

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

**Truing up for FY 2020-21
and
Determination of Tariff for FY 2022-23**

For

**Torrent Power Limited – Distribution
Ahmedabad**

**Case No. 2033 of 2021
31st March, 2022**

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Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 2033 of 2021

Date of Order: 31.03.2022

CORAM

Shri Anil Mukim, Chairman
Shri Mehul M. Gandhi, Member
Shri. S. R. Pandey, Member

ORDER

Chapter 1: Background and Brief History

1.1 Background

Torrent Power Limited (hereinafter referred to as TPL or the Petitioner) has filed the present Petition under Section 62 of the Electricity Act, 2003 read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 and Suo-Motu Order No. 1995 of 2021 dated 24th September, 2021 for determination of tariff for its distribution business at Ahmedabad and Gandhinagar for FY 2022-23.

Gujarat Electricity Regulatory Commission (hereinafter referred as “the Commission”) notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulations 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of Truing up and ARR for control period i.e., 29th March 2016 to 31st March 2021 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 True up year and the ensuing year in the present case is FY 2020-21 and FY 2022-23 respectively, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 were 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 22nd December, 2020 deferred the 5-year control period for new MYT Regulations for one year. Due to ongoing pandemic, the process was further delayed due to circumstances and reasons beyond the control of the Commission. The Commission vide its Order in Suo-Motu Petition No. 1995 of 2021 dated 24th September, 2021 deferred the next MYT Control period by one more year and accordingly, all the concerned utilities and licensees were directed to file True up for FY 2020-21 and annual ARR for FY 2022-23 and application for determination of tariff for FY 2022-23 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016.

Subsequently, the Petitioner filed the current Petition for truing-up of FY 2020-21, and determination of ARR and tariff for FY 2022-23 on 30th November, 2021.

After technical validation of the petition, it was registered on 3rd December, 2021 and as provided under Regulation 29.1 of the GERC MYT Regulations, 2016, the Commission has proceeded with this tariff order.

1.2 Torrent Power Limited (TPL)

Torrent Power Limited (TPL), a company incorporated under the Companies Act, 1956 is carrying out the businesses of Generation and Distribution of Electricity in the cities of Ahmedabad, Gandhinagar and Surat. The present petition has been filed by TPL Distribution (Ahmedabad) (TPL-D (A)) for its distribution business in Ahmedabad and Gandhinagar.

TPL had assumed the business, consequent upon the amalgamation of Torrent Power Ahmedabad Limited (TPAL), Torrent Power Surat Limited (TPSL) and Torrent Power Generation Limited (TPGL) with Torrent Power Limited. Besides, TPL is also engaged in other businesses, which do not come under the regulatory purview of the Commission.

1.3 Commission's Orders issued under the GERC (Multi Year Tariff) Regulations, 2016

The Petitioner filed petition for Truing up of FY 2015-16, Approval of Final ARR for FY 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of tariff for FY 2017-18 on 29th November, 2016. The petition was registered on 3rd December, 2016 (under Case No. 1627 of 2016). The Commission vide order dated 9th June, 2017 approved the Truing up for FY 2015-16, Final ARR for FY 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

In continuation to above, the Petitioner filed a petition for Truing-up of FY 2016-17 and determination of tariff for FY 2018-19 on 30th December, 2017. The petition was registered on 3rd January, 2018 (Case No.1696 of 2018). The Commission vide order dated 31st March, 2018 approved the Truing-Up for FY 2016-17 and determined the tariff for FY 2018-19.

Further, the Petitioner filed a petition for Truing Up of FY 2017-18 and Mid-Term Review of ARR for FY 2019-20 and FY 2020-21 on 30th November, 2018. The Petition was registered on 4th December 2018 (Case No.1764 of 2018). The

Commission approved the Truing-Up of FY 2017-18 and revised the ARR for FY 2019-20 and FY 2020-21 vide order dated 24th April, 2019.

Subsequently, the Petitioner filed a petition for Truing-up of FY 2018-19 and determination of tariff for FY 2020-21 on 30th November, 2019. The petition was registered on 4th December, 2019 (Case No.1844 of 2019). The Commission vide order dated 30th March, 2020 approved the Truing-Up for FY 2018-19 and determined the tariff for FY 2020-21.

Further, the Petitioner filed a petition for Truing-up of FY 2019-20 and determination of tariff for FY 2021-22 on 8th January, 2021. The petition was registered on 11th January, 2021 (Case No.1926 of 2021). The Commission vide order dated 31st March, 2021 approved Truing-up of FY 2019-20 and determination of tariff for FY 2021-22.

1.4 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 of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Further, 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, vide its order dated 24th September, 2021 has directed the utilities to file the petition for determination of tariff for FY 2022-23 based on the principles and methodology as provided in the GERC (Multi Year Tariff) Regulation, 2016.

1.5 Registration of the Current Petition and the Public Hearing Process

The Petitioner submitted the current Petition for Truing-up of FY 2020-21 and determination of tariff for FY 2022-23 on 30th November, 2021. After technical validation of the petition, it was registered on 3rd December, 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, TPL-D (A) was directed to publish its application in the newspapers to ensure public participation.

The Public Notice, inviting objections / suggestions from the stakeholders on the Truing up and tariff determination petition filed by TPL, was published in the following newspapers:

TABLE 1-1 LIST OF NEWS PAPERS (PETITIONER)

S. No.	Name of Newspaper	Language	Date of Publication
1	Times of India (Ahmedabad Edition)	English	11/12/2021
2	Gujarat Samachar (Ahmedabad Edition)	Gujarati	11/12/2021
3	Sandesh (Ahmedabad Edition)	Gujarati	11/12/2021

The Petitioner also placed the public notice and the petition on its website (www.torrentpower.com) for inviting objections and suggestions on the petition. The interested parties/stakeholders were asked to file their objections/suggestions on the petition on or before 10th January, 2022.

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

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

TABLE 1-2 LIST OF NEWSPAPERS (COMMISSION)

S. No.	Name of Newspaper	Language	Date of Publication
1	The Times of India	English	06/02/2022

S. No.	Name of Newspaper	Language	Date of Publication
2	Sandesh	Gujarati	06/02/2022
3	Gujarat Samachar	Gujarati	06/02/2022

The Commission received objections / suggestions from the consumers / consumer organizations as shown in the table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the petition on 15th February, 2022 through Video Conferencing considering prevailing Covid situation. Subsequently a communication and Microsoft TEAMS Platform link was sent to the objectors to take part in the public hearing process via video conferencing for presenting their views before the Commission. The stakeholders who desired to remain present at the Commission's office, were arranged Video Conferencing facility at the office of the Commission.

The Commission also published the notice for Virtual Public Hearing (through video conferencing) on the Commission's website www.gercin.org intimating the date and venues as given below in order to solicit participation by the objectors who have submitted their objections, comments and also by any stakeholders who are interested.

Petitions	Date & Time	Venue
TPL-G, TPL-D(A), TPL-D(S) and TPL-D(D)	15 th February 2022 at 11:30 A.M	GERC Office, Gandhinagar (through Microsoft Teams Platform)

The status of stakeholders who submitted their written suggestion/objections, those who remained present in public hearing, those who could not attend the public hearings and those who made oral submissions is given in the Table below:

TABLE 1-3 LIST OF STAKEHOLDERS

S. No.	Name of Stakeholders	Written Submission	Oral Submission	Presence in Public Hearing
1	Shri K.K Bajaj	Yes	Yes	Yes
2	Shri Shailesh Bachbhai Mehta	Yes	No	No
3	Gujarat Chamber of Commerce & Industry	Yes	Yes	Yes
4	Tata Consultancy Services	Yes	Yes	Yes

S. No.	Name of Stakeholders	Written Submission	Oral Submission	Presence in Public Hearing
5	Shri Vishnubhai Desai	Yes	Yes	Yes
6	Consumer Protection and Action Committee	Yes	No	No
7	Users Welfare Associations	Yes	Yes	Yes
8	Roop Textiles Mills	Yes	No	No
9	Utility Users' Welfare Association	Yes	No	No
10	Gujarat Krushi Vij Grahak Surakhsya Sangha	No	No	Yes
11	Shri Himanshu Umrajwala	No	No	Yes

A short note on the main issues raised by the objectors in the submission in respect of the petition, along with the response of TPL-D (A) and the Commission's views on the response, are given in Chapter 3.

1.6 Approach of this Order

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

TPL has approached the Commission with the present Petition for “Truing up” of the FY 2020-21 and determination of Tariff for the FY 2022-23.

The Commission has undertaken the “Truing up” for FY 2020-21, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2020-21, based on the annual accounts and final ARR for FY 2020-21 approved vide MTR Order dated 24th April 2019 in Case No. 1764/2018.

While truing up of FY 2020-21, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved under the MYT/MTR 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 the FY 2020-21 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of ARR and Tariff for FY 2022-23 has been considered as per the methodology and principles adopted in the GERC (Multi- Year Tariff) Regulations, 2016 and amendment thereof as the base. Truing up of FY 2022-23 shall be carried out based on the principles and methodology adopted in the GERC (MYT) Regulations, 2016.

1.7 Contents of this Order

The Order is divided into nine chapters as detailed under:

1. The first chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and approach adopted in this Order.
2. The second chapter outlines the summary of TPL's Petition.
3. The third chapter deals with the objections raised by various stakeholders, TPL's response and Commission's views on the response.
4. The fourth chapter focuses on the details of truing up for FY 2020-21.
5. The fifth chapter deals with the determination of Tariff for FY 2022-23.
6. The sixth chapter deals with compliance of directives and issue of fresh directives.
7. The seventh chapter deals with FPPPA charges
8. The eighth chapter outlines the Wheeling Charges and Cross-Subsidy Surcharge
9. The ninth chapter deals with tariff philosophy and tariff proposals

Chapter 2: Summary of TPL-D (Ahmedabad)'s Petition

2.1 Introduction

TPL-D (A) has submitted the current Petition seeking Truing up of ARR for FY 2020-21 and approval of ARR for FY 2022-23. The Petitioner has also submitted the tariff proposal for FY 2022-23, based on the Revenue Gap for FY 2020-21 and ARR for FY 2022-23

2.2 Actual for FY 2020-21 submitted by TPL-D (A)

TPL-D (A) has submitted the current petition seeking approval of True-Up for ARR of FY 2020-21. The details of expenses under various heads of ARR are given in table below:

TABLE 2-1 ACTUAL EXPENSES CLAIMED BY TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Particulars	MTR Order	Actual
Power Purchase	4,343.92	3,986.92
O&M Expense	342.97	346.13
Interest on Loans	156.68	113.17
Interest on Security Deposit	49.67	36.92
Interest on Working Capital	-	-
Depreciation	212.81	237.64
Bad Debts written off	4.70	4.00
Contingency reserve	0.60	0.60
Return on Equity	292.96	273.02
Income Tax	83.40	78.89
Less: Non-Tariff Income	57.82	28.49
Net ARR	5,429.89	5,048.80

2.3 Sharing of Gains and Losses for FY 2020-21

The sharing of gains and losses as projected by TPL-D (A) is as depicted below:

TABLE 2-2 SUMMARY OF SHARING GAINS/(LOSSES) FOR FY 2020-21 (RS. CRORE)

Particulars	MTR Order	Actual	Deviation	Controllable	Uncontrollable
Power Purchase	4,343.92	3,986.92	357.00	24.65	332.35
O&M Expense	342.97	346.13	(3.16)	1.50	(4.66)
Interest on Loans	156.68	113.17	43.51	-	43.51

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Particulars	MTR Order	Actual	Deviation	Controllable	Uncontrollable
Interest on Security Deposit	49.67	36.92	12.75	-	12.75
Interest on Working Capital	-	-	-	-	-
Depreciation	212.81	237.64	(24.83)	-	(24.83)
Bad Debts written off	4.70	4.00	0.70	0.70	-
Contingency reserve	0.60	0.60	-	-	-
Return on Equity	292.96	273.02	19.94	-	19.94
Income Tax	83.40	78.89	4.51	-	4.51
Less: Non-Tariff Income	57.82	28.49	29.33	-	29.33
Net ARR	5,429.89	5,048.80	381.09	26.85	354.24

2.4 Summary of Proposed Revenue Gap for FY 2020-21

The table below summarizes the proposed ARR claimed by TPL-D (A) for truing-up, revenue from sale of power at existing tariff and the revenue gap estimated for FY 2020-21.

