GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2019-20

and Determination of ARR & Tariff for FY 2021-22

For

GIFT Power Company Limited (GIFT PCL)

Case No. 1942 of 2021

1st April, 2021

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GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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CONTENTS

1 Background and Brief History ... 10

1.1 Background ... 10

1.2 About Gujarat International Finance Tec-City Power Company Ltd. (GIFT PCL) . 11

1.3 Commission's Order for approval of ARR and Tariff for FY 2018-19 ... 11

1.4 Commission's Order for determination of ARR for FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20 ... 11

1.5 Commission's Order for approval of True up of FY 2018-19, and determination of Tariff for FY 2020-21 ... 11

1.6 Background of the present Petition ... 12

1.7 Registration of the Current Petition and Public Hearing Process ... 12

1.8 Approach of this Order ... 13

1.9 Contents of this Order ... 14

2 Summary of GIFT PCL's Petition ... 16

2.1 Introduction ... 16

2.2 True-Up of FY 2019-20 ... 16

2.3 Revenue Gap/(Surplus) for FY 2019-20 ... 17

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2021-22 ... 17

2.5 Estimated Revenue Gap / (Surplus) for FY 2021-22 ... 18

2.6 GIFT PCL's Prayers to the Commission ... 18

3 Relative assessment of GIFT PCL with other Distribution Licensees ... 20

4 Truing up for FY 2019-20 ... 23

4.1 Introduction ... 23

4.2 Energy Sales ... 23

4.3 Distribution Losses ... 24

4.4 Energy Requirement ... 25

4.5 Power Purchase Cost ... 26

4.6 Capital Expenditure, Capitalization and Funding of Capex ... 31

4.7 Operation & Maintenance Expenses ... 34

4.8 Depreciation ... 38

4.9 Interest and Finance Charges 39
4.10 Interest on Working Capital 41
4.11 Interest on Security Deposit 42
4.12 Return on Equity 44
4.13 Income Tax 45
4.14 Contingency Reserve 45
4.15 Non-tariff income 46
4.16 Revenue from Sale of Power 47
4.17 Summary of Aggregate Revenue Requirement and sharing of Gains/ Losses 48
4.18 Net Revenue Gap / (Surplus) 50
5 Determination of ARR for FY 2021-22 52
5.1 Introduction 52
5.2 Energy Sales 52
5.3 Distribution Losses 55
5.4 Energy Balance 56
5.5 Energy Availability and Power Purchase Cost 57
5.6 Capital Expenditure, Capitalization and Funding of Capex 61
5.7 Operations and Maintenance Expenses 66
5.8 Depreciation 68
5.9 Interest and Finance Charges 69
5.10 Interest on Security Deposit 71
5.11 Interest on Working Capital 72
5.12 Return on Equity 73
5.13 Income Tax 74
5.14 Contingency Reserve 75
5.15 Non-Tariff Income 75
5.16 ARR for FY 2021-22 76
6 Determination of Tariff for FY 2021-22 78
5.1 Introduction 78
5.2 Revenue at Existing Tariff and Gap/ (Surplus) Analysis 78
7 Compliance of Directives 81
6.1 Existing Directives 81

6.2 Fresh Directives 85

8 Fuel and Power Purchase Price Adjustment 86

8.1 Fuel and Power Purchase Price Adjustment 86

9 Wheeling Charges and Cross Subsidy Surcharge 87

9.1 Wheeling Charges 87

9.2 Determination of Wheeling Charges 90

9.3 Cross Subsidy Surcharge 92

10 Tariff Philosophy and Tariff Proposal 95

10.1 Overall Approach 95

10.2 GIFT PCL's Tariff Proposal for FY 2021-22 95

10.3 Commission's Analysis 98

COMMISSION'S ORDER 100

11 ANNEXURE: TARIFF SCHEDULE 101

LIST OF TABLES

Table 2-1: True-up proposed by GIFT PCL for FY 2019-20 ... 16
Table 2-2: Trued-up ARR as claimed for FY 2019-20 ... 17
Table 2-3: Proposed ARR for FY 2021-22 ... 17
Table 2-4: Revenue Gap / (Surplus) for FY 2021-22 (Existing Tariff) ... 18
Table 3-1: Comparison of GFA per Unit Sales for FY 2018-19 ... 21
Table 3-2: Comparison of O&M Cost per Unit Sales for FY 2018-19 ... 21
Table 3-3: Comparison of ARR per Unit Sales for FY 2018-19 ... 21
Table 3-4: Comparison of Other Cost (ARR excluding Power Purchase Cost) for FY 2018-19 .. 22
Table 4-1: Energy Sales claimed for FY 2019-20 ... 23
Table 4-2: Energy Sales approved by the Commission for FY 2019-20 ... 24
Table 4-3: Distribution Losses claimed for FY 2019-20 ... 24
Table 4-4: Distribution Losses approved for FY 2019-20 ... 25
Table 4-5: Energy Requirement claimed for FY 2019-20 ... 26
Table 4-6: Energy Requirement approved for FY 2019-20 ... 26
Table 4-7: Power Purchase Quantum claimed for FY 2019-20 ... 26
Table 4-8: Power Purchase Cost claimed for FY 2019-20 ... 27
Table 4-9: Power Purchase Quantum approved for FY 2019-20 ... 30
Table 4-10: Power Purchase Cost approved for FY 2019-20 ... 30
Table 4-11: Gains / (Losses) on account of Power Purchase Cost for FY 2019-20 ... 31
Table 4-12: Capital Expenditure claimed for FY 2019-20 ... 32
Table 4-13: Capitalisation details arrived at for FY 2019-20 ... 33
Table 4-14: Average GFA Utilisation for TPL-Dahej from FY 2010-11 to FY 2019-20 ... 34
Table 4-15: Capitalisation details approved by the Commission for FY 2019-20 ... 34
Table 4-16: Operation and Maintenance Expenses claimed for FY 2019-20 ... 35
Table 4-17: Average O&M Expenses per unit Sales of TPL-Dahej for FY 2010-11 to FY 2019-20 37
Table 4-18: Operation and Maintenance Expenses approved for FY 2019-20 ... 37
Table 4-19: Gains / (Losses) on account of O&M Expenses for FY 2019-20 ... 37
Table 4-20: Depreciation claimed for FY 2019-20 ... 38
Table 4-21: Depreciation approved for FY 2019-20 ... 38
Table 4-22: Gains / (Losses) on account of Depreciation for FY 2019-20 ... 39
Table 4-23: Interest and Finance Charges claimed for FY 2019-20 ... 39
Table 4-24: Interest and Finance Charges approved for FY 2019-20 ... 40
Table 4-25: Gains / (Losses) on account of Interest and Finance Charges for FY 2019-20 ... 41
Table 4-25: Interest on Working claimed for FY 2019-20 ... 41
Table 4-27: Interest on Working Capital approved for FY 2019-20 ... 42
Table 4-28: Interest on Security Deposit claimed for FY 2019-20 ... 43
Table 4-29: Interest on Security Deposit approved for FY 2019-20 ... 43
Table 4-30: Gains / (Losses) on account of Interest on Security Deposit for FY 2019-20 ... 44
Table 4-31: Return on Equity claimed for FY 2019-20 ... 44
Table 4-32: Return on Equity approved for FY 2019-20 ... 45

Table 4-33: Gains / (Losses) on account of Return on Equity for FY 2019-20 45
Table 4-34: Contribution to Contingency Reserve claimed for FY 2019-20 46
Table 4-35: Contribution to Contingency Reserve approved for FY 2019-20 46
Table 4-36: Gains / (Losses) on account of Contribution to Contingency Reserves for FY 2019-20 .. 46
Table 4-37: Non-tariff Income approved for FY 2019-20 47
Table 4-38: Gains / (Losses) on account of Non-tariff Income for FY 2019-20 47
Table 4-39: ARR claimed for FY 2019-20 48
Table 4-40: Trued up ARR claimed for FY 2019-20 48
Table 4-41: Approved ARR along with impact of Controllable/ Uncontrollable Factors for FY 2019-20 49
Table 4-42: Trued up ARR approved for FY 2019-20 50
Table 4-43: Net revenue gap/(surplus) as claimed for FY 2019-20 50
Table 4-44: Net Revenue Gap / (Surplus) approved for FY 2019-20 51
Table 5-1: Energy Sales projected for FY 2021-22 53
Table 5-2: Projections of Consumer for FY 2021-22 53
Table 5-3: Energy Sales approved for FY 2021-22 55
Table 5-4: Projection of Distribution Losses projected for FY 2021-22 55
Table 5-5: Distribution Losses approved for FY 2021-22 56
Table 5-6: Energy Requirement projected for FY 2021-22 57
Table 5-7: Energy Requirement approved for FY 2021-22 57
Table 5-8: RPO for FY 2021-22 58
Table 5-9: Power Procurement Quantum & Cost projected by GIFT PCL for FY 2021-22 59
Table 5-10: Energy Availability approved for FY 2021-22 61
Table 4-11: Source-wise Power Purchase Cost approved for FY 2021-22 61
Table 5-12: Capitalisation projected for FY 2021-22 62
Table 5-13: Proposed Scheme-wise Capitalization for FY 2021-22 62
Table 5-14: Capital Expenditure and Capitalization projected for FY 2021-22 64
Table 5-15: Capex worked out by Commission for FY 2021-22 65
Table 5-16: Capitalization and its funding approved for FY 2021-22 66
Table 5-17: Operation and Maintenance Cost projected for FY 2021-22 67
Table 5-18: Operation and Maintenance Expenses approved for FY 2021-22 68
Table 5-19: Depreciation projected for FY 2021-22 68
Table 5-20: Depreciation approved for FY 2021-22 69
Table 5-21: Interest and Finance Charges projected for FY 2021-22 70
Table 5-22: Interest and Finance Charges approved up for FY 2021-22 71
Table 5-23: Interest on Security Deposit projected for FY 2021-22 71
Table 5-24: Interest on Security Deposit approved for FY 2021-22 72
Table 5-25: Interest on Working Capital projected for FY 2021-22 72
Table 5-26: Interest on Working Capital approved for FY 2021-22 73
Table 5-27: Return on Equity projected for FY 2021-22 74
Table 5-28: Return on Equity approved for FY 2021-22 74
Table 5-29: Income Tax projected for FY 2021-22 74

Table 5-30: Contribution to contingency reserve projected for FY 2021-22 75
Table 5-31: Non-Tariff Income projected for FY 2021-22 76
Table 5-32: Non-Tariff Income approved for FY 2021-22 76
Table 5.33:ARR projected for FY 2021-22 76
Table 5-34: ARR approved for FY 2021-22 77
Table 6-1: Revenue gap / (Surplus) with existing tariff for FY 2021-22 79
Table 6-2: Approved Consolidated Revenue Gap / (Surplus) for FY 2020-21 80
Table 9.1: Allocation of ARR between Wheeling and Retail Supply as claimed by the Petitioner for FY 2021-22........ 87
Table 9-2: Segregation between Wires and Retail Supply Business ARR claimed for FY 2021-22.... 88
Table 9-3: Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2016........ 88
Table 9-4: Segregation between Wires and Retail Supply Business ARR as approved for FY 2021-22 89
Table 9.5: Wheeling Charges proposed by GIFT PCL for FY 2021-22 90
Table 9.6: Wheeling Charges as approved for GIFT PCL for FY 2021-22 91
Table 9.7: Cross Subsidy Surcharge as proposed by GIFT PCL for FY 2021-22 92
Table 9.8: Cross Subsidy Surcharge as approved for GIFT PCL for FY 2021-22........ 93

ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
DISCOM	Distribution Company
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Assets
GIFT CL	GIFT City Co. Ltd.
GIFT PCL	GIFT Power Company Ltd.
HT	High Tension
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension
LTMD	Low Tension Maximum Demand
MCLR	Marginal Cost of Funds based Lending Rate
MUs	Million Units (Million kWh)
MVA	Megavolt Ampere
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
RoE	Return on Equity
R&M	Repairs and Maintenance
SBI	State Bank of India
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
STU	State Transmission Utility

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1942 of 2021

Date of the Order: 01/04/2021

CORAM

Shri Anand Kumar, Chairman

Shri Mehul M. Gandhi, Member

Shri S. R. Pandey, Member

ORDER

1 Background and Brief History

1.1 Background

GIFT Power Company Ltd. (hereinafter referred to as 'GIFT PCL' or the 'Petitioner') has filed the present Petition on 01st February, 2021 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (herein after referred to as the "GERC (MYT) Regulations, 2016") for the Truing up for FY 2019-20 and Aggregate Revenue Requirement (ARR) & determination of tariff for FY 2021-22.

Gujarat Electricity Regulatory Commission notified the GERC (MYT) Regulations, 2016 on 29th March, 2016 which shall be applicable for determination of Tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising of Truing up for FY 2019-20, ARR for FY 2021-22, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2021-22) and revenue Gap or revenue Surplus thereof for the ensuing year for the determination of Tariff to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The ensuing year in the present case is FY 2021-22, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 is in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for new Control Period of FY 2021-22 to FY 2025-26 by issuing public notice dated 10th August, 2020, the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2020 dated 22 December, 2020 deferred the 5-year control period for new MYT Regulations for one year Accordingly, all the concerned utilities and licensees were directed to file annual ARR for FY 2021-22 and application for determination of tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016.

After technical validation of the petition, it was registered on 04th February 2021 as Case No. 1942/2021 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff Order.

1.2 About Gujarat International Finance Tec-City Power Company Ltd. (GIFT PCL)

GIFT Power Company Ltd. (hereinafter referred to as 'GIFT PCL' or the 'Petitioner'), a 100% subsidiary company of Gujarat International Finance Tec-City Company Limited, is a distribution licensee responsible for the supply of electricity in the GIFT City area of around 886 acres of land which includes both Special Economic Zone (SEZ) area comprising of 261 acres and Domestic Tariff Area (DTA) comprising of 625 acres.

The Commission granted the second license for distribution of electricity in the said area of the existing licensee viz. Uttar Gujarat Vij Company Limited (UGVCL) vide Order dated 6th March, 2013 in Licence Application No. 1 of 2012 to the Petitioner.

1.3 Commission's Order for approval of ARR and Tariff for FY 2018-19

The Petitioner filed its Petition for approval of ARR for FY 2018-19 and determination of Retail Supply Tariff for FY 2018-19 on 6th March, 2018. The Petition was registered on 14th March, 2018 under Case No. 1710 of 2018. The Commission vide Order dated 3rd December, 2018 approved the ARR for FY 2018-19 and determined the tariff for FY 2018-19.

1.4 Commission's Order for determination of ARR for FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20

The Petitioner filed its Petition for approval of ARR for FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20 on 31st December, 2018. After technical validation, the Petition was registered on 7th January, 2019 under Case No. 1777 of 2019. The Commission vide Order dated 31st July, 2019 approved the ARR for FY 2019-20 and FY 2020-21 and determined the tariff for FY 2019-20.

1.5 Commission's Order for approval of True up of FY 2018-19, and determination of Tariff for FY 2020-21

The Petitioner filed its Petition for True up of FY 2018-19 and determination of Tariff for FY 2020-21 on 30th November, 2019. After technical validation, the Petition was registered on 4th January, 2020 under Case No. 1851 of 2020. The Commission vide Order dated 9th October, 2020 approved the True up for FY 2018-19 and determined the Tariff for FY 2020-21.

1.6 Background of the present Petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the Truing up for previous year's Expenses and Revenue based on Audited Annual 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.

The Commission has issued Suo-Motu order No. 7 of 2020 dated 22nd December, 2020 directing the Licensees to file their Application / Petition for determining the annual ARR for FY 2021-22 and proposal for determination of Tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016 on or before 8 January, 2021.

GIFT PCL has filed the present Petition on 1st February, 2021. The Petition filed by GIFT PCL covers the Truing up of FY 2019-20 and ARR & Tariff determination for FY 2021-22 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

1.7 Registration of the Current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2019-20 and determination of ARR & Tariff for FY 2021-22 on 1st February, 2021. After technical validation of the petition, it was registered on 4th February, 2021 (Case No. 1942/2021) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, GIFT PCL was directed to publish its tariff application in the newspapers to ensure public participation. Accordingly, Public Notices were published by the Petitioner for inviting objections/ suggestions from stakeholders on the Tariff Petition in the following newspapers:

Table 1-1: List of newspapers (Public Notice issued by the Petitioner)

Sr. No.	Name of the Newspaper	Language	Date of publication
1	The Times of India	English	12.02.2021
2	Sandesh	Gujarati	12.02.2021

The Petitioner also placed the Public Notice and the Petition on its website (www.giftgujarat.in), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the Petition on or before 13th March, 2021.

The Commission also placed the Petition and additional details received from the Petitioner on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission has not received any objections / suggestions on the Petition till the last submission date of 13th March, 2021. Hence, no public hearing was conducted.

1.8 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for “Truing up” for the previous year and determination of Tariff for the ensuing year.

As per Clause 1.2 & 1.4 of the GERC (MYT) Regulations, 2016, the Commission has specified that the MYT framework will be applicable from 1st April, 2016 and shall be remain in force till 31st March, 2021.

GIFT PCL has approached the Commission with the present Petition for “Truing up” of FY 2019-20 and ARR & tariff determination for FY 2021-22. GIFT PCL has also submitted the final Audited Annual Accounts for FY 2019-20.

In this Order, the Commission has considered the “Truing up” for FY 2019-20, as per the GERC (MYT) Regulations, 2016. The ARR & Tariff determination for FY 2021-22 has also been carried out as per the provisions of the GERC (MYT) Regulations, 2016 as per the directions issued by the Commission vide Suo-Motu Order dated 22nd December, 2020.

The Commission has undertaken “Truing up” for FY 2019-20, based on the submissions of the Petitioner and as per the information available in Audited Annual Accounts. The Commission has undertaken the computation of Gains and Losses for FY 2019-20, based on the comparison of the approved vis-à-vis actual expenses.

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

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

Determination of ARR & Tariff for FY 2021-22 have been carried out as per the principles and methodology specified in the GERC (MYT) Regulations, 2016 in line with the directions of the Commission vide its Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020. Truing up for FY 2021-22 shall be carried out based on the principles and methodology adopted in the GERC (MYT) Regulations, 2016.

1.9 Contents of this Order

This Order consists of the following chapters:

1. The **First Chapter** provides a brief 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 GIFT PCL's Petition.
3. The **Third Chapter** deals with the relative assessment of GIFT PCL with other Distribution Licensees.
4. The **Fourth Chapter** deals with the Truing-up for FY 2019-20.
5. The **Fifth Chapter** deals with the Determination of ARR for FY 2021-22.
6. The **Sixth Chapter** deals with the Determination of Tariff for FY 2021-22.
7. The **Seventh Chapter** deals with the Compliance of Directives of the Commission.
8. The **Eighth Chapter** deals with Fuel and Power Purchase Price Adjustments.

9. The **Ninth Chapter** deals with determination of the Wheeling Charges and Cross-Subsidy Surcharge.
10. The **Tenth Chapter** deals with the Tariff philosophy and Tariff proposal.

2 Summary of GIFT PCL's Petition

2.1 Introduction

This Chapter deals with highlights of the Petition as submitted by GIFT PCL for Truing up for FY 2019-20 and determination of ARR & Tariff for FY 2021-22.

2.2 True-Up of FY 2019-20

A summary of the proposed ARR for Truing-up of FY 2019-20 compared with the approved final ARR for FY 2019-20 in the "Multi Year Tariff" (MYT) Order dated 31st July, 2019 is presented in the Table below along with the item-wise computations for Gains/ Losses as submitted by GIFT PCL:

Table 2-1: True-up proposed by GIFT PCL for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MYT Order	Actual Claimed	Difference	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	14.38	10.35	4.03	-	4.03
2	Operation & Maintenance Expenses	1.89	3.57	(1.68)	-	(1.68)
3	Depreciation	4.03	5.46	(1.43)	-	(1.43)
4	Interest & Finance Charges	5.54	5.30	0.24	-	0.24
5	Interest on Security Deposit	0.35	0.32	(0.03)	-	(0.03)
6	Interest on Working Capital	-	-	-	-	-
7	Bad Debts Written Off	-	-	-	-	-
8	Contribution to Contingency Reserves	0.39	-	0.39	-	0.39
9	Return on Equity	2.37	4.51	(2.14)	-	(2.14)
10	Income Tax	-	-	-	-	-
12	Less: Non-Tariff Income	0.32	0.44	(0.12)	-	(0.12)
13	**Aggregate Revenue Requirement**	**28.62**	**29.07**	**(0.45)**	**-**	**(0.45)**

2.3 Revenue Gap/(Surplus) for FY 2019-20

The Table below summarizes the proposed ARR claimed by GIFT PCL for Truing up.

Table 2-2: Trued-up ARR as claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Legend	Claimed
1	**ARR as per the MYT Tariff Order for FY 2019-20**	**a**	**28.62**
2	Add: Gain/(Loss) on account of Controllable factor to be passed on to the consumers (1/3)	b	-
3	Add: Gain/(Loss) on account of Un-Controllable factor to be passed on to the consumers	c	(0.45)
4	**Pass through as tariff**	**d = - (1/3 b + c)**	**0.45**
5	**Trued-up ARR**	**e = a + d**	**29.07**
6	Revenue from Sale of Power	f	16.22
7	**Net Revenue Gap / (Surplus)**	**g = e - f**	**12.85**

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2021-22

GIFT PCL has also sought approval for Aggregate Revenue Requirement for FY 2021-22 as per the GERC (MYT) Regulations, 2016 in line with the Commission's direction issued vide Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020. GIFT PCL has submitted the revenue requirement as under:

Table 2-3: Proposed ARR for FY 2021-22

(Rs. Crore)

Particulars	FY 2021-22
Power Purchase Expenses	13.35
O&M Expenses	3.99
Depreciation	6.22
Interest and Finance Charges	4.10
Interest on Security Deposits	0.37
Interest on Working Capital	-
Return on Equity	5.11
Contribution to Contingency Reserves	0.83
Income Tax	-
Less: Non-tariff Income	0.53
ARR	**33.44**

2.5 Estimated Revenue Gap / (Surplus) for FY 2021-22

Based on the estimated ARR for FY 2021-22 given in the Table 2-3 above and the estimated revenue at the existing tariff, the estimated Revenue Gap for FY 2021-22 at existing tariff is shown in the following Table.

Table 2-4: Revenue Gap / (Surplus) for FY 2021-22 (Existing Tariff)

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	ARR for FY 2021-22 [a]	33.44
2	Revenue from Existing Tariff for FY 2021-22 [b]	22.21
3	Revenue Gap / (Surplus) in FY 2021-22 [c=(a-b)]	**11.23**

GIFT PCL has also calculated the Revenue Gap for FY 2019-20 as Rs 12.85 Crores.

The Petitioner has requested the Commission to consider the Revenue Gap of FY 2019-20 for recover in FY 2021-22 The Petitioner has requested to introduce appropriate regulatory charge for recovering of past gap. This charge will help to recover its legitimate dues of recovering past losses in ensuring years.

2.6 GIFT PCL's Prayers to the Commission

1. To condone the delay, if any, occur in filing of the present petition.
2. Admit the Petition for True-up for FY 2019-20, Aggregate Revenue Requirement for FY 2021-22 and tariff determination for FY 2021-22.
3. Approve the cumulative gap / surplus as requested after true-up for FY 2019-20.
4. Approve introduction of appropriate regulatory charges to recover the past losses.
5. Approve the aggregate revenue requirement for FY 2021-22.
6. Approve base FPPPA and base power purchase cost as proposed by the Petitioner.
7. Approve Wheeling ARR and corresponding charges for wheeling of power.
8. Approve Cross Subsidy Surcharges, if any.
9. Approve Tariff Schedule as proposed by the Petitioner.
10. Allow additions/ alterations/ changes modifications to the application at a future date.

11. Allow any other relief, order or direction, which the Hon'ble Commission deems fit to be issued.
12. Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date.

3 Relative assessment of GIFT PCL with other Distribution Licensees

The distribution licensees are required to make capital investment for various purposes such as capacity growth, system augmentation, network expansion, infrastructure to meet load growth, statutory requirements, metering system, consumer services, collection efficiency, quality and reliability of supply etc. Any such capital investment increases the capital base and hence, the reasonable return which consequently have an impact on the tariff to the consumers.

The licensees are required to identify the areas that need capital investment and also ensure that such capital investments are necessary, justified and do not impose an unnecessary burden on consumers by way of tariff. As capital investment has a direct correlation with the fixed charges to be recoverable through tariff, the Commission always endeavours to allow capital investment after necessary prudence check.

The GERC (MYT) Regulations, 2016 empowers the Commission to have a prudence check of the Capital Cost incurred by the licensee, the relevant extract from the GERC (MYT) Regulations, 2016 is reproduced below:

"34.2 The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff."

Considering the above enabling provisions of the GERC MYT Regulations, 2016, the Commission had conducted physical verification and undertaken the necessary prudence check of the capital investments while issuing the Tariff Order for Truing up of FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020.

It is also to be noted that apart from the capital investment related expenses, there is also a need to examine the other cost elements of the ARR as any inefficiency or higher loading of cost per unit due to inefficient utilisation of assets also impacts the retail tariff to be paid by the consumer. This assessment is possible by comparing the performance of GIFT PCL on various cost ratios with other licensees.

Accordingly, in continuation of the prudence check undertaken by the Commission in Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020, the Commission has analysed the relative performance of GIFT PCL on various cost components vis-à-vis other utilities, viz, MPSEZ Utilities Limited (MUL), Torrent Power Limited-Dahej (TPL-Dahej), Uttar Gujarat Vij Company Limited (UGVCL), and Torrent Ahmedabad (Torrent-A) for FY 2018-19 as shown below:

Table 3-1: Comparison of GFA per Unit Sales for FY 2018-19

Particulars	GIFT	MUL	TPL-Dahej	UGVCL	Torrent-A
Average GFA (Rs. Crore)	95.38	101.43	164.38	6,699.07	5,646.63
Sales (MUs)	17.45	299.61	426.15	22,399.71	7,835.27
Average GFA per unit sales (Rs./unit)	54.66	3.39	3.86	2.99	7.21

The relative comparison of the GFA per unit sales ratio clearly indicates significant under-utilisation of assets in the case of GIFT PCL as compared to other licensees. This leads to higher burden of the cost related to asset creation on the existing consumers as the cost recovery happens on a smaller sales base.

Table 3-2: Comparison of O&M Cost per Unit Sales for FY 2018-19

Particulars	GIFT	MUL	TPL-Dahej	UGVCL	Torrent-A
O&M Cost (Rs. Crore)	3.06	8.81	8.16	616.02	312.79
Sales (MUs)	17.45	299.61	426.15	22,399.71	7,835.27
Average O&M Cost per unit sales (Rs./unit)	1.75	0.29	0.19	0.28	0.40

Similar trend is also visible in case of relative comparison of the O&M cost per unit sales ratio which also clearly indicates significantly higher cost per unit in case of GIFT PCL as compared to other licensees. Again this is may be on account of the higher cost incurred for maintaining the network which has been developed by GIFT PCL without commensurate load on the network. This leads to higher burden of the O&M cost on the existing consumers as the cost recovery happens on a smaller sales base.

Table 3-3: Comparison of ARR per Unit Sales for FY 2018-19

Particulars	GIFT	MUL	TPL-Dahej	UGVCL	Torrent-A
ARR (Rs. Crore)	31.12	163.09	218.27	12,190.27	5,794.71
Sales (MUs)	17.45	299.61	426.15	22,399.71	7,835.27
Average ARR per unit sales (Rs./unit)	17.83	5.44	5.12	5.44	7.40

Overall underutilisation of the network is also reflected in the case of relative comparison of the ARR per unit sales ratio which also clearly indicates significantly ARR per unit in case of GIFT PCL as compared to other licensees. As discussed earlier, this is again attributable to higher cost being recovered through a smaller sales base leading to significantly higher per unit cost being recovered through retain tariff.

Table 3-4: Comparison of Other Cost (ARR excluding Power Purchase Cost) for FY 2018-19

Particulars	GIFT	MUL	TPL-Dahej	UGVCL	Torrent-A
Other Cost - excluding Power Purchase Cost (Rs. Crore)	17.42	17.61	26.36	1,076.40	921.01
ARR (Rs. Crore)	31.12	163.09	218.27	12,190.27	5,794.71
Other Cost (%)	56%	11%	12%	9%	16%

Typically, it is observed that the contribution of the power purchase cost in the overall ARR of a distribution licensee is of the order to 80 to 90% depending on the Licensee. However, in case of GIFT PCL, the impact of the higher loading of other cost on ARR due to under-utilisation of assets is also evident. The contribution of other costs as a % of the total ARR is higher in case of GIFT PCL as compared to other licensees.

It is clearly evident from the above analysis that the assets in case of GIFT PCL are significantly underutilised as compared to other select licensees and which is clearly reflected from the comparative per unit loading of various cost elements. Accordingly, the crucial aspects like Reasonableness of Investment and Need for investment have not been considered by GIFT PCL before making such huge up-front investments before the actual loads could materialise. The significant variation between the time frame for creation of assets and actual loading / utilisation of those assets have led to the present situation wherein the per unit cost of GIFT PCL is significantly higher than any other licensees.

In view of the above analysis and the emergent situation, the Commission feels it appropriate to continue with the same methodology of applying appropriate benchmarking while approving costs and investments as adopted in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020 for the computation of net capitalisation and O&M Expenses for FY 2019-20.

4 Truing up for FY 2019-20

4.1 Introduction

This Chapter deals with the Truing up for FY 2019-20 of GIFT PCL.

The Commission has analysed each of the components of the Aggregate Revenue Requirement (ARR) for FY 2019-20 in the following paragraphs.

4.2 Energy Sales

Petitioner's submission

The Petitioner has submitted that the actual energy sales for FY 2019-20 are 21.53 MUs, as against the sales of 32.01 MUs approved in the Tariff Order dated 31st July, 2019. GIFT PCL has submitted the actual energy sales for FY 2019-20 as shown in the Table below.

Table 4-1: Energy Sales claimed for FY 2019-20

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed
RGP	0.38	0.14
Non-RGP	1.96	1.09
LTMD	14.04	2.70
GLP	0.31	0.17
Streetlight (SL)	0.58	0.43
Temporary	1.69	0.89
HTP-I	12.51	15.81
HTP-III	0.54	0.29
Total	**32.01**	**21.53**

GIFT PCL has submitted that the deviation in energy sales is mainly because of variation in customer demand. Due to overall economic slowdown, the growth in the demand and sales was lower than what was projected. The variation in HTP-III and LT category of consumer is because of closing of operations.

Commission's analysis

The Commission has verified the details of sale of energy as submitted in the monthly return under Form A specified in Rule 6 (1) (A) filed by the Petitioner with the office of

Chief Electrical Inspector and Collector of Electricity Duty and accordingly, the energy sales for FY 2019-20 are approved as shown below.

Table 4-2: Energy Sales approved by the Commission for FY 2019-20

(MUs)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Energy Sales	32.01	21.53	21.53

Accordingly, the Commission approves Energy Sales of 21.53 MUs on Truing up of FY 2019-20.

4.3 Distribution Losses

Petitioner's submission

The Petitioner has created basic infrastructure to provide power connectivity to its customers in SEZ and Non-SEZ area which is spread over a land parcel of 886 acres. The Petitioner has considered N-1 network redundancy at all level for higher power reliability and availability to end consumers in the Distribution License Area.

The Petitioner restated that in anticipation of future load growth and state of art service benchmark, GIFT PCL has installed the transformer and related distribution infrastructure of desired capacity at the outset. As a result, the transformer and distribution asset remain under-loaded in initial phase leading to higher distribution losses. However, with gradual increase in load, the distribution loss level is also decreased correspondingly. In view of above, the petitioner requests the Commission to approve distribution Losses of 3.21% as per the actual data for FY 2019-20.

In FY 2019-20, the actual Distribution Losses were at 3.21% against approved Distribution Losses of 5.50% approved by the Commission. GIFT PCL has submitted the actual Distribution Losses for FY 2019-20 as shown in the Table below.

Table 4-3: Distribution Losses claimed for FY 2019-20

(%)

Particulars	Approved in the MYT Order	Actual Claimed
Distribution Losses	5.50%	3.21%

The Commission has classified Distribution loss as controllable as per Regulation 22.2 (c) of the GERC (MYT) Regulations, 2016.

GIFT PCL has submitted that it considers Distribution Losses as uncontrollable as per the judgement given in the Order of TPL-D (D) for the purpose of true-up of FY 2018-19 and for determination of tariff for its distribution business at Dahej for FY 2020-21 (Case No 1846 of 2019). The relevant extract of the Order is reproduced below:

"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."

Accordingly, GIFT PCL has requested the Commission to treat Distribution Losses as uncontrollable.

Commission's analysis

The Commission has noted the submission of the Petitioner regarding the underloading of the distribution assets due to lower consumer demand as compared to the anticipated demand. Considering that the distribution network in the licence area of GIFT PCL is yet to be fully established and the consumer load is also yet to be stabilized, the actual Distribution Losses of GIFT PCL are considered as uncontrollable in line with the submission of GIFT PCL. Accordingly, the distribution losses approved by the Commission on truing up of FY 2019-20 are given in the Table below:

Table 4-4: Distribution Losses approved for FY 2019-20

(%)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Distribution Losses	5.50%	3.21%	3.21%

The Commission approves Distribution Losses of 3.21% on Truing up of FY 2019-20.

4.4 Energy Requirement

Petitioner's submission

GIFT PCL has computed the Energy Requirement based on actual Energy sales and actual Distribution Losses.

Table 4-5: Energy Requirement claimed for FY 2019-20

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed
Energy Sales	32.01	21.53
Distribution Losses (%)	5.50%	3.21%
Distribution Losses	1.86	0.71
Total Energy Requirement	33.87	22.24

Commission's analysis

The Commission has approved the Distribution Losses at 3.21% and the energy sales of 21.53 Mus in the preceding sections of this Order. Considering the same, the Commission has computed the Energy Requirement after factoring in Transmission Losses as Nil for FY 2019-20 based on actuals as given in the Table below:

Table 4-6: Energy Requirement approved for FY 2019-20

(MUs)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Energy Sales	32.01	21.53	21.53
Distribution Loss (%)	5.50%	3.21%	3.21%
Distribution Loss (MU)	1.86	0.71	0.71
Energy Requirement	**33.87**	**22.24**	**22.24**

Accordingly, the Commission approves total Energy Requirement of 22.24 MUs on Truing up of FY 2019-20.

4.5 Power Purchase Cost

Petitioner's submission

The actual power purchase for FY 2019-20 is compared with the power purchase approved by the Commission in the MYT Order.

As per energy balance the actual energy procurement was 22.24 MU for FY 2019-20 which is shown in Table below:

Table 4-7: Power Purchase Quantum claimed for FY 2019-20

(MU)

Particulars	Approved in the MYT Order	Actual Claimed
PTC India Ltd / ONGC	25.64	10.68
UGVCL	3.39	2.74
Solar	1.86	-
Non-solar	2.98	-

Particulars	Approved in the MYT Order	Actual Claimed
Power exchange - IEX	-	9.92
UI DSM	-	0.90
Net Power purchase cost	**33.87**	**22.24**

The actual source wise purchase cost is shown below:

Table 4-8: Power Purchase Cost claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
PTC India Ltd / ONGC	10.26	4.01
UGVCL	2.90	2.59
Solar	0.5	-
Non-solar	0.73	-
Power exchange - IEX	-	3.04
UI DSM	-	0.27
PTC charges	-	0.44
Net Power purchase cost	**14.39**	**10.35**

The petitioner has procured most of its power requirement from ONGC (bilateral through PTC) by availing Medium Term Open Access (MTOA) and power exchange, through the trader. The Petitioner has submitted the following justifications for the power purchase cost incurred:

- The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year, which is Uncontrollable.
- Procurement from UGVCL as HTP-I (consumer) was continued up to 9th May 2019. From 10th May 2019 onwards, the Petitioner procured power as distribution licensee through open access. The PPA executed with UGVCL was terminated on 9th November 2019. Even though the drawal from UGVCL was minimal, the Petitioner paid fixed demand charges of Rs 15.75 lakh per month as per PPA. In view of better availability from open market sources, the PPA was not renewed by the Petitioner.
- Under MTOA arrangement, the Petitioner has purchased 1.5 MW RTC power from ONGC, Ankleshwar through PTC. The landed cost after considering the

transmission charges paid to GETCO and SLDC charges was Rs 3.75/unit. The PPA was valid for 1 year (May 2019 to April 2020).

- The Petitioner has procured significant amount of power through power exchange in short term. The Petitioner has purchased power on 15-min time slot basis in Day Ahead Markets (DAM) and tried to optimise the cost. The average landed cost of power purchased through exchange was Rs 3.83 per unit.

GIFT PCL has procured some quantum from UGVCL as HT consumer, hence, RPO was not applicable for the same quantum. RPO was applicable on remaining quantum of electricity procured from the trader through open access under MTOA / UGVCL PPA route / IEX. The solar as well as non-solar RPO obligation was met to the tune 1,33,942 units. GIFT PCL has sought for revision in RPO target to cumulatively meet the remaining units in FY 2021-22.

Commission's analysis

The Commission has analysed the power purchase cost in detail in terms of various sources of power, energy units procured and source-wise cost. The Commission has reviewed the Audited Annual Accounts along with power purchase bills and has verified the Power Purchase Quantum and Power Purchase Cost.

The Petitioner has procured most of its electricity requirement from ONGC (bilateral through PTC) by availing Medium Term Open Access (MTOA) and power exchange, through the trader. Part of the remaining power requirement was met from UGVCL and remaining was through the UI pool. Till 9th May, 2019, the power from UGVCL was procured by GIFT PCL as HTP-I consumer and from 10th May 2019 onwards till 9th November, 2019 the power was procured under the PPA signed between the two parties.

As per the terms of the PPA, the power from UGVCL was procured at fixed charges of Rs. 350 per kW for a contracted demand of 4500 kW and energy charges of Rs. 4.55/kWh. Considering the cost, GIFT PCL has only procured very limited amount of power from UGVCL, however, it had to bear the burden of Rs. 15.75 Lacs per months on account of the fixed charges till 9th November, 2019 i.e. when the PPA was terminated. This has led to a very high per unit cost of power procurement from UGVCL (Rs. 9.44 /kWh on an average). On account of this, while in terms of energy procured, UGVCL (both as HTP-I consumer and under PPA arrangement) accounts for around

12.33% of the total power purchased from various sources by GIFT PCL, however, in terms of the contribution of UGVCL in the overall cost of power procurement, it amounts to 25.02% which is significantly high. It is not clear why GIFT PCL continue with the contractual arrangement with UGVCL till November 2019 when it was already sourcing majority of the power from other sources.

Further, it is also observed that the landed cost of power procurement from ONGC (bilateral through PTC) is Rs. 3.76/kWh and the landed cost of power procurement through power exchange (IEX) is Rs. 3.84/kWh. The contribution of the power procurement through the power exchange is also 36% (as compared to 48% from ONGC) in the overall power procurement quantum which is significantly high. Considering that the cost of power procurement was lower in case of ONGC,

GIFT has also considered PTC Charges of Rs. 0.44 Crores which amount to almost 6.24% of the total cost of power procurement through ONGC and power exchange. The Commission has sought details of the PTC charges. GIFT PLC in its reply dated 1st April, 2021 has submitted Letter of Appointment for "Consultancy Services for Managing Power Portfolio of GIFT Power Company Limited". The Commission has observed that contract price of Rs. 0.44 Crore claimed by GIFT PCL comprises of two parts i.e. Fixed Fees of Rs. 0.37 Crore (Rs. 0.31 Crore plus GST) and variable Fees of Rs. 0.08 Crore (15.56 MU power purchase @ Rs. 0.04 / kWh plus GST). It is important to note that effective outsourcing cost for purchase of 15.56 MU works out to Rs. 0.28 / kWh which is exorbitantly high. The Commission observed that GIFT PCL has booked and claimed consultancy/ outsourcing cost of Rs. 0.37 Crore (Fixed Fees) as part of power purchase which should have been booked and claimed as part of O&M Expenses (A&G Expenses). Hence, the Commission disallows Rs. 0.37 Crore as part of power purchase cost and will be approved as part of O&M expenses subject to prudence check. Variable Trading margin of Rs. 0.08 Crore incurred by GIFT PCL is allowed as part of power purchase cost. GIFT PCL should avoid booking and claiming outsourcing cost in incorrect expense head.

