FY 2019-20 is given in the Table below:

**Table 4-2: Energy Balance for FY 2019-20**

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Energy Sales (Units)	1,17,27,303	1,11,03,484
Distribution Loss (%)	2.47%	1.64%
Distribution Loss (Units)	2,97,000	1,84,756
Energy procured (Units)	1,20,24,303	1,12,88,240

The actual distribution loss at 1.64% is lower than the approved distribution loss level of 2.47%. Aspen humbly requests the Hon'ble Commission to approve the actual distribution loss achieved by Aspen, which is lower than the approved loss levels in percentage terms.

In accordance with the request for approving the actual sales and actual distribution losses, Aspen requests the Hon'ble Commission to approve the actual power purchase quantum of 1,12,88,240 units as shown in the Table above, which is lower than the approved power purchase quantum of 1,17,27,303 units, on account of the lower actual sales.

### Power Purchase Quantum and Cost

The actual cost of power purchase from MGCVCL in FY 2019-20 is summarised in the Table below:

Table 4-3: Power Purchase Cost for FY 2019-20

Particulars	Approved in MYT Order Dated 30.06.2017	Claimed in True-Up
Power Purchase (Units)	1,20,24,303	1,12,88,240
Power Purchase Cost (Rs. Lakh)	891.00	907.53
Cost per Unit (Rs. /kWh)	7.41	8.03

As can be seen from the above Table, the actual per unit cost of power purchase of Rs.8.03 per kWh from MGCVCL is higher than the rate of Rs. 7.41 per kWh approved by the Hon'ble Commission. Aspen requests the Hon'ble Commission to approve the actual power purchase cost of Rs. 907.53 lakh for FY 2019-20, for the purpose of trueing up.

### Operation & Maintenance Expenses

The Hon'ble Commission had approved O&M Expenses of Rs. 42.35 lakh in the Tariff Order. The actual O&M Expenses incurred by Aspen in FY 2019-20 are Rs. 38.22 Lakh as shown in the following Table:

Table 4-4: O&M Expenses for FY 2019-20 (Rs. lakh)

Particulars	Approved in MYT Order Dated 30.06.2017	Claimed in True-Up
Employee Expenses	3.25	5.47
R&M Expenses	0.93	3.01
A&G Expenses	38.17	29.74
Total O&M expenses	42.35	38.22

The break-up of the A&G expenses is as under:

Table 4-5: A&G Expenses for FY 2019-20 (Rs. lakh)

Particulars	Actual in Lakhs
Facility Management Expenses (Electricians, supervisors, etc.)	8.72
Security Expenses	4.95
Consultancy Expenses	0.73
Regulatory Charges	15.30
Miscellaneous Expenses	0.04
Total A&G expenses	29.74

As can be seen from the above table, the major part of the A&G expenses consists of the Petition filing fees paid to the Hon'ble Commission, in accordance with the GERC (Fees, Fines & Charges) Regulations, 2005, and the remaining expenses are all justified expenses on facility management, security, consultancy fees, etc. Hence, Aspen respectfully submits that the actual A&G expenses should be allowed, as Aspen is entitled to recover the regulatory fees paid to the Hon'ble Commission, from its consumers.

Hence, Aspen requests the Hon'ble Commission to approve the actual O&M expenses of Rs. 38.22 lakh for FY 2019-20, for the purpose of truing up, as the same is uncontrollable for Aspen.

### Capital Expenditure

As stated in the Hon'ble Commission's Order dated December 1, 2009, at that time 66/33kV substation having 2x25 MVA capacity had already been constructed. The relevant extract of GERC Order dated December 16, 2009 is reproduced hereunder:

“7.3 The applicant has received sanction of load of 10 MVA from MGCVCL vide letter reference No. CE/MGVCL/HT/New/8 dated 4.4.07. Security deposit of Rs. 357.26 lakhs and service line estimate of Rs. 150.36 lakhs have been paid by the applicant to MGCVCL/GETCO. ...

7.7 ...