TABLE 2-3 TRUE-UP ARR CLAIMED BY TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Particulars		Claimed
ARR as per MTR	(a)	5,429.89
Gains/(Losses) due to Uncontrollable factors	(b)	354.24
Gains/(Losses) due to Controllable factors	(c)	26.85
Pass through as tariff	d= - (c/3+b)	(363.19)
Trued-up ARR	e= a + b	5,066.70

The table below summarizes the revenue gap/surplus for TPL-D (A) for FY 2020-21.

TABLE 2-4 REVENUE (GAP)/ SURPLUS FOR TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Particulars	Claimed
Trued-up ARR	5,066.70
Revenue from Sale of Energy	5,177.89
Add; Revenue towards recovery of Earlier year's approved (gap)/surplus	(548.80)
Balance Revenue	4,629.09
(Gap)/Surplus	(437.61)

2.5 ARR, Revenue at Existing Tariff and Revenue (Gap)/Surplus for FY 2022-23

TABLE 2-5 REVENUE (GAP)/ SURPLUS OF TPL-D (A) FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed
ARR for FY 2022-23	5,991.65

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Less;	
Revenue from sale of power at existing rates including base FPPPA revenue @2.66 per unit	6,189.93
Revenue from Open Access Charges	26.30
(Gap)/Surplus	224.59

TABLE 2-6 CUMULATIVE REVENUE (GAP)/SURPLUS FOR FY 2022-23

Particulars	Claimed
(Gap)/Surplus for FY 2020-21	(437.61)
Carrying Cost	(136.16)
DSM	-
(Gap)/Surplus for FY 2022-23	224.59
Cumulative (Gap)/Surplus to be recovered through tariff	(349.18)

2.6 TPL-D (A)'s Prayer to the Commission

- a) Admit the Petition for truing-up of FY 2020-21, Aggregate Revenue Requirement for FY 2022-23, and determination of tariff for FY 2022-23.
- b) Approve the trued-up (Gap)/Surplus of FY 2020-21 including impact of change in law as set out in petition.
- c) Approve the sharing of gains/ (losses) as proposed by the Petitioner for FY 2020-21.
- d) Approve the Aggregate Revenue Requirement for FY 2022-23.
- e) Approve the cumulative (Gap)/ Surplus.
- f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2022.
- g) Approve the recovery of Regulatory Charge as proposed and/or through retail tariff of FY 2022-23.
- h) Allow recovery of the costs as proposed as per the Judgments/ orders of the Hon'ble Tribunal/ Hon'ble Commission in the Appeals/ Review Petitions filed by the Petitioner.
- i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.

- j) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.
- k) Allow any other relief, order or direction which the Hon'ble Commission deems fit to be issued.
- l) Condone any inadvertent omissions/ errors/ rounding off difference/ shortcomings.

Chapter 3: Brief outline of Objections raised, Response from TPL-D (A) and Commission’s view

3.1 Introduction

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL-D (A) for Truing up of FY 2020-21 and determination of ARR for FY 2022-23 under the GERC (MYT) Regulations, 2016, a number of Consumers/ organizations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The objections / suggestions by the consumer/consumers organizations, the response from the Petitioner and the views of the Commission are given below:

3.2 Additional Higher Slab for Residential Consumers

The Objector has suggested additional slab for the residential consumers of the State.

Petitioner’s Response: The Petitioner submitted that the tariff structure is based on certain widely recognized best practices and in accordance with the legal framework. Some of the key factors considered for tariff design and as contemplated under the Act are capacity to pay, incentivizing energy conservation through telescopic tariff and promotion of efficient use of electricity. However, the Hon’ble Commission may take appropriate view in this regard in accordance with the applicable Statutory Provisions.

Commission’s View: The Commission has noted the suggestion. At present there are three slabs for residential category. Rationalisation of tariff structure calls for reduction in number of categories and slabs. The Commission does not find merit in increasing the number of consumption slabs for residential category.

3.3 Rationalization of Fixed Charges for Residential & Consumers installing Solar Rooftop

The Objector has requested for rationalization of fixed charges for residential consumers and suggested to specify separate fixed/demand charges for consumers installing solar rooftop plants.

Petitioner’s Response: The Commission may take appropriate view to rationalize the fixed charges of the residential consumers or alternatively, introduce connected load based fixed charges.

Commission’s View: There are different view and opinions amongst consumers/consumer groups. The Commission in past has also received similar representations to modify the fixed charges. The Commission in the past Orders, rationalized the tariff in order to ensure that the tariff reflect, as far as possible, the cost of supply.

3.4 Carrying cost towards past under-recoveries

The Objector has requested to clear past dues and the proposed regulatory surcharge should be discontinued upon recovery of past dues.

Petitioner’s Response: Petitioner submitted that it has proposed the regulatory charge mainly to recover the gap arising on account of past years’ under recovery and the same will be discontinued upon completion of recovery of such past under-recoveries. Further, the carrying cost for such unrecovered gap is the legitimate claim of the Petitioner to factor in time value of money due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law.

Commission’s View: The gap/surplus in truing up of earlier years is carried forward to the current year as per the GERC (MYT) regulations. Carrying cost is considered in accordance with the GERC (MYT) Regulations, 2016 and it is dealt accordingly in subsequent Chapters as per APTEL decisions.

3.5 Rationalization of Electricity Duty

The Objector has requested the Commission to recommend the State Government to rationalize the electricity duty.

Petitioner’s Response: Petitioner submitted that the Electricity Duty is levied as per the Electricity Duty Act and the same is within the jurisdiction of the Government.

Commission’s View: Electricity Duty is governed by the State Act and it does not fall within the jurisdiction of the Commission.

3.6 Waiver of Electricity Bill during COVID period

The Objector has requested the Commission to waive off the electricity bill of blind and specially abled persons during lockdown period.

Petitioner’s Response: Petitioner submitted that it has filed the present petition for approval of tariff in line with the provisions of the Act, National Tariff Policy and the GERC Regulations. While designing the tariff proposal, the Petitioner has given due consideration to the capacity to pay, cost of supply, reduction in cross-subsidization and other factors while ensuring recovery of cost. In case any waiver is to be given to any category, it may kindly be noted that the distribution licensee remains revenue neutral.

Commission’s View: As per section 65 of the Electricity Act, 2003, in case a rebate or exemption is to be given to category/categories of consumer on the tariff determined by the SERC, subsidy in advance to that extent has to be given by the State Government to the DISCOM. Therefore, in case, any waiver on energy bills can further necessitates the subsidy payment to compensate the DISCOM.

3.7 Mismatch in Power Purchase Cost submitted by Petitioner and TPL-G

The Objector has sought reconciliation of power purchase cost as submitted by the Petitioner and TPL-G (APP) in its ARR Petition.

Petitioner’s Response: Petitioner submitted that the trued up ARR of TPL-G (APP) for FY 2020-21 is corresponding to actual generation whereas the power purchase cost considered for TPL-D(A) is corresponding to the scheduled generation in line with the provisions of the MYT Regulations. Therefore, the figures pointed out by the Objector are duly clarified.

Commission’s View: The Commission has examined the power purchase cost from various sources and has taken appropriate decision which are covered in Chapter 4 of this Order and of TPL-G (APP) current Tariff Order for FY 2022-23.

3.8 Verification of fixed charges of SUGEN/UNOSUGEN Plants

The Objector has requested the Commission to verify the fixed charges of SUGEN/UNOSUGEN plants with respect to CERC Tariff Orders.

Petitioner’s Response: Petitioner submitted that the fixed cost of SUGEN and UNOSUGEN are recovered in line with the fixed cost approved by the Appropriate Commission.

Commission’s View: The Commission has allowed Power Purchase Cost in accordance with orders of the CERC/GERC as per prevailing regulatory framework.

3.9 RPO Compliance

The Objector has requested the Commission to verify RPO compliance of the Petitioner.

Petitioner’s Response: Petitioner submitted that it has approached the Hon’ble Commission w.r.t. RPO for the year FY 2020-21 in accordance with the RPO Regulations. The petition has been registered. Regarding procurement of renewable power through competitive bidding, the Petitioner would like to submit that the Hon’ble Commission has directed TPL to procure RE power through competitive bidding and accordingly, TPL has been tying up RE Power through bidding process.

Commission’s View: The objection and response of the Petitioner on the same are noted. Decision will be taken on the relevant petition filed by the petitioner.

3.10 Increase in O&M Expenses

The Objector has requested the Commission to verify increase in O&M expenses due to amendment of the Gratuity Act, 1872.

Petitioner’s Response: Petitioner submitted that there has been an increase in Employee Cost owing to wage revision and change in law resulting in variation in the employee expenses. The Petitioner would like to submit that Government of India issued a Notification dated 29th March, 2018, amending the Payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 lakhs from Rs. 10 lakhs. This has resulted in an increase in the employee cost of the Petitioner.

Commission’s View: The O&M expenses claimed/projected have been examined and appropriately dealt with in the current Order after prudence check and validation in accordance with the GERC (MYT) Regulations, 2016.

3.11 Sales Projections for FY 2022-23

The Objector has requested the Commission to approve the sales for FY 2022-23 based on the current trend.

Petitioner’s Response: Petitioner submitted that there has been degrowth in the sales of FY 2020-21 over FY 2019-20 owing to Covid-19. Therefore, the Petitioner

has forecasted the sales of FY 2022-23 considering the long-term trends for sales as well as increasing penetration of solar rooftop. Hence, the Petitioner requests the Hon'ble Commission to kindly approve the sales as estimated in the petition.

Commission's View: The Commission has noted the suggestion of the Objector and response of the Petitioner. The energy sales projected by the petitioner for FY 2022-23 have been examined by the Commission based on trend, impact of COVID-19, penetration of solar roof top etc. and the same are found to be appropriate under the present prevailing conditions.

3.12 Capex for smart metering in phased-wise manner

The Objector has suggested to incur capital expenditure for smart metering in phased wise manner considering the current distribution losses, billing and collection efficiency.

Petitioner's Response: The Petitioner has proposed replacement of consumer/DT/ feeder meters with smart meters in a phased manner.

Commission's View: The Commission has noted the suggestion of the objector.

3.13 Recovery of past dues

The Objector has requested the Commission to allow recovery of past dues of Rs. 136.16 Crore as decided by the Tribunal.

Petitioner's Response: Petitioner submitted that it has computed the carrying cost in line with the methodology approved by the Hon'ble Commission, provisions of the MYT Regulations and applicable APTEL judgments. The Petitioner has submitted that carrying cost for the unrecovered gap is the legitimate claim of the Petitioner due to deferment in recovery of gap and the Petitioner is entitled to the cost along with carrying cost as its legitimate claim. Carrying cost computation submitted by the Petitioner vide its additional details is as per table below:

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Particulars	FY 2010-11	FY 2012-13	FY 2014-15	FY 2016-17	FY 2018-19	FY 2020-21
Revenue	2,620.72	3,481.02	4,443.89	4,443.22	5,887.83	5,177.89
ARR						
Trued up ARR/ Estimated ARR	2,736.56	3,875.68	4,360.39	4,262.94	5,836.75	5,066.70
DSM	-	-	-	1.90	-	-
Opening Gap	-	115.21	547.19	619.29	597.76	924.73
Carrying Cost on Opening Gap	-	22.57	119.95	144.91	105.35	155.16
Total Requirement	2,736.56	4,013.46	5,027.54	5,029.05	6,539.86	6,146.60
Net Gap/(Surplus)	115.84	532.44	583.65	585.83	652.03	968.71
Approved	(0.63)	14.75	35.65	11.94	272.70	-
Cumulative (Gap)/Surplus	115.21	547.19	619.29	597.76	924.73	968.71
Interest Rate	10.00%	11.45%	11.70%	8.81%	8.39%	7.07%
Period (2 Years)	1.96	1.92	2.00	2.00	2.00	2.00
Carrying Cost on Cumulative (Gap)/Surplus	22.57	119.95	144.91	105.35	155.16	137.03

Commission’s View: The Commission has noted the suggestion of the objector and response of the Petitioner. The Commission has appropriately dealt with issue of recovery of past dues in the subsequent chapters of the current Order.