Considering the above, it is observed that GIFT PCL could have optimised its overall power purchase cost by appropriately contracting power from various sources both in terms of the rate of power purchase and the quantum. GIFT PCL needs to take cognisance of this aspect while contracting power in the future to avoid passing on additional burden on the consumers.

Further, as regards fulfilling its RPO obligations, the Commission has noted that GIFT PCL has procured some of the electricity quantum from UGVCL as an HT consumer, and hence RPO was not applicable for this quantum procured from UGVCL. Accordingly, RPO was applicable only on all the other power purchase excluding the purchase from UGVCL as a HTP-I category consumer. The solar as well as non-solar power is procured from electricity generated from solar roof top project installed by the Petitioner.

The approved sources of power purchase and energy units procured are as presented below:

Table 4-9: Power Purchase Quantum approved for FY 2019-20

(MUs)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
PTC India Ltd / ONGC	25.64	10.68	10.68
UGVCL	3.39	2.74	2.74
Solar	1.86	-	-
Non-Solar	2.98	-	-
Power Exchange - IEX	-	7.92	7.92
UI DSM	-	0.90	0.90
Total	**33.87**	**22.24**	**22.24**

The power purchase cost as approved by the Commission is presented below.

Table 4-10: Power Purchase Cost approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
PTC India Ltd / ONGC	10.26	4.01	4.01
UGVCL	2.90	2.59	2.59
Solar	0.50	-	-
Non-Solar	0.73	-	-
Power Exchange - IEX	-	3.04	3.04
UI DSM	-	0.27	0.27
PTC Charges	-	0.44	0.07
Net Power Purchase Cost	**14.38**	**10.35**	**9.98**

Accordingly, the Commission approves total Power Purchase Cost of Rs. 9.98 Crore on Truing up of FY 2019-20.

Considering the approved power purchase cost of Rs. 9.98 Crore for the approved energy procurement of 22.24 MUs, the per unit power purchase cost works out to Rs. 4.49/kWh as against Rs. 4.25/kWh approved during the MYT Order.

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 4-11: Gains / (Losses) on account of Power Purchase Cost for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase Cost	14.38	9.98	4.40	-	4.40

4.6 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

GIFT PCL in its Petition submitted that it has incurred gross capital expenditure of Rs 3.64 Crore against the approved capital expenditure of Rs. 11.04 Crore for FY 2019-20 as per the Tariff Order dated 31 July, 2019. GIFT PCL has further stated that it has capitalized Rs. 11.53 Crore against approved capitalization of Rs. 11.04 Crore.

GIFT PCL has submitted that it is operating in new Green field project of developing the smart city for Financial and IT-ITES Services. Development of buildings and occupancy inside building is dependent on market scenario. Development rights for developing floor space of commercial, residential and social nature are already allotted to many developers. Details of development of allotted, under progress and completed projects are also submitted by GIFT PCL in the Petition. GIFT PCL has to develop the power infrastructure so that the system is ready in this developing SEZ, because of which they incur huge capital expenditure.

GIFT PCL has been mandated to develop power network up to the building as per schedule fixed with every building developer. Developers are providing timeline for completion of the building so to match the timeline of network development and GIFT PCL is also awarding contracts for development of power network accordingly. Projection of timeline of building sometimes gets delayed and sometimes gets completed early, based on project requirements. GIFT PCL develops power network to facilitate as per initial schedule discussed with developers of the buildings. Power load development depends on occupancy inside the building which in turn depends on market scenario, which is uncontrollable. Accordingly, this situation leads towards sub-optimal utilization of network capacity. The present status of developed floor space, projected power demand, year of completion of building, actual developed power demand is also submitted by GIFT PCL in its Petition.

It is also submitted that power infrastructure is ready for providing power for existing and ongoing projects at substation level. Only last mile connectivity of buildings is required in the forthcoming years.

The actual SLC received from the customers is Rs. 2.14 Crore, against the approved SLC of Rs. 0.08 Crore. The following details have been submitted in respect of the capital expenditure incurred during FY 2019-20.

Table 4-12: Capital Expenditure claimed for FY 2019-20

(Rs. Crores)

Particulars	Approved in the MYT Order	Actual claimed
Opening GFA	78.35	102.57
Opening CWIP		34.81
Capital expenditure during the year	11.04	3.64
Capitalization	11.04	11.53
Less: SLC Addition	0.08	2.14
Balance Capitalization during the year	10.96	9.40
Closing GFA	89.39	111.96
Closing CWIP		26.92
Normative Debt (70%)	7.67	6.58
Normative Equity (30%)	3.29	2.82

Commission's analysis

The Commission observed that the Petitioner has claimed capital expenditure of Rs. 11.53 Crore, as against Rs.11.04 Crore approved by the Commission in the MYT Order dated 31st July, 2019. The Commission has verified the actual capitalisation of Rs. 11.53 Crore incurred by the Petitioner during FY 2019-20 from the Audited Annual Accounts.

Further, the Commission has considered Rs. 2.14 Crore as SLC contribution for FY 2019-20 which was also verified from the Audited Annual Accounts.

On a query from the Commission regarding increase in capitalization for FY 2019-20, the Petitioner submitted in its reply that the higher capitalization claimed by the Petitioner is on account of the IDC incurred for 33 kV switching panel project. The Petitioner has also submitted the work completion certificates along with Petition.

Therefore, considering Rs. 11.53 Crore of capitalisation in the year and after accounting for the SLC contribution of Rs. 2.14 Crore received during FY 2019-20, the Commission has accordingly arrived at a net Capitalisation of Rs. 9.40 Crore as shown in the Table below:

Table 4-13: Capitalisation details arrived at for FY 2019-20

(Rs. Crore)

Particulars	FY 2019-20
Opening GFA	102.57
Addition to GFA	11.53
GFA Disallowed	-
Deletion from GFA	-
Closing GFA	111.96
SLC Addition	2.14
Net Capitalization	**9.40**

However, it is to be noted that in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020, the Commission had carried out a detailed analysis and a comparative study on Network plan and asset utilization in the Petitioner's maiden Truing- up. The Commission studied the GFA Utilization (Average GFA per unit sales) of GIFT PCL vis-à-vis other utilities including similarly placed licensees and had come to the conclusion that the asset utilisation of GIFT PCL is significantly lower than other licensees of the State and hence the assets put to use are significantly underutilised. In view of the study conducted, the Commission considered actual capitalization by applying an appropriate benchmarking for forming the base value for FY 2018-19.

In line with the process of benchmarking adopted for FY 2018-19 in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020, the Commission has approved the capitalization of FY 2019-20 for GIFT PCL considering the benchmarking done with TPL-Dahej. The Average of Net Capitalisation (Addition in GFA minus Deletion of GFA minus SLC) per unit incremental sales for the period from FY 2010-11 to FY 2019-20 has been considered for the purpose of benchmarking. The Commission has analysed the Net Capitalisation per unit incremental Sales of TPL-Dahej as shown below:

Table 4-14: Average GFA Utilisation for TPL-Dahej from FY 2010-11 to FY 2019-20

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
TPL-Dahej										
Sales (MUs)	32.25	55.7	66.48	85.06	144.84	206.98	242.10	311.86	426.15	480.60
Incremental Sales (Mus)	32.25	23.45	10.78	18.58	59.78	62.14	35.12	69.76	114.29	54.45
Net Capitalisation (Rs. Crores)	5.66	45.96	4.48	49.28	2.70	2.29	4.49	13.68	1.93	3.80
Net Capitalisation per unit incremental sales (Rs./unit)	1.76	19.60	4.16	26.52	0.45	0.37	1.28	1.96	0.17	0.70
Average of net capitalisation per unit icremental sales from FY 2010-11 to FY 2019-20 (Rs./unit)										5.70

The net capitalisation per unit of incremental sales for TPL-Dahej for the period from FY 2010-11 to FY 2019-20 works out to be Rs.5.70 per unit. The Commission has considered the Closing GFA of FY 2018-19 as per the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020, as the opening GFA of FY 2019-20 and has considered the net capitalisation during the year as per the benchmarking done with TPL-Dahej. The Commission has considered applying the Average GFA utilisation of TPL-Dahej as derived above to the incremental sales of GIFT PCL for FY 2019-20. The net addition to GFA, therefore, works out to Rs. 2.20 Crore (Rs. 5.70 /kWh * 3.86 MU). Accordingly, the Commission has approved the capitalization and funding of capex as shown below:

Table 4-15: Capitalisation details approved by the Commission for FY 2019-20
(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Opening GFA	78.35	102.57	15.71
Net Addition to GFA	11.04	11.53	2.20
Closing GFA	89.39	111.96	17.90
Less: SLC	0.08	2.14	-
Balance Capitalization to be funded through debt and equity	10.96	9.40	2.20
Normative Debt (70%)	7.67	6.58	1.54
Normative Equity (30%)	3.29	2.82	0.66

Thus, the Commission approves the Net Capitalization of Rs. 2.20 Crore on Truing up of FY 2019-20.

4.7 Operation & Maintenance Expenses

Petitioner's submission

The Operations and Maintenance Expenses comprises of Employee Expenses, Administration & General Expenses and Repairs and Maintenance Expenses. The actual Operations and Maintenance Expenses incurred by GIFT PCL are given in the Table below:

Table 4-16: Operation and Maintenance Expenses claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Employee Expenses	1.36	1.55
R&M Expenses	0.29	1.42
A&G Expenses	0.23	0.59
Operation and Maintenance Expenses	**1.89**	**3.57**

GIFT PCL has submitted the following reasons for the variation in O&M Expenses as compared to the approved O&M Expenses:

1. Actual employee cost for FY 2019-20 of Rs. 1.55 crore is lesser than proposed cost of Rs. 1.88 crore. This was due to the fact that only expenses of employee fully associated with operation and maintenance was considered as expense, rest cost was capitalised considering the capitalization of project cost. These employees are mainly for supervisory control only; rest services are outsourced by national competitive bidding method. So major employee cost was capitalised considering the actual quantum of capitalisation in FY 2017-18 and FY 2018-19. However, in FY 2019-20, employee expenses have increased at reasonable level compared to total employee expense, without any major change in employee structure. The increase is reasonable and can be considered as nominal annual increment only. As project construction related work was minimal, all employees were involved in distribution related work only.
2. R&M Expenses increased to Rs 1.42 crores as against approved Expenses of Rs 0.66 crores. This is mainly because of awarded contract of outsourced manpower for maintenance service (24X7), AMC of all equipment, and routine testing of all protection system and equipment. Work Order is awarded by competitive bidding mode and on the basis of L1 selection criterion so services are obtained at best market prices.
3. Main factor of increase in A&G Expenses is Expenses of appointment of consultant for tariff Petition and its fees of Rs 0.15 crores.

GIFT PCL has submitted that it has considered O&M Expenses as uncontrollable as per the judgement given in the Order of TPL-D (D) for the purpose of true-up of FY 2018-19 and for determination of tariff for its distribution business at Dahej for FY 2020-21 (Case No 1846 of 2019). The relevant extract of the Order is reproduced below:

> *"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 09th 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."*

GIFT PCL has submitted that the variation in O&M expense is normally to be treated as controllable but in view of the above, the variation needs to be treated as uncontrollable.

Accordingly, GIFT PCL has requested the Commission to treat O&M Expenses as uncontrollable.

Commission's analysis

O&M Expenses comprises Employee Expenses, Repairs and Maintenance Expenses and Administrative and General Expenses. The Commission notes that GIFT PCL has adopted practise of outsourcing all the business activities such as power portfolio management, maintenance service (24X7), AMC of all equipment, routine testing of all protection system and equipment, regulatory consultancy services etc. Their employee cost is mainly for supervisory work only.

In the MYT Order dated 31st July, 2019, the Commission has projected O&M Expenses for FY 2019-20 as per Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016.

The Commission has noted that GIFT PCL has claimed Rs. 3.57 Crore as O&M expenses for FY 2019-20. Over and above this, outsourcing cost paid of Rs. 0.37 Crore to PTC also form part of O&M expenses and hence total O&M expense claim works out to Rs. 3.94 Crore.

The Commission in its Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 had adopted a process of benchmarking for approving the O&M expenses for FY 2018-19 in view of benchmarking adopted for capitalization of assets for FY 2018-19. In line with the approach adopted previously, the Commission has approved the O&M Expenses of FY 2019-20 considering the benchmarking done with TPL-Dahej for the O&M expenses per unit of energy sale. The average O&M expenses per unit Sales for TPL-Dahej from FY 2010-11 to FY 2019-20 is shown below:

Table 4-17: Average O&M Expenses per unit Sales of TPL-Dahej for FY 2010-11 to FY 2019-20

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
TPL-Dahej										
O&M Expenses (Rs. Crore)	2.36	2.33	2.09	2.56	9.64	7.70	7.69	7.37	8.16	8.89
Sales (MUs)	32.25	55.7	66.48	85.06	144.84	206.98	242.10	311.86	426.15	480.60
O&M Expenses per unit sales (Rs./unit)	0.73	0.42	0.31	0.30	0.67	0.37	0.32	0.24	0.19	0.18
Average of O&M Expenses per unit sales from FY 2010-11 to FY 2019-20 (Rs./unit)										**0.37**

The Commission has applied the Average O&M Expenses per unit Sales worked out in the above Table on the Sales of GIFT PCL to arrive at the approved O&M Expenses for GIFT PCL. The O&M Expenses, therefore, works out to Rs. 0.80 Crore (Rs. 0.37 /kWh * 21.53 MU) as shown below:

Table 4-18: Operation and Maintenance Expenses approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Operation and Maintenance Expenses	**1.89**	**3.57**	**0.80**

Accordingly, the Commission approves O&M Expenses of Rs. 0.80 Crore on Truing up of FY 2019-20.

In line with the submission of the Petitioner, the Commission has considered variation in O&M expenses as uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-19: Gains / (Losses) on account of O&M Expenses for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
O&M Expenses	1.89	0.80	1.09	-	1.09

4.8 Depreciation

Petitioner's submission

GIFT PCL has submitted the following details related to fixed assets and depreciation for the purpose of Truing up for FY 2019-20.

Table 4-20: Depreciation claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Opening GFA	78.35	102.57
Addition	11.04	9.40
Closing GFA	89.39	111.96
Average GFA	83.87	107.27
Depreciation	**4.03**	**5.46**

GIFT PCL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the GERC (MYT) Regulations, 2016. The Depreciation rates considered are also as per the GERC (MYT) Regulations, 2016.

The Petitioner has considered the depreciation based on gross fixed asset at the starting of FY 2019-20 and additional capitalisation during the year. Considering the average of opening and closing value of asset, the depreciation of the Gross Fixed Assets based on above works out as Rs. 5.46 crore for FY 2019-20. The Petitioner has requested to consider the variation in Depreciation as uncontrollable as per the GERC (MYT) Regulations, 2016.

Commission's analysis

The Commission has arrived at the capitalisation for FY 2019-20 as elaborated in the earlier sectionThe Commission has considered actual weightage rate of 5.16% (as per Annual Audited Accounts of GIFT PCL) and accordingly has calculated the depreciation as shown below:

Table 4-21: Depreciation approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Depreciation	**4.03**	**5.46**	**0.87**

Accordingly, the Commission approves depreciation of Rs. 0.87 Crore for the purpose of Truing up of FY 2019-20.

Variations in Depreciation is considered as uncontrollable as per the GERC (MYT) Regulations, 2016. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-22: Gains / (Losses) on account of Depreciation for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	4.03	0.87	3.16	-	3.16

4.9 Interest and Finance Charges

Petitioner's submission

GIFT PCL has submitted that it has calculated the interest expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. It is further submitted that it has availed a term loan and has paid the interest amount to the bank at weighted average interest rate of 8.84% during FY 2019-20.

GIFT PCL has submitted the following details in respect of interest and finance charges. The Petitioner requests the Commission to treat the variation in Interest and Finance Charges as uncontrollable.

Table 4-23: Interest and Finance Charges claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Interest on normative loan		
Opening loans	59.35	59.43
Less: Reduction of Normative Loan due to retirement or replacement of assets	-	-
Addition	7.67	6.58
Less: Repayment	4.03	5.46
Closing loan	63.00	60.55
Average loan	61.17	59.99
Rate of interest (%)	9.05%	8.84%
Interest on normative loan	**5.54**	**5.30**

Commission's analysis

The opening balance of loan for FY 2019-20 has been considered to be same as the closing GFA for FY 2018-19 as approved in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020. The loan addition has been considered in line with the normative loan addition approved in the discussion on capitalization in Table 4-15 of this Order. The repayment has been equated to depreciation approved for the year FY 2019-20 in Table 4-21 of this Order.

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 Licensee shall be considered as the rate of interest.

Accordingly, the Commission has sought information regarding the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted in its response to the data gaps. The Petitioner submitted that the loan is taken by GIFT CL (Parent company of GIFT PCL) on as and when required basis for all the assets. The Commission has verified the Rate of Interest of 8.84% as claimed by the Petitioner for the actual loan portfolio submitted for FY 2019-20 and found it to be incorrect. The Rate of Interest for FY 2019-20 as per the documentary evidence submitted by the Petitioner is 8.91% and the Commission has considered the same for calculation of the interest on loan.

Based on the foregoing analysis, the Commission approves the Interest & Finance Charges as shown in the Table below:

Table 4-24: Interest and Finance Charges approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Interest on Normative Loan			
Opening Loan	59.35	71.80	5.56
Cumulative Depreciation (principal repayment)	-	12.37	-
Addition of Loan due to Capitalisation during the Year	7.67	6.58	1.54
Less: Repayment	4.03	5.46	0.87
Closing Loan	63.00	60.55	6.23
Average Loan	61.17	59.99	5.90
Rate of Interest (%)	9.05%	8.84%	8.91%
Interest Expenses	**5.54**	**5.30**	**0.53**

Accordingly, the Commission approves Interest and Finance Charges at Rs. 0.53 Crore on Truing up of FY 2019-20.

Variations in Interest Expenses is considered as uncontrollable as per the GERC (MYT) Regulations, 2016. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-25: Gains / (Losses) on account of Interest and Finance Charges for FY 2019-20

(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 & Finance Charges	5.54	0.53	5.01	-	5.01

4.10 Interest on Working Capital

Petitioner's submission

GIFT PCL has submitted the following details regarding Interest on Working Capital.

Table 4-26: Interest on Working claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Working Capital Requirement		
O&M Expenses	0.16	0.30
Spares at 1% of GFA	0.78	1.09
Receivables	2.39	1.12
Sub-total	**3.33**	**2.51**
Less: Security Deposit	5.61	5.90
Normative Working Capital	-	-
Interest Rate (%)	-	-
Interest on Working Capital	-	-

As per the GERC (MYT) Regulations, 2016 the working capital computed is Rs 2.51 crores and the amount of consumer security deposits is Rs 5.90 works and thereby the net working capital requirement works out to be Nil.

Commission's analysis

The Commission has reviewed the Working Capital Requirement considering the component wise values approved in preceding sections. The Commission has verified the average security deposit as submitted by GIFT PCL from the Audited Annual Account and found it to be incorrect. The average security deposit, based on the information available in the Audited Annual Accounts, considered by the Commission is Rs. 5.67 Crore.

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.16% prevailing during the financial year 2019-20 plus 250 basis points. Accordingly, the rate of interest on working capital is worked out to 10.66%.

The net Working Capital Requirement works out to be Nil and hence Nil interest on working capital is considered.

Table 4-27: Interest on Working Capital approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Working Capital Requirement			
O&M Expenses	0.16	0.30	0.07
Maintenance Spares	0.78	1.09	0.16
Receivables	2.39	1.12	1.35
Working Capital Requirement	**3.33**	**2.51**	**1.58**
Less: Average Security Deposit	5.61	5.90	5.67
Total Working Capital	**-**		
Interest Rate (%)	10.65%		10.66%
Interest on Working Capital	**-**	**-**	**-**

Accordingly, the Commission approves Interest on Working Capital as Nil on Truing up of FY 2019-20.

4.11 Interest on Security Deposit

Petitioner's submission

GIFT PCL has submitted that the consumer whose amount of security exceeds Rs. 25 Lakhs, at his option, furnish the security deposit in the form of irrevocable bank guarantee initially valid for a period of 2 years as per the GERC (Security Deposit) (Second Amendment) Regulation 2015.

The amount of interest on security deposit was paid to the consumers at bank rate applicable on 01.04.2019 as per the Table below:

Table 4-28: Interest on Security Deposit claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Security Deposit	5.61	5.90
Interest on Security Deposit	0.35	0.32

The Petitioner requested the Commission to treat the variation in interest on security deposit as compared to approved expenses as uncontrollable.

Commission's analysis

The Commission has verified the opening and closing values of security deposit i.e. Rs. 5.43 Crore and Rs. 5.90 Crore respectively, leading to an average deposit value of Rs. 5.67 Crore during FY 2019-20 from the Audited Annual Accounts. The Commission has also verified the interest paid on Security Deposit to be Rs.0.32 Crore from the Audited Annual Accounts. Accordingly, the Commission approves the same as per the following Table:

Table 4-29: Interest on Security Deposit approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Average Security Deposit	5.61	5.90	5.67
Interest on Security Deposit	**0.35**	**0.32**	**0.32**

Accordingly, the Commission approves Interest on Security Deposit at Rs. 0.32 Crore on Truing up of FY 2019-20.

The factor which affects security deposit is the number of consumers. As per the GERC (MYT) Regulations, 2016 variation in the number of consumers is an Uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-30: Gains / (Losses) on account of Interest on Security Deposit for FY 2019-20

(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 Security Deposit	0.35	0.32	0.03	-	0.03

4.12 Return on Equity

Petitioner's submission

GIFT PCL has submitted the following details with regard to return on equity:

Table 4-31: Return on Equity claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Opening Equity	15.28	30.77
Addition	3.29	2.82
Closing Equity	18.57	33.59
Average Equity	16.92	32.18
RoE at 14%	**2.37**	**4.51**

GIFT PCL has submitted that the equity additions for FY 2019-20 have been determined based on the capitalisation during the year. The equity additions in the year have been considered as 30% of the amount of net capitalization during the year. The Return on equity has been computed by applying the rate of 14% on the average of the opening and closing balance of FY 2019-20 as per the GERC (MYT) Regulations, 2016.

Commission's analysis

The Commission has considered the opening equity for FY 2019-20 same as the closing equity for FY 2018-19 as approved in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020 and the addition to Equity for FY 2019-20 as per the details worked out in Table 4-15. Accordingly, the Commission approves the Return on Equity for FY 2019-20 as shown below:

Table 4-32: Return on Equity approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Opening Equity	15.28	30.77	3.31
Addition to Equity	3.29	2.82	0.66
Closing Equity	18.57	33.59	3.97
Average Equity	16.92	32.18	3.64
RoE at 14%	**2.37**	**4.51**	**0.51**

Accordingly, the Commission approves Return on Equity at Rs. 0.51 Crore on Truing up of FY 2019-20.

The Commission approves the Gains / (Losses) on account of Return on Equity on Truing-Up of FY 2019-20, as detailed in the Table below:

Table 4-33: Gains / (Losses) on account of Return on Equity for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	2.37	0.51	1.86	-	1.86

4.13 Income Tax

Petitioner's submission

GIFT PCL has submitted that it has paid no income tax for FY 2019-20. Accordingly, it has claimed Nil Income Tax for FY 2019-20 similar to that approved in Tariff Order dated 31 July, 2019.

Commission's analysis

The Commission approves Income Tax on Truing up of FY 2019-20 as Nil.

4.14 Contingency Reserve

Petitioner's submission

GIFT PCL has submitted that it has not contributed to the contingency reserve. The amount of contingency reserve claimed by the Petitioner is nil against Rs 0.39 Crore approved in Tariff Order dated 31 July, 2019.

Table 4-34: Contribution to Contingency Reserve claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Contribution to Contingency Reserves	0.39	-

Commission's analysis

The Commission approves NIL Contribution to Contingency Reserves for FY 2019-20 as per the submission by the Petitioner as shown below:

Table 4-35: Contribution to Contingency Reserve approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Contribution to contingency reserves	0.39	-	-

Accordingly, the Commission approves NIL Contribution to Contingency Reserves on Truing up of FY 2019-20.

The Commission approves the Gains / (Losses) on account of Contribution to Contingency Reserves on Truing-Up of FY 2019-20, as detailed in the Table below:

Table 4-36: Gains / (Losses) on account of Contribution to Contingency Reserves for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Contribution to contingency reserves	0.39	-	0.39	-	0.39

4.15 Non-tariff income

Petitioner's submission

GIFT PCL has submitted that the actual Non-Tariff Income for FY 2019-20 is Rs 0.44 Crore against the Non-tariff income of Rs. 0.32 Crore as approved in the Tariff Order for FY 2019-20 dated 31 July, 2019.

Commission's analysis

. The Commission has verified the Non-tariff income from the Audited Annual Accounts and found the Non-Tariff Income for FY 2019-20 as Rs 0.44 Crore as shown in the Table Below:

Table 4-37: Non-tariff Income approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Non Tariff Income	0.32	0.44	0.44

Accordingly, the Commission approves Non-tariff Income at Rs. 0.44 Crore on Truing up of FY 2019-20.

The Commission considers variation in the Non-Tariff Income as an uncontrollable factor. The Commission approves the Gains / (Losses) on account of Non-tariff Income on Truing-Up of FY 2019-20, as detailed in the Table below:

Table 4-38: Gains / (Losses) on account of Non-tariff Income for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non Tariff income	0.32	0.44	(0.12)	-	(0.12)

4.16 Revenue from Sale of Power

Petitioner's submission

GIFT PCL has claimed a revenue of Rs. 16.22 Crore from sale of power to consumers in FY 2019-20.

Commission's analysis

The Commission observes that the revenue from sale of power as per Audited Annual Accounts is Rs. 16.22 Crore.

Accordingly, the Commission approves Revenue of Rs. 16.22 Crore from sale of power to consumers on Truing up of FY 2019-20.

4.17 Summary of Aggregate Revenue Requirement and sharing of Gains/ Losses

Petitioner's submission

GIFT PCL has submitted the comparison of various ARR components and computed the Gains / (Losses) due to Controllable and Uncontrollable factors as summarized below:

Table 4-39: ARR claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MYT Order	Actual Claimed	Difference	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	14.38	10.35	4.03	-	4.03
2	Operation & Maintenance Expenses	1.89	3.57	(1.68)	-	(1.68)
3	Depreciation	4.03	5.46	(1.43)	-	(1.43)
4	Interest & Finance Charges	5.54	5.30	0.24	-	0.24
5	Interest on Security Deposit	0.35	0.32	(0.03)	-	(0.03)
6	Interest on Working Capital	-	-	-	-	-
7	Bad Debts Written Off	-	-	-	-	-
8	Contribution to Contingency Reserves	0.39	-	0.39	-	0.39
9	Return on Equity	2.37	4.51	(2.14)	-	(2.14)
10	Income Tax	-	-	-	-	-
12	Less: Non-Tariff Income	0.32	0.44	(0.12)	-	(0.12)
13	**Aggregate Revenue Requirement**	**28.62**	**29.07**	**(0.45)**	**-**	**(0.45)**

Following is the summary of trued-up ARR for FY 2019-20 to be recovered by GIFT PCL after incorporation of sharing of Gains / (Losses).

Table 4-40: Trued up ARR claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Claimed
1	**ARR as per the MYT Order for FY 2019-20 (A)**	**28.62**
2	Add: Losses on account of Controllable factors to be passed on to the consumers (1/3) (B)	-

Sr. No.	Particular	Claimed
3	Add: Losses on account of Un-Controllable factors to be passed on to the consumers (C)	0.45
4	**Trued-up ARR for FY 2019-20, D= (A+B+C)**	**29.07**

Commission's analysis

The Commission has computed the sharing of Gains and Losses for FY 2019-20 based on the Truing up for each of the components of the ARR as discussed in the preceding paragraphs and the same is summarised in the Table below:

Table 4-41: Approved ARR along with impact of Controllable/ Uncontrollable Factors for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up	Deviation	Controllable (Gain/(Loss)	Uncontrollable (Gain/(Loss)
1	Power Purchase Expenses	14.38	10.35	9.98	4.40	-	4.40
2	Operation & Maintenance Expenses	1.89	3.57	0.80	1.09	-	1.09
3	Depreciation	4.03	5.46	0.87	3.16	-	3.16
4	Interest & Finance charges	5.54	5.30	0.53	5.01	-	5.01
5	Interest on Security Deposit	0.35	0.32	0.32	0.03	-	0.03
6	Interest on Working Capital	-	-	-	-	-	-
7	Contribution to Contingency Reserves	0.39	-	-	0.39	-	0.39
8	**Total Revenue expenditure**	**26.57**	**25.00**	**12.50**	**14.07**	-	**14.07**
9	Return on Equity Capital	2.37	4.51	0.51	1.86	-	1.86
10	Income Tax	-	-	-	-	-	-
11	**Aggregate Revenue Requirement**	**28.94**	**29.51**	**13.01**	**15.93**	-	**15.93**
12	Less: Non-Tariff Income	0.32	0.44	0.44	(0.12)	-	(0.12)
13	**Aggregate Revenue Requirement**	**28.62**	**29.07**	**12.58**	**16.05**	-	**16.05**

Summary of trued up ARR for FY 2019-20 to be recovered by GIFT PCL after incorporation of sharing of Gains/ Losses is as detailed in the Table below:

Table 4-42: Trued up ARR approved for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Approved in Truing up
A	Approved as per the MYT Order (A)	28.62
B	Less: Gain on account of controllable factor to be passed on to the consumers (1/3) (B)	-
C	Less: Gain on account of Un-controllable factor to be passed on to the consumers (C)	16.05
D	**Trued-up ARR for trued up of FY 2019-20, D= (A-B-C)**	**12.58**

4.18 Net Revenue Gap / (Surplus)

Petitioner's submission

The Petitioner has requested to consider the gain /loss in case of distribution losses and O&M charges as uncontrollable. GIFT PCL has submitted that as per the proviso of Regulations 22.1, some uncontrollable factors, which are not specifically mentioned, can be included as uncontrollable factor after requests made by the Applicant. The relevant provisions are given below:

"Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any financial year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such financial year."

Accordingly, the Petitioner requested the Commission to treat the variation as uncontrollable and approve the true-up amount. The revised ARR after considering the pass-through expenses is given below. Further, the actual revenue from sale of power has been considered to work out the gap / (surplus) at the end of FY 2019-20. The details of true-up for FY 2019-20, after gain / losses, and the net revenue gap / (surplus) after considering the revenue from sale of power is given below:

Table 4-43: Net revenue gap/(surplus) as claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Legend	Claimed
1	**ARR as per the MYT Tariff Order for FY 2019-20**	**a**	**28.62**
2	Add: Gain/Loss on account of Controllable factor to be passed on to the consumers (1/3)	b	-
3	Add: Gain/Loss on account of Un-Controllable factor to be passed on to the consumers	c	(0.45)

4	**Pass through as tariff**	**d=-(1/3b+c)**	**0.45**
5	**Trued-up ARR**	**e=a+d**	**29.07**
6	Revenue from Sale of Power	f	16.22
7	**Net Revenue Gap / (Surplus)**	**g=e-f**	**12.85**

Commission's analysis

The Net Revenue Gap / (Surplus) approved for FY 2019-20 is given in the Table below:

Table 4-44: Net Revenue Gap / (Surplus) approved for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed	Approved in Truing up
1	Annual Revenue Requirement (Trued up)	29.07	12.58
2	Revenue from sale of Power	16.22	16.22
3	**Net Revenue Gap / (Surplus) (1-2)**	**12.85**	**(3.64)**

Accordingly, the Commission approves the trued-up revenue surplus Rs. 3.64 Crore for FY 2019-20 as against Rs. 12.85 Crore Gap claimed by GIFT PCL. This trued-up surplus along with holding cost is considered by the Commission during the determination of tariff for FY 2021-22.

5 Determination of ARR for FY 2021-22

5.1 Introduction

This Chapter deals with the determination of ARR for FY 2021-22.

The Commission had issued Suo-Motu order on dated 22nd December, 2020 about applicability of the GERC (MYT) Regulations, 2016 for the determination of Annual ARR and determination of tariff for FY 2021-22.

GIFT has submitted that it has worked out estimated ARR for FY 2021-22 based on the GERC (MYT) Regulations, 2016 in line with the directions issued by the Commission vide Suo-Motu order No. 07 of 2020 published on dated 22nd December, 2020.

The present chapter covers the projected ARR of FY 2021-22 as submitted by GIFT PCL and the approach adopted by the Commission for determination of the ARR for the FY 2021-22.

5.2 Energy Sales

Petitioner's submission

GIFT has submitted that sales forecast worked out according to demand projection as per actual sales in the past years and current market scenario in the SEZ area.

GIFT has submitted that the license area is being developed as financial / commercial hub by GIFT CL & GIFT SEZ. The Financial Services / Commercial Sector development is likely to take place gradually over a period. The SEZ and Non-SEZ Area is still in the development phase. GIFT Master Plan facilitates Multi Services SEZ with International Financial Service Centre (IFSC) status, approved by Government of India and Domestic Finance Centre and associated Social infrastructure. The total allotted built up area (BUA) is around 12.21 Mn Sq. ft. out of which 3.3 Mn Sq. ft. BUA is already completed while work is in progress in 2.32 Mn Sq. ft. area and around 6.59 Mn Sq. ft. area is in planning stage. The new Financial Services institutions/ Commercial Institutions and associated necessary infrastructure is likely to develop gradually based on overall economic conditions. Hence, it would be very difficult to project the demand and sales projections precisely, for the initial phase of development.

GIFT has considered the projections of existing constructed floor area with year-on-year trend of floor occupancy, new development of floor area allotted and applied for plan approval, under construction floor space and timeline for construction completion, estimated power requirements of existing and prospective consumers with reference to development plan, power demand and energy use ratio of preoccupied space, as per category of utilization and inputs from Developers for load projection about prospective clients, who can occupy the allotted area during FY 2020-21 and FY 2021-22. The sales projections for FY 2021-22 are as follow:

Table 5-1: Energy Sales projected for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition
HT & EHT Category	
HTP-I	23.25
HTP-III	0.31
Low Voltage Category	
LTMD	3.03
GLP	0.19
TEMP	1.01
Non-RGP	1.20
RGP	0.17
SL	0.47
Total	**29.64**

GIFT has submitted that the consumer category mainly served by the Petitioner belong to financial/commercial services providers including commercial bulk consumers of HTP-I category and Common utility services like DCS, WTP, AWCS etc. The consumer base of other categories would be relatively small.

Based on various projects is in progress, inputs collected from developer of SEZ and Non-SEZ area about prospective clients, details of plots allotted so far in SEZ and Non-SEZ area, the projections for number of consumers have been worked out. The summery is as under:

Table 5-2: Projections of Consumer for FY 2021-22

Category	No. of consumers	sanctioned Load in kW	Contract Demand in KVA/MVA
HTP 1			
Up to 500 kVA of billing demand	20	-	5563

Category	No. of consumers	sanctioned Load in kW	Contract Demand in KVA/MVA
501-1000 kVA	3	-	2389
1001 -2500 kVA	0	-	-
Above 2500 kVA	1	-	2600
HTP 3	5	-	600
LT Category			
RGP	-	-	-
Others	-	-	-
Upto 2 kW	22	44	-
Above 2 kW - upto 4 kW	319	957	-
Above 4 kW - upto 6 kW	7	42	-
Above 6 kW	-	-	-
GLP	2	87	-
Non RGP			
First 10 kW of connected load	173	988	-
Next 30 kW of connected load	55	1150	-
LTMD			
For first 40 kW	12	310	-
Above 40 kW - upto 60 kW	19	1044	-
Above 60 kW-upto 100 kW	27	1831	-
			-
SL	12	128	-
TMP	65	1062	-
Total	**742**	**7643**	**11152**

Commission's analysis

In response to Commission's query, the Petitioner has submitted the excel sheet of projections of Energy Sales for FY 2021-22. The Commission had also sought the justification on how Covid-19 pandemic has impacted the sales and how GIFT is expecting the sales would increase in FY 2021-22. The Petitioner has submitted that due to Covid-19 pandemic, energy sales have been impacted adversely in April and May 2020 as National lockdown was imposed. After relaxation from Government from June 2020, the energy sales have gradually increased. The actual energy sales for FY 2020-21 (Till January 2021) have been accounted at 17.10 MUs. It is expected that energy sales shall reach 20.50 Mus by 31st March, 2021. The actual energy sales for FY 2019-20 were 21.53 Mus. Accordingly, despite Covid-19 pandemic in FY 2020-21, the energy sales have almost been equivalent to FY 2019-20.

The Commission has noted the category-wise sales projected by the Petitioner for FY 2021-22. As energy sales are difficult to predict given that the SEZ is still under the development stage, the Commission is of the view that the Licensee is in the best position to judge the sales growth, and hence, accepts the category-wise sales as projected by GIFT PCL, as shown in the Table below:

Table 5-3: Energy Sales approved for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition	Approved in this Order
Energy Sales	29.64	29.64

The Commission approves energy sales of 29.64 MUs for FY 2021-22.

5.3 Distribution Losses

Petitioner's submission

GIFT PCL has projected distribution losses of 3.21% for the FY 2021-22. GIFT PCL has submitted that it has created state of art power distribution network in SEZ and Non-SEZ area which is spread over an area of 886 acres. The Petitioner has considered n-1 network redundancy at all level for higher power reliability and availability to end consumers in the Distribution License Area.

In view of above, GIFT PCL has requested the Commission to allow projected distribution losses for FY 2021-22 as shown in below table:

Table 5-4: Projection of Distribution Losses projected for FY 2021-22

(%)

Particulars	GIFT PCL Petition
Distribution Losses	3.21%

Commission's analysis

The Petitioner has considered the Distribution Losses of 3.21% for FY 2021-22. In response to the Commission's query regarding projecting the distribution losses of 3.21% for FY 2021-22 i.e. same as that achieved in FY 2019-20 despite sales expected to increase to 29.64 MUs and load is also projected to increase, the Petitioner has submitted that it has made the all possible efforts to reduce the system losses. The transformer losses get stagnant after achieving breakpoint because auxiliary losses are fixed at certain levels and the losses shall only decrease after substantial increase in energy sales. The sub-station yard loss (i.e. at 66 kV) hovers in between 1.90% to 2%. Due to increase in consumers which are located far away from sub-station (i.e. SEZ area), the cable route length for last mile connectivity consequently increases. Accordingly, the ideal distribution losses are in range of 1.3% to 1.5%. Hence, distribution losses remain in range of 3% to 3.5% range despite increase in sales.

The Commission has noted the submissions of the Petitioner. While the loss levels may be linked to the quantum of sales or optimal loading of the network, it should be the endeavour of the Petitioner to reduce the losses further from the existing levels especially considering that there are no commercial losses in the network. Accordingly, considering the foregoing, the Commission approves the Distribution Losses as shown in the table below:

Table 5-5: Distribution Losses approved for FY 2021-22

(%)

Particulars	GIFT PCL Petition	Approved in this Order
Distribution Losses	3.21%	3.21%

The Commission approves Distribution Losses of 3.21% for FY 2021-22.

5.4 Energy Balance

Petitioner's submission

GIFT PCL has submitted that the projection of Energy Balance for the FY 2021-22 is based on the projection of consumer category wise sales and projected distribution losses.

GIFT PCL has proposed to meet the power requirements through medium term and short term sources. The medium-term power requirement (55%) will be met through PTC India Ltd and the short-term power requirements (41%) through power exchange by bidding in day ahead market (DAM) at India Energy Exchange (IEX) and the remaining small quantum is assumed to be available through UI / DSM.

GIFT PCL has further submitted that the renewable power requirement to meet the RPO is considered through solar energy generation from projects situated in the licensee area and balance from procuring RECs from the exchange.

Similarly, the entire non-solar RPO will be met through non-solar REC purchase only.

The estimated energy sales, losses and the resultant Energy Balance for the FY 2021-22 as projected by GIFT PCL are given below:

Table 5-6: Energy Requirement projected for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition
Energy Sales	29.64
Distribution Losses (%)	3.21%
Distribution Losses	0.98
Energy Requirement at the Periphery of GIFT PCL	**30.62**

Commission's analysis

The Commission has noted the submissions of the Petitioner. The Commission's views on the proposed sources of power purchase have been outlined in the subsequent section relating to power purchase cost.