(ii) The applicant has so far spent Rs.16.32 crores for creating necessary infrastructure for distributing electricity within the SEZ area. Some of the investments made by them are as under:

- a. 66 D/C Transmission line of 9.5 KM from 220 KV Waghodia GETCO Sub-station to 66 kV SIL SEZ Substation;
- b. 66 KV bay at 220 kV Waghodia GETCO Sub-station.
- c. 66/33 KV SIL SEZ Sub-station with 2 × 25 MVA Transformers and associated switchgears etc.
- d. 33 KV Distribution network and common services. SIL SEZ Sub-station.”(emphasis added)

The entire electricity distribution network inside the SEZ is through underground cables. This capital expenditure required huge capital outlay, which has been funded entirely through Consumer Contribution.

The Hon'ble Commission in its Order dated June 30, 2017 in Case No. 1638 of 2017 approved Nil Capitalisation for FY 2016-17. Aspen requests the Hon'ble Commission to approve the actual nil capital expenditure undertaken by Aspen during FY 2016-17.

### Depreciation

Aspen has not considered any depreciation on the Gross Fixed Assets for FY 2016-17, as its assets have been entirely funded through Consumer Contribution, in accordance with regulatory principles, though the Accounts reflect depreciation in accordance with Accounting Principles.

### Interest on Long-Term Loan Capital

Since, the entire capital expenditure for Aspen's distribution business has been funded by Consumer Contribution, there are no outstanding loans against the electricity distribution business in FY 2016-17, and therefore, no interest expenditure has been considered during this period.

### Income Tax

In FY 2017-18, no Income Tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2017-18. Therefore, Aspen has not considered any Income Tax for the purposes of truing up.

### Return on Equity

Aspen has not considered any Return on Equity for FY 2017-18, in accordance with regulatory principles, as its assets have been entirely funded through Consumer Contribution.

### Non-Tariff Income

Interest on Security Deposit received by Aspen from MGVCL has been considered as Non-Tariff Income in FY 2019-20. Further, the income from facility maintenance from electricity business of Rs. 38.22 lakh has also been included under the Non-Tariff Income. The Non-Tariff Income for FY 2019-20 is as shown in the Table below:

Table 4-6: Non-Tariff Income for FY 2019-20 (Rs. lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Revised Projections
Non-Tariff Income	60.35	53.31

Aspen requests the Hon'ble Commission to approve the actual non-tariff income of Rs. 53.31 Lakh for FY 2019-20, which is lower than the approved Non-Tariff Income, for the purpose of truing up.

### Summary of Aggregate Revenue Requirement

In the Order dated 1778 of 2019 dated 31, July 2019, the Hon'ble Commission has decided not to pass on the Cumulative Surplus of Rs. 16.18 Lakh in the revised tariffs for FY 2019-20, and retains the category-wise tariffs at the same level as decided for MGVCL

The ARR approved by the Hon'ble Commission in the Tariff Order for FY 2019-20 and the actual ARR for FY 2019-20 for the purpose of truing up, are given in the Table below:

Table 4-7: Aggregate Revenue Requirement for FY 2019-20 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Power Purchase Expenses	891.00	907.53
O&M Expenses	42.35	38.22
Employee Expenses	3.25	5.47
R&M Expenses	0.93	3.01
A&G Expenses	38.17	29.74
Depreciation		
Interest on Long Term Loan Capital		
Interest on Working Capital	8.25	0
Income Tax	-	-
Total Revenue Expenditure	941.60	945.75
Return on Equity	-	-
Less: Non-Tariff Income	60.35	53.31
Aggregate Revenue Requirement	881.25	892.44

The actual Revenue from sale of electricity in FY 2019-20 was Rs. 907.53 lakh. Accordingly, the following Table summarizes the Revenue Gap/(Surplus) for FY 2019-20:

Table 4-8: Revenue Gap/(Surplus) for FY 2019-20 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Aggregate Revenue Requirement	881.25	892.44
Revenue from sale of electricity	-	907.53
Revenue Gap/(Surplus)	-	(15.09)

Thus, the Revenue Gap/ Surplus for FY 2019-20 works out to Rs.(15.09). lakh. Aspen respectfully submits that the Revenue Gap has been minimised by reducing the distribution losses to 1.64 % as compared to the level of 2.47% approved by the Hon'ble Commission, which enabled Aspen to reduce the quantum of power purchase and hence, the power purchase costs, which is the biggest head of ARR of Aspen.