3.14 100% Green Power to TCS Campus

The Objector has suggested that it would like to avail 100% green power for entire energy supplied by the Petitioner from April’2022.

Petitioner’s Response: The Petitioner submitted that as and when the draft Electricity (Promoting renewable energy through Green Energy Open Access) Rules, 2021 regarding “Green Tariff” finalizes the same will be implemented via duly approval of the Commission, however, in the meantime for FY 2022-23, the Petitioner has proposed “Green Tariff” of Rs. 0.50 per unit in line with the existing “Green Tariff” decided for Deendayal Port Trust to supply Green Power.

Commission’s View: The Commission has noted the suggestion and response of the objector and petitioner respectively.

3.15 Higher Tariff due to unavailability of Smart Meters

The Objector has raised an issue that despite guidelines issued by GoI for smart meter installation, the Petitioner is unable to do that, which leads to higher tariff to consumers.

Petitioner’s Response: Petitioner submitted that contention of the Objector is not correct. Regarding the installation of smart meters, the Petitioner would like to clarify that the technology of smart meters is still at nascent stage. The Petitioner is evaluating the options and has proposed capex for replacement of consumer/ DT/ feeder meters with smart meter in a phased manner.

Commission’s View: The availability of smart meters on the market is still in its infancy and implementation should be phased. However, installation of smart meters should be explored by the Licensee giving it priority.

3.16 Share of Renewable Energy in Power Purchase Mix

The Objector has raised an issue that the Petitioner is not focusing on renewable sources of energy.

Petitioner’s Response: Petitioner submitted that allegation of the Objector is factually incorrect and humbly submits that it procures power from the approved sources which includes both conventional and renewable energy sources.

Commission’s View: The Commission has notified the Renewable Purchase Obligation Regulations specifying to purchase certain percentage of energy requirement from solar and non-solar energy sources.

3.17 Theft of Electricity

The Objector has alleged that there are number of cases of theft which needs to be stopped.

Petitioner’s Response: Petitioner submitted that it has been making consistent efforts to contain the distribution losses. Consequent to the efforts, the Petitioner has one of the lowest distribution losses in the country.

Commission’s View: The Petitioner has consistently reduced its distribution losses over a period of years by taking necessary steps which includes theft control.

3.18 Audit of TPL-D from CAG or Independent Agency

The Objector has suggested to carry out audit from CAG or independent agency.

Petitioner’s Response: The Petitioner prepares and maintains the accounts as per the Accounting Standards issued by the Chartered Accountants of India and the same is duly verified by the Statutory Auditors of the Company.

Commission’s View: The Commission has noted the suggestion made by the Objector and the response of the Petitioner.

3.19 Wheeling losses and charges

The Objector has stated that there are no wheeling losses of the Petitioner and no ground has been stated in the petition qua the same. Further, the Objector has contended that there is no cost of charges for distribution as the same are automatic in the overall cost of the Petitioner and that the transmission tariff would be the same irrespective of the amount of electricity supplied.

Petitioner’s Response: Petitioner submitted the petition has been filed as per the provisions of the GERC MYT Regulations, 2016 which inter alia provides for segregation of ARR into wheeling and retail business. In turn, the Petitioner has sought approval for determination of wheeling charges and retail tariff. The understanding of the Objector that there is no cost of charges for distribution as the same are automatic in the overall cost of the Petitioner is not correct.

Commission’s View: The Commission has noted the suggestion of the objector and the response of the Petitioner.

3.20 CAPEX incurred on PSC needs to be validated

The Objector submitted that the capex incurred on Power Supply Centre (PSC) is way much higher as compared to approved in MTR Order and the same needs to be disallowed.

Petitioner’s Response: Deferred capex planned during FY 2019-20 on account of land availability and policy revision by local authorities were executed during FY 2020-21 for setting up PSCs at various locations for customer convenience and efficiency service. In addition to that, capex incurred for allotment of land by Govt. in Gandhinagar for setting up full-fledged PSC and Plug point.

Commission’s View: The Commission has noted the suggestion and response of the objector and petitioner respectively.

3.21 Prudence check of Capital investment

The objector has contended that the Petitioner is incurring capital investment without providing details and that the capital investment is required to be verified in context of projected and achieved sale of energy.

Petitioner’s Response: The Petitioner submitted that the electricity demand has increased at a 3 year CAGR rate of about 5.47% from FY 2016-17 to FY 2019-20. Further, the existing load density of Ahmedabad/ Gandhinagar license area is about 6 MW/sq.km which is likely to increase in the coming years. The urbanisation of the twin cities of Ahmedabad & Gandhinagar has resulted in increased issues of availability of corridor for creation of evacuation network. Further, new initiatives such as Smart City, infrastructure projects like BRTS/Metro, modern water/sewage systems necessitate creation of state-of-the art electrical network with ability of handling large quantum of power at the higher level of reliability. The Petitioner has

planned to undertake capital expenditure for augmentation and up-gradation of distribution network to meet the future load growth while ensuring reliability & quality of power along with safety measures. The capital expenditure for Ahmedabad & Gandhinagar Area consists of expenditure to create capacity and reliability in EHV network to provide un-interrupted supply, additional EHV & HV substations to cater to the load growth, LT network to meet the consumer connectivity, customer connect centre, power supply centre, and other miscellaneous items such as automation, IT etc.

The Petitioner further submitted that all necessary details have been furnished in the Petition in accordance with the provisions of the Regulations. Regarding the point about no significant increase in the sales, the Petitioner submitted that sales have been affected due to increase in solar rooftop installations/ capacities and impact of Covid-19. During FY 2022-23, sales are expected to show marginal growth which has been duly considered for making the projections.

Commission's View: The Commission has noted the suggestion and response of the objector and the Petitioner. The Commission has been approving the CAPEX after due validation and scrutiny.

3.22 Non-operation of gas-based plants

The Objector has raised an issue of non-operation of gas-based plants and resultant burdening of consumers.

Petitioner's Response: The Petitioner submitted that Gas based Plants have been set up as per availability and allotment of domestic gas to generating stations as per extant policy framework. The Petitioner has procured power from gas-based plants as per the approval granted by the Commission. The Petitioner has also sourced 7,364.48 MUs from its gas-based plants during FY 2020-21. Further, in future, the Petitioner will endeavour to exercise necessary business prudence to optimize power purchase cost by giving due consideration to all factors including reliability of sources.

Commission’s View: The Commission has noted the suggestion of the objector and response of the Petitioner.

3.23 Higher per unit power purchase cost of AMGEN

The objector has contended that the per unit power purchase cost of AMGEN in FY 2022-23 is higher as compared bilateral/energy exchange and the same should not be allowed.

Petitioner’s Response: The Petitioner submitted that it has projected the power purchase cost for FY 2022-23 as per prevailing volatile market conditions as due to various issues including imported coal prices there was a sharp increase in power exchange prices to the tune of Rs. 20 per unit. The Petitioner is exercising due prudence for procurement of power.

Commission’s View: The Commission has approved power purchase cost after taking cognizance of all factors impacting power purchase cost for FY 2022-23 in subsequent chapter of this Order.

3.24 Projected increase in FPPPA

The objector has suggested that expected lower sales during FY 2022-23 due to COVID-19, request for increase in FPPPA of Rs. 0.84 per unit should not be accepted.

Petitioner’s Response: Variation in power purchase cost from MTR Order is on account of variation in sales coupled with distribution losses and in variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall. The Petitioner has projected power purchase cost of Rs. 5.63/kWh for FY 2022-23 against base power purchase cost of Rs. 4.85/kWh approved for FY 2021-22, thus the incremental power purchase cost of Rs. 0.84/kWh for FY 2022-23 is required to be recovered through FPPPA as per the methodology being followed by the Commission.

Commission’s View: The Commission has approved power purchase cost for FY 2022-23 in chapter 5 of the Order based on which FPPPA has been discussed in chapter 7 of the Order.

3.25 Non-achievement of MYT benefits due to increase in tariff

The objector has submitted that benefits of MYT are not achieved as Hon'ble Commission has increased the tariff of the Petitioner instead of reduction as per the benefit of the MYT framework.

Petitioner’s Response: The Petitioner submitted that it has filed the Petition in accordance with the provisions of Section 62 and 64 of the Electricity Act, 2003 read with the GERC (MYT) Regulations, 2016. The Petitioner refutes the allegation made by the Objector and further submits that the tariff is resultant of various components of the ARR and circumstances affecting those components, as explained in the petition.

Commission’s View: The Commission only after prudence check of each component of the ARR as per the GERC MYT Regulations, 2016, allowed net revenue requirement of the utility and accordingly decided category wise tariff, in line with the Tariff Policy.

3.26 Higher Power purchase cost irrespective of lower sales

The objector has contended that despite reduction in sales, the power purchase cost has not reduced. Further, the Objector has referred to the variation in power purchase cost of the Petitioner with respect to the MTR Order and contended that if the same does not have prior approval of the Hon'ble Commission, then it cannot be considered.

Petitioner’s Response: The Petitioner submitted that during FY 2020-21, lower sales has resulted in lower energy requirement, accordingly, quantum of power procured is lower. Regarding the variation in power purchase cost between MTR

order and actuals, the Petitioner submitted that the Hon'ble Commission has approved the base power purchase cost considering the prevailing actual cost in the MTR Order. As per the Regulatory Framework, the variation between actual power purchase cost and approved power purchase cost on account of uncontrollable factors is to be allowed during truing up exercise.

Commission's View: The Commission has noted the response of the Petitioner. Variation in power purchase cost is an uncontrollable factor as it depends upon actual sales made coupled with actual losses incurred during respective financial year.

3.27 Higher Tariff than the State DISCOM's

The objector has contended that the per unit tariff rate of the Petitioner is higher than State DISCOMs although private companies are expected to be more efficient.

Petitioner's Response: The Petitioner submitted that such comparison is incorrect on account of certain basic differences i.e. network configuration, allocation of power from Central Sector, Consumer Mix etc. Therefore, such tariff comparison is not appropriate. Further, the Petitioner submitted that it has projected the power purchase cost for FY 2022-23 based on likely market conditions instead of considering FY 2020-21 as base cost since same will not hold good in FY 2022-23. During FY 2021-22, the fuel rates surged unexpectedly, and fuel market is still quite volatile. At present, the Imported Coal prices are still higher. Further due to various issues including imported coal price, there was sharp increase in power prices at power exchange, to the tune of Rs. 20 per unit. Further, the State is facing the issue of lower in-state generation. Due to the same, the State as a whole including TPL-D is facing difficulty in getting necessary approval for availing open access from SLDC. Thus, the Petitioner has been facing severe issues in respect of purchase of power from Exchange due to curtailment of NOC. The Petitioner further submitted that it has been exercising due prudence for procurement of power.

Commission’s View: The Commission has noted the suggestion of the objector and the response of the Petitioner.

3.28 Higher Fixed Tariff of SUGEN

The objector has contended that due to combined power purchase, fixed cost of SUGEN pertaining to Surat Distribution is getting loaded on Ahmedabad /Gandhinagar consumers.

Petitioner’s Response: The Commission approves the total power purchase cost for Ahmedabad/Gandhinagar and Surat Supply Areas collectively and the same is then allocated between both the areas based on their actual energy requirement for the year. Thus, the question of fixed cost of one area burdening another area does not arise.