Based on the energy sales approved in Table 5-3 and the Distribution Losses approved in Table 5-5, the Commission has computed the energy requirement for GIFT PCL for FY 2021-22, as given in the Table below:

Table 5-7: Energy Requirement approved for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition	Approved in this Order
Energy Sales	29.64	29.64
Distribution Loss (%)	3.21%	3.21%
Distribution Loss (MU)	0.98	0.98
Energy Requirement	30.62	30.62

5.5 Energy Availability and Power Purchase Cost

Petitioner's submission

GIFT PCL has projected power requirement to be procured for retail supply business during FY 2021-22. GIFT PCL has worked out the quantum of power procurement based on projected sale of power to its customers and projected Transmission and Distribution losses.

GIFT PCL has considered the source-wise energy procurement based on estimated sales during FY 2021-22. The total energy procurement would be around 30.62 MU for FY 2021-22 considering the distribution loss projected by the Petitioner. GIFT PCL has submitted that it has considered procurement of power through its MTOA and power exchange for FY 2021-22.

PTC India Ltd. will supply majority of power through MTOA (55%). The proposed capacity under MTOA is 2 MW. The energy injection at distribution periphery would be around 16.99 MU, after deducting the intra-state transmission loss. The rate of power purchase from PTC India Ltd is envisaged at approximately Rs. 3.75/ kWh, considering of the prevailing landed cost for FY 2021-22.

For short term sources, the Petitioner projects to source around 41% of power procurement from Power Exchange. Based on the rate discovered in DAM market, it has been assumed the purchase rate would be around Rs. 4.01 per unit for energy to be purchased from power exchange. This rate is considered for power available at distribution periphery after considering all the necessary charges. Remaining small quantum is assumed to be available through UI / DSM and rate is proposed at Rs. 3.00 per unit considering the trend of present UI/DSM rate of FY 2020-21.

Renewable Power Purchase Obligation (RPO)

The Petitioner submitted that the RPO level specified by the Commission for FY 2021-22 is as given in the Table below:

Table 5-8: RPO for FY 2021-22

RE Technology	GIFT PCL Petition
Solar	8.00%
Wind	8.25%
Others (Biomass, Bagasse, Hydro and MSW)	0.75%
Total	**17.00%**

GIFT PCL has considered renewable power procurement to meet the RPO through solar energy generation from projects situated in the licensee area and balance from procuring RECs from the exchange. GIFT has also considered purchase of REC for meeting RPO shortfall of FY 2019-20 and FY 2020-21. The REC procurement cost for Solar and non-solar is envisaged at Rs. 1.00 /kWh.

GIFT PCL has considered purchase of aforesaid renewable power in accordance with the RPO target notified by Commission through its GERC (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018.

The summary of estimated source-wise power purchase cost during FY 2021-22 is tabulated below:

Table 5-9: Power Procurement Quantum & Cost projected by GIFT PCL for FY 2021-22

(Rs. Crore)

Particulars	Energy Quantum (MUs)	Rate (Rs/kWh)	Amount (Rs. Crore)
MTOA through PTC	16.99	3.75	6.37
IEX	12.63	4.01	5.06
UI/DSM	1.00	3.00	0.30
Solar REC	4.24		0.42
Non Solar REC	6.39		0.64
Power trading cost			0.55
Total	**30.62 (excluding REC)**	**4.36**	**13.35**

Commission's analysis

The Petitioner has proposed to procure majority of power from PTC India Ltd. on medium term basis. The Commission has asked to provide supporting documents (like PPA etc.) for the projection of power purchase cost. In response to Commission's query the petitioner has provided copy of the PPA signed with Adani Power (Mundra) Limited (through PTC) for supply of 1.5 MW RTC Power from June 2020 to May 2021. For procurement from PTC for FY 2021-22, the Petitioner has considered the rate of Rs. 3.75 per unit which seems reasonable considering Tariff of Rs. 3.38/kWh tariff plus GETCO & SLDC charges and accordingly the Commission approves the same.

The Commission notes that GIFT PCL has proposed to meet the requirement towards the solar & non-solar RPO target (Shortfall of FY 2019-20 & FY 2020-21 and target for FY 2021-22) through REC procurement during FY 2021-22 at Rs. 1.00 per kWh. GIFT PCL has not given any reason for not initiating the RE procurement process when it is amply clear that power purchase from conventional sources plus REC is a costlier option. The Commission directs GIFT PCL to be diligent and ensure that RE power is procured to meet its RPO requirement. The Commission also directs GIFT PCL to ensure that Power planning is required to be undertaken by considering the procurement of RE power and purchase of REC is to be resorted to only in case of shortfall of generation of RE power. The Commission likes to mention that Green Team Ahead Market (GTAM) was introduced during FY2020-21 at IEX platform w.e.f. 21st August, 2020 wherein solar and Non-Solar renewable energy is being transacted in four contracts namely intra-day, Day Ahead Contingency, Daily and Weekly. The Commission is of the view that Petitioner may take necessary steps to take advantage of new facilities/ services/ products available in the power market to optimise its power purchase cost. The Commission has considered power purchase quantum of 10.63 MU from renewable sources at rate of Rs. 4.00 per kWh for estimating power purchase cost of FY 2021-22.

Small quantum of 1 MU is assumed to be available through UI / DSM and rate is proposed at Rs. 3.00 per unit considering the trend of present UI/DSM rate of FY 2020-21. The Commission is of the opinion that UI/DSM cannot be considered as a source of power for the purpose of projections as UI is a mechanism developed to improve grid efficiency, grid discipline, accountability and responsibility by imposing charges on those who defer from their scheduled generation or drawal and not a regular source for purchasing power. Accordingly, GIFT PCL can source this small quantum of power either from the power markets or some other cheaper source.

GIFT PCL has also proposed procurement of power of 12.63 MU which is around 41% of the total requirement through Power Exchange. The market clearing price at IEX hovers around Rs. 3 per unit but the landed cost at petitioner's periphery is around Rs. 4 per unit. The Commission has allows shortfall in power purchase through Power Exchange. As discussed above, the Commission has allowed power purchase quantum of 16.99 MU through PTC and 10,93 MU from renewable sources. Hence, shortfall in power purchase quantum remains of 3.00 MU. The Commission approves power purchase quantum of 3.00 MU from Power Exchange at rate of Rs. 4.00 / kWh.

The Commission has observed that GIFT PCL has claim Rs. 0.55 Crore as power trading cost. On the ground as discussed during Truing up for FY 2019-20, the Commission disallows Rs. 0.44 Crore as part of power purchase cost. The Commission approves Rs. 0.11 Crore of trading margin for power procurement. The Commission directs GIFT PCL to make payment of trading margin after prudence check as in some of the existing PPA, trading margin of PTC is already included in Tariff quoted by Bidder.

Accordingly, the Commission hereby approves the source-wise energy purchase as follows:

Table 5-10: Energy Availability approved for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition	Approved in this Order
MTOA through PTC	16.99	16.99
IEX	12.63	3.00
UI/DSM	1.00	-
Solar Energy	4.24*	4.24
Non Solar Energy	6.39*	6.39
Total	**30.62**	**30.62**

*REC considered by the Petitioner and the Commission has considered energy

Accordingly, the Commission approves the power purchase cost as follows:

Table 5-11: Source-wise Power Purchase Cost approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
MTOA through PTC	6.37	6.37
IEX	5.06	1.21
UI/DSM	0.30	-
Solar REC-2021-22	0.42	1.70
Non Solar REC-2021-22	0.64	2.55
Power Trading Cost	0.55	0.11
Net Power Purchase Cost	**13.35**	**11.95**

5.6 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

The Petitioner has developed Infrastructure for EHV connectivity from source, substation for conversion at distribution voltage (33 & 11 KV) and last mile connectivity along with distribution feeder and aligned infrastructure. Infrastructure inside the building for power distribution is developed by the concerned builders. Internal building distribution network comprises of incomer HT panels, HT cables, distribution transformers, LT panels and LT distribution network. All these infrastructures are designed by developer of building as per guidelines of design approved by GIFT PCL. Network is approved by GIFT PCL for prudence, and after installation it is checked by GIFT PCL, before charging of network. Maintenance of this network is also done by developers.

The Petitioner has proposed the capital expenditure and capitalization of Rs. 11.19 Crore and Rs. 18.03 Crore respectively during FY 2021-22.

Based on above, GIFT has submitted the summarized statement of proposed capital expenditure during FY 2021-22 as shown in below table:

Table 5-12: Capitalisation projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Opening GFA	113.83
Capitalisation	
- Plant and Machinery	18.03
- Civil works	0.00
- Furniture	0.00
Addition Capitalization During the Year	**18.03**
(less): Additional Consumer contribution	2.26
Closing Balance of GFA	129.60

GIFT has submitted the proposed scheme-wise Capitalization for FY 2021-22 as under:

Table 5-13: Proposed Scheme-wise Capitalization for FY 2021-22

Sr. No.	Project	Project Cost (in Crores)	Rationale
1	Connectivity charges	4.86	GETCO supervision charge after finalisation for connectivity at 66KV
2	Power Distribution Arrangement for various consumers	1.10	Power Supply arrangements for new connections (LT & HT distribution and metering (Cable Laying & CSS)
3	Power supply arrangement for (switching panel for Block No-53)	4.10	Extension of distribution network in Block-53 for new buildings
4	Backup Power for Block-14	1.97	From consumer contribution – included in SLC addition
5	Solar Power 1 MW	4.00	To set up 1 MW solar plant at GIFT's own land outside GIFT City for self-consumption and RPO compliance
6	33/0.415 kV substation at Block 41	2.00	As per development plan, Block 41 & 46 comprises 26 buildings. By considering network development in a phased manner, it is required to set up substation of 1 MW initially to cater the demand of Block-41.
	Total Capex Expenditure Planned	**18.03**	

- **Connectivity charges**

The Petitioner has paid the supervision charges to GETCO for second source substation. The project has been completed but hand-over is yet to be done. The

Petitioner is following up with GETCO for finalisation of the amount paid. It is expected that the same will be finalised in ensuring year post handing over. Hence, the same is projected to be capitalised in the ensuring year.

- **Power Distribution Arrangement for various consumers**

  The Petitioner has to arrange Power Supply arrangements for new consumers and to develop the required infrastructure for giving supply connections, various items have to be procured like cables, meter box, feeder pillars, civil works & other miscellaneous items. So for such purpose, it is estimated that the cost would be around Rs 1.10 crore during FY 2021-22.

- **Power Supply Arrangement for Block-53**

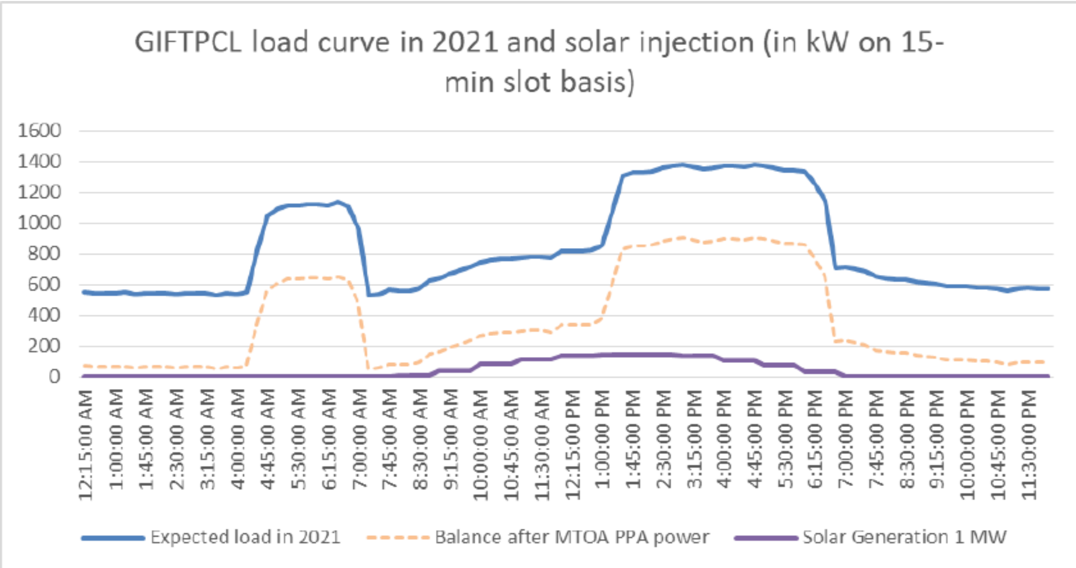
  In Block-53, new buildings are being developed and different builders have initiated the work and the same is in advance stage. As per the response received from such developers, the Petitioner has to lay the necessary distribution network. The extension of distribution network in Block-53 for new buildings is comprised of switching panel and related allied accessory, HT cables & other miscellaneous items. The projected cost is around Rs 4.10 crore.

- **Substation for Block 41**

  As per the development plan, Block 41 & 46 comprises 26 buildings including residential and shopping mall. The total power demand of Block 41 & 46 is approximately 10 MW. By considering network development in a phased manner, it is required to set up substation of 1 MW initially to cater the demand of undergoing development of 4 buildings in Block-41 which will predominantly be LT consumers. As per the status of the project, the Petitioner is planning to construct 1 MW substation and for this reason Rs 2.00 Crore has been estimated to be spent in FY 2021-22. The same substation will be augmented in future as per load growth in those blocks.

- **Ground Mount Solar Power Plant of 1.0 MW**

  The Petitioner is planning to set up a 1 MW solar power plant at GIFT's own land available with the Petitioner for self-consumption as well as for RPO compliance. The project is planned to be developed near the land available beside the National Highway. The land of 16 acres can accommodate 4 MW solar project; however, initially the Petitioner is planning to develop 1 MW power project through capex mode. The Petitioner will prepare the capex tender and publish the tender for project execution under Engineering, Procurement and Commissioning (EPC) mode. Based on the experience of development of 1 MW project, the Petitioner will plan to enhance the solar project capacity in future. The same will be utilised to meet the future RPO compliance. The Solar power project is planned in a way to reduce power purchase quantum from open market as per the load curve of GIFT City. The Petitioner has studied the load curve of its license area and power available through medium term open access (MTOA) mode. At present, after availing MTOA power, remaining power is managed through power exchange and UI / DSM. After installation of solar power project, the Petitioner will avail the solar power during the day time and remaining will be managed through Power Exchange. A typical day's (96 block) projected load curve and solar power generation is given below.



Accordingly, GIFT PCL has proposed Capital expenditure & Capitalization for FY 2021-22 as per below table:

Table 5-14: Capital Expenditure and Capitalization projected for FY 2021-22

(Rs. Crores)

Particulars	FY 2021-22
Capital Expenditure	11.19
Capitalisation	18.03

Commission's analysis

The Commission has examined the submission of the Petitioner. With regards to the connectivity charges, GIFT PCL has submitted that these charges pertain to the GETCO supervision charge. The Commission had sought the clarification from GIFT PCL regarding the year to which the GETCO supervision charges pertain. In response to the Commission's query, the Petitioner submitted that the supervision charges have been paid to GETCO during creation of second source, however, due to some settlement issue, it is estimated to be capitalised in FY 2021-22.

In response to the Commission's query, the Petitioner has furnished the DPR along with the other details of all schemes including Solar Power 1MW Scheme for the capital expenditure projection for FY 2021-22 and also the cost benefit analysis.

As regards the project related to establishing a 1 MW Solar Generation Plant, the Commission notes that the Petitioner works out benefit by assuming that it will avoid purchase of Solar REC and conventional power. But Petitioner has not provided sufficient details relating to the effective cost of generation from the proposed solar generation plant. The Petitioner has also not justified how the option of solar generation identified by the Petitioner is better as compared to other options available to the Petitioner for procuring Solar Power including the cost implication of the consumers. Considering that the cost of solar generation in the markets has been significantly dropping over a period of time, an attempt has to be made by the Petitioner to explore other options in the market. It is important to note that recently the Commission has adopted solar tariff of Rs. 1.99/ kWh discovered through competitive bidding process carried out by GUVNL through the quantum of Solar Power was high as compared to proposed capacity by GIFT PCL. The Petitioner must also justify how the option of self-solar generation is economically better for the consumers. Considering the lack of information and necessary justification by the Petitioner, the Commission hereby disallows the claim of Rs. 4.00 Crore on account of proposed scheme of 1 MW solar Power for FY 2021-22. The Petitioner is at liberty to approach the Commission in the future with adequate information regarding the project including the effective cost of generation and other alternatives explored while finalising the option.

Accordingly, the Commission approves Rs. 7.19 Crore Capital Expenditure for FY 2021-22. The Petitioner has also submitted the proposed scheme-wise Capitalization for FY 2021-22, and based on that the Commission has approved Capitalization of Rs. 14.03 Crore FY 2021-22.

Table 5-15: Capex worked out by Commission for FY 2021-22

(Rs. Crore)

No.	Particulars	GIFT PCL Petition	Approved in this Order
A	Capital expenditure	11.19	7.19
B	Capitalization	18.03	14.03

The Commission has considered the closing GFA for FY 2019-20 of Rs. 17.90 Crore as approved in this Order and the addition of assets of Rs. 11.04 Crore in FY 2020-21 as approved earlier in the MYT Order dated 31st July, 2019 for working out the closing balance of GFA for FY 2020-21. Accordingly, the closing balance of GFA for FY 2020-21 thus worked out, has been considered as opening balance of GFA for FY 2021-22. The asset capitalisation approved for FY 2021-22 have been discussed earlier in this Section. The Capitalization for FY 2021-22 is envisaged to be partly funded from additional consumer contribution and the balance has been considered as funded through Debt: Equity in the ratio of 70:30.

Accordingly, the capitalisation and funding approved by the Commission for FY 2021-22 are given in the Table below:

Table 5-16: Capitalization and its funding approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening GFA	113.83	28.94
Addition to GFA	18.03	14.03
Less: Additional Consumer Contribution	2.26	2.26
Closing GFA	129.60	40.71
Capitalization for Debt: Equity	15.77	11.77
Normative Debt (70%)	11.04	8.24
Normative Equity (30%)	4.73	3.53

5.7 Operations and Maintenance Expenses

Petitioner's submission

GIFT PCL has derived the O&M expenses for FY 2021-22 by escalating the actual expenses of FY 2019-20 by 5.72%, twice. As per the provisions of the GERC (MYT) Regulations, 2016, the escalation factor has been considered on actual O&M expenses for FY 2019-20.

Due to introduction of GST from 01 July, 2017, the impact of it has been considered in the Repair & Maintenance expense and Administrative & General Expense. The A&G expense includes Petition fee to be paid to the GERC for tariff petition purpose. The R&M expenses are outsourced, GIFT conducts competitive bidding for getting competitive price hence, the projected cost is optimized cost for R&M expenses.

Table 5-17: Operation and Maintenance Cost projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Employee Expenses	1.74
R&M Expenses	1.59
A&G Expenses	0.66
Operation and Maintenance Expenses	**3.99**

Commission's analysis

Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016 specify the method of allowing normative O&M Expenses for the MYT Control Period, as reproduced below:

"86.2 Operation and Maintenance expenses:

a) The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three (3) years ending March 31, 2015, subject to prudence check by the Commission.

b) The average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the financial year ended March 31, 2014 and shall be escalated year on year at the escalation factor of 5.72% to arrive at operation and maintenance expenses for subsequent years up to FY 2020-21…"

The Commission notes that the FY 2021-22 was not part of the earlier control period (FY 2016-17 to FY 2020-21) and it was rather proposed to be the first year of the next Control Period starting FY 2021-22. While the notification of the new Tariff Regulations for the next Control Period was deferred by the Commission on account of circumstances and reasons beyond the control of the Commission, for the purpose of application of the norms for the FY 2021-22 as per the existing GERC (MYT) Regulations, 2016, the FY 2021-22 is being treated at par with the first year of the control period. Accordingly, the allowable O&M expenses for the FY 2021-22 have been computed by the Commission in line with the provisions of the Regulation 86.2 of the GERC (MYT) Regulations, 2016 by considering the average actual O&M expenses (approved by the Commission) for FY 2017-18 to FY 2019-20 which have been considered as the O&M expenses for the FY 2018-19 ending 31st March 2019 and escalated year on year at rate of 5.72% to arrive at the allowable O&M expenses for FY 2021-22. The Commission has approved actual O&M expenses of Rs. 0.57 Crore, Rs. 0.70 Crore and Rs. 0.80 Crore for FY 2017-18, FY 2018-19 and FY 2019-20 respectively.

Accordingly, the Commission approves the O&M Expenses for FY 2021-22 as given in the Table below.

Table 5-18: Operation and Maintenance Expenses approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Employee Expenses	1.74	
R&M Expenses	1.59	
A&G Expenses	0.66	
Operation and Maintenance Expenses	**3.99**	**0.82**

5.8 Depreciation

Petitioner's submission

GIFT PCL has considered the depreciation on the basis of gross fixed asset at the starting of financial year and additional capitalization proposed to be capitalized during the year as proposed under capex roll-out plan. On this basis, the average of opening and closing value of asset has been calculated. Depreciation for FY 2021-22 has been calculated based on average asset value and depreciation rate as given in the GERC (MYT) Regulations, 2016.

Table 5-19: Depreciation projected for FY 2021-22

(Rs. Crore)

Particulars	Plant and Machinery	Civil works	Furniture	Total
Opening GFA	102.66	10.88	0.28	113.83
Capitalization During the Year	18.03	0.00	0.00	18.03
(less): Additional Consumer contribution	2.26	-	-	2.26
Net Capitalization	15.77	-	-	15.77
Closing Balance of GFA	118.44	10.88	0.28	129.60
Average GFA	110.55	10.88	0.28	121.71
Depreciation rate (%)	5.28%	3.34%	6.33%	
Depreciation claimed	**5.84**	**0.36**	**0.02**	**6.22**

GIFT PCL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the Regulations. The Depreciation rates considered are as per the GERC (MYT) Regulations, 2016.

Commission's analysis

The Commission has considered the approved capitalisation for calculation of depreciation and the opening GFA for the FY 2021-22 has been considered same as that approved in Table 5-16 of this Order. The Commission has noted that average depreciation rate for FY 2019-20 is 5.16%. The Commission has observed that GIFT PCL has worked out average depreciation rate of 5.11% for FY 2021-22 by applying the GERC depreciation rates which seems reasonable. Accordingly, the Commission has computed the depreciation for FY 2021-22 on average GFA for the year.

Accordingly, the Commission approves Depreciation of Rs. 1.78 Crore for FY 2021-22 as shown below:

Table 5-20: Depreciation approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Gross Block at the beginning of the year	113.83	28.94
Addition during the year	18.03	14.03
Less: Assets funded through consumer contribution	2.26	2.26
Gross Block at the end of the year	129.60	40.71
Depreciation	**6.22**	**1.78**

5.9 Interest and Finance Charges

Petitioner's submission

GIFT PCL submitted that it has calculated the Interest Expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. GIFT PCL has paid the interest amount to the bank at weighted average interest rate of 7% and accordingly prevailing interest rate of the existing loan has been considered for FY 2021-22 as per the GERC (MYT) Regulations, 2016.

GIFT has considered the debt-equity in 70:30 ratio as indicated in the GERC (MYT) Regulations, 2016 after exclusion of projected Consumer Contribution, which would be received from the consumers.

GIFT has submitted the following details in respect of Interest and Finance Charges.

Table 5-21: Interest and Finance Charges projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT Petition
Opening Balance of Loan	56.10
Addition of Loan	11.04
Repayment (Depreciation Allowed)	6.22
Closing balance	60.92
Average loans	58.51
Average rate of Interest	7.00%
Interest on Loan	**4.10**

Commission's analysis

The Commission has considered the closing balance of Normative Loan of Rs. 6.23 Crore for FY 2019-20 as approved in this Order and the addition of Normative Loan of Rs. 7.28 Crore and repayment of Normative Loan of Rs. 4.56 Crore for FY 2020-21 as approved earlier in the MYT Order dated 31st July, 2019 to work out the closing balance of loans for FY 2020-21. Accordingly, the closing balance of Normative Loan for FY 2020-21 thus worked out, has been considered as opening balance of Normative Loan for FY 2021-22. The loan addition and repayment equivalent to depreciation as approved for FY 2021-22 have been considered.

As regards to the weighted average rate of interest, GIFT PCL has paid the interest amount to the bank at weighted average interest rate of 7.00% and based on the same interest rate of the existing loan has been considered for FY 2021-22.

Accordingly, the Commission approves the Interest and Finance Charges of Rs. 0.85 Crores for FY 2021-22 as shown in the Table below:

Table 5-22: Interest and Finance Charges approved up for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Interest on Normative Loan		
Opening Loan	56.10	8.95
Addition of Loan due to Capitalisation during the Year	11.04	8.24
Less: Repayment	6.22	1.78
Closing Loan	60.92	15.42
Average Loan	58.51	12.19
Rate of Interest (%)	7.00%	7.00%
Interest Expenses	**4.10**	**0.85**

5.10 Interest on Security Deposit

Petitioner's submission

GIFT PCL has submitted that the consumer whose amount of security deposit exceeds Rs. 25 Lakhs, at his option, can furnish the security deposit in the form of irrevocable bank guarantee initially valid for period of 2 years as per the GERC (Security Deposit) (Second Amendment) Regulations, 2015.

GIFT PCL has computed the interest expenses on proposed security deposit for FY 2021-22 as 0.37 Crore considering the trend of consumer deposit of past years as tabulated below:

Table 5-23: Interest on Security Deposit projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Amount held as Security Deposit	6.61
Interest Rate (%)	5.60%
Interest on Security Deposit	**0.37**

Commission's analysis

The Commission has accepted the average amount of consumer security deposits as projected by the Petitioner for FY 2021-22. The Commission has considered the RBI Bank Rate @ 4.65% per annum in line with the provisions of the GERC (MYT) Regulations, 2016 instead of 5.6% considered by GIFT PCL.

Accordingly, the Commission approves the Interest on Security Deposit of Rs. 0.31 Crores for FY 2021-22 as shown in the Table below:

Table 5-24: Interest on Security Deposit approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Average Security Deposit	6.61	6.61
Interest Rate (%)	5.60%	4.65%
Interest on Security Deposit	**0.37**	**0.31**

5.11 Interest on Working Capital

Petitioner's submission

GIFT has submitted that the interest on working capital has been worked out as per the GERC (MYT) Regulations, 2016. The following have been considered for determining bases for working capital in a year.

- Operation & Maintenance expenses for one month, plus maintenance spare @ 1 % of GFA, plus receivables equivalent to one month of the expected revenue, minus
- Amount, if any, held as security deposits against bill payment

The Interest on Working Capital is arrived at as per the provisions of the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 5-25: Interest on Working Capital projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
O&M expenses (1 month)	0.33
Spares as 1 % of GFA	1.22
Receivables (1 month)	1.85
Working capital	**3.41**
(less) Security deposit (SD)	6.61
Interest on working capital excluding SD	**Nil**

As per the GERC (MYT) Regulations, 2016 the working capital computed is Rs 3.41 Crore and the amount of consumer security deposits is Rs 6.61 Crore and thereby the working capital requirement works out to be Nil.

The interest on working capital has been worked out as per the Regulations 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 and it works out to Nil.

Commission's analysis

The Commission has recomputed the components of working capital, in line with the methodology as specified in the GERC (MYT) Regulations, 2016 using the component as approved in preceding sections of this Order.

The rate of interest on working capital has been considered as 10.25% considering SBI MCLR as on 1st April, 2020 (7.75 % plus 250 basis points) as per the GERC (MYT) Regulations, 2016. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2016.

The normative interest on working capital approved by the Commission for FY 2021-22 is shown in the Table below:

Table 5-26: Interest on Working Capital approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Working Capital Requirement		
O&M Expenses	0.33	0.07
Maintenance Spares	1.22	0.29
Receivables	1.85	1.47
Working Capital Requirement	**3.40**	**1.83**
Less: Average Security Deposit	6.61	6.61
Total Working Capital	**-**	**-**
Interest Rate (%)		10.25%
Interest on Working Capital	**-**	**-**

As it can be observed from the above Table, the total working capital requirement for FY 2021-22 works out to be negative considering the security deposit projected to be held, and accordingly, no interest on working capital has been allowed by the Commission.

5.12 Return on Equity

Petitioner's submission

GIFT PCL has submitted that it has projected paid up equity capital with 70:30 debt: equity ratio on the asset put to use as per the GERC (MYT) Regulations, 2016.

GIFT PCL has considered a regulated return of 14% as per the GERC (MYT) Regulations, 2016.

Table 5-27: Return on Equity projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Opening Equity	34.15
Equity portion of Capitalization during the Year	4.73
Closing Balance of Equity	38.88
Average Equity	36.51
Rate of RoE	14%
Return on Equity	**5.11**

Commission's analysis

The Commission has considered the closing balance of Equity of Rs. 3.97 Crore for FY 2019-20 as approved in this Order and the addition of Equity of Rs. 3.12 Crore for FY 2020-21 as approved in the MYT Order dated 31st July, 2019 for working out the closing equity for FY 2020-21. Accordingly, the closing balance of Equity for FY 2020-21 thus worked out, has been considered as opening balance of Normative Loan for FY 2021-22. The equity addition for FY 2021-22 has been considered as approved at Table 5-16 of this Order. The rate of return is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 5-28: Return on Equity approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening Equity	34.15	7.09
Addition to Equity	4.73	3.53
Closing Equity	38.88	10.62
Average Equity	36.51	8.86
RoE at 14%	**5.11**	**1.24**

5.13 Income Tax

Petitioner's submission

GIFT PCL has submitted that it has considered no income tax for FY 2021-22 as seen from the Table below:

Table 5-29: Income Tax projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Income Tax	0.00

Commission's analysis

For FY 2021-22, no Income Tax liability has been considered at present, and the same shall be Trued-up based on the actual Income Tax paid by the Petitioner.

5.14 Contingency Reserve

Petitioner's submission

GIFT PCL has submitted that it has contributed to the contingency reserve at 0.5% of the original cost of fixed assets at the beginning of the year. The amount of contingency reserve claimed by the Petitioner is Rs 0.83 Crore for FY 2021-22.

Commission's analysis

The Commission has computed the contribution to the contingency reserves in accordance with Regulation 86.3 of the GERC (MYT) Regulations, 2016. The Commission has considered 0.5% of the original cost of fixed assets at the beginning of the FY 2021-22 as approved at Table 5-16 of this Order for the computation of contribution to the contingency reserves.

Table 5-30: Contribution to contingency reserve projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Contingency Reserves	0.83	0.14

5.15 Non-Tariff Income

Petitioner's submission

GIFT PCL has submitted that it has projected amount of Non-Tariff income considering the interest income from bank deposits, registration fee etc in accordance with the GERC (MYT) Regulations, 2016.

GIFT PCL has proposed non-tariff income as Rs 0.53 Crore for FY 2021-22. The estimation is based on 10% annual growth considered on FY 2019-20 actual non-tariff income. The Non-Tariff income for FY 2021-22 is as under:

Table 5-31: Non-Tariff Income projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Non-Tariff Income	0.53

Commission's analysis

The Commission accepts the Petitioner's contention and approves the Non-Tariff Income for FY 2021-22, as shown in the Table below:

Table 5-32: Non-Tariff Income approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Non Tariff Income	0.53	0.53

5.16 ARR for FY 2021-22

Petitioner's submission

GIFT PCL has submitted the projected ARR for FY 2021-22 based on the element wise submission as given in the Table below:

Table 5.33:ARR projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Power Purchase Cost	13.35
O&M Expenses	3.99
Depreciation	6.22
Interest and Finance Charges	4.10
Interest on Security Deposits	0.37
Interest on Working Capital	0.00
Return on Equity	5.11
Contribution to Contingency Reserves	0.83
Income Tax	-
Less: Non-tariff Income	0.53
ARR	**33.44**

GIFT PCL has requested the Commission to consider ARR mentioned above for determination of Tariff for FY 2021-22.

Commission's analysis

Considering the foregoing analysis, the Commission approves the ARR for FY 2021-22 as shown below:

Table 5-34: ARR approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	GIFT PCL Petition	Approved in this Order
1	Power Purchase Expenses	13.35	11.95
2	Operation & Maintenance Expenses	3.99	0.82
3	Depreciation	6.22	1.78
4	Interest & Finance charges	4.10	0.85
5	Interest on Security Deposit	0.37	0.31
6	Interest on Working Capital	-	-
7	Contribution to Contingency Reserves	0.83	0.14
8	**Total Revenue expenditure**	**28.86**	**15.85**
9	Return on Equity Capital	5.11	1.24
10	Income Tax	-	-
11	**Aggregate Revenue Requirement**	**33.97**	**17.09**
12	Less: Non-Tariff Income	0.53	0.53
13	**Aggregate Revenue Requirement**	**33.44**	**16.56**

6 Determination of Tariff for FY 2021-22

5.1 Introduction

This Chapter deals with the determination of Revenue Gap/(Surplus), as well as Consumer/Retail tariff for FY 2021-22.

The Commission has considered the ARR for FY 2021-22 approved in the previous Chapter and the adjustment on account of True-up for FY 2019-20, while determining the Revenue Gap/(Surplus) for FY 2021-22.

5.2 Revenue at Existing Tariff and Gap/ (Surplus) Analysis

Petitioner's submission

GIFT PCL has estimated the revenue from sale of energy as Rs 22.21 Crore for FY 2021-22. The Petitioner has estimated that the Aggregate Revenue Requirement for FY 2021-22 as Rs. 33.44 Crores as projected in the earlier chapter. The estimated Revenue Requirement is higher in comparison to the available revenue from sale of energy at existing tariff due to the following reasons:

- The Petitioner is a distribution licensee setup in the green Field where there was no existence of previous infrastructure for supply of electricity as well as there is no load.
- The Cost incurred by the Petitioner for creation of necessary infrastructure to provide the supply to the consumers is not fully utilised at optimum level due to low load growth in the licensee area.
- The characteristic of energy utilization by the consumers of GIFTPCL is quite in variance in comparison to the consumers of different distribution licensee area in the state as the major number of consumers in the license area are either commercial or service providers and their requirement of energy is different and distinct in comparison to the consumers of other licensee area. The Petitioner during FY 2019-20 observed peak demand requirement as high as 5.85 MW and average as 2.54 MW. However, the Petitioner has to keep the power procurement at highest demand level i.e. peak demand with corresponding losses of the system to supply power, requirement to meet such highest demand of the consumer at any time. Because the consumers are of high profile service provider at national as well as international levels and so to

meet their power requirement, it is necessary for the petitioner to provide reliable and quality power supply without any interruptions.

The Petitioner has further submitted that it is working determinedly to reduce the revenue gap by taking various measures and also desires to compete with other licensee for which the Petitioner is planning to carry out following activities with emerging business in the distribution licensee area of the petitioner:

- The Petitioner is continuing to procure the power/ electricity from MTOA sources through PTC as per existing arrangement and remaining under short term by way of procurement through power exchange. This will be helpful to reduce the cost of power supply. The proposal of the Petitioner for power purchase is given in the paragraph related to power procurement cost.
- The optimum utilization of assets starts in near future as the load growth is increasing in the area of the licensee.

The projected revenue gap for FY 2021-22 is mentioned in the table below.

Table 6-1: Revenue gap / (Surplus) with existing tariff for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	GIFT PCL Petition
1	ARR for FY 2021-22 [a]	33.44
2	Revenue from Existing Tariff for FY 2021-22 [b]	22.21
3	Revenue Gap / (Surplus) in FY 2021-22 [c=(a-b)]	**11.23**

Commission's analysis

The Commission has considered the ARR approved for FY 2021-22 as discussed in previous chapter. The Commission observed that GIFT PCL has considered a FPPPA charge of Rs. 1.81/kWh for computing the Revenue from Sales for FY 2021-22. The Commission has however considered the FPPPA charge of Rs. 1.80 / kWh and the retail tariff as approved by the Commission in the UGVCL's Tariff Order in Case No. 1911/2020 dated 31st March, 2021 for computation of Revenue from Sales for FY 2021-22.

The GERC (MYT) Regulations, 2016 prescribe 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.

The Commission has considered carrying cost at the weighted average SBI Base Rate on the outstanding actual Gap/(Surplus) of Truing up of FY 2019-20 as per the GERC (MYT) Regulations, 2016.

The Commission has independently computed the estimated revenue for GIFT PCL for FY 2021-22 from projected category-wise sales and considering the existing tariff as shown in the Table below:

Table 6-2: Approved Consolidated Revenue Gap / (Surplus) for FY 2020-21

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Projected ARR of FY 2021-22	33.44	16.56
Add: Consolidated Revenue Gap/ (Surplus) for FY 2019-20	12.85	(3.64)
Add: Carrying cost on consolidated gap/(surplus) of FY 2019-20 for FY 2020-21& FY 2021-22	-	(0.59)
Revenue from Tariff	22.21	22.18
Revenue Gap / (Surplus) for FY 2021-22	**24.08**	**(9.86)**

As can be seen from the table above, there is a revenue surplus of Rs. 9.86 Crore considering the estimated revenue at existing tariff as against the approved ARR for FY 2021-22, the approved revenue surplus for FY 2019-20 and the approved carrying cost on the revenue surplus for FY 2019-20.

7 Compliance of Directives

6.1 Existing Directives

The Commission had issued following directives in the Tariff Order dated 09th October, 2020 in Case no. 1851 of 2020 and its compliance as filed by the Petitioner is follows:

Directive 1: Loss Reduction Road Map

In view of projected high losses for the relatively smaller network of GIFT PCL, the Commission directed the Petitioner to examine the reasons for such high distribution losses. The Petitioner was further directed to get its distribution system studied so that appropriate loss reduction trajectory could be fixed. The Petitioner was directed to furnish a report along with segregation of actual losses into transmission, sub-transmission, HT-LT losses separately. The Petitioner is redirected to submit this information positively before the commencement of the next Control Period, so that the loss reduction trajectory can be stipulated in the next MYT order.

Compliance: The petitioner has submitted the information on actual distribution loss of FY 2019-20 in this Petition along with historical distribution loss reduction information. The energy loss at 66 kV, 33 kV and 11 kV level was presented in the format attached with this Petition. As directed by Commission, the Petitioner will submit the actual loss of current financial year before the commencement of the next Control Period in its next Petition.

Commission's Comments

The Commission has noted the submission of the Petitioner.

Directive 2: Power Purchase Strategy (Planning)

GIFT PCL was directed to streamline the power purchase functions and finalize long-term/ medium-term contracts for power purchase through competitive bidding immediately in order to minimize its future power purchase cost. The Petitioner was directed to create a five-year power purchase plan taking into account the sales envisaged by the Petitioner and the various power sources available. The Petitioner submitted that it has appointed PTC to streamline the power purchase in order to reduce the input energy price. The Commission redirects the Petitioner to again keep a check on their power purchase strategy and create a five-year power purchase plan taking into account the sales envisaged by the Petitioner and the various power sources available and submit the same along with the next tariff Petition.

Compliance: The Petitioner has already working to reduce the power purchase cost. It may be noted that due to certain initiatives taken by the Petitioner the power purchase is reduced significantly. At present the average power purchase cost is of below Rs 4.75 per unit. The initiatives taken by the Petitioner is given below.

- The Petitioner has appointed PTC India Ltd for power purchase planning.
- The Petitioner has exited from the PPA with UGVCL (first as consumer and then under PPA with UGVCL). Under PPA route also the Petitioner had to pay high fixed charges as per the PPA norm.
- Executed PPA for the power availability through MTOA from PTC India. This has helped the Petitioner to get continuous power with optimal cost.
- After considering the power through MTOA, the Petitioner is procuring variable power through exchange. The Petitioner is continuously bidding in power exchange on Day Ahead basis at optimal rate.
- The Petitioner is planning to continue the present arrangement of getting power through MTOA and remaining through power exchange. As presented earlier, the Petitioner is also planning to install 1 MW solar power project. After the solar power installation, the power requirement from power exchange will be reduced significantly.

At the time of next MYT Control period, the Petitioner will present the detailed power planning for next five-year period according to its projected sales and distribution loss trajectory. The detailed five-year power planning will be presented in the next Petition.

Commission's Comments

The Commission has noted the submission of the Petitioner. The Petitioner should endeavour procuring power directly by enhancing internal capabilities which will help in reducing outsourcing cost and unnecessary burden to the consumers.

Directive 3: Interest Cost Reduction

The Commission feels that GIFT PCL has incurred high cost debt and there is a scope for replacing the said high cost debt with low cost debt so as to benefit the consumers. Therefore, GIFT PCL is directed to negotiate with the lenders for reduction in the rate of interest on the borrowings. GIFTPCL shall furnish half-yearly progress report about the action taken and results thereof.