Accordingly, Aspen requests the Hon'ble Commission to approve the above-mentioned Revenue Gap/Surplus of Rs.(15.09) lakh after truing up for FY 2019-20 and allow Aspen to recover this Revenue Gap in FY2021-22, along with the ARR of 2021-22.

Aspen respectfully submits that as the ARR for FY 2019-20 was approved for the combined Wires and Supply Business, the true-up for this year has to be also be undertaken in a combined manner.

#### 5. Trajectory /Projected ARR for FY2021-22

##### Approach for Filing

The Tariff Petition for determination of Trajectory /Projected ARR for FY2021-22 is being filed in accordance with the GERC MYT Regulations, 2016. Further, the Trajectory /Projected ARR for FY2021-22 has been segregated between Distribution Wires Business and Retail Supply Business based on the allocation matrix specified in Regulation 87 of the GERC (Multi Year Tariff) Regulations, 2016.

##### Energy Sales

During the last five years of operations, Aspen’s energy sales have increased from 8.03 MU in FY 2011-12 to 11.27 MU in FY 2016-17, reflecting a Compounded Annual Growth Rate (CAGR) of 7% for HTP-I category and CAGR of (-)10% for Non-RGP category. However, the sales have been fluctuating from year to year, and had even gone down to 5.39 MU in FY 2012-13, before recovering slowly. The Petitioner is uncertain regarding the movement of sales for FY 2019-20. In the MYT Order dated June 30, 2017, the Hon’ble Commission had accepted the Petitioner’s projection of increase in sales from 10.13 MU to 12.31 MU from FY 2016-17 to FY 2020, respectively. However, the actual energy sales have been higher than the original projections and have reached 11.57 MU in FY 2016-17.

Therefore, for projecting sales for FY 2019-20, Aspen has considered actual sales up to September 2018. From October 2018 to March 2019, category-wise energy sales have been projected as per actual energy sales of FY 2016-17 with appropriate CAGR. Accordingly, Aspen has projected energy sales for FY 2019-20 as shown in the Table below:

Table 5-1: Proposed Energy Sales for the FY2021-22 (MU)

Particulars	Revised Projections
Energy Sales	9.44

##### Distribution Loss

Regulation 20 of the GERC (Multi Year Tariff) Regulations, 2016, specifies that the Hon’ble Commission shall stipulate a trajectory for Distribution Losses for FY 2019-20 onwards, as reproduced below:

“While approving the MYT Petition, the Commission shall stipulate a trajectory for the variables, which shall include, but not be limited to Operation & Maintenance expenses, target plant load factor and distribution losses for FY 2017-18 onwards...”

The Hon'ble Commission has approved the Distribution Loss of 2.47% for each year of the MYT Control Period. Aspen respectfully requests the Hon'ble Commission to approve the distribution loss for FY 2019-20 as 2.47%, without any reduction, as the losses are already very low and highly dependent on the quantum of sales, as lower sales have led to higher no-load losses in the past. In case the actual losses turn out to be lower due to higher sales, as was the case in FY 2016-17, then Aspen shall submit the same at the time of true-up for FY 2021-22, however, for projection purposes, the approved loss levels of 2.30% should be considered.

**Table 5-2: Trajectory /Projected Distribution Loss Trajectory for the FY 2021.-22**

Particulars	Revised Projections
Distribution Loss	2.30 %

#### Energy Balance

Based on the revised projected Sales and Distribution Loss, the projected Energy Balance for Aspen licence area for the FY2021-22 is given in the Table below:

**Table 5-3: Projected Energy Balance for FY2021-22**

Particulars	Revised Projections
Energy Sales (Units)	94,42,600
Distribution Loss (%)	2.30 %
Distribution Loss (Units)	2,17,180
Energy procured (Units)	96,59,780

#### Power Purchase Quantum & Cost

The Petitioner has estimated the cost of power purchase from MGVCCL for FY 2019-20 based on the projected energy requirement for the licensed area.