Commission’s View: The Commission is allowing the power purchase cost to TPL-D (A) & (S) based on their actual energy requirement for the respective financial year. Thus, fixed cost of one area does not burdening another area.

3.29 Apportionment of O&M expenses on pro-rata basis

The objector has contended that the Petitioner being multi-license holder of distribution in states of Gujarat, UP and Maharashtra, O&M cost should be apportioned on pro-rata and subject to prudence check.

Petitioner’s Response: The Petitioner submitted that it maintains separate accounts for each of its regulated businesses in accordance with the Accounting Standards and has filed the present under Section 62 and 64 of the Electricity Act, 2003 read with the GERC (MYT) Regulations, 2016 for its generation facilities at Ahmedabad and distribution business of Ahmedabad, Surat and Dahej Supply Area. Further, the O&M costs claimed by the Petitioner are the actual costs incurred by it.

Commission’s View: The Commission has noted the suggestion and the response of the Petitioner respectively.

3.30 Disallowing UI charges

The objector has contended that UI charges are paid by the Petitioner due to default for over/under scheduling and therefore, the Hon'ble Commission should not approve the same.

Petitioner’s Response: Petitioner submitted that UI is an inherent feature of power purchase and Distribution licensee is always subjected to UI. In fact, the Distribution Licensee does not have any control over demand of the consumer and consequent purchase and therefore it is considered as uncontrollable under the MYT Regulations. Further, increased penetration of Solar Rooftop, Solar and Wind energy in the grid has impacted the UI due to increase in intermittency and variability of RE Generation. Therefore, UI is also termed as uncontrollable, being consequential to variation in these factors.

Commission’s View: The Commission has noted the suggestion of the objector and response of the Petitioner. The Commission did prudence check as per the GERC MYT Regulations, 2016 and has treated the matter accordingly.

3.31 Uniformity in Tariff

The objector has suggested that the tariff of Petitioner's license areas should be made uniform in line with the tariff of DISCOMs.

Petitioner’s Response: Petitioner submitted that it has filed the tariff petition as per the provisions of Section 62, to determine tariff based on voltage, load factor, geographic location etc. Accordingly, the Petitioner requests the Hon'ble Commission to kindly approve the same, as prayed for.

Commission’s View: The Commission determines the tariff as per the relevant section of the Electricity Act 2003, Policies notified by the Government and Regulations framed there under.

3.32 Power to be sourced from cheaper sources

The objector has submitted that while GUVNL is procuring power from central pool at lowest price, similar advantage of cheaper power should also be given to consumers of Petitioner.

Petitioner’s Response: The Petitioner submitted it has not been allocated any power from central pool. Hence, being a distribution licensee and having universal service obligation, the Petitioner has made requisite long-term arrangements from conventional and non-conventional sources to fulfil the power requirement of its license areas in accordance with the provisions of the Act. Any shortfall in power purchase is being fulfilled by procuring power on short term basis from bilateral/power exchange. The Petitioner reiterated that it is making all efforts to source power at competitive rates.

Commission’s View: The Commission has noted the submission of the Petitioner.

Chapter 4: Truing-Up for FY 2020-21

4.1 Introduction

This chapter deals with the truing-up of FY 2020-21 for TPL-D (A). The Commission has studied and analysed each component of the ARR for FY 2020-21 in the following paragraphs.

4.2 Energy Sales to Consumers

Petitioner’s Submission:

TPL-D (A) has submitted category-wise actual energy sales for Ahmedabad area for FY 2020-21 along with the sales approved by the Commission in the MTR Order as given in the Table below.

TABLE 4-1 ENERGY SALES FOR FY 2020-21 (IN MU)

Category	Approved in MTR Order	Actuals Claimed
RGP	3,264.80	2,946.60
NRGP	1,078.54	798.15
LTMD	1,880.06	1,500.65
HT	2,175.65	1,628.13
Others	81.94	64.24
DoE Units	-	9.65
Total Sales	8,481.00	6,947.42

The Petitioner has submitted that the actual sales in FY 2020-21 are lower than that approved in MTR order due to slowdown in industry, COVID-19 pandemic and Open Access. Further, the installed capacity of solar rooftop has reached to about 138 MW as on 31st March, 2021.

Commission’s Analysis:

The actual sales done by TPL-D (A) during FY 2020-21 was on lower side as compared to approved in the MTR Order due to COVID-19 pandemic, as the lockdown has severely reduced the industrial and commercial activities as these

segments have seen a considerable decline in demand of electricity. Further, despite of gradual relaxations in lockdown by Govt. of Gujarat, electricity demand continued to be subdued over the first half of FY 2020-21 which has impacted the overall demand of electricity and electricity consumption pattern within the category of consumers. The total sales as submitted by the Petitioner have been verified, compared and confirmed with the sale of energy furnished in the monthly return under Form A specified in Rule 6(1) (A) filed by TPL-D (A) with the Collector of Electricity Duty.

In view of above, the Commission approves the energy sales as mentioned in table 4.1 above for TPL-D (A) to the tune of 6,947.42 MU for FY 2020-21.

4.3 Distribution Losses

Petitioner’s Submission:

The Petitioner has submitted that the distribution losses for Ahmedabad and Gandhinagar distribution license area was 6.55% as per MTR Order whereas the actual distribution losses is 6.03% for FY 2020-21 as given in the Table below. TPL-D (A) has been making consistent efforts to contain the distribution losses. Consequently, it has outperformed the distribution losses approved by the Commission.

TABLE 4-2 DISTRIBUTION LOSSES FOR FY 2020-21 AS SUBMITTED BY TPL-D (A)

Category	Approved in MTR Order	Actuals Claimed
Distribution losses (%)	6.55%	6.03%

TPL-D (A) has submitted that the variation in the distribution losses compared to the approved value maybe considered accordingly.

Commission’s Analysis:

The reduction in distribution losses in the licensed area has been made due to modernization/improvement of distribution network, augmentation of the old

assets, etc. Substantial asset capitalisation of Rs. 644.18 Crore were undertaken by TPL-D (A) during FY 2020-21, which has led to a reduction in transformation losses as well as line losses and ultimately the total Distribution losses. The Commission accepts submission of TPL-D (A) and approves the actual distribution losses of 6.03% for FY 2020-21.

Further, the Commission has treated the deviation in the distribution losses as controllable factor and shared the gain accordingly.

4.4 Energy Requirement

Petitioner’s Submission:

The Petitioner has submitted that the actual energy requirement for Ahmedabad and Surat licensee area furnished is based on the (i) actual energy sales, (ii) transmission loss and (iii) distribution losses for FY 2020-21 as given in the Table below:

TABLE 4-3 ENERGY REQUIREMENT FOR FY 2020-21 FOR TPL-D

Particulars	Approved in MTR Order	Actuals Claimed
Ahmedabad Supply Area		
Energy Sales (MU)	8,481.00	6,947.42
Distribution losses (%)	6.55%	6.03%
Distribution losses (MU)	594.44	445.57
Energy Input at Distribution Level (MU)	9,075.44	7,392.99
Transmission Loss (MU)	42.86	17.86
Energy Requirement (A)	9,118.30	7,410.85
Surat Supply Area		
Energy Sales (MU)	3,503.84	2,603.54
Distribution losses (%)	3.59%	4.06%
Distribution losses (MU)	130.47	110.24
Energy Input at Distribution Level (MU)	3,634.31	2,713.77
220kV/Transmission Loss (MU)	28.94	21.95
Energy Requirement (B)	3,663.25	2,735.73
Total Energy Requirement (A+B)	12,781.55	10,146.57

The Petitioner submitted that the total energy requirement was met through various sources as discussed in the subsequent section.

Commission’s Analysis:

The actual energy requirement submitted by the Petitioner for FY 2020-21 along with energy requirement as per MTR Order has been examined and verified by the Commission. The Commission observed that there is a reduction of 2,634.96 MUs in the energy requirement for TPL-D (A) and TPL-D (S) against the quantum of 12,781.77 MU approved in MTR Order.

The actual energy requirement of TPL-D is lower than that approved in the MTR Order due to lower energy sales and variation in distribution losses. Actual energy requirement, which is the sum of energy sales, transmission losses and distribution losses, works out to 10,146.57 MUs for FY 2020-21.

The Commission accordingly approves the energy requirement at 10,146.57 MUs for truing up of FY 2020-21 as given in the above Table 4.3.

4.5 Energy Availability

Petitioner’s Submission:

The Petitioner has submitted that the power is sourced collectively for Ahmedabad and Surat Licence area from TPL-G (APP), SUGEN, Renewable Sources of Energy and other sources such as Bilateral & purchase through Power Exchange. The source-wise power purchase is given in the Table below:

TABLE 4-4 ENERGY AVAILABILITY (NET) FOR FY 2020-21 FOR AHMEDABAD & SURAT (IN MU)

Particulars	Approved in MTR Order	Actuals Claimed
TPL-G (APP)	2,600.81	1,285.26
SUGEN	6,160.69	5,623.54
UNOSUGEN	-	1,740.94
Bilateral	201.97	77.03
Power Exchange	1,817.99	245.97
Renewables	2,000.31	1,118.39
Sub-Total	12,781.77	10,091.14
Add: sale of surplus power/UI/wind setoff	-	55.43
Total	12,781.77	10,146.57

The Petitioner further submitted that the overall lower off-take is mainly on account of reduction in power requirement due to lower sales and COVID-19/lockdown imposed during FY 2020-21. Moreover, during FY 2020-21, the Petitioner has sourced power from TPL-G(APP), SUGEN, UNOSUGEN, Renewables and bilateral sources. Balance requirement has been fulfilled through procurement of top up power from power exchange.

Further, the Petitioner has submitted the RPO obligation for FY 2020-21 as per Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulation, 2010 read along with its Second Amendment in 2018 specifying the RPPO targets for FY 2017-18 to FY 2020-21.

TABLE 4-5 RPPO SUBMITTED BY TPL FOR FY 2020-21 (IN MU)

Particulars	Actuals Claimed
Energy Requirement	10,146.57
RE Procurement	
Wind Energy to procured (@8.15%)	826.95
Solar Energy to procured (@6.75%)	684.89
Biomass/Bagasse/Others (@0.75%)	76.10
Total (@15.65%)	1,587.94
Compliance (Non-Solar)	
Wind	833.39
Non-Solar REC	-
Compliance	833.49
Compliance (% of Energy Requirement)	8.21%
Compliance (Solar Energy)	
Solar	461.66
Solar REC	-
Compliance	461.66
Compliance (% of Energy Requirement)	4.55%

The Petitioner has submitted that they approached the Commission in the matter of revision of minimum quantum of purchase (%) from renewable energy sources for FY 2020-21 in accordance with the RPO Regulations vide its Petition No. 2020 of 2021.

Commission’s Analysis:

The sources of power approved by the Commission in the MTR Order are AMGEN, SUGEN, Bilateral Sources, Power Exchange and Renewable Energy. The Commission had approved the total quantum of power purchase at 12,781.77 MUs for TPL-D (A) and TPL-D (S) combined for FY 2020-21 in the MTR Order against which the Petitioner has purchased 10,146.57 MUs during FY 2020-21. The same is due to lower than the approved sales coupled with transmission & distribution losses in FY 2020-21.

TPL-D has procured 1,740.94 MU from UNOSUGEN which was not considered in the Power Purchase for FY 2020-21 in the MTR Order and simultaneously reduced the intake from SUGEN from 6,160.69 MU approved to 5,623.54 MU. It is also noted that the energy cost of UNOSUGEN was Rs. 4.62/kWh whereas the same from SUGEN was Rs. 5.53/kWh, thus there was saving in the cost of power procurement.

The Commission during the prudence check, sought reconciliation of sale of surplus power / UI / Wind setoff of 55.43 MU as per Form – 2 against which the Petitioner has submitted the details as given below.