Compliance: The Petitioner has replaced the existing debt with new debt so as to benefit the consumers as per the direction of Commission. The Petitioner has discussed with lenders to negotiate for reduction in the rate of interest on the borrowings. The current rate of interest after negotiation is 7% for which supporting letter for the lender is attached as Annexure 4 as part of replies to datagaps. The Petitioner has paid the existing lender and get refinance from Gujrat State Financial Services Ltd (GSFS) as unsecured loan. GSFS is a Government NBFC which has offered the loan at 7%. This will surely reduce the interest burden.

Commission's Comments

The Commission has noted the submission of the Petitioner.

Directive 4: O&M Cost Reduction

The Commission feels that GIFT PCL is incurring higher O&M costs per unit Sales as compared to the other licensees in the state. There is a scope to reduce the same and directs GIFT PCL to streamline the process and keep an eye on the O&M expenses to be incurred.

Compliance: The Petitioner is taking various initiatives to reduce the O&M costs. The Petitioner managing the distribution business with minimal staff and therefore employee cost is optimal. The same staff structure can be continued in future also where the sales will increase. For R&M expenses, the contract has been outsourced and selection is taking place through following competitive bidding mode only. It is expected to get optimum rate after the bidding process. Therefore, it is expected that the R&M expenditure will be optimized as it will be discovered through bidding only.

Commission's Comment

The Commission has noted the submission of the Petitioner. A discussed in the paragraph 4.7, the Commission has observed that GIFT PCL has adopted practise of outsourcing all the business activities such as power portfolio management, maintenance service (24X7), AMC of all equipment, routine testing of all protection system and equipment, regulatory consultancy services etc. In view of the above, the Petitioner is directed to reduce reliance on outsourcing and optimize the O&M Cost.

Directive 5: Business Strategy Plan

The Commission as already elaborated in the previous chapters, feels that there was serious error in judgment for the projections and business scenarios in GIFT city area. Also, at present the whole nation is impacted due to the Covid-19 pandemic and the same will have repercussions in the future. Considering all these facts, the Commission directs the Petitioner to carry out a pragmatic and a calibrated study in order to ascertain assumptions and projections that are more realistic for the submissions of the next control period.

Compliance: The sales and power purchase for FY 2021-22 is considered after considering the present situation as well as expected load to be connected during ensuring year. The Petitioner has discussed in details with the developers to get a realistic input in this regard. After detailed analysis, the sale for ensuring year has been projected. Considering the post-lockdown period scenario, the Petitioner will get more clear picture before next control period and will submit the next MYT tariff petition accordingly after considering that time's situation.

Commission's Comments

The Commission has noted the submission of the Petitioner. Considering the wide variation in sales (projected vis-à-vis actual), the Petitioner is directed to adopt more realistic approach for projection of sale during next MYT Control Period.

Directive 6: Stand-alone Loan Details

The Petitioner has submitted the loan details of consortium term loan facility that has been taken out by its holding company, GIFT City Co. Ltd. (GIFT CL) as a whole. The Petitioner is directed to submit the Allocation Mechanism for segregation of stand-alone loan details for GIFT PCL separately along with loan details of GIFT CL in the future tariff petitions.

Compliance: The Petitioner has elaborated about its actual loan details in the true-up chapter. As mentioned, presently, GSFS has extended unsecured credit facility to GIFTCL. The refinancing of loan helps the Petitioner to reducing the interest rate.

Estimated interest rate as per present arrangement as projected for FY 2021-22 is also presented.

Commission's Comments

The Commission has noted the submission of the Petitioner.

6.2 Fresh Directives

Directive 1: Implementation of Smart pre-payment meter/ pre-payment meters

The Commission refers to the Electricity (Rights of Consumers) Rules, 2020 notified on 31st December 2020 and as per this Rule, no connection shall be given without a meter and such meter shall be the Smart pre-payment or pre-payment meter. Further there is recent communication from Ministry of Power, Government of India seeking plans from the DISCOMs for preparation of scheme of switching over to smart pre-payment/ pre-payment meters in a time bound manner and avail funds from Government of India. The Petitioner is advised for necessary participation for the scheme which will help in improvement of metering, billing and collection.

Directive 2: Charging Infrastructure for Electric Vehicles

The Commission refers to the Discussion paper on Cross Cutting Themes for Charging Infrastructure for Electric Vehicles issued by Ministry of Power on 17th March 2021. The Petitioner is suggested to explore the possibility for creation of such infrastructure in its area and should come up with separate Detailed Project Report along with next Petition for Commission's approval.

Directive 3: Green Tariff

The Commission directs the Petitioner to analyse and prepare report on Introduction of Green Tariff for the consumers in the State of Gujarat who are willing to procure such power. The Petitioner to study Green Tariff implementation in other States and accordingly submit the report to the Commission along with next tariff petition including the cost, premium and other parameters.

8 Fuel and Power Purchase Price Adjustment

8.1 Fuel and Power Purchase Price Adjustment

The Petitioner requested the Commission to approve the base FPPPA, as per the present FPPPA of UGVCL, as followed for GIFTPCL in the previous tariff orders. The base Power Purchase cost for the Petitioner is proposed as **Rs. 4.36 per kWh**, as projected under power purchase cost, and the base FPPPA charge is **Rs. 1.81 per kWh** as per the present UGVCL FPPPA.

Commission's View

As the Commission has decided that the UGVCL's tariff approved in the Commission's Tariff Order dated 31st March, 2021 shall be the maximum ceiling for retail supply in the GIFT City, the base FPPPA charges for UGVCL, i.e., Rs. 1.80/kWh, shall also be applicable to the consumers of GIFT PCL. The FPPPA approved by the Commission for UGVCL from time to time during FY 2021-22, shall also be applicable for GIFT PCL.

The information regarding FPPPA recovery and the FPPPA charges shall be kept on the website of GIFT PCL.

9 Wheeling Charges and Cross Subsidy Surcharge

9.1 Wheeling Charges

Regulation 91 of the GERC (MYT) Regulations, 2016 stipulates that the Commission shall specify the Wheeling Charges for distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has examined the submission of the GIFT PCL in this regard and accordingly, determined the Wheeling Charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) Open Access consumers.

Petitioner's submission

The Petitioner has allocated the total ARR to wire and retail supply business based on the allocation matrix specified by the Commission for segregation of Expenses between Distribution Wires Business & Retail Supply Business, as given in Regulations 87 of the GERC (MYT) Regulations, 2016. The allocation of ARR into wheeling and retail supply of electricity for FY 2021-22 is given as below:

Table 9.1: Allocation of ARR between Wheeling and Retail Supply as claimed by the Petitioner for FY 2021-22

(%)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

Based on the above allocation matrix, GIFT PCL segregated total ARR of GIFT PCL supply area into ARR for wire and retail supply business as shown below:

Table 9-2: Segregation between Wires and Retail Supply Business ARR claimed for FY 2021-22

(Rs. Crore)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	-	13.35
2	**O&M Expenses**	**2.80**	**1.18**
2.1	Employee Expenses	1.04	0.69
2.2	Administration and General Expenses	0.33	0.33
2.3	Repairs and Maintenance Expenses	1.43	0.16
3	Depreciation	5.60	0.62
4	Interest on Long Term Loan Capital	3.69	0.41
5	Interest on WC and security deposit	0.04	0.33
6	Provision for Bad Debts	-	-
7	Contingency Reserve	0.83	0.00
8	Income Tax	-	-
9	Return on Equity	4.60	0.51
10	Less: Non-Tariff Income	0.05	0.48
11	**ARR**	**17.50**	**15.94**

The above segregated ARR has been considered to determine the wheeling charges.

Commission's analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix for allocation of the costs 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 9-3: Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2016

(%)

No.	Particulars	Wire business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10

No.	Particulars	Wire business	Retail Supply Business
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below.

Table 9-4: Segregation between Wires and Retail Supply Business ARR as approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	-	11.95
2	Operation & Maintenance Expenses	0.57	0.24
2.1	Employee Expenses	0.21	0.14
2.2	A&G Expenses	0.07	0.07
2.3	R&M Expenses	0.29	0.03
3	Depreciation	1.60	0.18
4	Interest & Finance charges	0.77	0.09
6	Interest on Working Capital	-	-
7	Interest on Security Deposit	0.03	0.28
8	Contribution to contingency reserves	0.14	-
9	**Total Revenue expenditure**	3.69	12.97
10	Return on Equity Capital	1.12	0.12
11	Income Tax	-	-
12	**Aggregate Revenue Requirement**	4.81	13.09
13	Less: Non-Tariff Income	0.05	0.48
14	**Aggregate Revenue Requirement**	**4.76**	**12.62**

The above allocation of ARR is used for determination of wheeling charges for FY 2021-22.

9.2 Determination of Wheeling Charges

Petitioner's submission

The Petitioner has computed the voltage wise wheeling charges based on the allocation of ARR of distribution wire business, in accordance with the GERC (MYT) Regulations, 2016.

Distribution wires are identified as carrier of electricity from generating station or transmission network to consumer point. Ideally consumption at a particular voltage level requires network at that voltage level and also at all higher voltage levels. Thus consumption at the lower voltages should contribute to the cost of the higher voltage levels also. Whereas consumers connected to the higher voltages would not be utilizing the services of the lower voltage and hence would not be required to contribute to the lower voltages cost recovery.

Based on the approach discussed above, the ARR for the wheeling business is apportioned to the HT and LT voltage in two steps as described below:

a) Apportioning the ARR of wheeling business to HT and LT voltage level;

b) Apportioning the ARR of the HT voltage level again between HT & LT voltage level

The Petitioner has divided the GFA in the ratio of 94.6%:5.4% among HT level and LT Voltage level to arrive voltage level wise Wheeling Charges. Further, as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak demand.

The system peak demand for the Petitioner's Supply Area has been considered in the ratio of 58%:42% as per average peak demand contributed by HT and LT consumers.

The Petitioner has calculated the wheeling charges in terms of Rs./kWh. To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charges determined in terms of Rs./kWh has been tabulated below:

Table 9.5: Wheeling Charges proposed by GIFT PCL for FY 2021-22

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	16.55

LT Voltage Level	0.95
Total ARR	**17.50**
Second Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	9.60
LT Voltage Level	7.90
Total ARR	**17.50**
Wheeling Charges in (Rs./kWh)	
HT Voltage Level	4.13
LT Voltage Level	2.67

The Petitioner has proposed 3.21% wheeling Losses in addition to the wheeling charges as mentioned in above Table.

Commission's analysis

The Commission, in Order to compute the wheeling charges and cross subsidy surcharges, has considered the allocation matrix between the wires and retail supply business as per the GERC (MYT) Regulations, 2016.

For the calculation of wheeling charges, the ARR for wheeling business is apportioned in the ratio of actual HT assets to LT assets which is 94.53%:5.57%, as submitted by the Petitioner.

The contribution of HT and LT categories to the system peak demand as submitted by the Petitioner is 58% and 42%, respectively. These ratios are considered for further segregation of ARR based on system peak demand.

To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charge is determined as shown below:

Table 9.6: Wheeling Charges as approved for GIFT PCL for FY 2021-22

Particulars	
First level of segregation of ARR in Rs. Crore	
HT Voltage	4.50
LT Voltage	0.26
Total	4.76
Second level of segregation of ARR in Rs. Crore	
HT Voltage	2.61
LT Voltage	2.15
Total	4.76
Wheeling Charges in Rs./kWh	
HT Voltage	1.11
LT Voltage	3.53

The Commission has accordingly approved the wheeling charges for HT and LT voltages as shown in the Table above.

The Open Access consumer will also have to bear the wheeling Losses of 3.21% in addition to the wheeling charges.

9.3 Cross Subsidy Surcharge

Petitioner's submission

The Petitioner has submitted cross subsidy surcharge as per the following formula:

S = T- [C / (1 - L/100) + D + R]

Where:
S is the Cross Subsidy 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

L is the aggregate of transmission, distribution and commercial Losses, expressed as a percentage applicable to the relevant voltage level

D is the wheeling charges applicable to relevant category

R is the per unit cost of carrying regulatory assets.

The cross subsidy charges based on the above formula is worked out as shown in the Table below:

Table 9.7: Cross Subsidy Surcharge as proposed by GIFT PCL for FY 2021-22

Sr. No.	Particulars	HT Category
1	T - Tariff for HT Category (Rs./kWh)	7.13
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.36
3	D - Wheeling Charge (Rs./kWh)	4.22
4	L - Aggregate T&D Loss (%)	3.21%
5	R - per unit cost of carrying regulatory assets (Rs/kWh)	0.00
6	**S = Cross Subsidy Surcharge (Rs./kWh)**	**Negative**

Therefore, the Petitioner has not proposed any cross subsidy surcharge, as the same is negative.

Commission's analysis

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued the National 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 worked out as shown in the Table below:

Table 9.8: Cross Subsidy Surcharge as approved for GIFT PCL for FY 2021-22

Particulars	FY 2021-22
T- Tariff for HT category (Rs/kWh)	7.30
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	3.90
D - Wheeling Charges (Rs / kWh)	1.11
L - Aggregate T&D Loss (%)	3.21%
R - Per init cost of carrying regulatory assets (Rs/kWh)	-
S - Cross Subsidy Surcharge (Rs/kWh)	**2.16**

$S = 7.30 – [3.90 / (1 – 3.21/100) + 1.11 + 0.00]$

$= 2.16$ Rs./kWh

However, Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking Open Access. Accordingly, the leviable CSS from the consumers of the GIFT PCL seeking Open Access, for FY 2021-22 works out to Rs.1.46/kWh.

Accordingly, CSS for HT Category = 1.46 Rs. /kWh for FY 2021-22.

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10 Tariff Philosophy and Tariff Proposal

10.1 Overall Approach

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the GERC (MYT) Regulations, 2016 notified by the Commission.

Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply Tariff. The basic principle is to ensure that the Tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidy amongst categories within a period to be specified by the Commission.

This Chapter discusses GIFT PCL's Tariff proposal and details the Commission's final decision on the same.

10.2 GIFT PCL's Tariff Proposal for FY 2021-22

The Petitioner is following the Tariff schedule for the different category of consumers as per the existing Tariff Schedule of Uttar Gujarat Vij Company Ltd (UGVCL). The Petitioner was allowed to follow the UGVCL's tariff schedule in previous tariff orders as ceiling tariff. The same norm may be followed for FY 2021-22 also.

Additionally, to recover the past losses, the Petitioner has requested to introduce the appropriate regulatory chargers by the Commission to recover the same. The uncovered revenue gap (cumulative for past years) can be recognised as regulatory asset after considering the regulatory gap that can be recovered through regulatory charges during FY 2021-22. The Petitioner has requested the Commission to approve the above proposal. Otherwise, the Petitioner cannot recover its legitimate dues and will face great financial problem. Although, the Commission has derived the past years' gap and approved the same; the recovery mechanism was not mentioned in last year's tariff order of the Petitioner (Case No 1851 of 2020 dated 9/10/2020). Without recovery of the past losses, the Petitioner has no way to claim its legitimate dues. This is affecting the financial situation of the Petitioner.

The Petitioner has submitted that such a huge gap is creating financial burden on the Petitioner and there is no appropriate mechanism to amortize such gap. The Petitioner has requested the Commission to create suitable mechanism to amortize such huge gap. Various State Electricity Regulatory Commission (SERCs) have taken measures like adjustment in tariff, regulatory surcharge imposition etc. to amortize the regulatory assets. The Petitioner prays to the Commission to kindly approve a similar mechanism in the tariff order for FY 2021-22, to amortize regulatory assets.

Maharashtra Electricity Regulatory Commission in its order in Case No. 34 of 2016 in the matter of Multi Year Tariff Order for RInfra-D for FY 2016-17 to FY 2019-20, had approved the similar mechanism. This had reference with recovery of regulatory assets approved in MYT order in case no. 9 of 2013. The relevant para is given below.

> *"…….As elaborated earlier, the actual amount of RA (regulatory asset) under-recovered is Rs. 2307.77 crore, as against a much higher amount of Rs. 3257.17 crore estimated by RInfra-D. Considering the amount involved, the Commission is of the view that it would be appropriate to recover this RA amount in the first 3 years of the Control Period, i.e., over FY 2016-17 to FY 2018-19, as was directed earlier, rather than increasing the period of recovery to 4 years with a substantial consequent increase in carrying cost. Hence, the Commission has allowed the recovery of the under-recovered RA of Rs. 2307.77 crore in 3 years, with associated carrying cost, which works out to annual recovery of Rs. 893.88 crore."*

Similar approval was also considered in Tata Power – Distribution (Mumbai) for recovery of past dues in MERC Mid-Term Review Order for TPC-D for FY 2012-13 to FY 2015-16 (Case No 18 of 2015). The relevant paragraph is given below.

> *" …….Taking all these considerations into account, the Commission has decided to spread the recovery of the Regulatory Assets for TPC-D over the same four years as are remaining for RInfra-D's recovery, i.e., FY 2015-16 to FY 2018-19.*
>
> *……*
>
> *Hence, the Commission has computed the category-wise RAC such that the total RAC amount allowed to be recovered in FY 2015-16 is recovered only from the direct consumers of TPC-D, i.e., its wire-connected consumers. As a corollary, consumers changing over from RInfra-D to TPC-D will not have to*

pay the RAC of TPC-D, but only that of RInfra-D. In this manner, the change-over consumer shall be required to pay the Fixed/Demand Charges, Energy Charges, Wheeling Charges, RAC, and CSS of any one Licensee, i.e., the Fixed/Demand Charges and Energy Charges of the Supply Licensee, and the Wheeling Charges, RAC, and CSS of the Wires Licensee. In other words, the consumer should not be required to pay the same charges twice.

The category-wise RAC has been determined in proportion to the Energy Charges of the respective categories."

The Commission has also introduced such regulatory charge in case of Torrent Power Limited – Distribution. In order of Truing up for FY 2014-15, Approval of Provisional ARR for FY 2016-17 and Determination of Tariff for FY 2016-17 of TPL-D (Ahmedabad) in Case No. 1552 of 2015 dated 31/03/2016, the Commission has decided the following.

"…The Commission hereby decides to allow the recovery of Rs. 470.50 Crore as the "Regulatory Charge" at 45 Paise/unit from all the categories of consumers of TPL Ahmedabad, Gandhinagar and Surat during FY 2016-17. It is estimated that the full recovery will be completed by 31st March 2017. However, if due to variation in energy sales during FY 2016-17 the said recovery gets completed prior to 31st March 2017, TPL-D shall stop the recovery of "Regulatory Charge" from the consumers.

In order to make the recovery of the "Regulatory Charge" transparent, TPL-D is hereby directed to submit a statement of actual recovery of "Regulatory Charge" along with units sold on bi-monthly basis to the Commission duly certified by the Statutory Auditors and host the same on their website.'

Further, looking to the present downward trend in the fuel price, particularly gas price, the actual FPPPA of TPL-D is expected to reduce. Accordingly, TPL-D is hereby directed to restrict the recovery of FPPPA at ceiling limit of Rs. 1.35/unit during FY 2016-17.

TPL-D is directed to incorporate a separate line item in the electricity bills of the consumers for effecting the recovery of "Regulatory Charge".

Considering the above judgements, it is clear that regulatory charges were introduced in several cases for recovery of regulatory asset. So, the Petitioner has requested the Commission to accord approval to tariff schedule proposed by the Petitioner for FY

2021-22, as per existing tariff schedule with introduction of appropriate regulatory surcharge. This will help the Petitioner to recover some of its past legitimate dues.

10.3 Commission's Analysis

The Commission notes that Petitioners licence area overlaps with the licence area of UGVCL. The second proviso to Section 62 (1) of the Electricity Act, 2003,specifies that:

> *"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."*

Keeping in view the above well-established principles of legislation in determination of Tariff, the Commission believe that the whole course of this area of jurisprudence is that the functions of determination of tariff can be discharged fixing only maximum ceiling of tariff for retail sale of electricity on the basis of promoting competition among distribution licensees where two or more such licensees are in the business of distribution of electricity.

Further, it is observed that the Commission has been determining tariff in similar cases which falls under the situation envisaged under the proviso to Section 62(1) of the Electricity Act, 2003 for areas of distribution licensees like Aspen, TPL-Dahej and MUPL in accordance to the said principles of legislation. The Commission has been therefore, considering either maximum ceiling tariff as set for the principal licensee or setting the tariff which is lower than the retail supply tariff of the principal licensee for the second licensee.

It is to note that GIFT PCL is in process of network creation but the load growth of GIFT PCL is not as expected. The cost and ARR related to this infrastructure need to restore in future whenever sufficient network utilization level is achieved. Till that time, the Commission intends to continue with tariff rates at par with incumbent Distribution Licence i.e. UGVCL and resultant surplus of Rs. 9.86 Crore for the FY 2021-22 is allowed to retain with GIFT PCL in line with approach adopted in earlier Tariff Order for Truing up of FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020.

Accordingly, the Commission decides that the UGVCL's tariff approved in the Commission's Tariff Order dated 31st March, 2021 will be the maximum ceiling for retail supply in the GIFT City in accordance with the tariff schedule annexed to this Order.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for GIFT Power Company Limited (GIFT PCL) for FY 2021-22, as shown in the Table below:

ARR approved by the Commission for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	FY 2021-22
1	Power Purchase Expenses	11.95
2	Operation & Maintenance Expenses	0.82
3	Depreciation	1.78
4	Interest & Finance Charges	0.85
5	Return on Equity	1.24
6	Interest on Working Capital	-
7	Interest on Security Deposits	0.31
8	Income Tax	-
9	Contingency Reserve	0.14
10	**Aggregate Revenue Requirement**	**17.09**
11	Less: Non-Tariff Income	0.53
12	**Net Aggregate Revenue Requirement**	**16.56**

The retail supply tariffs for GIFT PCL for FY 2019-20 determined by the Commission are annexed to this Order. This Order shall come into force with effect from 1st April, 2021. The rate shall be applicable for the electricity consumption from 1st April, 2021 onwards.

Sd/-
MEHUL M. GANDHI
Member

Sd/-
ANAND KUMAR
Chairman

Place: Gandhinagar
Date: 01/04/2021

11 ANNEXURE: TARIFF SCHEDULE

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

Effective from 1st April, 2021

General

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of GIFT PCL.
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 purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
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 kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
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, kilo watt or kilo volt ampere (HP, kW, kVA) as the case may be. The fraction of less than 0.5 shall be rounded off 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 / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.

12. Fuel and Power Purchase Price 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 licensee 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 ten days from the date of billing (excluding date of billing).
    - Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.
    - 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. RATE: RGP

This tariff is applicable to all services in the residential premises which are not covered under 'Rate: RGP (Rural)' Category.

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

1.1. FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(b)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers

(a)	Fixed Charges	Rs. 5/- per Month

PLUS

1.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION: (OTHER THAN BPL CONSUMERS)

(a)	First 50 units	305 Paise per Unit
(b)	Next 50 Units	350 Paise per Unit
(c)	Next 150 Units	415 Paise per Unit
(d)	Above 250 Units	520 Paise per Unit

1.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION FOR THE CONSUMERS BELOW POVERTY LINE (BPL) **

(a)	First 50 units	150 Paise per Unit
(b)	For the remaining units	Rate as per RGP

***The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 50 units per month.*

1.4. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above

2. <u>RATE: RGP (RURAL)</u>

This tariff will be applicable to all services for residential premises located in areas within Gram Panchayat as defined in the Gujarat Panchayats Act.

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

2.1. FIXED CHARGES

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(b)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers

Fixed Charges	Rs. 5/- per month

<u>PLUS</u>

2.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION: (OTHER THAN BPL CONSUMERS)

(a)	First 50 units	265 Paise per Unit
(b)	Next 50 Units	310 Paise per Unit
(c)	Next 150 units	375 Paise per Unit
(d)	Above 250 units	490 Paise per Unit

2.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

(a)	First 50 units	150 Paise per Unit
(b)	For remaining units	Rate as per RGP (Rural)

**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 sub-division office of the Distribution Licensee. The concessional tariff is only for 50 units per month.

2.4. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as defined in Gujarat Panchayat Act, entire consumption will be charged under this tariff.

3. RATE: GLP

This tariff is applicable to

(i) the educational institutes and other institutions registered with the Charity Commissioner or similarly placed authority designated by the Government of India for such intended purpose;

(ii) research and development laboratories;

(iii) Street Light*

(a)	Fixed charges	Rs. 70/- per Installation per Month
(b)	Energy charges	390 Paise per Unit

* Maintenance of street lighting conductor provided on the pole to connect the street light is to be carried out by Distribution Licensee. The consumer utilising electricity for street lighting purpose shall arrange for renewal, maintenance and replacement of lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956/ Rules issued by Central Electricity Authority (CEA) under the Electricity Act, 2003.

4. 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.

Consumer under this category may opt to be charged as per category – 'RATE: LTMD'

4.1. FIXED CHARGES PER MONTH

(a)	First 10 kW of connected load	Rs. 50/- per kW
(b)	For next 30 kW of connected load	Rs. 85/- per kW

PLUS

4.2. ENERGY CHARGES:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	435 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	465 Paise per Unit

4.3. MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

4.3.1. "Seasonal Consumers", 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, vegetable dehydration industries.

4.3.2. Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period 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 the off-season so declared and observed shall be not less than three calendar months in a calendar year.

4.3.3. The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer satisfying the eligibility criteria under sub-clause 4.3.1 above and complying with the provision stipulated under sub-clause 4.3.2 above shall be Rs. 1800 per annum per kW of the contracted load/ sanctioned load.

4.3.4. The units consumed during the off-season period shall be charged for at a flat rate of 480 Paise per unit.

4.3.5. 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 4.3.3 above.

4.3.6. Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Distribution Licensee as Security Deposit and minimum bill calculated at the rate shown in para 4.3.3 with the Contracted Load/ Sanctioned Load of such consumer. If the Contracted Load/ Sanctioned Load is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry

5. 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.

5.1. DEMAND CHARGE:

(a)	For billing demand up to the Contract demand		
	(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)	For billing demand in excess of the contract demand		Rs. 265/- per kW

PLUS

5.2. ENERGY CHARGE:

For the entire consumption during the month	460 Paise per Unit

PLUS

5.3. REACTIVE ENERGY CHARGES:

For all the reactive units (kVARh) during the month	10 Paise per kVARh

5.4. 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) 6 kW

5.5. MINIMUM BILL

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

5.6. SEASONAL CONSUMERS TAKING LTMD SUPPLY:

5.6.1 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, vegetable dehydration industries.

5.6.2 Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period 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 the off-season so declared and observed shall be not less than three calendar months in a calendar year.

5.6.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 5.6.1 above and complying with provisions stipulated under sub-clause 5.6.2 above shall be Rs. 2970 per annum per kW of the billing demand.

5.6.4 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) 6 kW

5.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 470 Paise per unit.

5.6.6 Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Licensee as Security Deposit and minimum bill calculated at the rate shown in para 5.6.3 for the higher of Contract Demand or Billing Demand. If the Contract Demand is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry.

6. 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.)

6.1. FIXED CHARGES PER MONTH:

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

PLUS

6.2. ENERGY CHARGES:

For the entire consumption during the month	260 Paise per unit

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 6 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 6 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then fixed charge during the relevant billing month shall be billed as per Non-RGP category fixed charge rates given in para 4.1 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 4.2 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 fixed charge and entire energy consumption during the relevant billing month shall be billed as per Non-RGP category fixed charge and energy charge rates given in para 4.1 and 4.2 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.*

This option can be exercised to shift from NON-RGP tariff category to NON-RGP NIGHT tariff or from NON-RGP NIGHT tariff category to 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.

7. 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.)

7.1 DEMAND CHARGES PER MONTH:

50% of the Demand charges specified in Rate **LTMD** above

PLUS

7.2. ENERGY CHARGES:

For entire consumption during the month	260 Paise per unit

PLUS

7.3. REACTIVE ENERGY CHARGES:

For all reactive units (kVARh) drawn during the month	10 Paise per kVARh

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 7 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 7 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 5.1 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 5.2 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 entire energy consumption during the relevant billing month shall be billed as per LTMD category demand charge and energy charge rates given in para 5.1 and 5.2 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. *This option can be exercised to shift from LTMD tariff category to LTMD NIGHT tariff or from LTMD- NIGHT tariff category to LTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.*

8. RATE: LTP- LIFT IRRIGATION

Applicable for supply of electricity to Low Tension Agricultural consumers contracting load up to 125 HP requiring continuous (twenty-four hours) power supply for lifting water from surface water sources such as canal, river, & dam and supplying water directly to the fields of farmers for agricultural irrigation only.

(a)	Fixed charges per month	Rs. 20/- per HP

PLUS

(b)	Energy charges per month; For entire consumption during the month	80 Paise per Unit

9. RATE: WWSP

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

9.1 Type I- Water works and sewerage pumps operated by other than local authority

(a)	Fixed charges per month	Rs. 25/- per HP
PLUS		
(b)	Energy charges per month; For entire consumption during the month	430 Paise per Unit

9.2 Type II- Water Works and sewerage pumps operated by local authority such as Municipal Corporation, Gujarat Water Supply & Sewerage Board located outside Gram Panchayat Area will also attract this tariff:

(a)	Fixed charges per month	Rs. 20/- per HP
PLUS		
(b)	Energy charges per month; For entire consumption during the month	410 Paise per Unit

9.3 Type III- Water Works and sewerage pumps operated by Municipalities/ Nagarpalikas/ and Gram Panchayats or Gujarat Water Supply & Sewerage Board for its installations located in Gram Panchayats:

Energy charges per month: For entire consumption during the month	320 Paise /Unit

9.4 TIME OF USE DISCOUNT:

Applicable to all the water works consumers having connected load of 50 HP and above for the energy consumption during the Off-Peak Load Hours of the Day.

For energy consumption during the off-peak period, viz, 1100 Hrs to 1800 Hrs	40 Paise per Unit
For energy consumption during night hours, viz, 2200 Hrs to 0600 Hrs next day	85 Paise per Unit

10. RATE: AG

This tariff is applicable to services used for irrigation purposes only excluding installations covered under LTP- Lift Irrigation category.

10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF

For entire contracted load	Rs. 200 per HP per month

ALTERNATIVELY

10.1.2 METERED TARIFF

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption during the month	60 Paise per Unit

10.1.3 TATKAL SCHEME

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption during the month	80 Paise per Unit

NOTE: The consumers under Tatkal scheme shall be eligible for normal metered tariff as above, on completion of five years period from the date of commencement of supply.

10.2 No machinery other than pump water for irrigation (and a single bulb or CFL up to 40 watts) will be permitted under this tariff. Any other machinery connected in the installation governed under this tariff shall be charged separately at appropriate tariff for which consumers shall have to take separate connection.

10.3 Agricultural consumers who desire to supply water to brick manufacturing units shall have to pay Rs. 100/HP per annum subject to minimum of Rs. 2000/- per year for each brick Mfg. Unit to which water is supplied in addition to existing rate of HP based / metered agricultural tariff.

10.4 Such Agricultural consumers shall have to pay the above charges for a full financial year irrespective of whether they supply water to the brick manufacturing unit for full or part of the Financial Year.

Agricultural consumers shall have to declare their intention for supply of the water to such brick manufacturing units in advance and pay charges accordingly before commencement of the financial year (i.e. in March every year).

11. RATE- TMP

This tariff is applicable to services of electricity supply for temporary period at the low voltage. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

11.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day

11.2 ENERGY CHARGE

A flat rate of	465 Paise per Unit

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.

12. 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, RGP (RURAL), GLP, LTMD, NON-RGP NIGHT, LTMD-NIGHT, etc. as the case may be.

12.1 FIXED CHARGES

Fixed Charge	Rs. 25 per Installation per Month

12.2 ENERGY CHARGES: FOR THE ENTIRE MONTHLY CONSUMPTION

Energy Charge	410 Paise per Unit

PART - II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION

(3.3 KV AND ABOVE, 3-PHASE 50 HERTZ), 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

13. RATE- HTP-1

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.

13.1 DEMAND CHARGES:

13.1.1 For billing demand up to contract demand

(a)	For the 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

13.1.2 For billing Demand in Excess of Contract Demand

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

PLUS

13.2 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	400 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	420 Paise per Unit
(c)	For billing demand above 2500 kVA	430 Paise per Unit

PLUS

13.3 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	45 Paise per unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

13.4 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

13.5 MINIMUM BILLS:

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

13.6 POWER FACTOR ADJUSTMENT CHARGES:

13.6.1 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.

13.6.2 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 13.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

13.7 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.

13.8 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.

13.9 REBATE FOR SUPPLY AT EHV:

On Energy charges:		Rebate @
(a)	If supply is availed at 33/66 kV	0.75%
(b)	If supply is availed at 132 kV and above	1.25%

13.10 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 shall be eligible for concession at the rate of 43 Paise per unit.

13.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

13.11.1 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, vegetable dehydration industries.

13.11.2 Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period 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 the off-season so declared and observed shall be not less than three calendar months in a calendar year.

13.11.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 13.11.1 above and complying with provisions stipulated under sub-clause 13.11.2 above shall be Rs. 4550 per annum per kVA of the billing demand.

13.11.4 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

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 430 Paise per unit.

13.11.6 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.

13.11.7 Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Licensee as Security Deposit and minimum bill calculated at the rate shown in para 13.11.3 for the higher of Contract Demand or Billing Demand. If the Contract Demand is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry.

14. 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 run by Local Authorities and GW & SB. GIDC Water Works.

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

(a)	For the 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

14.1.2 For billing demand in excess of contract demand

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

PLUS

14.2 ENERGY CHARGES:

	For entire consumption during the month	
(a)	Up to 500 kVA of billing demand	435 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit
(c)	For billing demand above 2500 kVA	465 Paise per Unit

PLUS

14.3 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	45 Paise per unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

14.4 Billing Demand
14.5 Minimum Bill
14.6 Maximum demand and its measurement
14.7 Contract Demand
14.8 Rebate for supply at EHV
14.9 Concession for use of electricity during night hours

Same as HTP-I Tariff

14.10 POWER FACTOR ADJUSTMENT CHARGES

14.10.1 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 14.2 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 14.2 of this schedule, will be charged.

14.10.2 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 14.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

15. 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.

15.1 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

15.2 ENERGY CHARGES:

For all units consumed during the month	660 Paise/Unit

PLUS

15.3 TIME OF USE CHARGES:

Additional charge for energy consumption during two peak periods, viz, 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	85 Paise per Unit

15.4 Billing Demand
15.5 Minimum bill
15.6 Maximum demand and its measurement
15.7 Contract Demand
15.8 Rebate for supply at EHV

Same as HTP-I Tariff

15.9 POWER FACTOR ADJUSTMENT CHARGES

15.9.1 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 15.2 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 15.2 of this schedule, will be charged.

15.9.2 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 15.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

16. 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.

16.1 DEMAND CHARGES:

1/3rd of the Fixed Charges specified in Rate HTP-I above

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	225 Paise/Unit

16.3	Billing Demand	Same as HTP-I Tariff
16.4	Minimum Bill	
16.5	Maximum demand and its measurement	
16.6	Contract Demand	
16.7	Rebate for supply at EHV	

16.8 POWER FACTOR ADJUSTMENT CHARGES:

16.8.1 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 16.2 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 16.2 of this schedule, will be charged.

16.8.2 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 16.2 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 16 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 16 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 13.1 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 13.2 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 13.1 and 13.2 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. This option can be exercised to shift from HTP-I tariff category to HTP-IV tariff or from HTP-IV tariff category to 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

17. RATE- HTP-V

HT - Agricultural (for HT Lift Irrigation scheme only)

This tariff shall be applicable for supply of electricity to High Tension Agricultural consumers contracting for 100 kVA and above, requiring power supply for lifting water from surface water sources such as canal, river and dam, and supplying water directly to the fields of farmers for agricultural irrigation only.

17.1 DEMAND CHARGES:

Demand Charges Rs. 25 per kVA per month

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	80 Paise/Unit

17.3 Billing Demand
17.4 Minimum bill
17.5 Maximum demand and its measurement
17.6 Contract Demand
17.7 Rebate for supply at EHV

Same as per HTP-I Tariff

17.8 POWER FACTOR ADJUSTMENT CHARGES

17.8.1 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 17.2 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 17.2 of this schedule, will be charged

17.8.2 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 17.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

18. RATE- RAILWAY TRACTION

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.

18.1 DEMAND CHARGES:

(a)	For billing demand up to the contract demand	Rs. 180 per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 425 per kVA per month

NOTE: In case of the load transfer for traction supply due to non-availability of power supply at preceding or succeeding point of supply or maintenance at Discom's level, excess demand over the contract demand shall be charged at normal rate at appropriate point of supply.

Normal Demand Charges will also apply in case of bunching of trains. However, Discoms shall charge excess demand charges while raising the bills and Railways have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains is provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 18.1 (b).

PLUS

18.2 ENERGY CHARGES:

For all the units consumed during the month	500 Paise per Unit

18.3 Billing Demand:
18.4 Minimum Bill
18.5 Maximum demand and its measurement
18.6 Contract Demand
18.7 Rebate for supply at EHV

Same as HTP-I Tariff

18.8 POWER FACTOR ADJUSTMENT CHARGES

18.8.1 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 18.2 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 18.2 of this schedule, will be charged.

18.8.2 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 18.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

19. 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, HTP-V, RAILWAY TRACTION as the case may be.

19.1 DEMAND CHARGES:

(a)	For billing demand up to the contract demand	Rs. 25/- per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 50/- per kVA per month

PLUS

19.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION

ENERGY CHARGE	400 Paise per Unit

19.3 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

Dissenting Order by S.R. Pandey, Member, GERC on Order dated 1.4.2021 in Petition No. 1942 of 2021

The Tariff Order in Petition No. 1942 of 2021 of GIFT Power Company Ltd. (GPCL) signed by my learned brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi was put up before me for the first time on 1.4.2021. I was unable to look at the said Order in totality and verify the analysis, findings and decision in the order with consideration of various applicable Regulations and other documents on record etc. and therefore, I have not signed the said Order. However, I have perused the same with relevant documents and Regulations subsequently.

I have an opportunity of perusing the Tariff Order passed by my learned brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi. With all due regards and personal respect to my learned and esteemed brethren, it is my misfortune for my inability to tread their path. Therefore, I have chosen to plough my lone furrow, since the matter is of great significance and question to be decided bear wider significance.

The present case before the Commission is for true-up for Financial Year 2019-20 and determination of Aggregate Revenue Requirement and tariff for Financial Year 2021-22 for GIFT Power Co. Ltd. (GPCL) which is a distribution licensee supplying power in its licence area.

There are three important issues to be considered while approving the tariff order – (i) Legal Validity, (ii) Procedure for conformity, and (iii) merit/ methodology for determination of True-up of tariff for FY 2019-20 and ARR and tariff for Financial Year 2021-22.

The Commission has notified Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 under sub-section (2) of Section 181 read with Sections 36, 39, 40, 41, 51, 61, 62, 63, 64, 65, and 86 of the Electricity Act, 2003

(36 of 2003) and all other powers enabling it in that behalf, and under Section 32 of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 (Gujarat Act No. 24 of 2003) and all powers enabling it in that behalf.

The Commission vide Suo-Motu Order No. 7 of 2020 dated 22.12.2020 decided to determine the Tariff for FY 2021-22 based on principles and methodology as provided in the GERC (MYT) Regulations, 2016.

GERC (MYT) Regulations, 2016 is a sub-legislation notified by the Commission under the Electricity Act, 2003. It is necessary to refer Regulation 1.2, 1.4 and 21 of the aforesaid Regulations which are reproduced below:

"1.2 These Regulations shall come into effect from the date of their publication in the Official Gazette and shall remain in force till 31st March, 2021, unless otherwise reviewed/extended."

Regulation 1.2 provides that these Regulations shall come into effect from the date of Notification i.e. 29.3.2016 and remain in force till 31.3.2021 unless otherwise reviewed/extended.

"1.4 These Regulations shall extend to the whole of the State of Gujarat.

(a) These Regulations shall be applicable for determination of tariff in all cases covered under these Regulations from April 1, 2016,

(b) These Regulations shall be applicable to all existing and future Generating Companies, Transmission Licensees, SLDC and Distribution Licensees and their successors, if any,

(c) These Regulations supersede the "Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011";

(d) These Regulations supersede the "GERC (Levy and Collection of Fees and charges by SLDC) Regulations, 2005.

Regulation 1.4 provides that it shall be applicable for determination of tariff in all cases of existing and future i.e. Generating Companies, Transmission Licensees, SLDC and Distribution Licensees from 1st April 2016. It also states that these Regulations supersede earlier GERC (MYT) Regulations, 2011 and GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.