Aspen has considered the tariff of MGVCCL for FY 2019-20, as approved by the Hon'ble Commission, which was also considered in the Aspen MYT Order, for projecting the power purchase cost for the FY2021-22. The projected cost of power purchase from MGVCCL for the FY2021-22 is summarised in the Table below:

**Table 5-4: Trajectory /Projected Power Purchase Cost for the FY2021-22**

Particulars	Revised Projections
Power Purchase (Units)	94,42,600
Power Purchase Cost (Rs. Lakh)	715.59
Cost per Unit (Rs. /kWh)	7.41

#### Operation & Maintenance Expenses

Aspen has projected the O&M expenses for FY 2019-20 by escalating the actual O&M expenses of FY 2016-17 as claimed in the true-up for FY 2016-17, with 5.72% twice, to account for the growth of 2 years. The escalation factor of 5.72% has been specified in the GERC MYT Regulations, 2016



The O&M expenses projected for FY2021-22 is shown in the Table below:

Table 5-5: Trajectory /Projected O&M Expenses for the FY 20-20-21 (Rs. lakh)

Particulars	Revised Projections
O&M expenses	42.72

#### Capital Expenditure

As stated in the above section, the entire capital expenditure has been funded entirely through Consumer Contribution. Further, no capital investment has been envisaged for the FY 2019-20. However, if any capital expenditure is undertaken either through debt or equity, the Petitioner shall approach the Hon'ble Commission at the time of truing up. Therefore, the Petitioner requests the Hon'ble Commission to approve nil capital expenditure for the FY 2019-20.

#### Depreciation

The Petitioner has not proposed any new capital expenditure for the FY 2019-20. Besides, the existing capital expenditure has been funded entirely through Consumer Contribution. Accordingly, no depreciation has been proposed for the FY 2019-20.

#### Interest on Long-Term Loan Capital

Since, no new capital expenditure of Aspen's distribution business has been proposed and existing assets are funded by Consumer Contribution, no interest expenditure has been considered for the FY 2019-20.

#### Return on Equity

The Petitioner has not considered any Return on Equity for the FY 2019-20 as its existing assets have been entirely funded through Consumer Contributions, and there is no proposed equity contribution of Aspen for the FY 2019-20.

#### Interest on Working Capital

The Petitioner has calculated Interest on Working Capital for the FY 2019-20 as per Regulation 40.5 of the GERC (Multi Year Tariff) Regulations, 2016, as reproduced below:

##### "40.5 Retail Supply of Electricity

(a) The Distribution Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

- (i) Operation and maintenance expenses for one month; plus
- (ii) Maintenance spares at one (1) per cent of the historical cost; plus
- (iii) Receivables equivalent to one (1) month of the expected revenue from sale of electricity at the prevailing tariffs;  
minus  
Amount held as security deposits under clause (a) and clause (b) of sub-section (1) of Section 47 of the Act from consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up;...”

The rate of interest for computing the Interest on Working Capital (IoWC) for FY 2019-20 has been considered as 1-year SBI MCLR as on April 1, 2017, i.e., 8%, plus 250 basis points, in accordance with the First Amendment to the GERC MYT Regulations, 2016. Thus, the effective rate of interest for IoWC works out to 10.50%.

#### Income Tax

Regulation 41.1 of the GERC (Multi Year Tariff) Regulations, 2016 specifies as under:

“41.1 The Commission in its MYT Order shall provisionally approve Income Tax payable for each year of the Control Period, if any, based on the actual income tax paid, including cess and surcharge on the same, if any, as per latest Audited Accounts available for the Applicant, subject to prudence check.”

In FY 2016-17, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2016-17. Therefore, Aspen has not considered any provisional Income Tax for its business for FY 2019-20. In case Income Tax is actually paid for FY 2019-20, the same shall be claimed at the time of true-up.

#### Non-Tariff Income

Aspen has projected the income from Facility Management Charges under Non-Tariff Income for FY 2019-20 at the same level as the actual income from these Charges in FY 2016-17. The total Non-Tariff Income projected for the FY2021-22 is shown in the Table below:

Table 5-6: Trajectory /Projected Non-Tariff Income for the FY2021-22 (Rs. lakh)

Particulars	Revised Projections
Non-Tariff Income	59.05

## Summary of Aggregate Revenue Requirement

Based on the components of ARR discussed above, the estimated Aggregate Revenue Requirement for FY 2019-20 is shown in the Table below:

Table 5-7: Trajectory /Projected Aggregate Revenue Requirement for the FY2021-22 (Rs. Lakh)

Particulars	Revised Projections
Power Purchase Expenses	715.59
O&M Expenses	42.72
Depreciation	
Interest on Long Term Loan Capital	
Interest on Working Capital	0
Income Tax	
Total Revenue Expenditure	758.31
Return on Equity	
Less: Non-Tariff Income	59.05
Aggregate Revenue Requirement	699.26

## Revenue Gap/(Surplus)

Based on the projected ARR for FY2021-22 and expected revenue from sales at the existing tariff, the projected Revenue Gap/(Surplus) for FY2021-22 is shown in the Table below:

Table 5-8: Trajectory /Projected Revenue Gap/(Surplus) for FY2021-22 (Rs. Lakh)

Particulars	FY2021-22
Total ARR of FY2021-22	699.26
Add: Revenue Gap of FY 2019-20	(15.09)
Net ARR	684.17
Revenue from Sales	713.07
Revenue Gap/(Surplus)	(28.90)

## 6.0 Retail Tariff for FY 2021-22

The second proviso to Section 62 (1) of the EA 2003 specifies as under:

"Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity."

Aspen's licence area overlaps with the licence area of MGCVCL, and thus, falls under the situation envisaged under the above proviso to Section 62(1) of the EA 2003. Further, consumers have opted to set up their Units within the SEZ area, under the presumption that the electricity tariff will be the same as that applicable within MGCVCL's area of supply, and the consumers would not be adversely affected by virtue of opting to set up their Units within the SEZ. It will also create a lot of problems if the tariffs within the SEZ and outside the SEZ for the same category of consumer are different and may result in migration of consumers outside the Licence area.

The Hon'ble Commission in its Order dated August 08 , 2018 in Case No. 1708 of 2018 in the matter of Aspen ruled as under:

**“4.3.2 Tariff determination for FY 2020.21**

...

**Commission's Analysis**

The Commission decides to keep the tariffs of ASPEN distribution area as per MGVCL tariff schedule effective from 1st April, 2018...”

As Aspen is still in the process of development of the SEZ, and the sales are yet to reach significant levels, Aspen requests the Hon'ble Commission to allow Aspen to continue to charge consumers in the SEZ area at the same tariff that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY 2019-20.

It is expected that the tariff increase approved for Aspen, by virtue of the MGVCL tariff being the ceiling tariff, would be able to recover all/most of the Revenue Gap of Rs.(28.90) lakh for FY2021-22.

**7.0 Wheeling Charges and Cross-Subsidy Surcharge**

Regulation 87.1 of the GERC (Multi Year Tariff) Regulations, 2016 specifies that the ARR is to be segregated as per the Allocation Matrix between the Distribution Wire Business and Retail Supply Business, for determination of Wheeling Charges.

The specified Allocation Matrix for segregation of expenses between the Distribution Wires Business and Retail Supply Business is as under:

**Table 7-1: Allocation Matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Wires Business (%)</b>	<b>Retail Supply Business (%)</b>
1.	Power Purchase Expenses	0	100
2.	Intra-State Transmission Charges	0	100
3.	Employee expenses	60	40
4.	A&G expenses	50	50
5.	R&M expenses	90	10
6.	Depreciation	90	10
7.	Interest on long-term capital investment	90	10
8.	Interest on working capital and consumer security deposit	10	90
9.	Bad debts written off	0	100
10.	Income Tax	90	10
11.	Transmission Charges	0	100
12.	Contribution to contingency reserves if any	100	0
13.	Return on Equity	90	10
14.	Non-Tariff Income	10	90

Based on the Allocation Matrix, the estimated Aggregate Revenue Requirement for FY2021-22 for the Distribution Wires Business and Retail Supply Business is shown in the Tables below:

**Table 7-2: Trajectory /Projected Aggregate Revenue Requirement for Distribution Wires Business for the FY2021-22 (Rs. Lakh)**

Particulars	FY2021-22
O&M Expenses	42.72
Depreciation	-
Interest on Long Term Loan Capital	-
Interest on Working Capital	0.00
Income Tax	0.00
Total Revenue Expenditure	42.72
Return on Equity	0.00
Less: Non-Tariff Income	59.05
Aggregate revenue requirement	(16.33)