Particulars	MU
UI	5.04
Sale through PX	(16.77)
Open Access through PX	(4.57)
Wind Set Off	71.73
Total	55.43

The Commission notes that TPL has procured renewable energy from the generators under preferential tariff for compliance of RPO. The RPO targets approved by the Commission as per the GERC (Procurement of energy from Renewable Sources) (Second Amendment, Regulations, 2018 for FY 2020-21 are as follows:

TABLE 4-6 RPO TARGETS APPROVED BY THE COMMISSION FOR TPL-D

Description	FY 2020-21
Solar	6.75%
Wind	8.15%

Others (Biomass/Small Hydro/Bagasse/MSW)	0.75%
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TPL-D has achieved 8.21% RPO on Non-Solar and 4.55% RPO on Solar. There is shortfall in RPO pertaining to solar energy purchase. The Commission notes that TPL has filed a separate Petition for compliance of RPO, which is pending for adjudication before the Commission. Therefore, as far as the compliance of RPO is concerned, the Commission will decide it in separate proceedings.

The Commission has considered the aforesaid aspects and accordingly approves the availability of energy during FY 2020-21 as shown in the Table below:

TABLE 4-7 APPROVED ENERGY AVAILABILITY (NET) FOR FY 2020-21 FOR TPL-D (IN MU)

Particulars	Approved in MTR Order	Actuals Claimed	Approved by Commission for Truing-Up
TPL-G (APP)	2,600.81	1,285.26	1,285.26
SUGEN	6,160.69	5,623.54	5,623.54
UNOSUGEN	-	1,740.94	1,740.94
Bilateral	201.97	77.03	77.03
Power Exchange	1,817.99	245.97	245.97
Renewables	2,000.31	1,118.39	1,118.39
Sub-Total	12,781.77	10,091.14	10,091.14
Add: sale of surplus power/UI/wind setoff	-	55.43	55.43
Total	12,781.77	10,146.57	10,146.57

4.6 Power Purchase Cost

Petitioner's Submission:

TPL has submitted the actual power purchase cost for FY 2020-21 against the power purchase cost approved in the MTR Order as shown in the Table below:

TABLE 4-8 POWER PURCHASE COST PROJECTED BY TPL FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Actuals Claimed
TPL-G (APP)	1,147.27	743.14
SUGEN	3,249.29	3,108.63
UNOSUGEN	-	804.10
Bilateral	62.13	30.34
Power Exchange	823.55	112.90

Particulars	Approved in MTR Order	Actuals Claimed
Renewables	806.82	659.59
Total	6,089.06	5,458.70

The Petitioner has submitted that the quantum of power purchase depends on energy sales and distribution losses and the mix of power purchase depends on availability and cost of different sources at a point of time.

The Petitioner further submitted that the variation in the power purchase cost from the MTR order is on account of variation in sales & distribution losses, variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall during the year.

TPL has also submitted that the variation in power purchase cost is an uncontrollable component except on account variation in distribution losses and hence, the same needs to be allowed in ARR as per Regulations.

TPL submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad and Surat on the basis of usage of power. Accordingly, the allocated power purchase cost for Ahmedabad Supply area is Rs. 3,986.92 Crore for FY 2020-21.

Commission’s Analysis:

The Commission had approved the quantum of power purchase at 12,781.52 MU for FY 2020-21 in the MTR Order against which TPL has purchased 10,146.57 MU. The energy requirement is evaluated based on the energy sales and losses in the transmission and distribution system of Ahmedabad /Gandhinagar and Surat license area. The actual energy received by TPL-D (A) license area works out to 73.04% of the total energy received and accordingly, 73.04% of the total power purchase cost has been considered for TPL-D (A) license area.

The Commission observes that the total power purchase cost has decreased as compared to approved due to lower energy requirement as the sales made during FY 2020-21 was impacted by prolonged COVID situation.

The Commission has considered the energy scheduled from TPL-G (APP) to the tune of 1,285.26 MU in energy availability of TPL-D, however against which the actual net generation was to the tune of 1,266.47 MU. Thus, the power purchase cost on account of variation in actual net generation and scheduled energy of 18.79 MU is being considered @ Rs. 3.32/kWh in power purchase cost pertaining to TPL-D. Therefore, the Commission accordingly, approves Rs. 743.13 Crore (6.24+736.88) to be transferred in actual power purchase cost of TPL-D for FY 2020-21.

TPL-D has purchased power from SUGEN at a variable cost of Rs. 4.33/kWh as against Rs. 3.98/kWh approved by the Commission in the MTR Order. The generation cost from SUGEN plant has increased due to increase in the fuel gas price.

TPL-D has also purchased power from UNOSUGEN at variable cost of Rs. 3.27 / kWh based on the approval from the Commission which has reduced the power purchase cost considerably.

The Petitioner has procured power from bilateral sources to meet the shortfall of energy from tied-up sources and balance requirement has been fulfilled through procurement of top up power from power exchange. The Petitioner has procured short-term power from Indian Energy Exchange (IEX) at the rate of Rs. 4.59/kWh as submitted in Form 2. The Commission has noted the increasing trend of rates in the Power Exchange. The Petitioner has also purchased power from bilateral sources at Rs. 3.94/kWh as submitted in Form 2. Similarly, the bilateral power price during the MTR period was taken on an average price prevailing during FY 2020-21, which was around Rs. 3.08 / kWh which went up to Rs. 3.94/kWh during the truing up period i.e. FY 2020-21.

The Commission has specified the minimum RPO to be fulfilled by the Petitioner as per the GERC (RPO) Regulations. The break-up of purchase from Wind and Solar RE sources is given in the Table below.

Table 4-9 Break-up of purchase from RE sources for FY 2020-21

Sr. No.	Particulars	Quantum (MU)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)
1	Wind	792.39	4.85	384.50
2	Solar	326.00	8.44	275.09
3	Total Renewable	1,118.39	5.90	659.59

The Commission had duly verified the annual accounts of TPL-D, Ahmedabad and Surat and FPPPA approved in 4 quarters of FY 2020-21. The generation cost of TPL-G (APP) has been considered as approved for TPL-G (APP) for FY 2020-21 in truing-up based on scheduled energy as per the GERC MYT Regulations, 2016.

TABLE 4-10 APPROVED POWER PURCHASE COST OF TPL-D FOR FY 2020-21 (RS. CRORE)

Energy Sources	Approved in MTR Order	Actuals Claimed	Approved by Commission
TPL-G (APP)	1,147.27	743.14	743.13
SUGEN	3,249.29	3,108.63	3,108.63
UNOSUGEN	-	804.10	804.10
Bilateral	62.13	30.34	30.34
Power Exchange	823.55	112.90	112.90
Renewables	806.82	659.59	659.59
Total	6,089.06	5,458.70	5,458.68

Considering the approved power purchase cost of Rs. 5,458.68 Crore for the total energy procurement of 10,146.57 MU, the per unit power purchase cost works out to Rs. 5.38/kWh for FY 2020-21. Since, the Commission has observed that the energy received by TPL-D (A) license area at its periphery which is 7,410.84 MU is 73.04% of the total power purchase quantum, the power purchase cost for TPL-D (A) license area is computed at Rs. 3,986.91 Crore.

The Commission, accordingly, approves the power purchase cost at Rs. 3,986.91 Crore for TPL-D (A) licence area for FY 2020-21.

4.7 Sharing of Gains/(Losses) due to reduction in Distribution losses

Petitioner’s Submission:

The Petitioner has submitted that the variation in the power purchase expenditure is mainly due to variation in sales coupled with variation in fuel and power purchase rate, also Regulation provides that any variation on account of power procurement cost is to be treated as uncontrollable except the variation in distribution losses. The variation in distribution losses has resulted in reduction in the energy requirement, which in turn has reduced the cost of power purchase. Accordingly, the reduction in power procurement cost due to lower distribution losses is treated as controllable.

The Petitioner has considered the approved distribution losses level for the purpose of calculation of gains on account of reduction in distribution losses. The calculation of gains on account of reduction in distribution losses is quantified as per the table below.

TABLE 4-11 GAIN DUE TO REDUCTION IN ENERGY REQUIREMENT FOR FY 2020-21

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	(a)	7,392.99
Energy Sales	MU	(b)	6,947.42
Wheeling Energy -OA/RE	MU	(c)	177.81
Total wheeled units	MU	(d)=(b)+(c)	7,125.22
Approved Distribution losses	%	(e)	6.55%
Energy required at distribution level at approved loss	MU	(f)=(d)/(1-(e))	7,624.64
Difference	MU	(g)=(f)-(a)-(c)	53.84
Units recovered as loss	MU	(h)	8.03
Reduction in Energy Requirement	MU	(i)=(g)-(h)	45.81
Average PPC	Rs./kWh	(j)	5.38
Savings	Rs. Crore	(k)=(i)*(j)/10	24.65

Commission’s Analysis:

The Commission had approved distribution losses at 6.55% in MTR Order whereas the actual distribution losses is 6.03% for FY 2020-21. The Commission has worked out gain on account of reduction in distribution losses as shown in table below:

TABLE 4-12 APPROVED GAINS DUE TO REDUCTION IN DISTRIBUTION LOSSES FOR FY 2020-21

Particulars	Unit	Legend	Approved
Actual Energy purchased at distribution level	MU	(a)	7,392.99
Energy Sales	MU	(b)	6,947.42
Wheeling Energy -OA/RE	MU	(c)	177.81
Total wheeled units	MU	(d)=(b)+(c)	7,125.22
Approved Distribution losses	%	(e)	6.55%
Energy required at distribution level at approved loss	MU	(f)=(d)/(1-(e))	7,624.63
Difference	MU	(g)=(f)-(a)-(c)	53.84
Units recovered as loss	MU	(h)	8.03
Reduction in Energy Requirement	MU	(i)=(g)-(h)	45.81
Average PPC	Rs./kWh	(j)	5.38
Savings	Rs. Crore	(k)=(i)*(j)/10	24.65

The Commission, accordingly, approves the gain on account of reduction in distribution losses at Rs. 24.65 Crore during FY 2020-21.

4.8 Operation & Maintenance (O&M) Expenses

Petitioner's Submission:

TPL-D (A) has submitted that the O&M expenses incurred during FY 2020-21 are higher as compared to approved in MTR Order and the variation is to be considered as controllable except due to changes in law and the factors beyond the control.

The Petitioner further submitted that the Government of India vide notification dated 29th March 2018 has increased the upper ceiling of gratuity to Rs. 20 lakhs from Rs. 10 lakhs resulting in increase in the employee cost. The said notification i.e., amendment in the Payment of Gratuity Act, 1972 is a change in law in terms of Regulations 2(15) of the MYT Regulations, 2016 and has resulted in the increase in Employee Cost by Rs. 4.66 Crore for FY 2020-21.

Petitioner has requested the Commission to consider the increase in O&M expenses on account of wage revision and change in law as uncontrollable and allow gains/losses accordingly.

TABLE 4-13 O&M EXPENSES CLAIMED BY OF TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed by Petitioner
Operation & Maintenance Expenses	342.97	346.13

Commission’s Analysis:

The Commission observed that the Employee Expenses as per annual accounts are Rs. 149.53 Crore net of expenses capitalized of Rs. 92.99 Crore. The Petitioner has added commission to non-executive directors of Rs. 2.51 Crore (from A&G expense head) and deducted expense towards Re-measurement of Defined Benefit Plans of Rs. 2.60 Crore as appearing in P & L Statement.

Furthermore, the Petitioner has stated, giving his additional details, that the cost of the Surya Gujarat Solar rooftop scheme of Rs. 0.76 Crore was inadvertently deducted from A&G expenses instead of employee cost. The Commission has duly verified the same as per auditor’s certificate regarding the employee cost incurred in carrying out the subsidy payment for solar rooftop power plant on behalf of Ministry of New and Renewable Energy (MNRE). Therefore, the Commission deducted the same amount from the employee cost as submitted by the Petitioner. Accordingly, the employee expenses are Rs. 148.68 Crore.