Regulation 21 Truing up

"21.1 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.

21.2 The Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall file an Application for Truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in these Regulations:

Provided that the Generating Company or Transmission Licensee or SLDC or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the Audited Accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges:

Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts, the applications for tariff determination and truing up shall be based on the Regulatory Accounts.

21.3 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement *and expected revenue from tariff and charges and shall comprise of the following:*

(a) a comparison of the audited performance of the Applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check;

(b) Review of compliance with directives issued by the Commission from time to time;

(c) Other relevant details, if any.

21.4 In respect of the expenses incurred by the Generating Company, Transmission Licensee, SLDC and Distribution Licensee during the year for controllable and uncontrollable parameters, the Commission shall carry out a detailed review of performance of an Applicant vis-a-vis the approved forecast as part of the truing up.

21.5 Upon completion of the truing up under Regulation 21.4 above, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 22 below, to factors within the control of the Applicant (controllable factors) or to factors beyond the control of the Applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 22.1below shall be attributed entirely to controllable factors.

21.6 Upon completion of the Truing Up, the Commission shall pass an order recording:

(a) the approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of

controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 24 of these Regulations;

(b) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous year, to be passed through as per Regulation 23 of these Regulations;

(c) 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, i.e., from the end of the year for which true-up has been done, till the end of the year in which it is addressed, calculated on simple interest basis at the weighted average State Bank Base Rate for the relevant year, i.e., the year for which Revenue Gap or Revenue Surplus is determined:

Provided that carrying cost on the amount of Revenue Gap shall be allowed up to the above limit, subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the revenue gap is addressed;

(d) Tariff determined for the ensuing year."

Regulation 21.1 provides that the truing up of expenses and revenue during the Control Period of Generating Company or Transmission Licensee or Distribution Licensee or SLDC shall be in accordance with the provisions of the aforesaid Regulations.

Regulation 21.2 provides that the Generating Company or Transmission Licensee or SLDC or Distribution Licensee, as case may be, is mandated to file an application for truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in the aforesaid Regulations.

The first proviso of Regulation 21.2 provides that the aforesaid entities, (which consists of the present applicant, i.e. GIFT Power Company Ltd., which is a distribution licensee), shall submit information in the prescribed format by the Commission, together with the Audited Accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges.

Second proviso provides that once the Commission notifies the Regulations for submission of Regulatory Accounts, True-up and Tariff determination shall be based on the Regulatory Accounts.

Regulation 21.3 provides that the scope of truing up shall be a comparison of the audited performance of the aforesaid entities including the licensee for the previous financial year with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check of compliance with directives issued by the Commission and other relevant details.

Regulation 21.4 provides that the Commission, based on controllable and uncontrollable parameters, shall carry out a detailed review of performance of an applicant vis-à-vis the approved forecast as part of the truing up.

Regulation 21.5 provides that on completion of the truing up, the Commission shall record any variation or expected variations in performance for variables specified under Regulation 22, to factors within the controllable and uncontrollable factors of the applicant.

Regulation 21.6(a) provides that any gain or loss on account of controllable factors may be shared amongst the consumers or entity like generating company or transmission licensee or distribution licensee or SLDC in accordance with

Regulation 24 pertaining to mechanism for sharing of gains or losses on account of controllable factors.

Regulation 21.6(b) provides that components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous year, to be passed through the Mechanism for pass through of gains and losses on account of uncontrollable factors as provided in Regulation 23 of the aforesaid Regulations.

Regulation 21.6(c) provides for carrying cost to be allowed on the amount of Revenue Gap or Revenue Surplus arising from true-up.

Regulation 21.6(d) provides for tariff determination for the ensuing year.

Regulation 21 mandates on the Commission that the true up of the generating company or transmission licensee or distribution licensee or SLDC shall be carried out with consideration of Regulations 21.2, 21.3 where comparison of audited performance of the applicant for the previous Financial Year with the approved forecast for such Financial Year with audited accounts, extract of books of account and such other details. The aforesaid Regulations do not stipulate that while truing up the performance parameters of the distribution licensee be derived with consideration of performance parameters/expenses of other distribution licensees of the State as a base and the same shall be applied to the applicant licensee whose truing up is to be carried out by the Commission. The said Regulation 21 does not provide that the Commission while carrying out true-up of the distribution licensee, the data of different distribution licensee be taken as a base parameter (performance parameter) and compare with approved forecast parameter. Such methodology is not in accordance with GERC (MYT) Regulations, 2016 to verify as performance parameters of the distribution licensee which are dependent on geographic condition of licensee, consumer numbers, consumer mix, load of licensee, consumptions of different consumers, supply networks of licensee, power procurement cost, incremental load, demand of power, operation period of licensee etc.

Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 is a sub-legislation. The procedure for truing up specified in the Regulations needs to be followed by the Commission. As there is variation/deviation from the aforesaid Regulations in the Tariff Order passed by my learned brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi in this petition, I respectfully disagree with the said Order.

It is pertinent to note that the Constitution Bench of the Hon'ble Supreme Court in case of PTC India v/s. Central Electricity Regulatory Commission (CERC) reported in (2010) 4 SCC 603 held that once the Regulations framed by the Commission for fixing a cap on trading margin under Section 178 of the Electricity Act, 2003 and thereafter measures that the CERC takes under Section 79(1)(j) have to be in conformity with it. It is clear from the reasoning of the Constitution Bench that even the State Commission / Central Commission is under legal obligation to follow its Regulations if they are in place and cannot sidetrack them or ignore them. The relevant portion of the said judgement is reproduced below:

> *"54. As stated above, the 2003 Act has been enacted in furtherance of the policy envisaged under the Electricity Regulatory Commissions Act, 1998 as it mandates establishment of an independent and transparent Regulatory Commission entrusted with wide ranging responsibilities and objective inter alia including protection of the consumers of electricity. Accordingly, the Central Commission is set up under Section 76 (1) to exercise the powers conferred on, and in discharge of the functions assigned to, it under the Act. On reading Section 76 (1) and 79 (1) one finds that Central Commission is empowered to take measures / steps in discharge of the functions enumerated in Section 79 (1) like to regulate the tariff of generating companies, to regulate the inter-State transmission of electricity, to determine tariff for inter- state transmission of electricity, to issue licenses, to adjudicate upon disputes, to levy fees, to specify the Grid Code, to fix the trading margin in inter-State trading of electricity, if*

considered necessary, etc. These measures, which the Central Commission is empowered to take, have got to be in conformity with the regulations under Section 178, wherever such regulations are applicable. Measures under Section 79 (1), therefore, have got to be in conformity with the regulations under Section 178.

55. To regulate is an exercise which is different from making of the regulations. However, making of a regulation under Section 178 is not a pre-condition to the Central Commission taking any steps/measures under Section 79(1). As stated, if there is a regulation, then the measure under Section 79(1) has to be in conformity with such regulation under Section 178. This principle flows from various judgments of this Court which we have discussed hereinafter. For example, under Section 79(1)(g) the Central Commission is required to levy fees for the purpose of the 2003 Act. An order imposing regulatory fees could be passed even in the absence of a regulation under Section 178. If the levy is unreasonable, it could be the subject matter of challenge before the Appellate Authority under Section 111 as the levy is imposed by an Order / decision making process. Making of a regulation under Section 178 is not a pre-condition to passing of an Order levying a regulatory fee under Section 79(1)(g).

56. ....

57. ....

58. One must understand the reason why a regulation has been made in the matter of capping the trading margin under Section 178 of the Act. Instead of fixing a trading margin (including capping) on a case to case basis, the Central Commission thought it fit to make a regulation which has a general application to the entire trading activity which has been recognized, for the first time, under the 2003 Act. Further, it is important to bear in mind that making of a regulation under Section 178 became necessary because a regulation made under Section 178 has the effect of interfering and overriding the existing contractual relationship between the regulated entities. A regulation under Section 178 is in the nature of a subordinate Legislation. Such subordinate Legislation can even override the existing contracts including Power Purchase Agreements which have got to be aligned with the regulations under Section 178 and which could not have been done across the board by an Order of the Central Commission under Section 79 (1) (j)

Further, the Hon'ble Appellate Tribunal for Electricity has in Judgement dated 1.3.2012 in Appeal No. 131 of 2011 in case of Haryana Power Generation Corporation Ltd. v/s. Haryana Electricity Regulatory Commission held that the State Commission is bound by the statutory Regulations.

The Hon'ble APTEL has in its Judgement dated 4.2.2012 in Appeal No. 100/2007 in case of Karnataka Power Transmission Company Ltd. v/s. Karnataka Electricity Regulatory Commission & Ors. and in case of North Delhi Power Ltd. v/s. Delhi Electricity Regulatory Commission reported in 2007 (APTEL 193) held that truing up is not a stage where any new methodology can be adopted by the State Commission. The State Commission has to undertake only the financial true up and cannot change the principle followed at the time of initial determination of tariff.

The Hon'ble APTEL has in its judgement dated 30.11.2015 in Appeal No. 33 of 2015 in case of SLDC v/s GERC & Ors. held that the State Commission is bound by its Regulations. All measures the State Commission takes in respect of charges of the SLDC have to be in conformity with the said Regulations. Moreover, it is also held that truing up exercise is only adjustment of actual qua the estimated amounts and not a stage for introducing any new methodology or providing for any new adjustment not envisaged at the time of determination of revenue requirements on estimated basis.

The aforesaid decisions of the Hon'ble Supreme Court and Hon'ble APTEL make it clear that it is mandatory for the Commission to follow the provisions of Regulations. In the present case as stated above, Regulation 21 of the GERC (MYT) Regulations specifically provides for the methodology for truing-up. Any deviation from the provisions of the prescribed Regulations not in consonance with the decisions of the Hon'ble Supreme Court of India, which is binding under Article 141 of the Constitution of India and Hon'ble APTEL is illegal. Therefore, I am of the view that it is necessary to follow Regulation 21 of the GERC (MYT) Regulations, 2016.

In light of the above, the Tariff Order passed by my learned brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi differs from the methodology adopted in other distribution licensee case, and procedure conformity on legal validity specified in the Regulations and, therefore, I do not agree to approve the complete Tariff Order in its present form put up to me, but partially agree.

Taking into account the above analysis and arguments, I respectfully disagree with the Tariff Order passed by my learned brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi and I issue my separate Order.

In view of the above, I agree with the contents of Chapter-1 and Chapter-2 of the Tariff Order of my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi.

I disagree with analysis and decision stated in Chapter-3 of the Tariff Order of my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi and, therefore, analysis and decision of said Chapter-3 is not taken into consideration by me in my decision/order.

Chapter-4 of the Tariff Order pertains to true up for FY 2019-20, prepared by my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi, I disagree with the analysis, and decision. The said Chapter in the Order is not in consonance with provisions of the GERC (MYT) Regulations, 2016, and deviates on principle and methodology of True-up adopted in case of other distribution licensees of the State is also not in consonance with the existing practice. It is also against the decision of the Hon'ble Supreme Court and Hon'ble APTEL in various cases as recorded in earlier para. Therefore, the True-up for FY 2019-20 of GIFT Power Company Ltd. is prepared by me separately based on GERC (MYT) Regulations, 2016.

I also disagree with Chapter-5 of the Tariff Order prepared by my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi. The said Chapter pertains to determination of ARR for FY 2021-22. In the said Chapter some of the parameters of ARR needs to be considered from the Chapter of True up for FY 2019-20 as a part of ARR for FY 2021-22 with consideration of provisions of GERC (MYT) Regulations, 2016. Thus, there is deviation and difference in the ARR for FY 2021-22 as determined by brethren Chairman and Member. Therefore, the said Chapter is also prepared by me separately on the basis of my analysis.

Similarly, Chapter-6 of the Tariff Order prepared by my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi pertains to determination of Tariff for FY 2021-22 is also prepared by me separately with consideration of interpretation of earlier analysis and decision of my order.

So far as compliance of directives is concerned, I agree with the decision of my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi. Moreover, I have also added a fresh directive after directive No. 3 in my Order.

So far as Chapter-7 concerning Fuel and Power Purchase Price Adjustment, I agree with the decision of my brethren Chairman Shri Anand Kumar and Member Shri M.M. Gandhi.

Chapter-8 pertains to Wheeling Charges and Cross-Subsidy Surcharge with regard to wheeling charge I disagree with the decision of my brethren Chairman and Member. Therefore, it is separately worked out by me.

So far as Chapter-9 pertaining to Tariff Philosophy and proposal for Tariff is concerned, I partly agree with the decision of my brethren Chairman Shri Anand Kumar and Member Shri M.M.Gandhi except some changes with regard to analysis and decision derived from earlier part of Chapters i.e. true up for FY 2019-20 and determination of ARR for FY 2021-22 and those figures are reflected as a part of different para of the said Chapter of the Order of my brethren Chairman Shri Anand Kumar and Member Shri M.M.Gandhi. I disagree with the contents of the same para of the Chapter and the figures which are based on the analysis made and decision taken in earlier part of the Order are different and distinct than the decision of brethren Chairman and Member. Therefore, the said Chapter is prepared separately by me as a part of my decision.

Based on the aforesaid, I disagree with the Commission's Order for ARR approved for FY 2021-22 stated in Order of my brethren Chairman Shri Anand Kumar and Member Shri M.M.Gandhi and the same is separately prepared as a part of my decision.

Chapter-10, Annexure to Tariff Schedule, is concerned I agree with the decision of my brethren Chairman Shri Anand Kumar and Member Shri M.M.Gandhi.

Considering the above, I have prepared separate Tariff Order in Petition No. 1942 of 2021 of GIFT Power Company Ltd. (GPCL), as under;

सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)

GANDHINAGAR

Tariff Order

Truing up for FY 2019-20
and Determination of ARR & Tariff for FY 2021-22

For

GIFT Power Company Limited
(GIFT PCL)
by S.R. Pandey, Member

Case No. 1942 of 2021

1st July, 2021

CONTENTS

1 Background and Brief History 150

1.1 Background 150

1.2 About Gujarat International Finance Tec-City Power Company Ltd. (GIFT PCL) 151

1.3 Commission's Order for approval of ARR and Tariff for FY 2018-19 151

1.4 Commission's Order for determination of ARR for FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20 151

1.5 Commission's Order for approval of True up of FY 2018-19, and determination of Tariff for FY 2020-21 152

1.6 Background of the present Petition 152

1.7 Registration of the Current Petition and Public Hearing Process 153

1.8 Approach of this Order 153

1.9 Contents of this Order 155

2 Summary of GIFT PCL's Petition 156

2.1 Introduction 156

2.2 True-Up of FY 2019-20 156

2.3 Revenue Gap/(Surplus) for FY 2019-20 157

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2021-22 157

2.5 Estimated Revenue Gap / (Surplus) for FY 2021-22 158

2.6 GIFT PCL's Prayers to the Commission 158

3 Truing up for FY 2019-20 160

3.1 Introduction 160

3.2 Energy Sales 160

3.3 Distribution Losses 161

3.4 Energy Requirement 163

3.5 Power Purchase Cost 164

3.6 Capital Expenditure, Capitalization and Funding of Capex 169

3.7 Operation & Maintenance Expenses 171
3.8 Depreciation 174
3.9 Interest and Finance Charges 176
3.10 Interest on Working Capital 178
3.11 Interest on Security Deposit 180
3.12 Return on Equity 181
3.13 Income Tax 183
3.14 Contingency Reserve 183
3.15 Non-tariff income 184
3.16 Revenue from Sale of Power 185
3.17 Summary of Aggregate Revenue Requirement and sharing of Gains/ Losses ... 186
3.18 Net Revenue Gap / (Surplus) 188

4 Determination of ARR for FY 2021-22 190

4.1 Introduction 190
4.2 Energy Sales 190
4.3 Distribution Losses 193
4.4 Energy Balance 195
4.5 Energy Availability and Power Purchase Cost 196
4.6 Capital Expenditure, Capitalization and Funding of Capex 200
4.7 Operations and Maintenance Expenses 206
4.8 Depreciation 208
4.9 Interest and Finance Charges 210
4.10 Interest on Security Deposit 211
4.11 Interest on Working Capital 212
4.12 Return on Equity 214
4.13 Income Tax 215
4.14 Contingency Reserve 216
4.15 Non-Tariff Income 216
4.16 ARR for FY 2021-22 217

5 Determination of Tariff for FY 2021-22 219

5.1 Introduction...219

5.2 Revenue at Existing Tariff and Gap/ (Surplus) Analysis 219

6 Compliance of Directives.. 222

6.1 Existing Directives 222

6.2 Fresh Directives 226

7 Fuel and Power Purchase Price Adjustment 229

7.1 Fuel and Power Purchase Price Adjustment...229

8 Wheeling Charges and Cross Subsidy Surcharge.. 230

8.1 Wheeling Charges...230

8.2 Determination of Wheeling Charges 233

8.3 Cross Subsidy Surcharge...236

9 Tariff Philosophy and Tariff Proposal 239

9.1 Overall Approach...239

9.2 GIFT PCL's Tariff Proposal for FY 2021-22 239

9.3 Analysis 242

MEMBER'S ORDER 244

10 ANNEXURE: TARIFF SCHEDULE.. 245

LIST OF TABLES

Table 2-1: True-up proposed by GIFT PCL for FY 2019-20 ... 156
Table 2-2: Trued-up ARR as claimed for FY 2019-20 ... 157
Table 2-3: Proposed ARR for FY 2021-22 ... 157
Table 2-4: Revenue Gap / (Surplus) for FY 2021-22 (Existing Tariff) ... 158
Table 3-1: Energy Sales claimed for FY 2019-20 ... 160
Table 3-2: Energy Sales approved for FY 2019-20 ... 161
Table 3-3: Distribution Losses claimed for FY 2019-20 ... 162
Table 3-4: Distribution Losses approved for FY 2019-20 ... 163
Table 3-5: Energy Requirement claimed for FY 2019-20 ... 163
Table 3-6: Energy Requirement approved for FY 2019-20 ... 163
Table 3-7: Power Purchase Quantum claimed for FY 2019-20 ... 164
Table 3-8: Power Purchase Cost claimed for FY 2019-20 ... 164
Table 3-9: Power Purchase Quantum approved for FY 2019-20 ... 168
Table 3-10: Power Purchase Cost approved for FY 2019-20 ... 168
Table 3-11: Gains / (Losses) on account of Power Purchase Cost for FY 2019-20 ... 169
Table 3-12: Capitalization claimed for FY 2019-20 ... 170
Table 3-13: Capitalisation details arrived at for FY 2019-20 ... 171
Table 3-14: Operation and Maintenance Expenses claimed for FY 2019-20 ... 172
Table 3-15: Operation and Maintenance Expenses approved for FY 2019-20 ... 174
Table 3-16: Gains / (Losses) on account of O&M Expenses for FY 2019-20 ... 174
Table 3-17: Depreciation claimed for FY 2019-20 ... 174
Table 3-18: Depreciation approved for FY 2019-20 ... 175
Table 3-19: Gains / (Losses) on account of Depreciation for FY 2019-20 ... 176
Table 3-20: Interest and Finance Charges claimed for FY 2019-20 ... 176
Table 3-21: Interest and Finance Charges approved for FY 2019-20 ... 178
Table 3-22: Gains / (Losses) on account of Interest and Finance Charges for FY 2019-20 ... 178
Table 3-23: Interest on Working claimed for FY 2019-20 ... 179
Table 3-24: Interest on Working Capital approved for FY 2019-20 ... 180
Table 3-25: Interest on Security Deposit claimed for FY 2019-20 ... 180
Table 3-26: Interest on Security Deposit approved for FY 2019-20 ... 181
Table 3-27: Gains / (Losses) on account of Interest on Security Deposit for FY 2019-20 ... 181
Table 3-28: Return on Equity claimed for FY 2019-20 ... 181
Table 3-29: Return on Equity approved for FY 2019-20 ... 182
Table 3-30: Gains / (Losses) on account of Return on Equity for FY 2019-20 ... 183
Table 3-31: Contribution to Contingency Reserve claimed for FY 2019-20 ... 183
Table 3-32: Contribution to Contingency Reserve approved for FY 2019-20 ... 184

Table 3-33: Gains / (Losses) on account of Contribution to Contingency Reserves for FY 2019-20 184
Table 3-34: Non-tariff Income approved for FY 2019-20 185
Table 3-35: Gains / (Losses) on account of Non-tariff Income for FY 2019-20 185
Table 3-36: ARR claimed for FY 2019-20 186
Table 3-37: Trued up ARR claimed for FY 2019-20 187
Table 3-38: Approved ARR along with impact of Controllable/ Uncontrollable Factors for FY 2019-20 187
Table 3-39: Trued up ARR approved for FY 2019-20 188
Table 3-40: Net revenue gap/(surplus) as claimed for FY 2019-20 189
Table 3-41: Net Revenue Gap / (Surplus) approved for FY 2019-20 189
Table 4-1: Energy Sales projected for FY 2021-22 191
Table 4-2: Projections of Consumer for FY 2021-22 192
Table 4-3: Energy Sales approved for FY 2021-22 193
Table 4-4: Projection of Distribution Losses projected for FY 2021-22 194
Table 4-5: Distribution Losses approved for FY 2021-22 194
Table 4-6: Energy Requirement projected for FY 2021-22 195
Table 4-7: Energy Requirement approved for FY 2021-22 196
Table 4-8: RPO for FY 2021-22 197
Table 4-9: Power Procurement Quantum & Cost projected by GIFT PCL for FY 2021-22 197
Table 4-10: Energy Availability approved for FY 2021-22 200
Table 4-11: Source-wise Power Purchase Cost approved for FY 2021-22 200
Table 4-12: Capitalisation projected for FY 2021-22 201
Table 4-13: Proposed Scheme-wise Capitalization for FY 2021-22 201
Table 4-14: Capital Expenditure and Capitalization projected for FY 2021-22 204
Table 4-15: Capex worked out for FY 2021-22 205
Table 4-16: Capitalization and its funding approved for FY 2021-22 206
Table 4-17: Operation and Maintenance Cost projected for FY 2021-22 207
Table 4-18: Operation and Maintenance Expenses approved for FY 2021-22 208
Table 4-19: Depreciation projected for FY 2021-22 208
Table 4-20: Depreciation approved for FY 2021-22 209
Table 4-21: Interest and Finance Charges projected for FY 2021-22 210
Table 4-22: Interest and Finance Charges approved up for FY 2021-22 211
Table 4-23: Interest on Security Deposit projected for FY 2021-22 212
Table 4-24: Interest on Security Deposit approved for FY 2021-22 212
Table 4-25: Interest on Working Capital projected for FY 2021-22 213
Table 4-26: Interest on Working Capital approved for FY 2021-22 214
Table 4-27: Return on Equity projected for FY 2021-22 214

Table 4-28: Return on Equity approved for FY 2021-22 215
Table 4-29: Income Tax projected for FY 2021-22 215
Table 4-30: Contribution to contingency reserve projected for FY 2021-22 216
Table 4-31: Non-Tariff Income projected for FY 2021-22 216
Table 4-32: Non-Tariff Income approved for FY 2021-22 217
Table 4.33:ARR projected for FY 2021-22 217
Table 4-34: ARR approved for FY 2021-22 218
Table 5-1: Revenue gap / (Surplus) with existing tariff for FY 2021-22 220
Table 5-2: Approved Consolidated Revenue Gap / (Surplus) for FY 2021-22 221
Table 8.1: Allocation of ARR between Wheeling and Retail Supply as claimed by the Petitioner for FY 2021-22 230
Table 8-2: Segregation between Wires and Retail Supply Business ARR claimed for FY 2021-22 231
Table 8-3: Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2016 232
Table 8-4: Segregation between Wires and Retail Supply Business ARR as approved for FY 2021-22 233
Table 8.5: Wheeling Charges proposed by GIFT PCL for FY 2021-22 234
Table 8.6: Wheeling Charges as approved for GIFT PCL for FY 2021-22 235
Table 8.7: Cross Subsidy Surcharge as proposed by GIFT PCL for FY 2021-22 236
Table 8.8: Cross Subsidy Surcharge as approved for GIFT PCL for FY 2021-22 238

ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
DISCOM	Distribution Company
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Assets
GIFT CL	GIFT City Co. Ltd.
GIFT PCL	GIFT Power Company Ltd.
HT	High Tension
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension
LTMD	Low Tension Maximum Demand
MCLR	Marginal Cost of Funds based Lending Rate
MUs	Million Units (Million kWh)
MVA	Megavolt Ampere
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
RoE	Return on Equity
R&M	Repairs and Maintenance
SBI	State Bank of India
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
STU	State Transmission Utility

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1942 of 2021

Date of the Order: 01/07/2021

CORAM

Shri Anand Kumar, Chairman

Shri M. M. Gandhi, Member

Shri S. R. Pandey, Member

ORDER BY

S.R. Pandey, Member

1 Background and Brief History

1.1 Background

GIFT Power Company Ltd. (hereinafter referred to as 'GIFT PCL' or the 'Petitioner') has filed the present Petition on 01st February, 2021 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (herein after referred to as the "GERC (MYT) Regulations, 2016") for the Truing up for FY 2019-20 and Aggregate Revenue Requirement (ARR) & determination of tariff for FY 2021-22.

Gujarat Electricity Regulatory Commission notified the GERC (MYT) Regulations, 2016 on 29th March, 2016 which shall be applicable for determination of Tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising of Truing up for FY 2019-20, ARR for FY 2021-22, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2021-22) and revenue Gap or revenue Surplus thereof for the ensuing year for the determination of Tariff to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The ensuing year in the present case is FY 2021-22, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 is in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for new Control Period of FY 2021-22 to FY 2025-26 by issuing public notice dated 10th August, 2020, the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2020 dated 22 December, 2020 deferred the 5-year control period for new MYT Regulations for one year Accordingly, all the concerned utilities and licensees were directed to file annual ARR for FY 2021-22 and application for determination of tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016.

After technical validation of the petition, it was registered on 04th February 2021 as Case No. 1942/2021 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff Order.

1.2 About Gujarat International Finance Tec-City Power Company Ltd. (GIFT PCL)

GIFT Power Company Ltd. (hereinafter referred to as 'GIFT PCL' or the 'Petitioner'), a 100% subsidiary company of Gujarat International Finance Tec-City Company Limited, is a distribution licensee responsible for the supply of electricity in the GIFT City area of around 886 acres of land which includes both Special Economic Zone (SEZ) area comprising of 261 acres and Domestic Tariff Area (DTA) comprising of 625 acres.

The Commission granted the second license for distribution of electricity in the said area of the existing licensee viz. Uttar Gujarat Vij Company Limited (UGVCL) vide Order dated 6th March, 2013 in Licence Application No. 1 of 2012 to the Petitioner.

1.3 Commission's Order for approval of ARR and Tariff for FY 2018-19

The Petitioner filed its Petition for approval of ARR for FY 2018-19 and determination of Retail Supply Tariff for FY 2018-19 on 6th March, 2018. The Petition was registered on 14th March, 2018 under Case No. 1710 of 2018. The Commission vide Order dated 3rd December, 2018 approved the ARR for FY 2018-19 and determined the tariff for FY 2018-19.

1.4 Commission's Order for determination of ARR for FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20

The Petitioner filed its Petition for approval of ARR for FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20 on 31st December, 2018. After technical validation, the Petition was registered on 7th January, 2019 under Case No. 1777 of 2019. The Commission vide Order dated 31st July, 2019 approved the ARR for FY 2019-20 and FY 2020-21 and determined the tariff for FY 2019-20.

1.5 Commission's Order for approval of True up of FY 2018-19, and determination of Tariff for FY 2020-21

The Petitioner filed its Petition for True up of FY 2018-19 and determination of Tariff for FY 2020-21 on 30th November, 2019. After technical validation, the Petition was registered on 4th January, 2020 under Case No. 1851 of 2020. The Commission vide Order dated 9th October, 2020 approved the True up for FY 2018-19 and determined the Tariff for FY 2020-21.

1.6 Background of the present Petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the Truing up for previous year's Expenses and Revenue based on Audited Annual 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.

The Commission has issued Suo-Motu order No. 7 of 2020 dated 22nd December, 2020 directing the Licensees to file their Application / Petition for determining the annual ARR for FY 2021-22 and proposal for determination of Tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016 on or before 8 January, 2021.

GIFT PCL has filed the present Petition on 1st February, 2021. The Petition filed by GIFT PCL covers the Truing up of FY 2019-20 and ARR & Tariff determination for FY 2021-22 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

1.7 Registration of the Current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2019-20 and determination of ARR & Tariff for FY 2021-22 on 1st February, 2021. After technical validation of the petition, it was registered on 4th February, 2021 (Case No. 1942/2021) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, GIFT PCL was directed to publish its tariff application in the newspapers to ensure public participation. Accordingly, Public Notices were published by the Petitioner for inviting objections/ suggestions from stakeholders on the Tariff Petition in the following newspapers:

Table 1-1: List of newspapers (Public Notice issued by the Petitioner)

Sr. No.	Name of the Newspaper	Language	Date of publication
1	The Times of India	English	12.02.2021
2	Sandesh	Gujarati	12.02.2021

The Petitioner also placed the Public Notice and the Petition on its website (www.giftgujarat.in), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the Petition on or before 13th March, 2021.

The Commission also placed the Petition and additional details received from the Petitioner on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission has not received any objections / suggestions on the Petition till the last submission date of 13th March, 2021. Hence, no public hearing was conducted.

1.8 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for "Truing up" for the previous year and determination of Tariff for the ensuing year.

As per Clause 1.2 & 1.4 of the GERC (MYT) Regulations, 2016, the Commission has specified that the MYT framework will be applicable from 1st April, 2016 and shall be remain in force till 31st March, 2021.

GIFT PCL has approached the Commission with the present Petition for “Truing up” of FY 2019-20 and ARR & tariff determination for FY 2021-22. GIFT PCL has also submitted the final certified Audited Annual Accounts for FY 2019-20 extracted from the Audited Annual Accounts of GIFT Company Limited.

In this Order, the Commission has considered the “Truing up” for FY 2019-20, as per the GERC (MYT) Regulations, 2016. The ARR & Tariff determination for FY 2021-22 has also been carried out as per the provisions of the GERC (MYT) Regulations, 2016 as per the directions issued by the Commission vide Suo-Motu Order dated 22nd December, 2020.

The Commission has undertaken “Truing up” for FY 2019-20, based on the submissions of the Petitioner and as per the information available in Audited Annual Accounts. The Commission has undertaken the computation of Gains and Losses for FY 2019-20, based on the comparison of the approved vis-à-vis actual expenses.

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

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

Determination of ARR & Tariff for FY 2021-22 have been carried out as per the principles and methodology specified in the GERC (MYT) Regulations, 2016 in line with the directions of the Commission vide its Suo-Motu Order No. 7 of 2020 dated

22nd December, 2020. Truing up for FY 2021-22 shall be carried out based on the principles and methodology adopted in the GERC (MYT) Regulations, 2016.

1.9 Contents of this Order

This Order consists of the following chapters:

1. The **First Chapter** provides a brief 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 GIFT PCL's Petition.
3. The **Third Chapter** deals with the Truing-up for FY 2019-20.
4. The **Fourth Chapter** deals with the Determination of ARR for FY 2021-22.
5. The **Fifth Chapter** deals with the Determination of Tariff for FY 2021-22.
6. The **Sixth Chapter** deals with the Compliance of Directives of the Commission.
7. The **Seventh Chapter** deals with Fuel and Power Purchase Price Adjustments.
8. The **Eighth Chapter** deals with determination of the Wheeling Charges and Cross-Subsidy Surcharge.
9. The **Ninth Chapter** deals with the Tariff philosophy and Tariff proposal.

2 Summary of GIFT PCL's Petition

2.1 Introduction

This Chapter deals with highlights of the Petition as submitted by GIFT PCL for Truing up for FY 2019-20 and determination of ARR & Tariff for FY 2021-22.

2.2 True-Up of FY 2019-20

A summary of the proposed ARR for Truing-up of FY 2019-20 compared with the approved final ARR for FY 2019-20 in the "Multi Year Tariff" (MYT) Order dated 31st July, 2019 is presented in the Table below along with the item-wise computations for Gains/ Losses as submitted by GIFT PCL:

Table 2-1: True-up proposed by GIFT PCL for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MYT Order	Actual Claimed	Difference	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	14.38	10.35	4.03	-	4.03
2	Operation & Maintenance Expenses	1.89	3.57	(1.68)	-	(1.68)
3	Depreciation	4.03	5.46	(1.43)	-	(1.43)
4	Interest & Finance Charges	5.54	5.30	0.24	-	0.24
5	Interest on Security Deposit	0.35	0.32	(0.03)	-	(0.03)
6	Interest on Working Capital	-	-	-	-	-
7	Bad Debts Written Off	-	-	-	-	-
8	Contribution to Contingency Reserves	0.39	-	0.39	-	0.39
9	Return on Equity	2.37	4.51	(2.14)	-	(2.14)
10	Income Tax	-	-	-	-	-
12	Less: Non-Tariff Income	0.32	0.44	(0.12)	-	(0.12)
13	**Aggregate Revenue Requirement**	**28.62**	**29.07**	**(0.45)**	**-**	**(0.45)**

2.3 Revenue Gap/(Surplus) for FY 2019-20

The Table below summarizes the proposed ARR claimed by GIFT PCL for Truing up.

Table 2-2: Trued-up ARR as claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Legend	Claimed
1	**ARR as per the MYT Tariff Order for FY 2019-20**	**a**	**28.62**
2	Add: Gain/(Loss) on account of Controllable factor to be passed on to the consumers (1/3)	b	-
3	Add: Gain/(Loss) on account of Un-Controllable factor to be passed on to the consumers	c	(0.45)
4	**Pass through as tariff**	**d = - (1/3 b + c)**	**0.45**
5	**Trued-up ARR**	**e = a + d**	**29.07**
6	Revenue from Sale of Power	f	16.22
7	**Net Revenue Gap / (Surplus)**	**g = e - f**	**12.85**

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2021-22

GIFT PCL has also sought approval for Aggregate Revenue Requirement for FY 2021-22 as per the GERC (MYT) Regulations, 2016 in line with the Commission's direction issued vide Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020. GIFT PCL has submitted the revenue requirement as under:

Table 2-3: Proposed ARR for FY 2021-22

(Rs. Crore)

Particulars	FY 2021-22
Power Purchase Expenses	13.35
O&M Expenses	3.99
Depreciation	6.22
Interest and Finance Charges	4.10
Interest on Security Deposits	0.37
Interest on Working Capital	-
Return on Equity	5.11
Contribution to Contingency Reserves	0.83
Income Tax	-
Less: Non-tariff Income	0.53
ARR	**33.44**

2.5 Estimated Revenue Gap / (Surplus) for FY 2021-22

Based on the estimated ARR for FY 2021-22 given in the Table 2-3 above and the estimated revenue at the existing tariff, the estimated Revenue Gap for FY 2021-22 at existing tariff is shown in the following Table.

Table 2-4: Revenue Gap / (Surplus) for FY 2021-22 (Existing Tariff)

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	ARR for FY 2021-22 [a]	33.44
2	Revenue from Existing Tariff for FY 2021-22 [b]	22.21
3	Revenue Gap / (Surplus) in FY 2021-22 [c=(a-b)]	**11.23**

GIFT PCL has also calculated the Revenue Gap for FY 2019-20 as Rs 12.85 Crores.

The Petitioner has requested the Commission to consider the Revenue Gap of FY 2019-20 for recover in FY 2021-22 The Petitioner has requested to introduce appropriate regulatory charge for recovering of past gap. This charge will help to recover its legitimate dues of recovering past losses in ensuring years.

2.6 GIFT PCL's Prayers to the Commission

1. To condone the delay, if any, occur in filing of the present petition.
2. Admit the Petition for True-up for FY 2019-20, Aggregate Revenue Requirement for FY 2021-22 and tariff determination for FY 2021-22.
3. Approve the cumulative gap / surplus as requested after true-up for FY 2019-20.
4. Approve introduction of appropriate regulatory charges to recover the past losses.
5. Approve the aggregate revenue requirement for FY 2021-22.
6. Approve base FPPPA and base power purchase cost as proposed by the Petitioner.
7. Approve Wheeling ARR and corresponding charges for wheeling of power.
8. Approve Cross Subsidy Surcharges, if any.

9. Approve Tariff Schedule as proposed by the Petitioner.
10. Allow additions/ alterations/ changes modifications to the application at a future date.
11. Allow any other relief, order or direction, which the Hon’ble Commission deems fit to be issued.
12. Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date.

3 Truing up for FY 2019-20

3.1 Introduction

This Chapter deals with the Truing up for FY 2019-20 of GIFT PCL.

Each of the components of the Aggregate Revenue Requirement (ARR) for FY 2019-20 is analysed in the following paragraphs.

3.2 Energy Sales

Petitioner's submission

The Petitioner has submitted that the actual energy sales for FY 2019-20 are 21.53 MUs, as against the sales of 32.01 MUs approved in the Tariff Order dated 31st July, 2019. GIFT PCL has submitted the actual energy sales for FY 2019-20 as shown in the Table below.

Table 3-1: Energy Sales claimed for FY 2019-20

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed
RGP	0.38	0.14
Non-RGP	1.96	1.09
LTMD	14.04	2.70
GLP	0.31	0.17
Streetlight (SL)	0.58	0.43
Temporary	1.69	0.89
HTP-I	12.51	15.81
HTP-III	0.54	0.29
Total	**32.01**	**21.53**

GIFT PCL has submitted that the deviation in energy sales is mainly because of variation in customer demand. Due to overall economic slowdown, the growth in the demand and sales was lower than what was projected. The variation in HTP-III and LT category of consumer is because of closing of operations.

Analysis

The details of sale of energy as submitted in the monthly return under Form A specified in Rule 6 (1) (A) filed by the Petitioner with the office of Chief Electrical Inspector and Collector of Electricity Duty is verified and accordingly, the energy sales for FY 2019-20 are approved as shown below.

Table 3-2: Energy Sales approved for FY 2019-20

(MUs)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Energy Sales	32.01	21.53	21.53

Accordingly, Energy Sales of 21.53 MUs is approved on Truing up of FY 2019-20.

3.3 Distribution Losses

Petitioner's submission

The Petitioner has created basic infrastructure to provide power connectivity to its customers in SEZ and Non-SEZ area which is spread over a land parcel of 886 acres. The Petitioner has considered N-1 network redundancy at all level for higher power reliability and availability to end consumers in the Distribution License Area.

The Petitioner restated that in anticipation of future load growth and state of art service benchmark, GIFT PCL has installed the transformer and related distribution infrastructure of desired capacity at the outset. As a result, the transformer and distribution asset remain under-loaded in initial phase leading to higher distribution losses. However, with gradual increase in load, the distribution loss level is also decreased correspondingly. In view of above, the petitioner requests the Commission to approve distribution Losses of 3.21% as per the actual data for FY 2019-20.

In FY 2019-20, the actual Distribution Losses were at 3.21% against approved Distribution Losses of 5.50% approved by the Commission. GIFT PCL has submitted the actual Distribution Losses for FY 2019-20 as shown in the Table below.

Table 3-3: Distribution Losses claimed for FY 2019-20

(%)

Particulars	Approved in the MYT Order	Actual Claimed
Distribution Losses	5.50%	3.21%

The Commission has classified Distribution loss as controllable as per Regulation 22.2 (c) of the GERC (MYT) Regulations, 2016.

GIFT PCL has submitted that it considers Distribution Losses as uncontrollable as per the judgement given in the Order of TPL-D (D) for the purpose of true-up of FY 2018-19 and for determination of tariff for its distribution business at Dahej for FY 2020-21 (Case No 1846 of 2019). The relevant extract of the Order is reproduced below:

> *"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."*

Accordingly, GIFT PCL has requested the Commission to treat Distribution Losses as uncontrollable.

Analysis

Noted the submission of the Petitioner regarding the underloading of the distribution assets due to lower consumer demand as compared to the anticipated demand. Considering that the distribution network in the licence area of GIFT PCL is yet to be fully established and the consumer load is also yet to be stabilized, the actual Distribution Losses of GIFT PCL are considered as uncontrollable in line with the submission of GIFT PCL. Accordingly, the distribution losses approved on truing up of FY 2019-20 are given in the Table below:

Table 3-4: Distribution Losses approved for FY 2019-20

(%)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Distribution Losses	5.50%	3.21%	3.21%

Accordingly, Distribution Losses of 3.21% is approved on Truing up of FY 2019-20.

3.4 Energy Requirement

Petitioner's submission

GIFT PCL has computed the Energy Requirement based on actual Energy sales and actual Distribution Losses.