**Table 7-3: Trajectory /Projected Aggregate Revenue Requirement for Retail Supply Business for the FY2021-22 (Rs. Lakh)**

Particulars	FY2021-22
Power Purchase Expenses	715.59
O&M Expenses	7.46
Depreciation	-
Interest on Long Term Loan Capital	-
Interest on Working Capital	0.00
Income Tax	0.00
Total Revenue Expenditure	723.05
Return on Equity	0.00
Less: Non-Tariff Income	53.15
Aggregate revenue requirement	669.90
Revenue Gap of FY2019.20	(15.09)
Total ARR	654.81

**Note: The entire Revenue Gap of FY2021-22 has been considered against the Supply Business**

#### **Proposed Wheeling Charges**

In accordance with the approach adopted by the Hon'ble Commission in the MYT Order dated 31/07/2019 case No. Case No. 1778 of 2019 the ARR of the Wires Business computed above, has not been segregated between HT and LT Voltages. Accordingly, the proposed Wheeling Charges are calculated as shown in the Table below:

**Table 7-4: Trajectory /Projected Proposed Wheeling Charge at 11 kV for FY2021-22 (Paise/kWh)**

Sl.	Particulars	Units	Amount
1	ARR for the Wires Business	Rs. Lakh	29.39
2	Energy Input at 11 kV	Lakh Units	96.60
3	Wheeling Charge at 11 kV	Paise/kWh	30.42
4	Proposed Wheeling Charges at 11 kV	Paise/kWh	31.00

Further, the Open Access consumers will also have to be bear the Distribution Losses of 2.30%, in addition to the above proposed Wheeling Charges.

#### Proposed Cross-Subsidy Surcharge

In accordance with the approach adopted by the Hon'ble Commission in the MYT Order dated August 08, 2018 in Case No. 1738 of 2018, Aspen has computed the Cross-Subsidy Surcharge (CSS) based on the Formula stipulated in the revised Tariff Policy, 2016, as under:

The Formula for computation of CSS 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; and R is the per unit cost of carrying regulatory assets.

The CSS based on the above formula is computed as shown in the Table below:

**Table 7-5: Computation of CSS for FY 2019-20 (Rs/kWh)**

Sr. No.	Particulars	FY 2019-20
1	T - Tariff for HT Category (Rs./kWh)	7.58
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	8.03
3	D - Wheeling Charge (Rs./kWh)	0.31
4	L - Aggregate T&D Loss (%)	1.64%
5	R - per unit cost of carrying regulatory assets (Rs./kWh)	0.00
6	S = Cross Subsidy Surcharge (Rs./kWh)	-0.51

**Note: The Tariff for HT Category has been considered equal to the Average Billing Rate of HT I Category based on Aspen's existing tariff. The same shall have to be revised, based on the tariff approved by the Hon'ble Commission**

**As the CSS works out to be negative based on existing tariff, no CSS is proposed for Open Access consumers for FY2021-22. In case the CSS works out to be positive based on tariffs approved by the Hon'ble Commission for FY2021-22 then the same shall be applicable for Open Access consumers.**

#### **8.0 Compliance with Directives**

**In the MYT Order dated July 31,2019 in Case No. 1778 of 2019, the Hon'ble Commission has not given any fresh directive and earlier directive has been justified in the previous Petition.**

#### **9.0 Prayers**

**In view of above facts and circumstances, Aspen prays to the Hon'ble Commission as under:**

- i) Admit the Petition for approval of truing up for FY 2019-20, and Trajectory /Projected ARR and tariff for FY2021-22.**
- ii) Allow Aspen to continue to charge consumers in the SEZ area at the same Wheeling Charge that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY2021-22.**
- iii) Allow Aspen to continue to charge consumers in the SEZ area at the same Retail Tariff that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY2021-22.**
- iv) Condone any inadvertent omissions/errors/shortcomings and permit Aspen to add/change/modify/alter this filing and make further submissions as may be required at a future date.**
- v) Pass such Orders as the Hon'ble Commission may deem fit in the facts of the present case.**

**Place: Vadodara**

**Date:**

**Signature of the Petitioner  
Authorised Signatory**