A&G expense as per annual accounts are Rs. 95.83 Crore net of expenses capitalized of Rs. 21.78 Crore. The Petitioner has claimed A&G expenses after reduction on account of Commission to Non-Executive Directors (Rs. 2.51 Crore), Bad Debts Written off-net (Rs. 1.69 Crore), insurance claim receipt (Rs. 0.05 Crore), Allowance of doubtful debts (Rs. 5.00 Crore), sponsorship expenses (Rs. 0.05 Crore), Advertisement Expenses (Rs. 0.06 Crore), Gardening Expenses (Rs. 0.52 Crore), expenses related Surya Gujarat solar rooftop scheme (Rs. 0.76 Crore) and add lease payments (Rs. 0.25 Crore). Since the Commission has considered Insurance Claim Receipt as a part of Non-Tariff Income, the same has not been reduced from A&G expenses as per the approach adopted in previous Tariff Orders. However, as explained in above paragraph the expenses of account of Surya Gujarat solar rooftop scheme (Rs. 0.76 Crore) is added to A&G expenses as the same is already being

deducted from employee cost. Accordingly, the Commission approves the A&G expense of Rs. 86.25 Crore.

The Petitioner has claimed R & M expense of Rs. 111.25 Crore as per annual actual incurred duly verified by the Commission from Annual Audited Accounts. The Commission, accordingly, approves R & M expense of Rs. 111.25 Crore.

The Commission, accordingly, approves the O&M expenses of Rs. 346.18 Crore, for truing up of FY 2020-21.

It is noted that due to increase in ceiling of gratuity to Rs. 20 Lakh from Rs. 10 Lakh in line to amendment of Payment of Gratuity Act, 1972, there is an increase of Rs. 4.66 Crore in employee cost of TPL-D (A). The Commission has considered the same as uncontrollable factor.

Further, as per Regulation 22 of the GERC (MYT) Regulations, 2016, the variation in O&M expenses is to be considered as controllable except the change in law and wage revision. Accordingly, as per the GERC (MYT) Regulations, 2016, Gains/(Losses) on account of O&M expenses in the truing up of FY 2020-21 is approved by the Commission as given in the Table below:

TABLE 4-14 O&M EXPENSES AND GAINS / (LOSSES) APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable	Gains/(Losses) due to Uncontrollable
O&M Expenses	342.97	346.18	(3.21)	1.45	(4.66)

4.9 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner’s Submission:

TPL-D (A) has claimed Rs. 834.40 Crore towards actual capital expenditure for FY 2020-21, as against Rs. 1,217.65 Crore approved in the MTR Order. The main reason for variation in actual vis-à-vis approved capital expenditure is on account of deferred CAPEX planned of bulk supply point at Acher due to issues like land

procurement, RoW and prolonged COVID situation, expenditure towards Ghodasar substation and others 33kV substations at different locations has been deferred. Summary of capital expenditure incurred during FY 2020-21 is tabulated as under:

TABLE 4-15 CAPITAL EXPENDITURE CLAIMED BY TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed by Petitioner
EHV	708.26	364.76
HT Network	209.81	191.25
LT Network	191.97	127.78
Metering	34.71	17.75
Other Depart.	15.72	4.09
PSC	20.93	117.45
Miscellaneous	20.28	3.61
IT & related expenditure	15.97	7.71
Total Cost	1,217.65	834.40

TPL-D (A) has claimed actual capitalisation of Rs. 644.18 Crore for FY 2020-21, as against Rs. 891.86 Crore approved in MTR Order as shown in table below:

TABLE 4-16 CAPITALISATION CLAIMED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed by Petitioner
Opening GFA	6,571.38	6,372.56
Addition to GFA	891.86	644.18
Deletion to GFA	-	19.26
Closing GFA	7,463.24	6,997.48
SLC addition	51.26	82.25

Commission's Analysis:

The Petitioner has claimed CAPEX of Rs. 834.40 Crore in truing-up of FY 2020-21, against the Capex of Rs. 1,217.65 Crore approved in MTR Order. The Commission has observed that according to the audited annual accounts for FY 2020-21, the Capex is at Rs. 786.61 Crore. The Petitioner has furnished the details of project-wise breakup of actual capitalization of Rs. 644.18 Crore with details of Opening CWIP as on 1st April, 2020, CAPEX during the year and Closing CWIP as on 31st March, 2021 in form 4.3 of the petition.

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The Commission opines that in order to meet the system demand and to provide 24x7 uninterrupted reliable quality power supply, necessary augmentation and upgradation of EHV / HV / LV network is required. TPL-D had submitted the CAPEX plan for the MYT period and accordingly CAPEX and capitalization is being undertaken and it is approved based on the yearly progress.

The Commission sought for additional information regarding difference in the CAPEX during the FY 2020-21 and capitalization against the approval of the Commission in MTR Order. With reference to the Commission’s query regarding detailed information for the deviation in CAPEX from the approved plan as per MTR Order, the Petitioner has submitted the details. The Petitioner has furnished the detailed project/scheme-wise explanation of the major capital expenditure incurred and capitalisation during FY 2020-21 as deliberated under Petitioner’s submission and the same is not repeated here due to brevity.

Table 4-17 Approved CAPEX and Capitalization for FY 2020-21 (Rs. Crore)

Project Title	Capex proposed for FY 2020-21 in MTR petition	Capex approved for FY 2020-21 in MTR order	Capex claimed and approved in truing up for FY 2020-21	Capitalisation proposed for FY 2020-21 in MTR petition	Capitalisation approved for FY 2020-21 in MTR order	Capitalisation claimed in truing up for FY 2020-21	Difference in approved & actual capitalisation for FY 2020-21
A	B	C	D	E	F	G	H=(F-G)
EHV							
Bulk Supply Points	380.68	380.68	170.17	442.84	296.70	0.63	296.07
EHV Lines	-	-	24.34	9.00	6.03	91.67	(85.64)
EHV SS Projects	151.49	151.49	91.53	164.38	110.13	51.89	58.24
33 kV SS Projects	164.69	164.69	50.06	154.90	103.78	44.99	58.79
Renovation and Replacement	5.09	5.09	3.20	5.09	3.41	3.03	0.38
Safety	4.89	4.89	23.00	44.12	29.56	11.92	17.64
Support Infrastructure	0.52	0.52	1.97	0.52	0.35	1.94	(1.59)
Automation	0.90	0.90	0.49	0.90	0.60	0.59	0.01
Total EHV	708.26	708.26	364.76	821.75	550.57	206.65	343.91
HT							
11kV Normal Load Growth	137.51	137.51	110.47	137.51	92.13	98.02	(5.89)
Reliability, Renovation & Modernisation	56.31	56.31	59.37	56.31	37.73	56.38	(18.65)
Safety	15.29	15.29	18.83	15.29	10.24	18.45	(8.21)
Supporting Infrastructure	0.70	0.70	2.57	0.70	0.47	2.08	(1.61)
Total HT	209.81	209.81	191.25	209.81	140.57	174.92	(34.36)
LT							
Normal Load Growth	114.13	114.13	72.51	114.13	76.47	70.44	6.03
Reliability, Renovation & Replacement	37.50	37.50	26.86	37.50	25.13	28.16	(3.04)

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Project Title	Capex proposed for FY 2020-21 in MTR petition	Capex approved for FY 2020-21 in MTR order	Capex claimed and approved in truing up for FY 2020-21	Capitalisation proposed for FY 2020-21 in MTR petition	Capitalisation approved for FY 2020-21 in MTR order	Capitalisation claimed in truing up for FY 2020-21	Difference in approved & actual capitalisation for FY 2020-21
Safety	39.59	39.59	27.77	39.59	26.53	24.57	1.96
Supporting Infrastructure	0.75	0.75	0.64	0.75	0.50	0.65	(0.15)
Total LT	191.97	191.97	127.78	191.97	128.62	123.82	4.80
Meters	34.71	34.71	17.75	34.71	23.26	17.35	5.91
CS	7.56	7.56	0.64	7.56	5.07	0.14	4.93
Stores	2.62	2.62	2.07	2.62	1.76	2.48	(0.72)
GIS	-	-	0.22	-	0	0.22	(0.22)
QA/QC	0.49	0.49	0.84	0.49	0.33	0.12	0.21
RPRC	0.03	0.03	0.01	0.03	0.02	0.01	0.01
Safety	0.02	0.02	0.31	0.02	0.01	0.32	(0.31)
IT & related expenditure	15.97	15.97	7.71	15.97	10.70	7.04	3.66
PSC	20.93	20.93	117.45	20.93	14.02	109.13	(95.11)
Advanced Metering infrastructure	5.00	5.00	-	5.00	3.35	-	3.35
Miscellaneous	20.28	20.28	3.61	20.28	13.59	1.98	11.61
Sub-total	72.90	72.90	129.08	72.90	48.84	118.47	(72.60)
Grand Total	1,217.65	1,217.65	834.40	1,331.14	891.86	644.18	247.66

From the said details in the Petition, it is observed that the major deviation in the capital expenditure is on account of deviation in EHV works. Against approved capital expenditure of Rs. 380.68 Crore for EHV works (Bulk Supply Points) in MTR Order, the Petitioner has incurred capital expenditure of Rs. 170.17 Crore only as the major CAPEX towards 220 kV supply points at Acher has been deferred due to issues in land procurement, RoW and COVID related lockdown.

EHV lines are one of the major components with a CAPEX of Rs. 24.34 Crore, out of total CAPEX of Rs. 364.76 Crores incurred towards EHV works. Under the head of EHV lines, major expenditure has been incurred towards GIS at Thaltej, installation of GIS surge arrestors under the head of enhancing evacuation capacity of Nicol-2.

Under the head of EHV SS projects, expenditure of Rs. 91.53 Crore was incurred against the CAPEX of Rs. 151.49 Crore approved in MTR order. Majority expenditure was incurred towards overhead to underground conversion of part of 132 kV feeders due to infrastructure development projects by AMC and NHRCL. Expenditure was also incurred towards 132kV EHV substation at Lamba and Riverfront and installation of additional transformers of 132/33 kV & 132/11 kV to

enhance reliability and to cater to the load demand. However, the expenditure planned towards establishment of 132 kV substation at Ghodasar has been deferred due to issues in land procurement.

Under the head of 33 kV SS projects, expenditure of Rs. 50.06 Crore was incurred against the capex of Rs. 164.69 Crore approved in MTR order. During FY 2020-21, capex is incurred towards 33 kV substations at various locations including GIDC Ph-4, Odhav and kidney hospital. Expenditure was also incurred towards installation of additional 33/11 kV transformers to cater to the load growth. However, work of 33 kV substation at locations such as Riverfront, Maninagar, Ashram Road, Gita Mandir, New Naroda, Shahalam and Gota were deferred due to issues in land procurement.

Capital expenditure related to HT network of Rs. 191.25 Crore has been incurred towards distribution transformer installations necessitated by higher inflow of bunch applications. Expenditure has also been incurred for transformer augmentation, HT customer application processing and various network modification schemes.

Capital expenditure towards LT network of Rs. 127.78 Crore has been incurred towards release of new connection/extension/reduction, load balancing, relieving overloaded distributors and interlinking new substation, revamping of distribution transformers, LT network shifting necessitated due to road widening by local authorities for infrastructure development projects and lower quantum of requirement of three-phase and single- phase meters than envisaged.

The Commission has asked for the over expenditure on PSCs of Rs. 117.45 Crore against approved of Rs. 20.93 Crore in MTR Order against which the Petitioner has submitted that the deferred capital expenditure plan for FY 2019-20 on account of land availability and change in policy was executed during FY 2020-21 for setting up Power Supply Centres (PSC) at various locations in order to upgrade the existing zonal offices to provide enhanced and improved customer services across Ahmedabad/Gandhinagar supply area. In addition to that TPL-D (A) has also

incurred expenditure for allotment of land by Govt. in Gandhinagar for setting up PSC and Plug Point.