Table 3-5: Energy Requirement claimed for FY 2019-20

(MUs)

Particulars	Approved in the MYT Order	Actual Claimed
Energy Sales	32.01	21.53
Distribution Losses (%)	5.50%	3.21%
Distribution Losses	1.86	0.71
Total Energy Requirement	**33.87**	**22.24**

Analysis

Distribution Losses at 3.21% and the energy sales of 21.53 Mus are approved in the preceding sections of this Order. Considering the same, the Energy Requirement after factoring in Transmission Losses as Nil for FY 2019-20 based on actuals is calculated as given in the Table below:

Table 3-6: Energy Requirement approved for FY 2019-20

(MUs)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Energy Sales	32.01	21.53	21.53
Distribution Loss (%)	5.50%	3.21%	3.21%
Distribution Loss (MU)	1.86	0.71	0.71
Energy Requirement	**33.87**	**22.24**	**22.24**

Accordingly, total Energy Requirement of 22.24 MUs is approved on Truing up of FY 2019-20.

3.5 Power Purchase Cost

Petitioner's submission

The actual power purchase for FY 2019-20 is compared with the power purchase approved by the Commission in the MYT Order.

As per energy balance the actual energy procurement was 22.24 MU for FY 2019-20 which is shown in Table below:

Table 3-7: Power Purchase Quantum claimed for FY 2019-20

(MU)

Particulars	Approved in the MYT Order	Actual Claimed
PTC India Ltd / ONGC	25.64	10.68
UGVCL	3.39	2.74
Solar	1.86	-
Non-solar	2.98	-
Power exchange - IEX	-	9.92
UI DSM	-	0.90
Net Power purchase cost	**33.87**	**22.24**

The actual source wise purchase cost is shown below:

Table 3-8: Power Purchase Cost claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
PTC India Ltd / ONGC	10.26	4.01
UGVCL	2.90	2.59
Solar	0.5	-
Non-solar	0.73	-
Power exchange - IEX	-	3.04
UI DSM	-	0.27
PTC charges	-	0.44
Net Power purchase cost	**14.39**	**10.35**

The petitioner has procured most of its power requirement from ONGC (bilateral through PTC) by availing Medium Term Open Access (MTOA) and power exchange, through the trader. The Petitioner has submitted the following justifications for the power purchase cost incurred:

- The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year, which is Uncontrollable.
- Procurement from UGVCL as HTP-I (consumer) was continued up to 9th May 2019. From 10th May 2019 onwards, the Petitioner procured power as distribution licensee through open access. The PPA executed with UGVCL was terminated on 9th November 2019. Even though the drawal from UGVCL was minimal, the Petitioner paid fixed demand charges of Rs 15.75 lakh per month as per PPA. In view of better availability from open market sources, the PPA was not renewed by the Petitioner.
- Under MTOA arrangement, the Petitioner has purchased 1.5 MW RTC power from ONGC, Ankleshwar through PTC. The landed cost after considering the transmission charges paid to GETCO and SLDC charges was Rs 3.75/unit. The PPA was valid for 1 year (May 2019 to April 2020).
- The Petitioner has procured significant amount of power through power exchange in short term. The Petitioner has purchased power on 15-min time slot basis in Day Ahead Markets (DAM) and tried to optimise the cost. The average landed cost of power purchased through exchange was Rs 3.83 per unit.

GIFT PCL has procured some quantum from UGVCL as HT consumer, hence, RPO was not applicable for the same quantum. RPO was applicable on remaining quantum of electricity procured from the trader through open access under MTOA / UGVCL PPA route / IEX. The solar as well as non-solar RPO obligation was met to the tune 1,33,942 units. GIFT PCL has sought for revision in RPO target to cumulatively meet the remaining units in FY 2021-22.

Analysis

The power purchase cost in detail in terms of various sources of power, energy units procured and source-wise cost is analysed. The Certified Audited Annual Accounts along with power purchase bills are reviewed and verified the Power Purchase Quantum and Power Purchase Cost.

The Petitioner has procured most of its electricity requirement from ONGC (bilateral through PTC) by availing Medium Term Open Access (MTOA) and power exchange, through the trader. Part of the remaining power requirement was met from UGVCL and remaining was through the UI pool. Till 9th May, 2019, the power from UGVCL was procured by GIFT PCL as HTP-I consumer and from 10th May 2019 onwards till 9th November, 2019 the power was procured under the PPA signed between the two parties.

As per the terms of the PPA, the power from UGVCL was procured at fixed charges of Rs. 350 per kW for a contracted demand of 4500 kW and energy charges of Rs. 4.55/kWh. Considering the cost, GIFT PCL has only procured very limited amount of power from UGVCL, however, it had to bear the burden of Rs. 15.75 Lacs per months on account of the fixed charges till 9th November, 2019 i.e. when the PPA was terminated. This has led to a very high per unit cost of power procurement from UGVCL (Rs. 9.44 /kWh on an average). On account of this, while in terms of energy procured, UGVCL (both as HTP-I consumer and under PPA arrangement) accounts for around 12.33% of the total power purchased from various sources by GIFT PCL, however, in terms of the contribution of UGVCL in the overall cost of power procurement, it amounts to 25.02% which is significantly high. It is not clear why GIFT PCL continue with the contractual arrangement with UGVCL till November 2019 when it was already sourcing majority of the power from other sources.

Further, it is also observed that the landed cost of power procurement from ONGC (bilateral through PTC) is Rs. 3.76/kWh and the landed cost of power procurement through power exchange (IEX) is Rs. 3.84/kWh. The contribution of the power procurement through the power exchange is also 36% (as compared to 48% from ONGC) in the overall power procurement quantum which is significantly high.

Considering that the cost of power procurement was lower in case of ONGC, it is approved.

GIFT has also considered PTC Charges of Rs. 0.44 Crores which amount to almost 6.24% of the total cost of power procurement through ONGC and power exchange. The Commission has sought details of the PTC charges. GIFT PLC in its reply dated 1st April, 2021 has submitted Letter of Appointment for “Consultancy Services for Managing Power Portfolio of GIFT Power Company Limited”. It is observed that contract price of Rs. 0.44 Crore claimed by GIFT PCL comprises of two parts i.e. Fixed Fees of Rs. 0.37 Crore (Rs. 0.31 Crore plus GST) and variable Fees of Rs. 0.07 Crore (15.56 MU power purchase @ Rs. 0.04 / kWh plus GST). It is important to note that effective outsourcing cost for purchase of 15.56 MU works out to Rs. 0.28 / kWh which is exorbitantly high. It is observed that GIFT PCL has booked and claimed consultancy/ outsourcing cost of Rs. 0.37 Crore (Fixed Fees) as part of power purchase which should have been booked and claimed as part of O&M Expenses (A&G Expenses). Hence, Rs. 0.37 Crore is disallowed as part of power purchase cost and will be approved as part of O&M expenses subject to prudence check. Variable Trading margin of Rs. 0.07 Crore incurred by GIFT PCL is allowed as part of power purchase cost. GIFT PCL should avoid booking and claiming outsourcing cost in incorrect expense head.

Considering the above, it is observed that GIFT PCL could have optimised its overall power purchase cost by appropriately contracting power from various sources both in terms of the rate of power purchase and the quantum. GIFT PCL needs to take cognisance of this aspect while contracting power in the future to avoid passing on additional burden on the consumers.

Further, as regards fulfilling its RPO obligations, it is noted that GIFT PCL has procured some of the electricity quantum from UGVCL as an HT consumer, and hence RPO was not applicable for this quantum procured from UGVCL. Accordingly, RPO was applicable only on all the other power purchase excluding the purchase from UGVCL as a HTP-I category consumer. The solar as well as non-solar power is procured from electricity generated from solar roof top project installed by the Petitioner.

The approved sources of power purchase and energy units procured are as presented below:

Table 3-9: Power Purchase Quantum approved for FY 2019-20

(MUs)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
PTC India Ltd / ONGC	25.64	10.68	10.68
UGVCL	3.39	2.74	2.74
Solar	1.86	-	-
Non-Solar	2.98	-	-
Power Exchange - IEX	-	7.92	7.92
UI DSM	-	0.90	0.90
Total	**33.87**	**22.24**	**22.24**

The power purchase cost as approved is presented below.

Table 3-10: Power Purchase Cost approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
PTC India Ltd / ONGC	10.26	4.01	4.01
UGVCL	2.90	2.59	2.59
Solar	0.50	-	-
Non-Solar	0.73	-	-
Power Exchange - IEX	-	3.04	3.04
UI DSM	-	0.27	0.27
PTC Charges	-	0.44	0.07
Net Power Purchase Cost	**14.38**	**10.35**	**9.98**

Accordingly, total Power Purchase Cost of Rs. 9.98 Crore is approved on Truing up of FY 2019-20.

Considering the approved power purchase cost of Rs. 9.98 Crore for the approved energy procurement of 22.24 MUs, the per unit power purchase cost works out to Rs. 4.49/kWh as against Rs. 4.25/kWh approved during the MYT Order.

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

Table 3-11: Gains / (Losses) on account of Power Purchase Cost for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase Cost	14.38	9.98	4.40	-	4.40

3.6 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

GIFT PCL in its Petition submitted that it has incurred gross capital expenditure of Rs 3.64 Crore against the approved capital expenditure of Rs. 11.04 Crore for FY 2019-20 as per the Tariff Order dated 31 July, 2019. GIFT PCL has further stated that it has capitalized Rs. 11.53 Crore against approved capitalization of Rs. 11.04 Crore.

GIFT PCL has submitted that it is operating in new Green field project of developing the smart city for Financial and IT-ITES Services. Development of buildings and occupancy inside building is dependent on market scenario. Development rights for developing floor space of commercial, residential and social nature are already allotted to many developers. Details of development of allotted, under progress and completed projects are also submitted by GIFT PCL in the Petition. GIFT PCL has to develop the power infrastructure so that the system is ready in this developing SEZ, because of which they incur huge capital expenditure.

GIFT PCL has been mandated to develop power network up to the building as per schedule fixed with every building developer. Developers are providing timeline for completion of the building so to match the timeline of network development and GIFT PCL is also awarding contracts for development of power network accordingly. Projection of timeline of building sometimes gets delayed and sometimes gets completed early, based on project requirements. GIFT PCL develops power network to facilitate as per initial schedule discussed with developers of the buildings. Power load development depends on occupancy inside the building which in turn depends on market scenario, which is uncontrollable. Accordingly, this situation leads towards sub-optimal utilization of network capacity. The present status of developed floor space, projected power demand, year of completion of building, actual developed power demand is also submitted by GIFT PCL in its Petition.

It is also submitted that power infrastructure is ready for providing power for existing and ongoing projects at substation level. Only last mile connectivity of buildings is required in the forthcoming years.

The actual SLC received from the customers is Rs. 2.14 Crore, against the approved SLC of Rs. 0.08 Crore. The following details have been submitted in respect of the capital expenditure incurred during FY 2019-20.

Table 3-12: Capitalization claimed for FY 2019-20

(Rs. Crores)

Particulars	Approved in the MYT Order	Actual claimed
Opening GFA	78.35	102.57
Opening CWIP		34.81
Capital expenditure during the year	11.04	3.64
Capitalization	11.04	11.53
Less: SLC Addition	0.08	2.14
Balance Capitalization during the year	10.96	9.40
Closing GFA	89.39	111.96
Closing CWIP		26.92
Normative Debt (70%)	7.67	6.58
Normative Equity (30%)	3.29	2.82

Analysis

It is observed that the Petitioner has claimed capitalizaion of Rs. 11.53 Crore, as against Rs.11.04 Crore approved by the Commission in the MYT Order dated 31st July, 2019. The actual capitalisation of Rs. 11.53 Crore incurred by the Petitioner during FY 2019-20 is verified from the Audited Annual Accounts.

Further, Rs. 2.14 Crore is considered as SLC contribution for FY 2019-20 which was also verified from the Audited Annual Accounts. The Closing GFA of FY 2018-19 as per the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020, is considered as the opening GFA of FY 2019-20.

Funding of capitalisation in the normative Debt: Equity ratio of 70:30 is approved, as specified in the GERC (MYT) Regulations, 2016.

On a query from the Commission regarding increase in capitalization for FY 2019-20, the Petitioner submitted in its reply that the higher capitalization claimed by the Petitioner is on account of the IDC incurred for 33 kV switching panel project. The Petitioner has also submitted the work completion certificates along with Petition. Therefore, considering Rs. 11.53 Crore of capitalisation in the year and after accounting for the SLC contribution of Rs. 2.14 Crore received during FY 2019-20, a net Capitalisation of Rs. 9.40 Crore is arrived at as shown in the Table below:

Table 3-13: Capitalisation details arrived at for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Opening GFA	78.35	102.57	15.71
Net Addition to GFA	11.04	11.53	11.53
Closing GFA	89.39	111.96	25.10
Less: SLC	0.08	2.14	2.14
Balance Capitalization to be funded through debt and equity	10.96	9.40	9.40
Normative Debt (70%)	**7.67**	**6.58**	**6.58**
Normative Equity (30%)	**3.29**	**2.82**	**2.82**

Thus, the Net Capitalization of Rs. 9.40 Crore is approved on Truing up of FY 2019-20.

3.7 Operation & Maintenance Expenses

Petitioner's submission

The Operations and Maintenance Expenses comprises of Employee Expenses, Administration & General Expenses and Repairs and Maintenance Expenses. The actual Operations and Maintenance Expenses incurred by GIFT PCL are given in the Table below:

Table 3-14: Operation and Maintenance Expenses claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Employee Expenses	1.36	1.55
R&M Expenses	0.29	1.42
A&G Expenses	0.23	0.59
Operation and Maintenance Expenses	**1.89**	**3.57**

GIFT PCL has submitted the following reasons for the variation in O&M Expenses as compared to the approved O&M Expenses:

1. Actual employee cost for FY 2019-20 of Rs. 1.55 crore is lesser than proposed cost of Rs. 1.88 crore. This was due to the fact that only expenses of employee fully associated with operation and maintenance was considered as expense, rest cost was capitalised considering the capitalization of project cost. These employees are mainly for supervisory control only; rest services are outsourced by national competitive bidding method. So major employee cost was capitalised considering the actual quantum of capitalisation in FY 2017-18 and FY 2018-19. However, in FY 2019-20, employee expenses have increased at reasonable level compared to total employee expense, without any major change in employee structure. The increase is reasonable and can be considered as nominal annual increment only. As project construction related work was minimal, all employees were involved in distribution related work only.
2. R&M Expenses increased to Rs 1.42 crores as against approved Expenses of Rs 0.66 crores. This is mainly because of awarded contract of outsourced manpower for maintenance service (24X7), AMC of all equipment, and routine testing of all protection system and equipment. Work Order is awarded by competitive bidding mode and on the basis of L1 selection criterion so services are obtained at best market prices.
3. Main factor of increase in A&G Expenses is Expenses of appointment of consultant for tariff Petition and its fees of Rs 0.15 crores.

GIFT PCL has submitted that it has considered O&M Expenses as uncontrollable as per the judgement given in the Order of TPL-D (D) for the purpose of true-up of FY 2018-19 and for determination of tariff for its distribution business at Dahej for FY 2020-21 (Case No 1846 of 2019). The relevant extract of the Order is reproduced below:

"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 09th 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."

GIFT PCL has submitted that the variation in O&M expense is normally to be treated as controllable but in view of the above, the variation needs to be treated as uncontrollable.

Accordingly, GIFT PCL has requested the Commission to treat O&M Expenses as uncontrollable.

Analysis

O&M Expenses comprises Employee Expenses, Repairs and Maintenance Expenses and Administrative and General Expenses. It is noted that GIFT PCL has adopted practise of outsourcing all the business activities such as power portfolio management, maintenance service (24X7), AMC of all equipment, routine testing of all protection system and equipment, regulatory consultancy services etc. Their employee cost is mainly for supervisory work only. The O&M Expenses from the Audited Annual Accounts is varified and found it to be same as claimed by the Petitioner.

In the MYT Order dated 31st July, 2019, the Commission has projected O&M Expenses for FY 2019-20 as per Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016.

It is noted that GIFT PCL has claimed Rs. 3.57 Crore as O&M expenses for FY 2019-20. Over and above this, outsourcing cost of Rs. 0.37 Crore paid to PTC also form part of O&M expenses and hence total O&M expense approved works out to Rs. 3.94 Crore as shown in the Table below:

Table 3-15: Operation and Maintenance Expenses approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Operation and Maintenance Expenses	1.89	3.57	3.94

Accordingly, O&M Expenses of Rs. 3.94 Crore are approved on Truing up of FY 2019-20.

In line with the submission of the Petitioner, variation in O&M expenses is considered as uncontrollable. Accordingly, approved the Gains / (Losses) are as shown in the Table below:

Table 3-16: Gains / (Losses) on account of O&M Expenses for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
O&M Expenses	1.89	3.94	(2.05)	-	(2.05)

3.8 Depreciation

Petitioner's submission

GIFT PCL has submitted the following details related to fixed assets and depreciation for the purpose of Truing up for FY 2019-20.

Table 3-17: Depreciation claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Opening GFA	78.35	102.57
Addition	11.04	9.40
Closing GFA	89.39	111.96
Average GFA	83.87	107.27
Depreciation	**4.03**	**5.46**

GIFT PCL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the GERC (MYT) Regulations, 2016. The Depreciation rates considered are also as per the GERC (MYT) Regulations, 2016.

The Petitioner has considered the depreciation based on gross fixed asset at the starting of FY 2019-20 and additional capitalisation during the year. Considering the average of opening and closing value of asset, the depreciation of the Gross Fixed Assets based on above works out as Rs. 5.46 crore for FY 2019-20. The Petitioner has requested to consider the variation in Depreciation as uncontrollable as per the GERC (MYT) Regulations, 2016.

Analysis

The Closing GFA of FY 2018-19 as per the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020, is considered as the opening GFA of FY 2019-20.

The capitalisation for FY 2019-20 is arrived at as elaborated in the earlier section. Actual weightage rate of 5.16% (as per Annual Audited Accounts of GIFT PCL) is considered and accordingly the depreciation is calculated as shown below:

Table 3-18: Depreciation approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Depreciation	**4.03**	**5.46**	**1.05**

Accordingly, depreciation of Rs. 1.05 Crore is approved for the purpose of Truing up of FY 2019-20.

Variations in Depreciation is considered as uncontrollable as per the GERC (MYT) Regulations, 2016. Accordingly, the Gains / (Losses) are calculated as shown in the Table below:

Table 3-19: Gains / (Losses) on account of Depreciation for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	4.03	1.05	2.97	-	2.97

3.9 Interest and Finance Charges

Petitioner's submission

GIFT PCL has submitted that it has calculated the interest expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. It is further submitted that it has availed a term loan and has paid the interest amount to the bank at weighted average interest rate of 8.84% during FY 2019-20.

GIFT PCL has submitted the following details in respect of interest and finance charges. The Petitioner requests the Commission to treat the variation in Interest and Finance Charges as uncontrollable.

Table 3-20: Interest and Finance Charges claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Interest on normative loan		
Opening loans	59.35	59.43
Less: Reduction of Normative Loan due to retirement or replacement of assets	-	-
Addition	7.67	6.58
Less: Repayment	4.03	5.46
Closing loan	63.00	60.55
Average loan	61.17	59.99
Rate of interest (%)	9.05%	8.84%
Interest on normative loan	**5.54**	**5.30**

Analysis

The opening balance of loan for FY 2019-20 has been considered to be same as the closing GFA for FY 2018-19 as approved in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020. The loan addition has been considered in line with the normative loan addition approved in the discussion on capitalization in Table 3-13 of this Order. The repayment has been equated to depreciation approved for the year FY 2019-20 in Table 3-18 of this Order.

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 Licensee shall be considered as the rate of interest.

Accordingly, the Commission has sought information regarding the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted in its response to the data gaps. The Petitioner submitted that the loan is taken by GIFT CL (Parent company of GIFT PCL) on as and when required basis for all the assets. The Commission has verified the Rate of Interest of 8.84% as claimed by the Petitioner for the actual loan portfolio submitted for FY 2019-20 and found it to be incorrect. The Rate of Interest for FY 2019-20 as per the documentary evidence submitted by the Petitioner is 8.91% and the the same is considered for calculation of the interest on loan.

Based on the foregoing analysis, the Interest & Finance Charges calculated as shown in the Table below:

Table 3-21: Interest and Finance Charges approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Interest on Normative Loan			
Opening Loan	59.35	71.80	5.56
Cumulative Depreciation (principal repayment)	-	12.37	-
Addition of Loan due to Capitalisation during the Year	7.67	6.58	6.58
Less: Repayment	4.03	5.46	1.05
Closing Loan	63.00	60.55	11.09
Average Loan	61.17	59.99	8.33
Rate of Interest (%)	9.05%	8.84%	8.91%
Interest Expenses	**5.54**	**5.30**	**0.74**

Accordingly, Interest and Finance Charges at Rs. 0.74 Crore are approved on Truing up of FY 2019-20.

Variations in Interest Expenses is considered as uncontrollable as per the GERC (MYT) Regulations, 2016. Accordingly, the Gains / (Losses) are approved as shown in the Table below:

Table 3-22: Gains / (Losses) on account of Interest and Finance Charges for FY 2019-20

(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 & Finance Charges	5.54	0.74	4.80	-	4.80

3.10 Interest on Working Capital

Petitioner's submission

GIFT PCL has submitted the following details regarding Interest on Working Capital.

Table 3-23: Interest on Working claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Working Capital Requirement		
O&M Expenses	0.16	0.30
Spares at 1% of GFA	0.78	1.09
Receivables	2.39	1.12
Sub-total	**3.33**	**2.51**
Less: Security Deposit	5.61	5.90
Normative Working Capital	-	-
Interest Rate (%)	-	-
Interest on Working Capital	-	-

As per the GERC (MYT) Regulations, 2016 the working capital computed is Rs 2.51 crores and the amount of consumer security deposits is Rs 5.90 works and thereby the net working capital requirement works out to be Nil.

Analysis

The Working Capital Requirement reviewed considering the component wise values approved in preceding sections. The average security deposit as submitted by GIFT PCL verified from the Audited Annual Account and found it to be incorrect. The average security deposit, based on the information available in the Audited Annual Accounts, considered is Rs. 5.67 Crore.

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.16% prevailing during the financial year 2019-20 plus 250 basis points. Accordingly, the rate of interest on working capital is worked out to 10.66%.

The net Working Capital Requirement works out to be Nil and hence Nil interest on working capital is considered.

Table 3-24: Interest on Working Capital approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Working Capital Requirement			
O&M Expenses	0.16	0.30	0.33
Maintenance Spares	0.78	1.09	0.16
Receivables	2.39	1.12	1.35
Working Capital Requirement	**3.33**	**2.51**	**1.84**
Less: Average Security Deposit	5.61	5.90	5.67
Total Working Capital	**-**		
Interest Rate (%)	10.65%		10.66%
Interest on Working Capital	**-**	**-**	**-**

Accordingly, NIL Working Capital is approved on Truing up of FY 2019-20.

3.11 Interest on Security Deposit

Petitioner's submission

GIFT PCL has submitted that the consumer whose amount of security exceeds Rs. 25 Lakhs, at his option, furnish the security deposit in the form of irrevocable bank guarantee initially valid for a period of 2 years as per the GERC (Security Deposit) (Second Amendment) Regulation 2015.

The amount of interest on security deposit was paid to the consumers at bank rate applicable on 01.04.2019 as per the Table below:

Table 3-25: Interest on Security Deposit claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Security Deposit	5.61	5.90
Interest on Security Deposit	0.35	0.32

The Petitioner requested the Commission to treat the variation in interest on security deposit as compared to approved expenses as uncontrollable.

Analysis

The opening and closing values of security deposit i.e. Rs. 5.43 Crore and Rs. 5.90 Crore respectively verified from the Audited Annual Accounts, leading to an average deposit value of Rs. 5.67 Crore during FY 2019-20. It is also verified from the Audited Annual Accounts that the interest paid on Security Deposit is Rs.0.32 Crore. Accordingly, the same is approved as per the following Table:

Table 3-26: Interest on Security Deposit approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Average Security Deposit	5.61	5.90	5.67
Interest on Security Deposit	**0.35**	**0.32**	**0.32**

Accordingly, Interest on Security Deposit at Rs. 0.32 Crore on Truing up of FY 2019-20 is approved.

The factor which affects security deposit is the number of consumers. As per the GERC (MYT) Regulations, 2016 variation in the number of consumers is an Uncontrollable factor. Accordingly, the Gains / (Losses) are approved as shown in the Table below:

Table 3-27: Gains / (Losses) on account of Interest on Security Deposit for FY 2019-20

(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 Security Deposit	0.35	0.32	0.03	-	0.03

3.12 Return on Equity

Petitioner's submission

GIFT PCL has submitted the following details with regard to return on equity:

Table 3-28: Return on Equity claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Opening Equity	15.28	30.77
Addition	3.29	2.82
Closing Equity	18.57	33.59

Particulars	Approved in the MYT Order	Actual Claimed
Average Equity	16.92	32.18
RoE at 14%	**2.37**	**4.51**

GIFT PCL has submitted that the equity additions for FY 2019-20 have been determined based on the capitalisation during the year. The equity additions in the year have been considered as 30% of the amount of net capitalization during the year. The Return on equity has been computed by applying the rate of 14% on the average of the opening and closing balance of FY 2019-20 as per the GERC (MYT) Regulations, 2016.

Analysis

The opening equity for FY 2019-20 is considered the same as the closing equity for FY 2018-19 as approved in the Tariff Order for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020 and the addition to Equity for FY 2019-20 as per the details worked out in Table 3-13. Accordingly, the Return on Equity for FY 2019-20 is approved as shown below:

Table 3-29: Return on Equity approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Opening Equity	15.28	30.77	3.31
Addition to Equity	3.29	2.82	2.82
Closing Equity	18.57	33.59	6.13
Average Equity	16.92	32.18	4.72
RoE at 14%	**2.37**	**4.51**	**0.66**

Accordingly, Return on Equity at Rs. 0.66 Crore is approved on Truing up of FY 2019-20.

The Gains / (Losses) on account of Return on Equity on Truing-Up of FY 2019-20 are approved, as detailed in the Table below:

Table 3-30: Gains / (Losses) on account of Return on Equity for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	2.37	0.66	1.71	-	1.71

3.13 Income Tax

Petitioner's submission

GIFT PCL has submitted that it has paid no income tax for FY 2019-20. Accordingly, it has claimed Nil Income Tax for FY 2019-20 similar to that approved in Tariff Order dated 31 July, 2019.

Analysis

Income Tax on Truing up of FY 2019-20 is approved as Nil.

3.14 Contingency Reserve

Petitioner's submission

GIFT PCL has submitted that it has not contributed to the contingency reserve. The amount of contingency reserve claimed by the Petitioner is nil against Rs 0.39 Crore approved in Tariff Order dated 31 July, 2019.

Table 3-31: Contribution to Contingency Reserve claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Contribution to Contingency Reserves	0.39	-

Analysis

Contribution to Contingency Reserves for FY 2019-20 approved as NIL as per the submission by the Petitioner as shown below:

Table 3-32: Contribution to Contingency Reserve approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Contribution to contingency reserves	0.39	-	-

Accordingly, NIL Contribution to Contingency Reserves is approved on Truing up of FY 2019-20.

The Gains / (Losses) on account of Contribution to Contingency Reserves on Truing-Up of FY 2019-20 are approved, as detailed in the Table below:

Table 3-33: Gains / (Losses) on account of Contribution to Contingency Reserves for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Contribution to contingency reserves	0.39	-	0.39	-	0.39

3.15 Non-tariff income

Petitioner's submission

GIFT PCL has submitted that the actual Non-Tariff Income for FY 2019-20 is Rs 0.44 Crore against the Non-tariff income of Rs. 0.32 Crore as approved in the Tariff Order for FY 2019-20 dated 31 July, 2019.

Analysis

The Non-tariff income is verified from the Audited Annual Accounts and found the Non-Tariff Income for FY 2019-20 as Rs 0.44 Crore as shown in the Table Below:

Table 3-34: Non-tariff Income approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
Non Tariff Income	0.32	0.44	0.44

Accordingly, Non-tariff Income at Rs. 0.44 Crore is approved on Truing up of FY 2019-20.

Variation in the Non-Tariff Income is considered as an uncontrollable factor. The Gains / (Losses) on account of Non-tariff Income on Truing-Up of FY 2019-20 are calculated as detailed in the Table below:

Table 3-35: Gains / (Losses) on account of Non-tariff Income for FY 2019-20

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non Tariff income	0.32	0.44	(0.12)	-	(0.12)

3.16 Revenue from Sale of Power

Petitioner's submission

GIFT PCL has claimed a revenue of Rs. 16.22 Crore from sale of power to consumers in FY 2019-20.

Analysis

It is observed that the revenue from sale of power as per Audited Annual Accounts is Rs. 16.22 Crore.

Accordingly, Revenue of Rs. 16.22 Crore is approved from sale of power to consumers on Truing up of FY 2019-20.

3.17 Summary of Aggregate Revenue Requirement and sharing of Gains/ Losses

Petitioner's submission

GIFT PCL has submitted the comparison of various ARR components and computed the Gains / (Losses) due to Controllable and Uncontrollable factors as summarized below:

Table 3-36: ARR claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MYT Order	Actual Claimed	Difference	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	14.38	10.35	4.03	-	4.03
2	Operation & Maintenance Expenses	1.89	3.57	(1.68)	-	(1.68)
3	Depreciation	4.03	5.46	(1.43)	-	(1.43)
4	Interest & Finance Charges	5.54	5.30	0.24	-	0.24
5	Interest on Security Deposit	0.35	0.32	(0.03)	-	(0.03)
6	Interest on Working Capital	-	-	-	-	-
7	Bad Debts Written Off	-	-	-	-	-
8	Contribution to Contingency Reserves	0.39	-	0.39	-	0.39
9	Return on Equity	2.37	4.51	(2.14)	-	(2.14)
10	Income Tax	-	-	-	-	-
12	Less: Non-Tariff Income	0.32	0.44	(0.12)	-	(0.12)
13	**Aggregate Revenue Requirement**	**28.62**	**29.07**	**(0.45)**	**-**	**(0.45)**

Following is the summary of trued-up ARR for FY 2019-20 to be recovered by GIFT PCL after incorporation of sharing of Gains / (Losses).

Table 3-37: Trued up ARR claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Claimed
1	**ARR as per the MYT Order for FY 2019-20 (A)**	**28.62**
2	Add: Losses on account of Controllable factors to be passed on to the consumers (1/3) (B)	-
3	Add: Losses on account of Un-Controllable factors to be passed on to the consumers (C)	0.45
4	**Trued-up ARR for FY 2019-20, D= (A+B+C)**	**29.07**

Analysis

The sharing of Gains and Losses for FY 2019-20 based on the Truing up for each of the components of the ARR are calculated as discussed in the preceding paragraphs and the same is summarised in the Table below:

Table 3-38: Approved ARR along with impact of Controllable/ Uncontrollable Factors for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up	Deviation	Controllable (Gain/(Loss)	Uncontrollable (Gain/(Loss)
1	Power Purchase Expenses	14.38	10.35	9.98	4.40	-	4.40
2	Operation & Maintenance Expenses	1.89	3.57	3.94	-2.05	-	-2.05
3	Depreciation	4.03	5.46	1.05	2.97	-	2.97
4	Interest & Finance charges	5.54	5.30	0.74	4.80	-	4.80
5	Interest on Security Deposit	0.35	0.32	0.32	0.03	-	0.03
6	Interest on Working Capital	-	-	-	-	-	-
7	Contribution to Contingency Reserves	0.39	-	-	0.39	-	0.39
8	**Total Revenue expenditure**	**26.57**	**25.00**	**16.04**	**10.54**	-	**10.54**
9	Return on Equity Capital	2.37	4.51	0.66	1.71	-	1.71
10	Income Tax	-	-	-	-	-	-
11	**Aggregate Revenue Requirement**	**28.94**	**29.51**	**16.70**	**12.24**	-	**12.24**
12	Less: Non-Tariff Income	0.32	0.44	0.44	(0.12)	-	(0.12)
13	**Aggregate Revenue Requirement**	**28.62**	**29.07**	**16.26**	**12.36**	-	**12.36**

Summary of trued up ARR for FY 2019-20 to be recovered by GIFT PCL after incorporation of sharing of Gains/ Losses is as detailed in the Table below:

Table 3-39: Trued up ARR approved for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Approved in Truing up
A	Approved as per the MYT Order (A)	28.62
B	Less: Gain on account of controllable factor to be passed on to the consumers (1/3) (B)	-
C	Less: Gain on account of Un-controllable factor to be passed on to the consumers (C)	12.36
D	**Trued-up ARR for trued up of FY 2019-20, D= (A-B-C)**	**16.26**

3.18 Net Revenue Gap / (Surplus)

Petitioner's submission

The Petitioner has requested to consider the gain /loss in case of distribution losses and O&M charges as uncontrollable. GIFT PCL has submitted that as per the proviso of Regulations 22.1, some uncontrollable factors, which are not specifically mentioned, can be included as uncontrollable factor after requests made by the Applicant. The relevant provisions are given below:

"Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any financial year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such financial year."

Accordingly, the Petitioner requested the Commission to treat the variation as uncontrollable and approve the true-up amount. The revised ARR after considering the pass-through expenses is given below. Further, the actual revenue from sale of power has been considered to work out the gap / (surplus) at the end of FY 2019-20. The details of true-up for FY 2019-20, after gain / losses, and the net revenue gap / (surplus) after considering the revenue from sale of power is given below:

Table 3-40: Net revenue gap/(surplus) as claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Legend	Claimed
1	**ARR as per the MYT Tariff Order for FY 2019-20**	**a**	**28.62**
2	Add: Gain/Loss on account of Controllable factor to be passed on to the consumers (1/3)	b	-
3	Add: Gain/Loss on account of Un-Controllable factor to be passed on to the consumers	c	(0.45)
4	**Pass through as tariff**	**d=-(1/3b+c)**	**0.45**
5	**Trued-up ARR**	**e=a+d**	**29.07**
6	Revenue from Sale of Power	f	16.22
7	**Net Revenue Gap / (Surplus)**	**g=e-f**	**12.85**

Analysis

The Net Revenue Gap / (Surplus) approved for FY 2019-20 is given in the Table below:

Table 3-41: Net Revenue Gap / (Surplus) approved for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed	Approved in Truing up
1	Annual Revenue Requirement (Trued up)	29.07	16.26
2	Revenue from sale of Power	16.22	16.22
3	**Net Revenue Gap / (Surplus) (1-2)**	**12.85**	**0.04**

Accordingly the trued-up revenue gap Rs. 0.04 Crore is approved for FY 2019-20 against Rs. 12.85 Crore Gap claimed by GIFT PCL. This trued-up gap along with holding cost is considered for determination of tariff for FY 2021-22.

4 Determination of ARR for FY 2021-22

4.1 Introduction

This Chapter deals with the determination of ARR for FY 2021-22.

The Commission had issued Suo-Motu order on dated 22nd December, 2020 about applicability of the GERC (MYT) Regulations, 2016 for the determination of Annual ARR and determination of tariff for FY 2021-22.

GIFT has submitted that it has worked out estimated ARR for FY 2021-22 based on the GERC (MYT) Regulations, 2016 in line with the directions issued by the Commission vide Suo-Motu order No. 07 of 2020 published on dated 22nd December, 2020.

The present chapter covers the projected ARR of FY 2021-22 as submitted by GIFT PCL and the approach adopted for determination of the ARR for the FY 2021-22.

4.2 Energy Sales

Petitioner's submission

GIFT has submitted that sales forecast worked out according to demand projection as per actual sales in the past years and current market scenario in the SEZ area.

GIFT has submitted that the license area is being developed as financial / commercial hub by GIFT CL & GIFT SEZ. The Financial Services / Commercial Sector development is likely to take place gradually over a period. The SEZ and Non-SEZ Area is still in the development phase. GIFT Master Plan facilitates Multi Services SEZ with International Financial Service Centre (IFSC) status, approved by Government of India and Domestic Finance Centre and associated Social infrastructure. The total allotted built up area (BUA) is around 12.21 Mn Sq. ft. out of which 3.3 Mn Sq. ft. BUA is already completed while work is in progress in 2.32 Mn Sq. ft. area and around 6.59 Mn Sq. ft. area is in planning stage. The new Financial Services institutions/ Commercial Institutions and associated necessary infrastructure is likely to develop gradually based on overall economic conditions. Hence, it would be very difficult to project the demand and sales projections precisely, for the initial phase of development.

GIFT has considered the projections of existing constructed floor area with year-on-year trend of floor occupancy, new development of floor area allotted and applied for plan approval, under construction floor space and timeline for construction completion, estimated power requirements of existing and prospective consumers with reference to development plan, power demand and energy use ratio of preoccupied space, as per category of utilization and inputs from Developers for load projection about prospective clients, who can occupy the allotted area during FY 2020-21 and FY 2021-22. The sales projections for FY 2021-22 are as follow:

Table 4-1: Energy Sales projected for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition
HT & EHT Category	
HTP-I	23.25
HTP-III	0.31
Low Voltage Category	
LTMD	3.03
GLP	0.19
TEMP	1.01
Non-RGP	1.20
RGP	0.17
SL	0.47
Total	**29.64**

GIFT has submitted that the consumer category mainly served by the Petitioner belong to financial/commercial services providers including commercial bulk consumers of HTP-I category and Common utility services like DCS, WTP, AWCS etc. The consumer base of other categories would be relatively small.

Based on various projects is in progress, inputs collected from developer of SEZ and Non-SEZ area about prospective clients, details of plots allotted so far in SEZ and Non-

SEZ area, the projections for number of consumers have been worked out. The summery is as under:

Table 4-2: Projections of Consumer for FY 2021-22

Category	No. of consumers	sanctioned Load in kW	Contract Demand in KVA/MVA
HTP 1			
Up to 500 kVA of billing demand	20	-	5563
501-1000 kVA	3	-	2389
1001 -2500 kVA	0	-	-
Above 2500 kVA	1	-	2600
HTP 3	5	-	600
LT Category			
RGP	-	-	-
Others	-	-	-
Upto 2 kW	22	44	-
Above 2 kW - upto 4 kW	319	957	-
Above 4 kW - upto 6 kW	7	42	-
Above 6 kW	-	-	-
GLP	2	87	-
Non RGP			
First 10 kW of connected load	173	988	-
Next 30 kW of connected load	55	1150	-
LTMD			
For first 40 kW	12	310	-
Above 40 kW - upto 60 kW	19	1044	-
Above 60 kW-upto 100 kW	27	1831	-
			-
SL	12	128	-
TMP	65	1062	-
Total	**742**	**7643**	**11152**

Analysis

In response to Commission's query, the Petitioner has submitted the excel sheet of projections of Energy Sales for FY 2021-22. The Commission had also sought the justification on how Covid-19 pandemic has impacted the sales and how GIFT is expecting the sales would increase in FY 2021-22. The Petitioner has submitted that due to Covid-19 pandemic, energy sales have been impacted adversely in April and May 2020 as National lockdown was imposed. After relaxation from Government from June 2020, the energy sales have gradually increased. The actual energy sales for FY 2020-21 (Till January 2021) have been accounted at 17.10 MUs. It is expected that energy sales shall reach 20.50 Mus by 31st March, 2021. The actual energy sales for FY 2019-20 were 21.53 Mus. Accordingly, despite Covid-19 pandemic in FY 2020-21, the energy sales have almost been equivalent to FY 2019-20.

It is noted that the category-wise sales projected by the Petitioner for FY 2021-22. As energy sales are difficult to predict given that the SEZ is still under the development stage, it is viewed that the Licensee is in the best position to judge the sales growth, and hence, accepted the category-wise sales as projected by GIFT PCL, as shown in the Table below:

Table 4-3: Energy Sales approved for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition	Approved in this Order
Energy Sales	29.64	29.64

The energy sales of 29.64 MUs is approved for FY 2021-22.

4.3 Distribution Losses

Petitioner's submission

GIFT PCL has projected distribution losses of 3.21% for the FY 2021-22. GIFT PCL has submitted that it has created state of art power distribution network in SEZ and Non-SEZ area which is spread over an area of 886 acres. The Petitioner has considered n-1 network redundancy at all level for higher power reliability and availability to end consumers in the Distribution License Area.