The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 834.40 Crore during FY 2020-21. The Commission has considered the opening CWIP at Rs. 406.39 Crore based audited annual accounts for FY 2020-21.

The Commission based on the audited annual accounts of FY 2020-21 has considered the opening CWIP, capex and capitalisation during the year and closing CWIP in true up for FY 2020-21 as given in the table below:

Table 4-18 CWIP approved in true up for FY 2020-21 (Rs. Crore)

Sr. No.	Particulars	Approved in Truing-Up
1	Opening CWIP	406.39
2	Capex during the year	834.40
3	Less: Capitalisation	644.18
4	Closing CWIP (1+2-3)	596.61

The Commission has noted the submissions of the Petitioner regarding the capital expenditure as well as capitalisation of assets. The Commission notes that TPL-D (A) has upgraded and uprated some of the existing sub-stations and lines as well as switchgears.

Moreover, TPL-D (A) has also established and augmented various sub-stations at 33 kV level in different parts of the city near the load centres, which has led to reduction in the Transmission Losses and Distribution losses.

The Commission has verified the energisation of EHV system during FY 2020-21 from the Certificate of energisation issued by the Chief Electrical Inspector and details of loading of the newly created EHV network which substantiates that the assets created through CAPEX have been put to service.

The Commission has observed that there is significant variation in the value of Opening GFA in the Annual Accounts and Petition, TPL-D (A) clarified that the Fixed Asset Schedule in Annual Accounts is on NFA basis as per Ind-AS, however, TPL-D (A) has submitted fixed asset schedule in the petition on GFA basis as per the GERC MYT Regulations, 2016.

The Petitioner has considered opening GFA for FY 2020-21 at Rs. 6,372.56 Crore based on the closing GFA approved in truing up for FY 2019-20, the same is being considered by the Commission.

TPL-D (A) has capitalised assets to the extent of Rs. 644.18 Crore during FY 2020-21. However, it is observed that deductions from GFA is at Rs. 10.10 crore as per (Note 4.1) of the audited annual accounts for FY 2020-21. The Commission has addressed the petitioner to furnish the details for the discrepancy against which the Petitioner has reported that the fixed asset shown in the annual accounts is on Net Fixed Assets (NFA) basis as per Ind AS and the same is shown on Gross Fixed Assets (GFA) basis in the petition as per the GERC MYT Regulations. Hence, the Commission considers de-capitalised assets at Rs. 19.26 Crore and accordingly adjustments made to GFA in truing up for FY 2020-21.

The Commission, accordingly approves the opening GFA, addition to GFA during the year and closing GFA for FY 2020-21 as tabulated below;

TABLE 4-19 APPROVED CAPITALISATION FOR FY 2020-21 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	6,372.56	6,372.56
Addition to GFA	644.18	644.18
Deletion to GFA	19.26	19.26
Closing GFA	6,997.48	6,997.48
Less: SLC Addition	82.25	82.25
Balance Capitalisation	561.93	561.93
Normative Debt @70%	393.35	393.35
Normative Equity @30%	168.58	168.58

4.10 Depreciation

Petitioner’s Submission:

TPL-D (A) has submitted that the depreciation rates, as per the CERC (Terms and Conditions of Tariff) Regulations, 2004 are applied on the opening GFA of FY 2009-10 and for addition of assets from 1st April, 2009 onwards, the depreciation has been computed at the rates specified in the GERC Regulations. TPL-D (A) has claimed depreciation of Rs. 237.64 Crore for FY 2020-21, as against Rs. 212.81 Crore approved in the MTR Order, as detailed in table below:

TABLE 4-20 DEPRECIATION CLAIMED BY TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed by Petitioner
Depreciation	212.81	237.64

Commission’s Analysis:

The Commission has verified the depreciation from the annual accounts for FY 2020-21 and observed that depreciation as per annual accounts is Rs. 291.32 Crore. However, the Petitioner has claimed depreciation of Rs. 237.64 Crore in truing up for FY 2020-21 as it has deducted an amount of Rs. 53.58 Crore on assets funded through service line contribution.

The Commission directed the Petitioner to furnish the details for the discrepancy against which the Petitioner has submitted that the depreciation has been claimed in accordance with the applicable regulations. The fixed assets schedule of annual accounts is on net fixed assets basis as per Ind. AS.

The Commission, accordingly, approves the depreciation of Rs. 237.64 Crore for FY 2020-21. The deviation in depreciation as compared to approved in MTR Order is considered as uncontrollable, as the depreciation is dependent on capitalisation. The Commission, accordingly, approves the gains/(losses) on account of depreciation for FY 2020-21, as tabulated below:

TABLE 4-21 DEPRECIATION AND GAINS/LOSSES APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Depreciation	212.81	237.64	(24.83)	(24.83)

4.11 Interest Expenses

Petitioner’s Submission:

TPL-D (A) has claimed a sum of Rs. 113.17 Crore towards actual interest and finance expenses for FY 2020-21 on normative basis as per the GERC MYT Regulations, 2016. Petitioner further submitted that the variation in interest expenses compared to approved is to be treated as uncontrollable as it depends on quantum of actual capitalization and variation in interest rates.

TABLE 4-22 INTEREST AND FINANCE CHARGES CLAIMED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed by Petitioner
Opening Balance	1,646.88	1,350.74
Less; reduction of normative loan due to retirement	-	(0.46)
Addition of Loan	588.42	393.35
Repayment during year	212.81	237.64
Closing Balance	2,022.49	1,506.91
Average Loan	1,834.69	1,428.83
Weighted average rate of interest (%)	8.54%	7.84%
Interest Expenses	156.68	112.08
Other Borrowing Costs	-	1.09

Commission’s Analysis:

The Commission has considered opening loan balance as on 01.04.2020 equal to the closing loan balance of Rs. 1,350.74 Crore, as approved in truing up of FY 2019-20. Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

In line with the first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, the Commission has verified the weighted average rate of interest on basis of actual loan portfolio during the year.

Accordingly, based on the actual capitalization achieved by TPL-D (A) during FY 2020-21 and the approved normative borrowings considering the interest rate of 7.84%, the Commission has computed the interest, as tabulated below:

TABLE 4-23 INTEREST APPROVED BY THE COMMISSION FOR FY 2020-21 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved in Truing-Up
Opening Balance	1,350.74	1,350.74
Less: reduction of normative loan due to retirement	(0.46)	(0.46)
Addition of Loan	393.35	393.35
Repayment during year	237.64	237.64
Closing Balance	1,506.91	1,506.91
Average Loan	1,428.83	1,428.83
Weighted average rate of interest (%)	7.84%	7.84%
Interest Expenses	112.08	112.08
Other Borrowing Costs	1.09	1.09

With regards to computation of gains/losses, Regulation 22.2 of the GERC MYT Regulations, 2016 provides as under:

“Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variations in capitalization on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. If the gain is on account of lesser capital expenditure and capitalization, it cannot be attributed to the efficiency of the utility to allow 2/3rd of the gain to the utility. Similarly, if the loss is on account of more capital expenditure and capitalization due to bonafide reasons, the utility cannot be penalized by allowing only 1/3rd of the loss in the ARR.”

The Commission, in terms of regulations, has considered variation in capitalization as uncontrollable and accordingly dependent components of ARR of interest on loan, depreciation and Return on Equity are also considered as uncontrollable.”

The Commission, accordingly, approves the gains/losses on account of interest and finance charges as uncontrollable for FY 2020-21, as tabulated below

TABLE 4-24 GAINS / (LOSSES) APPROVED FOR FY 2020-21 (Rs. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Interest & Finance Charges	156.68	113.17	43.51	43.51

4.12 Interest on Security Deposit

Petitioner’s Submission:

The Petitioner has claimed Rs. 36.92 Crore towards interest on security deposit in truing-up for FY 2020-21 as against Rs. 49.67 Crore approved in the MTR Order. The Commission in the MTR Order had approved the interest on security deposit for the Petitioner considering 6.25% interest rate on the average estimated balance of security deposit for FY 2020-21.

The Petitioner has submitted the actual interest expense on security deposit considering the rate of interest of 4.65% paid to consumers based on Bank Rate is submitted in the Table below:

TABLE 4-25 INTEREST ON SECURITY DEPOSIT CLAIMED BY TPL-D (A) FOR FY 2020-21 (Rs. CRORE)

Particulars	Approved in MTR Order	Claimed by Petitioner
Interest Rate	6.25%	4.65%
Interest on Security Deposit	49.67	36.92

The Petitioner has further submitted that the variation in security deposit amount and the variation in interest rate are uncontrollable. Hence, the Petitioner has 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 actual interest on security deposit and found the same to be as per the annual accounts submitted with the petition. Thus, the Commission, accordingly, approves the interest on security deposit at Rs. 36.92 Crore for FY 2020-21.

The deviation of Rs. 12.75 Crore is considered as gain on account of uncontrollable factor as detailed in the Table below:

Table 4-26 Interest on Security Deposit and Gains/Losses approved for FY 2020-21 (Rs. Crore)

Particulars	Approved in the MTR Order	Approved in Truing-Up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Interest on Security Deposit	49.67	36.92	12.75	12.75

4.13 Interest on Working Capital

Petitioner’s Submission:

The working capital requirement is arrived at as per the GERC (MYT) Regulations, 2016. As the working capital requirement is negative, the Petitioner has not claimed any interest on working capital.

TABLE 4-27 INTEREST ON WORKING CAPITAL CLAIMED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed By Petitioner
O&M Expenses for 1 Month	28.58	28.84
1% of GFA for maintenance spares	65.71	63.73
Receivables for 1 month	452.49	431.49
Less: Security Deposit	794.68	834.47
Working Capital Requirement	-	-
Rate of Interest (%)	10.65%	9.57%
Interest on Working Capital	-	-

Commission’s Analysis:

The Commission has computed the working capital requirement as specified in Regulation 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 read in conjunction

with the GERC MYT (First Amendment) Regulations, 2016 after considering the security deposit amount available during the year.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated is detailed in the table below:

TABLE 4-28 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Claimed By Petitioner	Approved By Commission
O&M Expenses for 1 Month	28.84	28.85
1% of GFA for maintenance spares	63.73	63.73
Receivables for 1 month	431.49	434.61
Less: Security Deposit	834.47	834.47
Working Capital Requirement	-	-
Rate of Interest (%)	9.57%	9.57%
Interest on Working Capital	-	-

As indicated above, the Commission approves the interest on working capital as NIL for FY 2020-21.

4.14 Return on Equity

Petitioner's Submission:

TPL-D (A) has claimed a sum of Rs. 273.02 Crore towards return on equity for FY 2020-21, as against Rs. 292.96 Crore approved in MTR Order. TPL-D (A) submitted that closing balance of equity has been arrived at considering additional equity of 30% of the capitalisation during the year, as tabled below:

TABLE 4-29 RETURN ON EQUITY CLAIMED BY THE TPL -D (A) FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed By Petitioner
Opening Equity	1,966.50	1,868.75
Equity Addition	252.18	168.58
Reduction in equity on account of retirement	-	5.78
Closing Equity	2,218.68	2,031.55
<i>Return on Equity at beginning of year</i>	<i>275.31</i>	<i>261.62</i>
<i>Return on Equity addition during year</i>	<i>17.65</i>	<i>11.40</i>
Total Return on Equity	292.96	273.02

Commission’s Analysis:

The Commission has considered opening equity as on 01.04.2020 equal to closing equity of FY 2019-20 as approved in truing-up and the additional equity is considered @30% of the value of net asset addition as approved above.