In view of above, GIFT PCL has requested the Commission to allow projected distribution losses for FY 2021-22 as shown in below table:

Table 4-4: Projection of Distribution Losses projected for FY 2021-22

(%)

Particulars	GIFT PCL Petition
Distribution Losses	3.21%

Analysis

The Petitioner has considered the Distribution Losses of 3.21% for FY 2021-22. In response to the Commission's query regarding projecting the distribution losses of 3.21% for FY 2021-22 i.e. same as that achieved in FY 2019-20 despite sales expected to increase to 29.64 MUs and load is also projected to increase, the Petitioner has submitted that it has made the all possible efforts to reduce the system losses. The transformer losses get stagnant after achieving breakpoint because auxiliary losses are fixed at certain levels and the losses shall only decrease after substantial increase in energy sales. The sub-station yard loss (i.e. at 66 kV) hovers in between 1.90% to 2%. Due to increase in consumers which are located far away from sub-station (i.e. SEZ area), the cable route length for last mile connectivity consequently increases. Accordingly, the ideal distribution losses are in range of 1.3% to 1.5%. Hence, distribution losses remain in range of 3% to 3.5% range despite increase in sales.

The submissions of the Petitioner is noted. While the loss levels may be linked to the quantum of sales or optimal loading of the network, it should be the endeavour of the Petitioner to reduce the losses further from the existing levels especially considering that there are no commercial losses in the network. Accordingly, considering the foregoing, the Distribution Losses is approved as shown in the table below:

Table 4-5: Distribution Losses approved for FY 2021-22

(%)

Particulars	GIFT PCL Petition	Approved in this Order
Distribution Losses	3.21%	3.21%

The Distribution Losses of 3.21% is approved for FY 2021-22.

4.4 Energy Balance

Petitioner's submission

GIFT PCL has submitted that the projection of Energy Balance for the FY 2021-22 is based on the projection of consumer category wise sales and projected distribution losses.

GIFT PCL has proposed to meet the power requirements through medium term and short term sources. The medium-term power requirement (55%) will be met through PTC India Ltd and the short-term power requirements (41%) through power exchange by bidding in day ahead market (DAM) at India Energy Exchange (IEX) and the remaining small quantum is assumed to be available through UI / DSM.

GIFT PCL has further submitted that the renewable power requirement to meet the RPO is considered through solar energy generation from projects situated in the licensee area and balance from procuring RECs from the exchange.

Similarly, the entire non-solar RPO will be met through non-solar REC purchase only.

The estimated energy sales, losses and the resultant Energy Balance for the FY 2021-22 as projected by GIFT PCL are given below:

Table 4-6: Energy Requirement projected for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition
Energy Sales	29.64
Distribution Losses (%)	3.21%
Distribution Losses	0.98
Energy Requirement at the Periphery of GIFT PCL	**30.62**

Analysis

The submissions of the Petitioner is noted. The views on the proposed sources of power purchase have been outlined in the subsequent section relating to power purchase cost.

Based on the energy sales approved in Table 5-3 and the Distribution Losses approved in Table 5-5, the energy requirement computed for GIFT PCL for FY 2021-22, as given in the Table below:

Table 4-7: Energy Requirement approved for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition	Approved in this Order
Energy Sales	29.64	29.64
Distribution Loss (%)	3.21%	3.21%
Distribution Loss (MU)	0.98	0.98
Energy Requirement	30.62	30.62

4.5 Energy Availability and Power Purchase Cost

Petitioner's submission

GIFT PCL has projected power requirement to be procured for retail supply business during FY 2021-22. GIFT PCL has worked out the quantum of power procurement based on projected sale of power to its customers and projected Transmission and Distribution losses.

GIFT PCL has considered the source-wise energy procurement based on estimated sales during FY 2021-22. The total energy procurement would be around 30.62 MU for FY 2021-22 considering the distribution loss projected by the Petitioner. GIFT PCL has submitted that it has considered procurement of power through its MTOA and power exchange for FY 2021-22.

PTC India Ltd. will supply majority of power through MTOA (55%). The proposed capacity under MTOA is 2 MW. The energy injection at distribution periphery would be around 16.99 MU, after deducting the intra-state transmission loss. The rate of power purchase from PTC India Ltd is envisaged at approximately Rs. 3.75/ kWh, considering of the prevailing landed cost for FY 2021-22.

For short term sources, the Petitioner projects to source around 41% of power procurement from Power Exchange. Based on the rate discovered in DAM market, it has been assumed the purchase rate would be around Rs. 4.01 per unit for energy to be purchased from power exchange. This rate is considered for power available at distribution periphery after considering all the necessary charges. Remaining small quantum is assumed to be available through UI / DSM and rate is proposed at Rs. 3.00 per unit considering the trend of present UI/DSM rate of FY 2020-21.

Renewable Power Purchase Obligation (RPO)

The Petitioner submitted that the RPO level specified by the Commission for FY 2021-22 is as given in the Table below:

Table 4-8: RPO for FY 2021-22

RE Technology	GIFT PCL Petition
Solar	8.00%
Wind	8.25%
Others (Biomass, Bagasse, Hydro and MSW)	0.75%
Total	**17.00%**

GIFT PCL has considered renewable power procurement to meet the RPO through solar energy generation from projects situated in the licensee area and balance from procuring RECs from the exchange. GIFT has also considered purchase of REC for meeting RPO shortfall of FY 2019-20 and FY 2020-21. The REC procurement cost for Solar and non-solar is envisaged at Rs. 1.00 /kWh.

GIFT PCL has considered purchase of aforesaid renewable power in accordance with the RPO target notified by Commission through its GERC (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018.

The summary of estimated source-wise power purchase cost during FY 2021-22 is tabulated below:

Table 4-9: Power Procurement Quantum & Cost projected by GIFT PCL for FY 2021-22

(Rs. Crore)

Particulars	Energy Quantum (MUs)	Rate (Rs/kWh)	Amount (Rs. Crore)
MTOA through PTC	16.99	3.75	6.37
IEX	12.63	4.01	5.06

Particulars	Energy Quantum (MUs)	Rate (Rs/kWh)	Amount (Rs. Crore)
UI/DSM	1.00	3.00	0.30
Solar REC	4.24		0.42
Non Solar REC	6.39		0.64
Power trading cost			0.55
Total	**30.62 (excluding REC)**	**4.36**	**13.35**

Analysis

The Petitioner has proposed to procure majority of power from PTC India Ltd. on medium term basis. The Commission has asked to provide supporting documents (like PPA etc.) for the projection of power purchase cost. In response to Commission's query the petitioner has provided copy of the PPA signed with Adani Power (Mundra) Limited (through PTC) for supply of 1.5 MW RTC Power from June 2020 to May 2021. For procurement from PTC for FY 2021-22, the Petitioner has considered the rate of Rs. 3.75 per unit which seems reasonable considering Tariff of Rs. 3.38/kWh tariff plus GETCO & SLDC charges and accordingly the Commission approves the same.

It is noted that GIFT PCL has proposed to meet the requirement towards the solar & non-solar RPO target (Shortfall of FY 2019-20 & FY 2020-21 and target for FY 2021-22) through REC procurement during FY 2021-22 at Rs. 1.00 per kWh. GIFT PCL has not given any reason for not initiating the RE procurement process when it is amply clear that power purchase from conventional sources plus REC is a costlier option. It is directed to GIFT PCL to be diligent and ensure that RE power is procured to meet its RPO requirement. It is also directed to GIFT PCL to ensure that Power planning is required to be undertaken by considering the procurement of RE power and purchase of REC is to be resorted to only in case of shortfall of generation of RE power. It is also to mention that Green Team Ahead Market (GTAM) was introduced during FY2020-21 at IEX platform w.e.f. 21st August, 2020 wherein solar and Non-Solar renewable energy is being transacted in four contracts namely intra-day, Day Ahead Contingency, Daily and Weekly. It is viewed that Petitioner may take necessary steps to take advantage of new facilities/ services/ products available in the power market to optimise its power purchase cost. The power purchase quantum of 10.63 MU from renewable sources is considered at rate of Rs. 4.00 per kWh for estimating power purchase cost of FY 2021-22.

Small quantum of 1 MU is assumed to be available through UI / DSM and rate is proposed at Rs. 3.00 per unit considering the trend of present UI/DSM rate of FY 2020-21. It is opined that UI/DSM cannot be considered as a source of power for the purpose of projections as UI is a mechanism developed to improve grid efficiency, grid discipline, accountability and responsibility by imposing charges on those who defer from their scheduled generation or drawal and not a regular source for purchasing power. Accordingly, GIFT PCL can source this small quantum of power either from the power markets or some other cheaper source.

GIFT PCL has also proposed procurement of power of 12.63 MU which is around 41% of the total requirement through Power Exchange. The market clearing price at IEX hovers around Rs. 3 per unit but the landed cost at petitioner's periphery is around Rs. 4 per unit. Shortfall in power purchase through Power Exchange is allowed. As discussed above, power purchase quantum of 16.99 MU through PTC and 10,93 MU from renewable sources is allowed. Hence, shortfall in power purchase quantum remains of 3.00 MU. Power purchase quantum of 3.00 MU is allowed from Power Exchange at rate of Rs. 4.00 / kWh.

It is observed that GIFT PCL has claimed Rs. 0.55 Crore as power trading cost. On the ground as discussed during Truing up for FY 2019-20, Rs. 0.44 Crore disallowed as part of power purchase cost. Trading margin of Rs. 0.11 Crore for power procurement is approved. It is directed to GIFT PCL to make payment of trading margin after prudence check as in some of the existing PPA, trading margin of PTC is already included in Tariff quoted by Bidder.

Accordingly, the source-wise energy purchase is approved as follows:

Table 4-10: Energy Availability approved for FY 2021-22

(MUs)

Particulars	GIFT PCL Petition	Approved in this Order
MTOA through PTC	16.99	16.99
IEX	12.63	3.00
UI/DSM	1.00	-
Solar Energy	4.24*	4.24
Non Solar Energy	6.39*	6.39
Total	**30.62**	**30.62**

*REC considered by the Petitioner and the Commission has considered energy

Accordingly, the power purchase cost approved as follows:

Table 4-11: Source-wise Power Purchase Cost approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
MTOA through PTC	6.37	6.37
IEX	5.06	1.21
UI/DSM	0.30	-
Solar REC-2021-22	0.42	1.70
Non Solar REC-2021-22	0.64	2.55
Power Trading Cost	0.55	0.11
Net Power Purchase Cost	**13.35**	**11.95**

4.6 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

The Petitioner has developed Infrastructure for EHV connectivity from source, substation for conversion at distribution voltage (33 & 11 KV) and last mile connectivity along with distribution feeder and aligned infrastructure. Infrastructure inside the building for power distribution is developed by the concerned builders. Internal building distribution network comprises of incomer HT panels, HT cables, distribution transformers, LT panels and LT distribution network. All these infrastructures are designed by developer of building as per guidelines of design approved by GIFT PCL. Network is approved by GIFT PCL for prudence, and after installation it is checked by GIFT PCL, before charging of network. Maintenance of this network is also done by developers.

The Petitioner has proposed the capital expenditure and capitalization of Rs. 11.19 Crore and Rs. 18.03 Crore respectively during FY 2021-22.

Based on above, GIFT has submitted the summarized statement of proposed capital expenditure during FY 2021-22 as shown in below table:

Table 4-12: Capitalisation projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Opening GFA	113.83
Capitalisation	
- Plant and Machinery	18.03
- Civil works	0.00
- Furniture	0.00
Addition Capitalization During the Year	**18.03**
(less): Additional Consumer contribution	2.26
Closing Balance of GFA	129.60

GIFT has submitted the proposed scheme-wise Capitalization for FY 2021-22 as under:

Table 4-13: Proposed Scheme-wise Capitalization for FY 2021-22

Sr. No.	Project	Project Cost (in Crores)	Rationale
1	Connectivity charges	4.86	GETCO supervision charge after finalisation for connectivity at 66KV
2	Power Distribution Arrangement for various consumers	1.10	Power Supply arrangements for new connections (LT & HT distribution and metering (Cable Laying & CSS)
3	Power supply arrangement for (switching panel for Block No-53)	4.10	Extension of distribution network in Block-53 for new buildings
4	Backup Power for Block-14	1.97	From consumer contribution – included in SLC addition

Sr. No.	Project	Project Cost (in Crores)	Rationale
5	Solar Power 1 MW	4.00	To set up 1 MW solar plant at GIFT's own land outside GIFT City for self-consumption and RPO compliance
6	33/0.415 kV substation at Block 41	2.00	As per development plan, Block 41 & 46 comprises 26 buildings. By considering network development in a phased manner, it is required to set up substation of 1 MW initially to cater the demand of Block-41.
	Total Capex Expenditure Planned	**18.03**	

- **Connectivity charges**

  The Petitioner has paid the supervision charges to GETCO for second source substation. The project has been completed but hand-over is yet to be done. The Petitioner is following up with GETCO for finalisation of the amount paid. It is expected that the same will be finalised in ensuring year post handing over. Hence, the same is projected to be capitalised in the ensuring year.

- **Power Distribution Arrangement for various consumers**

  The Petitioner has to arrange Power Supply arrangements for new consumers and to develop the required infrastructure for giving supply connections, various items have to be procured like cables, meter box, feeder pillars, civil works & other miscellaneous items. So for such purpose, it is estimated that the cost would be around Rs 1.10 crore during FY 2021-22.

- **Power Supply Arrangement for Block-53**

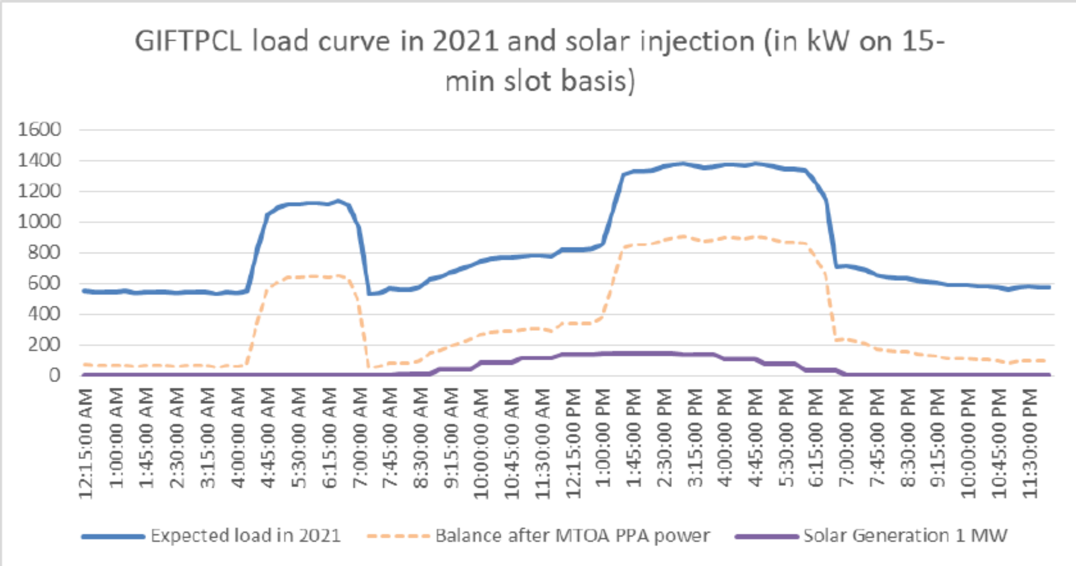
  In Block-53, new buildings are being developed and different builders have initiated the work and the same is in advance stage. As per the response received from such developers, the Petitioner has to lay the necessary distribution network. The extension of distribution network in Block-53 for new buildings is comprised of switching panel and related allied accessory, HT cables & other miscellaneous items. The projected cost is around Rs 4.10 crore.

- **Substation for Block 41**

  As per the development plan, Block 41 & 46 comprises 26 buildings including residential and shopping mall. The total power demand of Block 41 & 46 is approximately 10 MW. By considering network development in a phased manner, it is required to set up substation of 1 MW initially to cater the demand of undergoing development of 4 buildings in Block-41 which will predominantly be LT consumers. As per the status of the project, the Petitioner is planning to construct 1 MW substation and for this reason Rs 2.00 Crore has been estimated to be spent in FY 2021-22. The same substation will be augmented in future as per load growth in those blocks.

- **Ground Mount Solar Power Plant of 1.0 MW**

  The Petitioner is planning to set up a 1 MW solar power plant at GIFT's own land available with the Petitioner for self-consumption as well as for RPO compliance. The project is planned to be developed near the land available beside the National Highway. The land of 16 acres can accommodate 4 MW solar project; however, initially the Petitioner is planning to develop 1 MW power project through capex mode. The Petitioner will prepare the capex tender and publish the tender for project execution under Engineering, Procurement and Commissioning (EPC) mode. Based on the experience of development of 1 MW project, the Petitioner will plan to enhance the solar project capacity in future. The same will be utilised to meet the future RPO compliance. The Solar power project is planned in a way to reduce power purchase quantum from open market as per the load curve of GIFT City. The Petitioner has studied the load curve of its license area and power available through medium term open access (MTOA) mode. At present, after availing MTOA power, remaining power is managed through power exchange and UI / DSM. After installation of solar power project, the Petitioner will avail the solar power during the day time and remaining will be managed through Power Exchange. A typical day's (96 block) projected load curve and solar power generation is given below.



Accordingly, GIFT PCL has proposed Capital expenditure & Capitalization for FY 2021-22 as per below table:

Table 4-14: Capital Expenditure and Capitalization projected for FY 2021-22

(Rs. Crores)

Particulars	FY 2021-22
Capital Expenditure	11.19
Capitalisation	18.03

Analysis

The submission of the Petitioner is examined. With regards to the connectivity charges, GIFT PCL has submitted that these charges pertain to the GETCO supervision charge. The Commission had sought the clarification from GIFT PCL regarding the year to which the GETCO supervision charges pertain. In response to the Commission's query, the Petitioner submitted that the supervision charges have been paid to GETCO during creation of second source, however, due to some settlement issue, it is estimated to be capitalised in FY 2021-22.

In response to the Commission's query, the Petitioner has furnished the DPR along with the other details of all schemes including Solar Power 1MW Scheme for the capital expenditure projection for FY 2021-22 and also the cost benefit analysis.

As regards the project related to establishing a 1 MW Solar Generation Plant, it is noted that the Petitioner works out benefit by assuming that it will avoid purchase of Solar REC and conventional power. But Petitioner has not provided sufficient details relating to the effective cost of generation from the proposed solar generation plant. The Petitioner has also not justified how the option of solar generation identified by the Petitioner is better as compared to other options available to the Petitioner for procuring Solar Power including the cost implication of the consumers. Considering that the cost of solar generation in the markets has been significantly dropping over a period of time, an attempt has to be made by the Petitioner to explore other options in the market. It is important to note that recently the Commission has adopted solar tariff of Rs. 1.99/ kWh discovered through competitive bidding process carried out by GUVNL through the quantum of Solar Power was high as compared to proposed capacity by GIFT PCL. The Petitioner must also justify how the option of self-solar generation is economically better for the consumers. Considering the lack of information and necessary justification by the Petitioner, the claim of Rs. 4.00 Crore on account of proposed scheme of 1 MW solar Power for FY 2021-22 is hereby disallowed. The Petitioner is at liberty to approach the Commission in the future with adequate information regarding the project including the effective cost of generation and other alternatives explored while finalising the option.

Accordingly, Capital Expenditure of Rs. 7.19 Crore is approved for FY 2021-22. The Petitioner has also submitted the proposed scheme-wise Capitalization for FY 2021-22, and based on that Capitalization of Rs. 14.03 Crore FY 2021-22 is approved.

Table 4-15: Capex worked out for FY 2021-22

(Rs. Crore)

No.	Particulars	GIFT PCL Petition	Approved in this Order
A	Capital expenditure	11.19	7.19
B	Capitalization	18.03	14.03

The closing GFA for FY 2019-20 of Rs. 17.90 Crore is considered as approved in this Order and the addition of assets of Rs. 11.04 Crore in FY 2020-21 as approved earlier in the MYT Order dated 31st July, 2019 for working out the closing balance of GFA for FY 2020-21. Accordingly, the closing balance of GFA for FY 2020-21 thus worked out, has been considered as opening balance of GFA for FY 2021-22. The asset capitalisation approved for FY 2021-22 have been discussed earlier in this Section. The Capitalization for FY 2021-22 is envisaged to be partly funded from additional consumer contribution and the balance has been considered as funded through Debt: Equity in the ratio of 70:30.

Accordingly, the capitalisation and funding approved for FY 2021-22 are given in the Table below:

Table 4-16: Capitalization and its funding approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening GFA	113.83	36.14
Addition to GFA	18.03	14.03
Less: Additional Consumer Contribution	2.26	2.26
Closing GFA	129.60	47.91
Capitalization for Debt: Equity	15.77	11.77
Normative Debt (70%)	11.04	8.24
Normative Equity (30%)	4.73	3.53

4.7 Operations and Maintenance Expenses

Petitioner's submission

GIFT PCL has derived the O&M expenses for FY 2021-22 by escalating the actual expenses of FY 2019-20 by 5.72%, twice. As per the provisions of the GERC (MYT) Regulations, 2016, the escalation factor has been considered on actual O&M expenses for FY 2019-20.

Due to introduction of GST from 01 July, 2017, the impact of it has been considered in the Repair & Maintenance expense and Administrative & General Expense. The A&G expense includes Petition fee to be paid to the GERC for tariff petition purpose. The R&M expenses are outsourced, GIFT conducts competitive bidding for getting competitive price hence, the projected cost is optimized cost for R&M expenses.

Table 4-17: Operation and Maintenance Cost projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Employee Expenses	1.74
R&M Expenses	1.59
A&G Expenses	0.66
Operation and Maintenance Expenses	**3.99**

Analysis

Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016 specify the method of allowing normative O&M Expenses for the MYT Control Period, as reproduced below:

"86.2 Operation and Maintenance expenses:

a) The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three (3) years ending March 31, 2015, subject to prudence check by the Commission.

b) The average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the financial year ended March 31, 2014 and shall be escalated year on year at the escalation factor of 5.72% to arrive at operation and maintenance expenses for subsequent years up to FY 2020-21…"

It is noted that the FY 2021-22 was not part of the earlier control period (FY 2016-17 to FY 2020-21) and it was rather proposed to be the first year of the next Control Period starting FY 2021-22. While the notification of the new Tariff Regulations for the next Control Period was deferred by the Commission on account of circumstances and reasons beyond the control of the Commission, for the purpose of application of the norms for the FY 2021-22 as per the existing GERC (MYT) Regulations, 2016, the FY 2021-22 is being treated at par with the first year of the control period. Accordingly, the allowable O&M expenses for the FY 2021-22 have been computed in line with the provisions of the Regulation 86.2 of the GERC (MYT) Regulations, 2016 by considering the average actual O&M expenses (approved by the Commission) for FY 2017-18 to FY 2019-20 which have been considered as the O&M expenses for the FY 2018-19 ending 31st March 2019 and escalated year on year at rate of 5.72% to arrive at the allowable O&M expenses for FY 2021-22. The Commission has approved actual O&M expenses of Rs. 0.57 Crore, Rs. 0.70 Crore and Rs. 3.94 Crore for FY 2017-18, FY 2018-19 and FY 2019-20 respectively.

Accordingly, the approved the O&M Expenses for FY 2021-22 are as given in the Table below.

Table 4-18: Operation and Maintenance Expenses approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Employee Expenses	1.74	
R&M Expenses	1.59	
A&G Expenses	0.66	
Operation and Maintenance Expenses	**3.99**	**2.05**

4.8 Depreciation

Petitioner's submission

GIFT PCL has considered the depreciation on the basis of gross fixed asset at the starting of financial year and additional capitalization proposed to be capitalized during the year as proposed under capex roll-out plan. On this basis, the average of opening and closing value of asset has been calculated. Depreciation for FY 2021-22 has been calculated based on average asset value and depreciation rate as given in the GERC (MYT) Regulations, 2016.

Table 4-19: Depreciation projected for FY 2021-22

(Rs. Crore)

Particulars	Plant and Machinery	Civil works	Furniture	Total
Opening GFA	102.66	10.88	0.28	113.83
Capitalization During the Year	18.03	0.00	0.00	18.03
(less): Additional Consumer contribution	2.26	-	-	2.26

Particulars	Plant and Machinery	Civil works	Furniture	Total
Net Capitalization	15.77	-	-	15.77
Closing Balance of GFA	118.44	10.88	0.28	129.60
Average GFA	110.55	10.88	0.28	121.71
Depreciation rate (%)	5.28%	3.34%	6.33%	
Depreciation claimed	**5.84**	**0.36**	**0.02**	**6.22**

GIFT PCL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the Regulations. The Depreciation rates considered are as per the GERC (MYT) Regulations, 2016.

Analysis

The approved capitalisation for calculation of depreciation is considered and the opening GFA for the FY 2021-22 is considered same as that approved in Table 4-16 of this Order. It is noted that average depreciation rate for FY 2019-20 is 5.16%. It is observed that GIFT PCL has worked out average depreciation rate of 5.11% for FY 2021-22 by applying the GERC depreciation rates which seems reasonable. Accordingly, the depreciation for FY 2021-22 is computed on average GFA for the year.

Accordingly, Depreciation of Rs. 2.15 Crore for FY 2021-22 is approved as shown below:

Table 4-20: Depreciation approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Gross Block at the beginning of the year	113.83	36.14
Addition during the year	18.03	14.03
Less: Assets funded through consumer contribution	2.26	2.26
Gross Block at the end of the year	129.60	47.91
Depreciation	**6.22**	**2.15**

4.9 Interest and Finance Charges

Petitioner's submission

GIFT PCL submitted that it has calculated the Interest Expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. GIFT PCL has paid the interest amount to the bank at weighted average interest rate of 7% and accordingly prevailing interest rate of the existing loan has been considered for FY 2021-22 as per the GERC (MYT) Regulations, 2016.

GIFT has considered the debt-equity in 70:30 ratio as indicated in the GERC (MYT) Regulations, 2016 after exclusion of projected Consumer Contribution, which would be received from the consumers.

GIFT has submitted the following details in respect of Interest and Finance Charges.

Table 4-21: Interest and Finance Charges projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT Petition
Opening Balance of Loan	56.10
Addition of Loan	11.04
Repayment (Depreciation Allowed)	6.22
Closing balance	60.92
Average loans	58.51
Average rate of Interest	7.00%
Interest on Loan	**4.10**

Analysis

The closing balance of Normative Loan of Rs. 11.09 Crore for FY 2019-20 as approved in this Order is considered and the addition of Normative Loan of Rs. 7.28 Crore and repayment of Normative Loan of Rs. 4.56 Crore for FY 2020-21 as approved earlier in the MYT Order dated 31st July, 2019 to work out the closing balance of loans for FY 2020-21. Accordingly, the closing balance of Normative Loan for FY 2020-21 thus worked out, has been considered as opening balance of Normative Loan for FY 2021-

22. The loan addition and repayment equivalent to depreciation as approved for FY 2021-22 have been considered.

As regards to the weighted average rate of interest, GIFT PCL has paid the interest amount to the bank at weighted average interest rate of 7.00% and based on the same interest rate of the existing loan has been considered for FY 2021-22.

Accordingly, the Interest and Finance Charges of Rs. 1.18 Crores for FY 2021-22 is approved as shown in the Table below:

Table 4-22: Interest and Finance Charges approved up for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Interest on Normative Loan		
Opening Loan	56.10	13.81
Addition of Loan due to Capitalisation during the Year	11.04	8.24
Less: Repayment	6.22	2.15
Closing Loan	60.92	19.90
Average Loan	58.51	16.86
Rate of Interest (%)	7.00%	7.00%
Interest Expenses	**4.10**	**1.18**

4.10 Interest on Security Deposit

Petitioner's submission

GIFT PCL has submitted that the consumer whose amount of security deposit exceeds Rs. 25 Lakhs, at his option, can furnish the security deposit in the form of irrevocable bank guarantee initially valid for period of 2 years as per the GERC (Security Deposit) (Second Amendment) Regulations, 2015.

GIFT PCL has computed the interest expenses on proposed security deposit for FY 2021-22 as 0.37 Crore considering the trend of consumer deposit of past years as tabulated below:

Table 4-23: Interest on Security Deposit projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Amount held as Security Deposit	6.61
Interest Rate (%)	5.60%
Interest on Security Deposit	**0.37**

Analysis

The average amount of consumer security deposits is accepted as projected by the Petitioner for FY 2021-22. The RBI Bank Rate @ 4.65% per annum is considered in line with the provisions of the GERC (MYT) Regulations, 2016 instead of 5.6% considered by GIFT PCL.

Accordingly, the Interest on Security Deposit of Rs. 0.31 Crores for FY 2021-22 is approved as shown in the Table below:

Table 4-24: Interest on Security Deposit approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Average Security Deposit	6.61	6.61
Interest Rate (%)	5.60%	4.65%
Interest on Security Deposit	**0.37**	**0.31**

4.11 Interest on Working Capital

Petitioner's submission

GIFT has submitted that the interest on working capital has been worked out as per the GERC (MYT) Regulations, 2016. The following have been considered for determining bases for working capital in a year.

- Operation & Maintenance expenses for one month, plus maintenance spare @ 1 % of GFA, plus receivables equivalent to one month of the expected revenue, minus
- Amount, if any, held as security deposits against bill payment

The Interest on Working Capital is arrived at as per the provisions of the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-25: Interest on Working Capital projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
O&M expenses (1 month)	0.33
Spares as 1 % of GFA	1.22
Receivables (1 month)	1.85
Working capital	**3.41**
(less) Security deposit (SD)	6.61
Interest on working capital excluding SD	**Nil**

As per the GERC (MYT) Regulations, 2016 the working capital computed is Rs 3.41 Crore and the amount of consumer security deposits is Rs 6.61 Crore and thereby the working capital requirement works out to be Nil.

The interest on working capital has been worked out as per the Regulations 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 and it works out to Nil.

Analysis

Components of working capital are recomputed in line with the methodology as specified in the GERC (MYT) Regulations, 2016 using the component as approved in preceding sections of this Order.

The rate of interest on working capital has been considered as 10.25% considering SBI MCLR as on 1st April, 2020 (7.75 % plus 250 basis points) as per the GERC (MYT) Regulations, 2016. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2016.

The normative interest on working capital approved for FY 2021-22 is shown in the Table below:

Table 4-26: Interest on Working Capital approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Working Capital Requirement		
O&M Expenses	0.33	0.17
Maintenance Spares	1.22	0.36
Receivables	1.85	1.57
Working Capital Requirement	**3.40**	**2.10**
Less: Average Security Deposit	6.61	6.61
Total Working Capital	**-**	**-**
Interest Rate (%)		10.25%
Interest on Working Capital	**-**	**-**

As it can be observed from the above Table, the total working capital requirement for FY 2021-22 works out to be negative considering the security deposit projected to be held, and accordingly, no interest on working capital has been allowed.

4.12 Return on Equity

Petitioner's submission

GIFT PCL has submitted that it has projected paid up equity capital with 70:30 debt: equity ratio on the asset put to use as per the GERC (MYT) Regulations, 2016.

GIFT PCL has considered a regulated return of 14% as per the GERC (MYT) Regulations, 2016.

Table 4-27: Return on Equity projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Opening Equity	34.15
Equity portion of Capitalization during the Year	4.73
Closing Balance of Equity	38.88
Average Equity	36.51
Rate of RoE	14%
Return on Equity	**5.11**

Analysis

The closing balance of Equity of Rs. 6.13 Crore for FY 2019-20 as approved in this Order and the addition of Equity of Rs. 3.12 Crore for FY 2020-21 as approved in the MYT Order dated 31st July, 2019 are considered for working out the closing equity for FY 2020-21. Accordingly, the closing balance of Equity for FY 2020-21 thus worked out, has been considered as opening balance of Normative Loan for FY 2021-22. The equity addition for FY 2021-22 has been considered as approved at Table 4-16 of this Order. The rate of return is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 4-28: Return on Equity approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening Equity	34.15	9.25
Addition to Equity	4.73	3.53
Closing Equity	38.88	12.78
Average Equity	36.51	11.02
RoE at 14%	**5.11**	**1.54**

4.13 Income Tax

Petitioner's submission

GIFT PCL has submitted that it has considered no income tax for FY 2021-22 as seen from the Table below:

Table 4-29: Income Tax projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Income Tax	0.00

Analysis

For FY 2021-22, no Income Tax liability has been considered at present, and the same shall be Trued-up based on the actual Income Tax paid by the Petitioner.

4.14 Contingency Reserve

Petitioner's submission

GIFT PCL has submitted that it has contributed to the contingency reserve at 0.5% of the original cost of fixed assets at the beginning of the year. The amount of contingency reserve claimed by the Petitioner is Rs 0.83 Crore for FY 2021-22.

Analysis

The contribution to the contingency reserves is considered in accordance with Regulation 86.3 of the GERC (MYT) Regulations, 2016. For the computation of contribution to the contingency reserves, 0.5% of the original cost of fixed assets at the beginning of the FY 2021-22 is considered and approved the contribution to the contingency reserves as shown in the Table 4-16 below.

Table 4-30: Contribution to contingency reserve projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Contingency Reserves	0.83	0.18

4.15 Non-Tariff Income

Petitioner's submission

GIFT PCL has submitted that it has projected amount of Non-Tariff income considering the interest income from bank deposits, registration fee etc in accordance with the GERC (MYT) Regulations, 2016.

GIFT PCL has proposed non-tariff income as Rs 0.53 Crore for FY 2021-22. The estimation is based on 10% annual growth considered on FY 2019-20 actual non-tariff income. The Non-Tariff income for FY 2021-22 is as under:

Table 4-31: Non-Tariff Income projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Non-Tariff Income	0.53

Analysis

The Petitioner's contention is accepted. The approved Non-Tariff Income for FY 2021-22, is as shown in the Table below:

Table 4-32: Non-Tariff Income approved for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Non Tariff Income	0.53	0.53

4.16 ARR for FY 2021-22

Petitioner's submission

GIFT PCL has submitted the projected ARR for FY 2021-22 based on the element wise submission as given in the Table below:

Table 4.33:ARR projected for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition
Power Purchase Cost	13.35
O&M Expenses	3.99
Depreciation	6.22
Interest and Finance Charges	4.10
Interest on Security Deposits	0.37
Interest on Working Capital	0.00
Return on Equity	5.11
Contribution to Contingency Reserves	0.83
Income Tax	-
Less: Non-tariff Income	0.53
ARR	**33.44**

GIFT PCL has requested the Commission to consider ARR mentioned above for determination of Tariff for FY 2021-22.

Analysis

Considering the foregoing analysis, the ARR for FY 2021-22 approved as shown below:

Table 4-34: ARR approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	GIFT PCL Petition	Approved in this Order
1	Power Purchase Expenses	13.35	11.95
2	Operation & Maintenance Expenses	3.99	2.05
3	Depreciation	6.22	2.15
4	Interest & Finance charges	4.10	1.18
5	Interest on Security Deposit	0.37	0.31
6	Interest on Working Capital	-	-
7	Contribution to Contingency Reserves	0.83	0.18
8	**Total Revenue expenditure**	**28.86**	**17.81**
9	Return on Equity Capital	5.11	1.54
10	Income Tax	-	-
11	**Aggregate Revenue Requirement**	**33.97**	**19.35**
12	Less: Non-Tariff Income	0.53	0.53
13	**Aggregate Revenue Requirement**	**33.44**	**18.82**

5 Determination of Tariff for FY 2021-22

5.1 Introduction

This Chapter deals with the determination of Revenue Gap/(Surplus), as well as Consumer/Retail tariff for FY 2021-22.

The Commission has considered the ARR for FY 2021-22 approved in the previous Chapter and the adjustment on account of True-up for FY 2019-20, while determining the Revenue Gap/(Surplus) for FY 2021-22.

5.2 Revenue at Existing Tariff and Gap/ (Surplus) Analysis

Petitioner's submission

GIFT PCL has estimated the revenue from sale of energy as Rs 22.21 Crore for FY 2021-22. The Petitioner has estimated that the Aggregate Revenue Requirement for FY 2021-22 as Rs. 33.44 Crores as projected in the earlier chapter. The estimated Revenue Requirement is higher in comparison to the available revenue from sale of energy at existing tariff due to the following reasons:

- The Petitioner is a distribution licensee setup in the green Field where there was no existence of previous infrastructure for supply of electricity as well as there is no load.
- The Cost incurred by the Petitioner for creation of necessary infrastructure to provide the supply to the consumers is not fully utilised at optimum level due to low load growth in the licensee area.
- The characteristic of energy utilization by the consumers of GIFTPCL is quite in variance in comparison to the consumers of different distribution licensee area in the state as the major number of consumers in the license area are either commercial or service providers and their requirement of energy is different and distinct in comparison to the consumers of other licensee area. The Petitioner during FY 2019-20 observed peak demand requirement as high as 5.85 MW and average as 2.54 MW. However, the Petitioner has to keep the power procurement at highest demand level i.e. peak demand with

corresponding losses of the system to supply power, requirement to meet such highest demand of the consumer at any time. Because the consumers are of high profile service provider at national as well as international levels and so to meet their power requirement, it is necessary for the petitioner to provide reliable and quality power supply without any interruptions.

The Petitioner has further submitted that it is working determinedly to reduce the revenue gap by taking various measures and also desires to compete with other licensee for which the Petitioner is planning to carry out following activities with emerging business in the distribution licensee area of the petitioner:

- The Petitioner is continuing to procure the power/ electricity from MTOA sources through PTC as per existing arrangement and remaining under short term by way of procurement through power exchange. This will be helpful to reduce the cost of power supply. The proposal of the Petitioner for power purchase is given in the paragraph related to power procurement cost.
- The optimum utilization of assets starts in near future as the load growth is increasing in the area of the licensee.

The projected revenue gap for FY 2021-22 is mentioned in the table below.

Table 5-1: Revenue gap / (Surplus) with existing tariff for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	GIFT PCL Petition
1	ARR for FY 2021-22 [a]	33.44
2	Revenue from Existing Tariff for FY 2021-22 [b]	22.21
3	Revenue Gap / (Surplus) in FY 2021-22 [c=(a-b)]	**11.23**

Analysis

The ARR approved for FY 2021-22 is considered as discussed in previous chapter. It is observed that GIFT PCL has considered a FPPPA charge of Rs. 1.81/kWh for computing the Revenue from Sales for FY 2021-22. However the FPPPA charge of Rs. 1.80 / kWh is considered and the retail tariff as approved by the Commission in the UGVCL's Tariff Order in Case No. 1911/2020 dated 31st March, 2021 for computation of Revenue from Sales for FY 2021-22.

The GERC (MYT) Regulations, 2016 prescribe 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.

Carrying cost at the weighted average SBI Base Rate on the outstanding actual Gap/(Surplus) of Truing up of FY 2019-20 is considered as per the GERC (MYT) Regulations, 2016.

The estimated revenue for GIFT PCL for FY 2021-22 is independently computed from projected category-wise sales and considering the existing tariff as shown in the Table below:

Table 5-2: Approved Consolidated Revenue Gap / (Surplus) for FY 2021-22

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Projected ARR of FY 2021-22	33.44	18.82
Add: Consolidated Revenue Gap/ (Surplus) for FY 2019-20	12.85	0.04
Add: Carrying cost on consolidated gap/(surplus) of FY 2019-20 for FY 2020-21& FY 2021-22	-	0.01
Revenue from Tariff	22.21	22.18
Revenue Gap / (Surplus) for FY 2021-22	**24.08**	**(3.31)**

As can be seen from the table above, there is a revenue surplus of Rs. 3.31 Crore considering the estimated revenue at existing tariff as against the approved ARR for FY 2021-22, the approved revenue gap for FY 2019-20 and the approved carrying cost on the revenue gap for FY 2019-20.

6 Compliance of Directives

6.1 Existing Directives

The Commission had issued following directives in the Tariff Order dated 09th October, 2020 in Case no. 1851 of 2020 and its compliance as filed by the Petitioner is follows:

Directive 1: Loss Reduction Road Map

In view of projected high losses for the relatively smaller network of GIFT PCL, the Commission directed the Petitioner to examine the reasons for such high distribution losses. The Petitioner was further directed to get its distribution system studied so that appropriate loss reduction trajectory could be fixed. The Petitioner was directed to furnish a report along with segregation of actual losses into transmission, sub-transmission, HT-LT losses separately. The Petitioner is redirected to submit this information positively before the commencement of the next Control Period, so that the loss reduction trajectory can be stipulated in the next MYT order.

Compliance: The petitioner has submitted the information on actual distribution loss of FY 2019-20 in this Petition along with historical distribution loss reduction information. The energy loss at 66 kV, 33 kV and 11 kV level was presented in the format attached with this Petition. As directed by Commission, the Petitioner will submit the actual loss of current financial year before the commencement of the next Control Period in its next Petition.

Comment

The submission of the Petitioner is noted.

Directive 2: Power Purchase Strategy (Planning)

GIFT PCL was directed to streamline the power purchase functions and finalize long-term/ medium-term contracts for power purchase through competitive bidding immediately in order to minimize its future power purchase cost. The Petitioner was directed to create a five-year power purchase plan taking into account the sales envisaged by the Petitioner and the various power sources available. The Petitioner submitted that it has appointed PTC to streamline the power purchase in order to reduce the input energy price. The Commission redirects the Petitioner to again keep a check on their power purchase strategy and create a five-year power purchase plan taking into account the sales envisaged by the Petitioner and the various power sources available and submit the same along with the next tariff Petition.

Compliance: The Petitioner has already working to reduce the power purchase cost. It may be noted that due to certain initiatives taken by the Petitioner the power purchase is reduced significantly. At present the average power purchase cost is of below Rs 4.75 per unit. The initiatives taken by the Petitioner is given below.

- The Petitioner has appointed PTC India Ltd for power purchase planning.
- The Petitioner has exited from the PPA with UGVCL (first as consumer and then under PPA with UGVCL). Under PPA route also the Petitioner had to pay high fixed charges as per the PPA norm.
- Executed PPA for the power availability through MTOA from PTC India. This has helped the Petitioner to get continuous power with optimal cost.
- After considering the power through MTOA, the Petitioner is procuring variable power through exchange. The Petitioner is continuously bidding in power exchange on Day Ahead basis at optimal rate.
- The Petitioner is planning to continue the present arrangement of getting power through MTOA and remaining through power exchange. As presented earlier, the Petitioner is also planning to install 1 MW solar power project. After the solar power installation, the power requirement from power exchange will be reduced significantly.

At the time of next MYT Control period, the Petitioner will present the detailed power planning for next five-year period according to its projected sales and distribution loss trajectory. The detailed five-year power planning will be presented in the next Petition.

Comment

The submission of the Petitioner is noted. The Petitioner should endeavour procuring power directly by enhancing internal capabilities which will help in reducing outsourcing cost and unnecessary burden to the consumers.

Directive 3: Interest Cost Reduction

The Commission feels that GIFT PCL has incurred high cost debt and there is a scope for replacing the said high cost debt with low cost debt so as to benefit the consumers. Therefore, GIFT PCL is directed to negotiate with the lenders for reduction in the rate of interest on the borrowings. GIFTPCL shall furnish half-yearly progress report about the action taken and results thereof.

Compliance: The Petitioner has replaced the existing debt with new debt so as to benefit the consumers as per the direction of Commission. The Petitioner has discussed with lenders to negotiate for reduction in the rate of interest on the borrowings. The current rate of interest after negotiation is 7% for which supporting letter for the lender is attached as Annexure 4 as part of replies to datagaps. The Petitioner has paid the existing lender and get refinance from Gujrat State Financial Services Ltd (GSFS) as unsecured loan. GSFS is a Government NBFC which has offered the loan at 7%. This will surely reduce the interest burden.

Comment

The submission of the Petitioner is noted.

Directive 4: O&M Cost Reduction

The Commission feels that GIFT PCL is incurring higher O&M costs per unit Sales as compared to the other licensees in the state. There is a scope to reduce the same and directs GIFT PCL to streamline the process and keep an eye on the O&M expenses to be incurred.

Compliance: The Petitioner is taking various initiatives to reduce the O&M costs. The Petitioner managing the distribution business with minimal staff and therefore employee cost is optimal. The same staff structure can be continued in future also where the sales will increase. For R&M expenses, the contract has been outsourced and selection is taking place through following competitive bidding mode only. It is expected to get optimum rate after the bidding process. Therefore, it is expected that the R&M expenditure will be optimized as it will be discovered through bidding only.

Comment

The submission of the Petitioner is noted. A discussed in the paragraph 4.7, it is observed that GIFT PCL has adopted practise of outsourcing all the business activities such as power portfolio management, maintenance service (24X7), AMC of all equipment, routine testing of all protection system and equipment, regulatory consultancy services etc. In view of the above, the Petitioner is directed to reduce reliance on outsourcing and optimize the O&M Cost.

Directive 5: Business Strategy Plan

The Commission as already elaborated in the previous chapters, feels that there was serious error in judgment for the projections and business scenarios in GIFT city area. Also, at present the whole nation is impacted due to the Covid-19 pandemic and the same will have repercussions in the future. Considering all these facts, the Commission directs the Petitioner to carry out a pragmatic and a calibrated study in order to ascertain assumptions and projections that are more realistic for the submissions of the next control period.

Compliance: The sales and power purchase for FY 2021-22 is considered after considering the present situation as well as expected load to be connected during ensuring year. The Petitioner has discussed in details with the developers to get a realistic input in this regard. After detailed analysis, the sale for ensuring year has been projected. Considering the post-lockdown period scenario, the Petitioner will get more clear picture before next control period and will submit the next MYT tariff petition accordingly after considering that time's situation.

Comment

The submission of the Petitioner is noted. Considering the wide variation in sales (projected vis-à-vis actual), the Petitioner is directed to adopt more realistic approach for projection of sale during next MYT Control Period.

Directive 6: Stand-alone Loan Details

The Petitioner has submitted the loan details of consortium term loan facility that has been taken out by its holding company, GIFT City Co. Ltd. (GIFT CL) as a whole. The Petitioner is directed to submit the Allocation Mechanism for segregation of stand-alone loan details for GIFT PCL separately along with loan details of GIFT CL in the future tariff petitions.

Compliance: The Petitioner has elaborated about its actual loan details in the true-up chapter. As mentioned, presently, GSFS has extended unsecured credit facility to GIFTCL. The refinancing of loan helps the Petitioner to reducing the interest rate. Estimated interest rate as per present arrangement as projected for FY 2021-22 is also presented.

Comment

The submission of the Petitioner is noted.

6.2 Fresh Directives

Directive 1: Implementation of Smart pre-payment meter/ pre-payment meters

The Electricity (Rights of Consumers) Rules, 2020 notified on 31st December 2020. As per this Rule, no connection shall be given without a meter and such meter shall be the Smart pre-payment or pre-payment meter. Further there is recent communication from Ministry of Power, Government of India seeking plans from the DISCOMs for preparation of scheme of switching over to smart pre-payment/ pre-payment meters in a time bound manner and avail funds from Government of India. The Petitioner is advised for necessary participation for the scheme which will help in improvement of metering, billing and collection.

Directive 2: Charging Infrastructure for Electric Vehicles

As per the Discussion paper on Cross Cutting Themes for Charging Infrastructure for Electric Vehicles issued by Ministry of Power on 17th March 2021, the Petitioner is suggested to explore the possibility for creation of such infrastructure in its area and should come up with separate Detailed Project Report along with next Petition for Commission's approval.

Directive 3: Green Tariff

It is directed to the Petitioner to analyse and prepare report on Introduction of Green Tariff for the consumers in the State of Gujarat who are willing to procure such power. The Petitioner to study Green Tariff implementation in other States and accordingly submit the report to the Commission along with next tariff petition including the cost, premium and other parameters.

Directive 4: Optimum utilisation of Network

It is directed to the Petitioner to ensure that Capital Expenditure/ Capitalization of asset be carried out with consideration that the network created for different buildings shall not remain idle for more than six months and burden of such un-utilisation be not passed on to other existing consumers. The Petitioner is directed to carry out techno-commercial analysis with regard to utilisation of different network created, last - mile connectivity provided to the consumer buildings, its percentage utilisation, revenue received/ receivable etc. Moreover, the Petitioner is required to ensure that upstream network is created or augmented only after existing upstream network capacity is about to exhaust keeping in mind the various statutory provisions related to Network Planning Criteria notified by the CEA.

A report in this regard is to be prepared by the Petitioner and to be presented to the Commission latest by October, 2021.

7 Fuel and Power Purchase Price Adjustment

7.1 Fuel and Power Purchase Price Adjustment

The Petitioner requested the Commission to approve the base FPPPA, as per the present FPPPA of UGVCL, as followed for GIFTPCL in the previous tariff orders. The base Power Purchase cost for the Petitioner is proposed as **Rs. 4.36 per kWh**, as projected under power purchase cost, and the base FPPPA charge is **Rs. 1.81 per kWh** as per the present UGVCL FPPPA.

Observation

It is decided that the UGVCL's tariff approved in the Commission's Tariff Order dated 31st March, 2021 shall be the maximum ceiling for retail supply in the GIFT City, the base FPPPA charges for UGVCL, i.e., Rs. 1.80/kWh, shall also be applicable to the consumers of GIFT PCL. The FPPPA approved by the Commission for UGVCL from time to time during FY 2021-22, shall also be applicable for GIFT PCL.

The information regarding FPPPA recovery and the FPPPA charges shall be kept on the website of GIFT PCL.

8 Wheeling Charges and Cross Subsidy Surcharge

8.1 Wheeling Charges

Regulation 91 of the GERC (MYT) Regulations, 2016 stipulates that the Commission shall specify the Wheeling Charges for distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has examined the submission of the GIFT PCL in this regard and accordingly, determined the Wheeling Charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) Open Access consumers.

Petitioner's submission

The Petitioner has allocated the total ARR to wire and retail supply business based on the allocation matrix specified by the Commission for segregation of Expenses between Distribution Wires Business & Retail Supply Business, as given in Regulations 87 of the GERC (MYT) Regulations, 2016. The allocation of ARR into wheeling and retail supply of electricity for FY 2021-22 is given as below:

Table 8.1: Allocation of ARR between Wheeling and Retail Supply as claimed by the Petitioner for FY 2021-22

(%)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100

No.	Particulars	Wires Business	Retail Supply Business
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

Based on the above allocation matrix, GIFT PCL segregated total ARR of GIFT PCL supply area into ARR for wire and retail supply business as shown below:

Table 8-2: Segregation between Wires and Retail Supply Business ARR claimed for FY 2021-22

(Rs. Crore)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	-	13.35
2	**O&M Expenses**	**2.80**	**1.18**
2.1	Employee Expenses	1.04	0.69
2.2	Administration and General Expenses	0.33	0.33
2.3	Repairs and Maintenance Expenses	1.43	0.16
3	Depreciation	5.60	0.62
4	Interest on Long Term Loan Capital	3.69	0.41
5	Interest on WC and security deposit	0.04	0.33
6	Provision for Bad Debts	-	-
7	Contingency Reserve	0.83	0.00
8	Income Tax	-	-
9	Return on Equity	4.60	0.51
10	Less: Non-Tariff Income	0.05	0.48
11	**ARR**	**17.50**	**15.94**

The above segregated ARR has been considered to determine the wheeling charges.

Analysis

In order to compute the wheeling charges and cross subsidy surcharge, the allocation matrix for allocation of the costs between the wires and retail supply business as per the GERC (MYT) Regulations, 2016 is considered. 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: Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2016

(%)

No.	Particulars	Wire business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below.

Table 8-4: Segregation between Wires and Retail Supply Business ARR as approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	-	11.95
2	Operation & Maintenance Expenses	1.44	0.61
2.1	Employee Expenses	0.54	0.36
2.2	A&G Expenses	0.17	0.17
2.3	R&M Expenses	0.74	0.08
3	Depreciation	1.93	0.21
4	Interest & Finance charges	1.06	0.12
6	Interest on Working Capital	-	-
7	Interest on Security Deposit	0.03	0.28
8	Contribution to contingency reserves	0.18	-
9	**Total Revenue expenditure**	**4.65**	**13.16**
10	Return on Equity Capital	1.39	0.15
11	Income Tax	-	-
12	**Aggregate Revenue Requirement**	6.04	13.32
13	Less: Non-Tariff Income	0.05	0.48
14	**Aggregate Revenue Requirement**	**5.98**	**12.84**

The above allocation of ARR is used for determination of wheeling charges for FY 2021-22.

8.2 Determination of Wheeling Charges

Petitioner's submission

The Petitioner has computed the voltage wise wheeling charges based on the allocation of ARR of distribution wire business, in accordance with the GERC (MYT) Regulations, 2016.

Distribution wires are identified as carrier of electricity from generating station or transmission network to consumer point. Ideally consumption at a particular voltage level requires network at that voltage level and also at all higher voltage levels. Thus consumption at the lower voltages should contribute to the cost of the higher voltage levels also. Whereas consumers connected to the higher voltages would not be utilizing the services of the lower voltage and hence would not be required to contribute to the lower voltages cost recovery.

Based on the approach discussed above, the ARR for the wheeling business is apportioned to the HT and LT voltage in two steps as described below:

a) Apportioning the ARR of wheeling business to HT and LT voltage level;
b) Apportioning the ARR of the HT voltage level again between HT & LT voltage level

The Petitioner has divided the GFA in the ratio of 94.6%:5.4% among HT level and LT Voltage level to arrive voltage level wise Wheeling Charges. Further, as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak demand.

The system peak demand for the Petitioner's Supply Area has been considered in the ratio of 58%:42% as per average peak demand contributed by HT and LT consumers.

The Petitioner has calculated the wheeling charges in terms of Rs./kWh. To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charges determined in terms of Rs./kWh has been tabulated below:

Table 8.5: Wheeling Charges proposed by GIFT PCL for FY 2021-22

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	16.55
LT Voltage Level	0.95
Total ARR	**17.50**
Second Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	9.60
LT Voltage Level	7.90
Total ARR	**17.50**
Wheeling Charges in (Rs./kWh)	
HT Voltage Level	4.13
LT Voltage Level	2.67

The Petitioner has proposed 3.21% wheeling Losses in addition to the wheeling charges as mentioned in above Table.

Analysis

In Order to compute the wheeling charges and cross subsidy surcharges, the allocation matrix between the wires and retail supply business as per the GERC (MYT) Regulations, 2016 is considered.

For the calculation of wheeling charges, the ARR for wheeling business is apportioned in the ratio of actual HT assets to LT assets which is 94.53%:5.57%, as submitted by the Petitioner.

The contribution of HT and LT categories to the system peak demand as submitted by the Petitioner is 58% and 42%, respectively. These ratios are considered for further segregation of ARR based on system peak demand.

To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charge is determined as shown below:

Table 8.6: Wheeling Charges as approved for GIFT PCL for FY 2021-22

Particulars	
First level of segregation of ARR in Rs. Crore	
HT Voltage	5.66
LT Voltage	0.32
Total	5.98
Second level of segregation of ARR in Rs. Crore	
HT Voltage	3.28
LT Voltage	2.70
Total	5.98
Wheeling Charges in Rs./kWh	
HT Voltage	1.39
LT Voltage	4.44

Accordingly, the wheeling charges for HT and LT voltages approved as shown in the Table above.

The Open Access consumer will also have to bear the wheeling Losses of 3.21% in addition to the wheeling charges.

8.3 Cross Subsidy Surcharge

Petitioner's submission

The Petitioner has submitted cross subsidy surcharge as per the following formula:

S = T- [C / (1 - L/100) + D + R]

Where:
S is the Cross Subsidy 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

L is the aggregate of transmission, distribution and commercial Losses, expressed as a percentage applicable to the relevant voltage level

D is the wheeling charges applicable to relevant category

R is the per unit cost of carrying regulatory assets.

The cross subsidy charges based on the above formula is worked out as shown in the Table below:

Table 8.7: Cross Subsidy Surcharge as proposed by GIFT PCL for FY 2021-22

Sr. No.	Particulars	HT Category
1	T - Tariff for HT Category (Rs./kWh)	7.13
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.36
3	D - Wheeling Charge (Rs./kWh)	4.22
4	L - Aggregate T&D Loss (%)	3.21%
5	R - per unit cost of carrying regulatory assets (Rs/kWh)	0.00
6	**S = Cross Subsidy Surcharge (Rs./kWh)**	**Negative**

Therefore, the Petitioner has not proposed any cross subsidy surcharge, as the same is negative.

Analysis

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued the National 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 worked out as shown in the Table below:

Table 8.8: Cross Subsidy Surcharge as approved for GIFT PCL for FY 2021-22

Particulars	FY 2021-22
T- Tariff for HT category (Rs/kWh)	7.30
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	3.90
D - Wheeling Charges (Rs / kWh)	1.39
L - Aggregate T&D Loss (%)	3.21%
R - Per init cost of carrying regulatory assets (Rs/kWh)	-
S - Cross Subsidy Surcharge (Rs/kWh)	**1.88**

S = 7.30 – [3.90 / (1 – 3.21/100) + 1.39 + 0.00]

= 1.88 Rs./kWh

However, Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking Open Access. Accordingly, the leviable CSS from the consumers of the GIFT PCL seeking Open Access, for FY 2021-22 works out to Rs.1.46/kWh.

Accordingly, CSS for HT Category = 1.46 Rs. /kWh for FY 2021-22.

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9 Tariff Philosophy and Tariff Proposal

9.1 Overall Approach

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the GERC (MYT) Regulations, 2016 notified by the Commission.

Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply Tariff. The basic principle is to ensure that the Tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidy amongst categories within a period to be specified by the Commission.

This Chapter discusses GIFT PCL's Tariff proposal and details the Commission's final decision on the same.

9.2 GIFT PCL's Tariff Proposal for FY 2021-22

The Petitioner is following the Tariff schedule for the different category of consumers as per the existing Tariff Schedule of Uttar Gujarat Vij Company Ltd (UGVCL). The Petitioner was allowed to follow the UGVCL's tariff schedule in previous tariff orders as ceiling tariff. The same norm may be followed for FY 2021-22 also.

Additionally, to recover the past losses, the Petitioner has requested to introduce the appropriate regulatory chargers by the Commission to recover the same. The uncovered revenue gap (cumulative for past years) can be recognised as regulatory asset after considering the regulatory gap that can be recovered through regulatory charges during FY 2021-22. The Petitioner has requested the Commission to approve the above proposal. Otherwise, the Petitioner cannot recover its legitimate dues and will face great financial problem. Although, the Commission has derived the past years' gap and approved the same; the recovery mechanism was not mentioned in last year's tariff order of the Petitioner (Case No 1851 of 2020 dated 9/10/2020). Without recovery of the past losses, the Petitioner has no way to claim its legitimate dues. This is affecting the financial situation of the Petitioner.

The Petitioner has submitted that such a huge gap is creating financial burden on the Petitioner and there is no appropriate mechanism to amortize such gap. The Petitioner has requested the Commission to create suitable mechanism to amortize such huge gap. Various State Electricity Regulatory Commission (SERCs) have taken measures like adjustment in tariff, regulatory surcharge imposition etc. to amortize the regulatory assets. The Petitioner prays to the Commission to kindly approve a similar mechanism in the tariff order for FY 2021-22, to amortize regulatory assets.

Maharashtra Electricity Regulatory Commission in its order in Case No. 34 of 2016 in the matter of Multi Year Tariff Order for RInfra-D for FY 2016-17 to FY 2019-20, had approved the similar mechanism. This had reference with recovery of regulatory assets approved in MYT order in case no. 9 of 2013. The relevant para is given below.

> *"…….As elaborated earlier, the actual amount of RA (regulatory asset) under-recovered is Rs. 2307.77 crore, as against a much higher amount of Rs. 3257.17 crore estimated by RInfra-D. Considering the amount involved, the Commission is of the view that it would be appropriate to recover this RA amount in the first 3 years of the Control Period, i.e., over FY 2016-17 to FY 2018-19, as was directed earlier, rather than increasing the period of recovery to 4 years with a substantial consequent increase in carrying cost. Hence, the Commission has allowed the recovery of the under-recovered RA of Rs. 2307.77 crore in 3 years, with associated carrying cost, which works out to annual recovery of Rs. 893.88 crore."*

Similar approval was also considered in Tata Power – Distribution (Mumbai) for recovery of past dues in MERC Mid-Term Review Order for TPC-D for FY 2012-13 to FY 2015-16 (Case No 18 of 2015). The relevant paragraph is given below.

> *" …….Taking all these considerations into account, the Commission has decided to spread the recovery of the Regulatory Assets for TPC-D over the*

same four years as are remaining for RInfra-D's recovery, i.e., FY 2015-16 to FY 2018-19.

……

Hence, the Commission has computed the category-wise RAC such that the total RAC amount allowed to be recovered in FY 2015-16 is recovered only from the direct consumers of TPC-D, i.e., its wire-connected consumers. As a corollary, consumers changing over from RInfra-D to TPC-D will not have to pay the RAC of TPC-D, but only that of RInfra-D. In this manner, the change-over consumer shall be required to pay the Fixed/Demand Charges, Energy Charges, Wheeling Charges, RAC, and CSS of any one Licensee, i.e., the Fixed/Demand Charges and Energy Charges of the Supply Licensee, and the Wheeling Charges, RAC, and CSS of the Wires Licensee. In other words, the consumer should not be required to pay the same charges twice.

The category-wise RAC has been determined in proportion to the Energy Charges of the respective categories."

The Commission has also introduced such regulatory charge in case of Torrent Power Limited – Distribution. In order of Truing up for FY 2014-15, Approval of Provisional ARR for FY 2016-17 and Determination of Tariff for FY 2016-17 of TPL-D (Ahmedabad) in Case No. 1552 of 2015 dated 31/03/2016, the Commission has decided the following.

"…The Commission hereby decides to allow the recovery of Rs. 470.50 Crore as the "Regulatory Charge" at 45 Paise/unit from all the categories of consumers of TPL Ahmedabad, Gandhinagar and Surat during FY 2016-17. It is estimated that the full recovery will be completed by 31st March 2017. However, if due to variation in energy sales during FY 2016-17 the said recovery gets completed prior to 31st March 2017, TPL-D shall stop the recovery of "Regulatory Charge" from the consumers.

In order to make the recovery of the "Regulatory Charge" transparent, TPL-D is hereby directed to submit a statement of actual recovery of "Regulatory Charge" along with units sold on bi-monthly basis to the Commission duly certified by the Statutory Auditors and host the same on their website.'

Further, looking to the present downward trend in the fuel price, particularly gas price, the actual FPPPA of TPL-D is expected to reduce. Accordingly, TPL-D is hereby directed to restrict the recovery of FPPPA at ceiling limit of Rs. 1.35/unit during FY 2016-17.

TPL-D is directed to incorporate a separate line item in the electricity bills of the consumers for effecting the recovery of "Regulatory Charge".

Considering the above judgements, it is clear that regulatory charges were introduced in several cases for recovery of regulatory asset. So, the Petitioner has requested the Commission to accord approval to tariff schedule proposed by the Petitioner for FY 2021-22, as per existing tariff schedule with introduction of appropriate regulatory surcharge. This will help the Petitioner to recover some of its past legitimate dues.

9.3 Analysis

It is noted that Petitioner's licence area overlaps with the licence area of UGVCL. The second proviso to Section 62 (1) of the Electricity Act, 2003,specifies that:

"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."

Keeping in view the above well-established principles of legislation in determination of Tariff, it is believed that the whole course of this area of jurisprudence is that the functions of determination of tariff can be discharged fixing only maximum ceiling of tariff for retail sale of electricity on the basis of promoting competition among distribution licensees where two or more such licensees are in the business of distribution of electricity.

Further, it is observed that the Commission has been determining tariff in similar cases which falls under the situation envisaged under the proviso to Section 62(1) of the Electricity Act, 2003 for areas of distribution licensees like Aspen, TPL-Dahej and MUPL in accordance to the said principles of legislation. The Commission has been therefore, considering either maximum ceiling tariff as set for the principal licensee or setting the tariff which is lower than the retail supply tariff of the principal licensee for the second licensee.

It is intended to continue with tariff rates at par with incumbent Distribution Licence i.e. UGVCL and decided to address resultant surplus of Rs. 3.31 Crore for the FY 2021-22 while truing up.

Accordingly, it is decided that the UGVCL's tariff approved in the Commission's Tariff Order dated 31st March, 2021 will be the maximum ceiling for retail supply in the GIFT City in accordance with the tariff schedule annexed to this Order.

MEMBER'S ORDER

The Aggregate Revenue Requirement (ARR) for GIFT Power Company Limited (GIFT PCL) for FY 2021-22 is approved as shown in the Table below:

ARR approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	FY 2021-22
1	Power Purchase Expenses	11.95
2	Operation & Maintenance Expenses	2.05
3	Depreciation	2.15
4	Interest & Finance Charges	1.18
5	Return on Equity	1.54
6	Interest on Working Capital	-
7	Interest on Security Deposits	0.31
8	Income Tax	-
9	Contingency Reserve	0.18
10	**Aggregate Revenue Requirement**	**17.81**
11	Less: Non-Tariff Income	0.53
12	**Net Aggregate Revenue Requirement**	**18.82**

The retail supply tariffs for GIFT PCL for FY 2021-22 determined are annexed to this Order.

Sd/-

S. R. Pandey
Member

Place: Gandhinagar
Date: 01/07/2021

10 ANNEXURE: TARIFF SCHEDULE

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

General

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of GIFT PCL.
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 purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
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 kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
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, kilo watt or kilo volt ampere (HP, kW, kVA) as the case may be. The fraction of less than 0.5 shall be rounded off 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 / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.
12. Fuel and Power Purchase Price 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 licensee 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 ten days from the date of billing (excluding date of billing).
    - Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.
    - 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. RATE: RGP

This tariff is applicable to all services in the residential premises which are not covered under 'Rate: RGP (Rural)' Category.

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

1.1. FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(b)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers

(a)	Fixed Charges	Rs. 5/- per Month

PLUS

1.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	305 Paise per Unit
(b)	Next 50 Units	350 Paise per Unit
(c)	Next 150 Units	415 Paise per Unit
(d)	Above 250 Units	520 Paise per Unit

1.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION

FOR THE CONSUMERS BELOW POVERTY LINE (BPL) **

(a)	First 50 units	150 Paise per Unit
(b)	For the remaining units	Rate as per RGP

***The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 50 units per month.*

1.4. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above

2. <u>RATE: RGP (RURAL)</u>

This tariff will be applicable to all services for residential premises located in areas within Gram Panchayat as defined in the Gujarat Panchayats Act.

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

2.1. FIXED CHARGES

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(b)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers

Fixed Charges	Rs. 5/- per month

<u>PLUS</u>

2.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION: (OTHER THAN BPL CONSUMERS)

(a)	First 50 units	265 Paise per Unit
(b)	Next 50 Units	310 Paise per Unit
(c)	Next 150 units	375 Paise per Unit
(d)	Above 250 units	490 Paise per Unit

2.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION: FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

(a)	First 50 units	150 Paise per Unit
(b)	For remaining units	Rate as per RGP (Rural)

**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 sub-division office of the Distribution Licensee. The concessional tariff is only for 50 units per month.

2.4. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as defined in Gujarat Panchayat Act, entire consumption will be charged under this tariff.

3. RATE: GLP

This tariff is applicable to

(i) the educational institutes and other institutions registered with the Charity Commissioner or similarly placed authority designated by the Government of India for such intended purpose;

(ii) research and development laboratories;

(iii) Street Light*

(a)	Fixed charges	Rs. 70/- per Installation per Month
(b)	Energy charges	390 Paise per Unit

* Maintenance of street lighting conductor provided on the pole to connect the street light is to be carried out by Distribution Licensee. The consumer utilising electricity for street lighting purpose shall arrange for renewal, maintenance and replacement of lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956/ Rules issued by Central Electricity Authority (CEA) under the Electricity Act, 2003.

4. 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.

Consumer under this category may opt to be charged as per category – 'RATE: LTMD'

4.1. FIXED CHARGES PER MONTH

(a)	First 10 kW of connected load	Rs. 50/- per kW
(b)	For next 30 kW of connected load	Rs. 85/- per kW

PLUS

4.2. ENERGY CHARGES:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	435 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	465 Paise per Unit

4.3. MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

4.3.1. "Seasonal Consumers", 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, vegetable dehydration industries.

4.3.2. Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period 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 the off-season so declared and observed shall be not less than three calendar months in a calendar year.

4.3.3. The total minimum amount under the head “Fixed and Energy Charges” payable by the seasonal consumer satisfying the eligibility criteria under sub-clause 4.3.1 above and complying with the provision stipulated under sub-clause 4.3.2 above shall be Rs. 1800 per annum per kW of the contracted load/ sanctioned load.

4.3.4. The units consumed during the off-season period shall be charged for at a flat rate of 480 Paise per unit.

4.3.5. 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 4.3.3 above.

4.3.6. Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Distribution Licensee as Security Deposit and minimum bill calculated at the rate shown in para 4.3.3 with the Contracted Load/ Sanctioned Load of such consumer. If the Contracted Load/ Sanctioned Load is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry

5. 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.

5.1. DEMAND CHARGE:

(a)	For billing demand up to the Contract demand		
	(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)	For billing demand in excess of the contract demand		Rs. 265/- per kW

PLUS

5.2. ENERGY CHARGE:

For the entire consumption during the month	460 Paise per Unit

PLUS

5.3. REACTIVE ENERGY CHARGES:

For all the reactive units (kVARh) during the month	10 Paise per kVARh

5.4. 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) 6 kW

5.5. MINIMUM BILL

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

5.6. SEASONAL CONSUMERS TAKING LTMD SUPPLY:

5.6.1 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, vegetable dehydration industries.

5.6.2 Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period 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 the off-season so declared and observed shall be not less than three calendar months in a calendar year.

5.6.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 5.6.1 above and complying with provisions stipulated under sub-clause 5.6.2 above shall be Rs. 2970 per annum per kW of the billing demand.

5.6.4 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) 6 kW

5.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 470 Paise per unit.

5.6.6 Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Licensee as Security Deposit and minimum bill calculated at the rate shown in para 5.6.3 for the higher of Contract Demand or Billing Demand. If the Contract Demand is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry.

6. 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.)

6.1. FIXED CHARGES PER MONTH:

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

PLUS

6.2. ENERGY CHARGES:

For the entire consumption during the month	260 Paise per unit

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 6 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 6 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then fixed charge during the relevant billing month shall be billed as per Non-RGP category fixed charge rates given in para 4.1 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 4.2 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 fixed charge and entire energy consumption during the relevant billing month shall be billed as per Non-RGP category fixed charge and energy charge rates given in para 4.1 and 4.2 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.*

This option can be exercised to shift from NON-RGP tariff category to NON-RGP NIGHT tariff or from NON-RGP NIGHT tariff category to 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.

7. 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.)

7.1 DEMAND CHARGES PER MONTH:

50% of the Demand charges specified in Rate **LTMD** above

PLUS

7.2. ENERGY CHARGES:

For entire consumption during the month	260 Paise per unit

PLUS

7.3. REACTIVE ENERGY CHARGES:

For all reactive units (kVARh) drawn during the month	10 Paise per kVARh

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 7 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 7 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 5.1 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 5.2 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 entire energy consumption during the relevant billing month shall be billed as per LTMD category demand charge and energy charge rates given in para 5.1 and 5.2 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. *This option can be exercised to shift from LTMD tariff category to LTMD NIGHT tariff or from LTMD- NIGHT tariff category to LTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.*

8. RATE: LTP- LIFT IRRIGATION

Applicable for supply of electricity to Low Tension Agricultural consumers contracting load up to 125 HP requiring continuous (twenty-four hours) power supply for lifting water from surface water sources such as canal, river, & dam and supplying water directly to the fields of farmers for agricultural irrigation only.

(a)	Fixed charges per month	Rs. 20/- per HP

PLUS

(b)	Energy charges per month; For entire consumption during the month	80 Paise per Unit

9. RATE: WWSP

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

9.1 Type I- Water works and sewerage pumps operated by other than local authority

(a)	Fixed charges per month	Rs. 25/- per HP
	PLUS	
(b)	Energy charges per month; For entire consumption during the month	430 Paise per Unit

9.2 **Type II-** Water Works and sewerage pumps operated by local authority such as Municipal Corporation, Gujarat Water Supply & Sewerage Board located outside Gram Panchayat Area will also attract this tariff:

(a)	Fixed charges per month	Rs. 20/- per HP
	PLUS	
(b)	Energy charges per month; For entire consumption during the month	410 Paise per Unit

9.3 **Type III-** Water Works and sewerage pumps operated by Municipalities/ Nagarpalikas/ and Gram Panchayats or Gujarat Water Supply & Sewerage Board for its installations located in Gram Panchayats:

Energy charges per month: For entire consumption during the month	320 Paise /Unit

9.4 TIME OF USE DISCOUNT:

Applicable to all the water works consumers having connected load of 50 HP and above for the energy consumption during the Off-Peak Load Hours of the Day.

For energy consumption during the off-peak period, viz, 1100 Hrs to 1800 Hrs	40 Paise per Unit
For energy consumption during night hours, viz, 2200 Hrs to 0600 Hrs next day	85 Paise per Unit

10. RATE: AG

This tariff is applicable to services used for irrigation purposes only excluding installations covered under LTP- Lift Irrigation category.

10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF

For entire contracted load	Rs. 200 per HP per month

ALTERNATIVELY

10.1.2 METERED TARIFF

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption during the month	60 Paise per Unit

10.1.3 TATKAL SCHEME

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption during the month	80 Paise per Unit

NOTE: The consumers under Tatkal scheme shall be eligible for normal metered tariff as above, on completion of five years period from the date of commencement of supply.

10.2 No machinery other than pump water for irrigation (and a single bulb or CFL up to 40 watts) will be permitted under this tariff. Any other machinery connected in the installation governed under this tariff shall be charged separately at appropriate tariff for which consumers shall have to take separate connection.

10.3 Agricultural consumers who desire to supply water to brick manufacturing units shall have to pay Rs. 100/HP per annum subject to minimum of Rs. 2000/- per year for each brick Mfg. Unit to which water is supplied in addition to existing rate of HP based / metered agricultural tariff.

10.4 Such Agricultural consumers shall have to pay the above charges for a full financial year irrespective of whether they supply water to the brick manufacturing unit for full or part of the Financial Year.

Agricultural consumers shall have to declare their intention for supply of the water to such brick manufacturing units in advance and pay charges accordingly before commencement of the financial year (i.e. in March every year).

11. RATE- TMP

This tariff is applicable to services of electricity supply for temporary period at the low voltage. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

11.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day

11.2 ENERGY CHARGE

A flat rate of	465 Paise per Unit

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.

12. 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, RGP (RURAL), GLP, LTMD, NON-RGP NIGHT, LTMD-NIGHT, etc. as the case may be.

12.1 FIXED CHARGES

Fixed Charge	Rs. 25 per Installation per Month

12.2 ENERGY CHARGES: FOR THE ENTIRE MONTHLY CONSUMPTION

Energy Charge	410 Paise per Unit

PART - II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION

(3.3 KV AND ABOVE, 3-PHASE 50 HERTZ), 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

13. RATE- HTP-1

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.

13.1 DEMAND CHARGES:

13.1.1 For billing demand up to contract demand

(a)	For the 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

13.1.2 For billing Demand in Excess of Contract Demand

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

PLUS

13.2 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	400 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	420 Paise per Unit
(c)	For billing demand above 2500 kVA	430 Paise per Unit

PLUS

13.3 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	45 Paise per unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

13.4 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

13.5 MINIMUM BILLS:

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

13.6 POWER FACTOR ADJUSTMENT CHARGES:

13.6.1 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.

13.6.2 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 13.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

13.7 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.

13.8 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.

13.9 REBATE FOR SUPPLY AT EHV:

On Energy charges:		Rebate @
(a)	If supply is availed at 33/66 kV	0.75%
(b)	If supply is availed at 132 kV and above	1.25%

13.10 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 shall be eligible for concession at the rate of 43 Paise per unit.

13.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

13.11.1 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, vegetable dehydration industries.

13.11.2 Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period 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 the off-season so declared and observed shall be not less than three calendar months in a calendar year.

13.11.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 13.11.1 above and complying with provisions stipulated under sub-clause 13.11.2 above shall be Rs. 4550 per annum per kVA of the billing demand.

13.11.4 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

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 430 Paise per unit.

13.11.6 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.

13.11.7 Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Licensee as Security Deposit and minimum bill calculated at the rate shown in para 13.11.3 for the higher of Contract Demand or Billing Demand. If the Contract Demand is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry.

14. 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 run by Local Authorities and GW & SB. GIDC Water Works.

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

(a)	For the 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

14.1.2 For billing demand in excess of contract demand

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

PLUS

14.2 ENERGY CHARGES:

	For entire consumption during the month	
(a)	Up to 500 kVA of billing demand	435 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit

(c)	For billing demand above 2500 kVA	465 Paise per Unit

PLUS

14.3 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	45 Paise per unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

14.4	Billing Demand	Same as HTP-I Tariff
14.5	Minimum Bill	
14.6	Maximum demand and its measurement	
14.7	Contract Demand	
14.8	Rebate for supply at EHV	
14.9	Concession for use of electricity during night hours	

14.10 POWER FACTOR ADJUSTMENT CHARGES

14.10.1 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 14.2 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 14.2 of this schedule, will be charged.

14.10.2 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 14.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

15. 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.

15.1 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

15.2 ENERGY CHARGES:

For all units consumed during the month	660 Paise/Unit

PLUS

15.3 TIME OF USE CHARGES:

Additional charge for energy consumption during two peak periods, viz, 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	85 Paise per Unit

15.4 Billing Demand

15.5 Minimum bill

15.6	Maximum demand and its measurement	Same as HTP-I Tariff
15.7	Contract Demand	
15.8	Rebate for supply at EHV	

15.9 POWER FACTOR ADJUSTMENT CHARGES

15.9.1 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 15.2 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 15.2 of this schedule, will be charged.

15.9.2 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 15.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

16. 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.

16.1 DEMAND CHARGES:

1/3rd of the Fixed Charges specified in Rate HTP-I above

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	225 Paise/Unit

16.3 Billing Demand
16.4 Minimum Bill
16.5 Maximum demand and its measurement
16.6 Contract Demand
16.7 Rebate for supply at EHV

} Same as HTP-I Tariff

16.8 POWER FACTOR ADJUSTMENT CHARGES:

16.8.1 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 16.2 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 16.2 of this schedule, will be charged.

16.8.2 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 16.2 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 16 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 16 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 13.1 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 13.2 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 13.1 and 13.2 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. This option can be exercised to shift from HTP-I tariff category to HTP-IV tariff or from HTP-IV tariff category to 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

17. <u>RATE- HTP-V</u>

HT - Agricultural (for HT Lift Irrigation scheme only)

This tariff shall be applicable for supply of electricity to High Tension Agricultural consumers contracting for 100 kVA and above, requiring power supply for lifting water from surface water sources such as canal, river and dam, and supplying water directly to the fields of farmers for agricultural irrigation only.

17.1 DEMAND CHARGES:

Demand Charges Rs. 25 per kVA per month

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	80 Paise/Unit

17.3 Billing Demand
17.4 Minimum bill
17.5 Maximum demand and its measurement
17.6 Contract Demand
17.7 Rebate for supply at EHV

Same as per HTP-I Tariff

17.8 POWER FACTOR ADJUSTMENT CHARGES

17.8.1 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 17.2 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 17.2 of this schedule, will be charged.

17.8.2 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 17.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

18. RATE- RAILWAY TRACTION

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.

18.1 DEMAND CHARGES:

(a)	For billing demand up to the contract demand	Rs. 180 per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 425 per kVA per month

NOTE: In case of the load transfer for traction supply due to non-availability of power supply at preceding or succeeding point of supply or maintenance at Discom's level, excess demand over the contract demand shall be charged at normal rate at appropriate point of supply.

Normal Demand Charges will also apply in case of bunching of trains. However, Discoms shall charge excess demand charges while raising the bills and Railways have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains is provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 18.1 (b).

PLUS

18.2 ENERGY CHARGES:

For all the units consumed during the month	500 Paise per Unit

18.3 Billing Demand:
18.4 Minimum Bill
18.5 Maximum demand and its measurement
18.6 Contract Demand
18.7 Rebate for supply at EHV

Same as HTP-I Tariff

18.8 POWER FACTOR ADJUSTMENT CHARGES

18.8.1 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 18.2 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 18.2 of this schedule, will be charged.

18.8.2 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 18.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

19. 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, HTP-V, RAILWAY TRACTION as the case may be.

19.1 DEMAND CHARGES:

(a)	For billing demand up to the contract demand	Rs. 25/- per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 50/- per kVA per month

PLUS

19.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION

ENERGY CHARGE	400 Paise per Unit

19.3 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