The Commission accordingly, approves the return on equity for FY 2020-21 as detailed below:

TABLE 4-30 RETURN ON EQUITY APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Claimed By Petitioner	Approved for Truing-Up
Opening Equity	1,868.75	1,868.75
Equity Addition	168.58	168.58
Reduction in equity on account of retirement	5.78	5.78
Closing Equity	2,031.55	2,031.55
<i>Return on Equity at beginning of year</i>	<i>261.62</i>	<i>261.62</i>
<i>Return on Equity addition during year</i>	<i>11.40</i>	<i>11.40</i>
Total Return on Equity	273.02	273.02

The Commission accordingly, approves the gains/(losses) on account of return on equity for FY 2020-21 as tabulated below:

TABLE 4-31 RETURN ON EQUITY AND GAINS/(LOSSES) APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Return on Equity	292.96	273.02	19.94	19.94

4.15 Income Tax

Petitioner’s Submission:

TPL-D (A) has submitted that it has claimed the income tax considering the total tax paid for TPL as a whole and the ratio of PBT of TPL-D (A) and PBT of the company as a whole as per the annual accounts. TPL-D (A) has claimed an amount of Rs. 78.89

Crore towards income tax for FY 2020-21, as against Rs. 83.40 Crore approved in MTR Order as detailed below:

TABLE 4-32 INCOME TAX CLAIMED FOR TPL-D (A) FOR FY 2020-21 (Rs. CRORE)

Particulars	Approved in MTR Order	Claimed By Petitioner
Income Tax	83.40	78.89

Commission’s Analysis:

The Commission had directed TPL to furnish the details of segregation of income tax paid by TPL in respect of TPL-D (A) along with copies of challans of income tax paid. In its response, TPL submitted that being a single corporate entity, income tax is paid for the company as a whole and submitted copies of challans of income tax paid for the year. The Petitioner has computed the Income Tax by applying the ratio of PBT and after adjustment of tax credit.

The Commission has verified the PBT figures from the annual accounts for FY 2020-21. The Petitioner has shown a PBT of Rs. 451.52 Crore including Re-measurement of Defined Benefit Plans. The PBT as per standalone financial statement of TPL (including Re-measurement of Defined Benefit Plans) is Rs. 1,588.42 Crore and the total tax paid by the Company as a whole is Rs. 287 Crore. It is observed that during FY 2019-20, the Petitioner has paid Minimum Alternate Tax (MAT) of 17.47%, though the effective tax rate works out to be 18.07%. Applying the MAT rate of 17.47% on the PBT of TPL-D (A), the income tax for TPL- D (A) works out to be Rs. 78.89 Crore.

The Commission verified the same and accordingly approves the same to the tune of Rs. 78.89 Crore for FY 2020-21. The Commission has treated the income tax as an uncontrollable expense and accordingly approves the gains/(losses) on account of income tax for FY 2020-21 as tabulated below:

TABLE 4-33 GAINS / (LOSSES) DUE TO INCOME TAX APPROVED FOR FY 2020-21 (Rs. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Income Tax	83.40	78.89	4.51	4.51

4.16 Bad Debts Written Off

Petitioner's Submission:

TPL-D (A) submitted that it has written off bad debts of Rs. 4.00 Crore during FY 2020-21 as compared to approved level of Rs. 4.70 Crore vide MTR Order.

Further, the Petitioner submitted that the GERC (MYT) Regulations, 2016 provide that variation in bad debts written off is to be considered as controllable for sharing of gains/losses in line with the Regulations.

Commission's Analysis:

The Petitioner has claimed Rs. 4.00 Crore towards bad debts written off during FY 2020-21 against which the recovery of bad debts made is Rs. 2.31 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs.4.00 Crore minus Rs. 2.31 Crore) is Rs. 1.69 Crore. The Commission has verified the bad debt written off (net) from the Annual Accounts for FY 2020-21. The Commission, accordingly, approves the bad debts written off at Rs. 4.00 Crore for FY 2020-21. The deviation of Rs. 0.70 Crore in bad debts is considered as controllable factor. The Commission, accordingly, approves the gains/losses on account of bad debts for FY 2020-21 as detailed below:

TABLE 4-34 GAINS/(LOSSES) FOR BAD DEBTS WRITTEN OFF APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable
Bad Debts Written off	4.70	4.00	0.70	0.70

4.17 Contingency Reserve

Petitioner's Submission:

The Commission had allowed contingency reserve of Rs. 0.60 Crore for meeting the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values and prayed to the Commission to allow the same for truing-up of FY 2020-21.

Commission’s Analysis:

The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the Commission approves Rs. 0.60 Crore towards contingency reserve for FY 2020-21.

4.18 Non-Tariff Income

Petitioner’s Submission:

TPL-D (A) has claimed Rs. 28.49 Crore towards Non-Tariff Income for FY 2020-21 as against the approved value of Rs. 57.82 Crore by the Commission in its MTR Order. Moreover, TPL-D (A) had considered the treatment towards income and expense of bad debts on similar lines as per the Hon’ble APTEL Judgment, wherein, the variation in recovery of bad debts was considered as controllable. However, the GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable, while variation in bad debts recovery is to be considered as uncontrollable. Therefore, the Petitioner has considered the entire variation in bad debts recovery in FY 2019-20 as uncontrollable for sharing of gains/losses in line with the Regulations. However, the Petitioner has requested the Commission to revisit the provision related to bad debts recovery and expenses.

TABLE 4-35 NON-TARIFF INCOME CLAIMED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Claimed By Petitioner
Non-Tariff Income	57.82	28.49

Commission’s Analysis:

As per the annual accounts for FY 2020-21, the non-tariff income of TPL-D (A) is Rs. 95.68 Crore. The Petitioner has excluded insurance claim receipt of Rs. 0.05 Crore, Amortization of Deferred Revenue of Rs. 53.57 Crore and delayed payment surcharge of Rs. 15.88 Crore. The Petitioner has included recovery from bad debts of Rs. 2.31 Crore in NTI to arrive at claimed figure of Rs. 28.49 Crore. However, as discussed in O & M Expenses at Para 4.8 of this Order, the Insurance Claim is a part of Non-Tariff Income and the same is considered accordingly.

The Commission, accordingly, approves the Non-Tariff Income at Rs. 28.54 Crore for FY 2020-21, the deviation of Rs. 29.28 Crore has been considered as uncontrollable factor. The Commission, accordingly, approved gains/(losses) on account of non-tariff income for FY 2020-21 as tabulated below:

TABLE 4-36 NON-TARIFF INCOME AND GAINS/(LOSSES) APPROVED FOR FY 2020-21 (RS. CRORE)

Particulars	Approved in MTR Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Non-Tariff Income	57.82	28.54	29.28	29.28

4.19 Revenue from Sale of Power

Petitioner's Submission:

The Petitioner has submitted the revenue from sale of power as Rs. 5,177.89 Crore in the truing up for FY 2020-21.

Commission's Analysis:

The Commission has observed that the revenue from sale of power is at Rs. 5,255.81 Crore as per the annual accounts for FY 2020-21. However, the Petitioner in Form 10 has depicted Rs. 5,177.89 Crore and accordingly the same is considered in the petition for truing up for FY 2020-21. It was stated that provision of Rs. 77.92 Crore is not considered in revenue from sale of electricity.

The Commission has asked the petitioner to explain why it is not considered under revenue for sale of energy against which the Petitioner has submitted a certificate of Statutory Auditor certifying that amount of Rs. 77.92 Crore is not recovered from the consumers on account of unrecovered gap/ FPPPA charges. The Commission has not considered the amount of Rs. 77.92 Crore on account of unrecovered FPPPA charges not being reflected as revenue for FY 2020-21. Accordingly, the Commission has considered the actual recovered revenue of Rs. 5,177.89 Crore from sale of power for the purpose of truing up of FY 2020-21. Thus, the unrecovered FPPPA of the past period is reflected in trued up (Gap)/Surplus of FY 2020-21 and accordingly, the past period unrecovered FPPPA is subsumed in the trued up (Gap)/Surplus of FY 2020-21.

In addition to above, the Commission noted that TPL have waived Demand/ Fixed Charges of Rs. 37.38 Crore for LTMD / NRGF / HT consumers under Relief announced by the GoG due to COVID-19. Hence, the actual revenue for FY 2020-21 is lesser to that extent. TPL have claimed this revenue loss from the ARR. The GR announced by the State Government clearly says that the DISCOMs shall bear the loss on account of such relief. Hence, the TPL has to bear such revenue loss. If the revenue loss is passed on to the consumers, then it would amount to the relief announced by the GoG earlier being reversed/negated.

Therefore, the Commission has considered revenue of Rs. 37.38 Crore waived against Demand/ Fixed Charges for LTMD / NRGF / HT consumers in actual revenue for FY 2020-21.

Accordingly, the Commission has approved a sum of Rs. 5,215.27 Crore for truing up for FY 2020-21.

4.20 Gains/(Losses) under truing-up for FY 2020-21

Petitioner's Submission:

The Petitioner has submitted that the gains/(losses) on account of uncontrollable factors shall be passed through in tariff as per Regulation 23 and the gains/(losses) on account of controllable factors are shared between the licensee and the consumer in the form of tariff adjustment as per Regulation 24 of the GERC MYT Regulations, 2016. The Petitioner has compared the actuals for FY 2020-21 with the approved figures and has segregated the variation as controllable or uncontrollable (based on the analysis mentioned hereinabove in the truing up section) as given in the table below:

TABLE 4-37 CONTROLLABLE & UNCONTROLLABLE VARIATIONS FOR FY 2020-21 CLAIMED (RS. CRORE)

Particulars	MTR Order	Actual	Deviation	Controllable	Uncontrollable
Power Purchase	4,343.92	3,986.92	357.00	24.65	332.35
O&M Expense	342.97	346.13	(3.16)	1.50	(4.66)
Interest on Loans	156.68	113.17	43.51	-	43.51
Interest on Security Deposit	49.67	36.92	12.75	-	12.75
Interest on Working Capital	-	-	-	-	-
Depreciation	212.81	237.64	(24.83)	-	(24.83)
Bad Debts written off	4.70	4.00	0.70	0.70	-
Contingency reserve	0.60	0.60	-	-	-
Return on Equity	292.96	273.02	19.94	-	19.94
Income Tax	83.40	78.89	4.51	-	4.51
Less: Non-Tariff Income	57.82	28.49	29.33	-	29.33
Net ARR	5,429.89	5,048.80	381.09	26.85	354.24

Commission's Analysis:

The Commission has reviewed the performance of TPL-D (A) under Regulation 22 of the GERC (MYT) Regulations, 2016, for FY 2020-21. The Commission has computed the gains/(losses) for FY 2020-21 based on the truing up for each of the components discussed in the above paragraphs. The Commission based on the Aggregate Revenue Requirement (ARR) approved in the MTR, the actuals claimed in truing up and as approved by the Commission in truing up, has computed the Gains/(Losses) in accordance with the GERC (MYT) Regulations, 2016 as given in the Table below:

TABLE 4-38 ARR APPROVED IN RESPECT OF TPL-D (A) IN THE TRUING UP FOR FY 2020-21 (RS. CRORE)

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Particulars	MTR Order	Approved	Deviation	Controllable	Uncontrollable
Power Purchase	4,343.92	3,986.91	357.01	24.65	332.37
O&M Expense	342.97	346.18	(3.21)	1.45	(4.66)
Interest on Loans	156.68	113.17	43.51	-	43.51
Interest on Security Deposit	49.67	36.92	12.75	-	12.75
Interest on Working Capital	-	-	-	-	-
Depreciation	212.81	237.64	(24.83)	-	(24.83)
Bad Debts written off	4.70	4.00	0.70	0.70	-
Contingency reserve	0.60	0.60	-	-	-
Return on Equity	292.96	273.02	19.94	-	19.94
Income Tax	83.40	78.89	4.51	-	4.51
Less: Non-Tariff Income	57.82	28.54	29.28	-	29.28
Net ARR	5,429.89	5,048.79	381.10	26.80	354.30

4.21 Sharing of Gains/Losses for FY 2020-21

The Commission has shared the gains/(losses) on account of uncontrollable and controllable factors in accordance with Regulation 23 of the GERC MYT Regulations, 2016. The relevant extract of the aforesaid regulation is stipulated as under:

Regulation 23. Mechanism for pass-through of gains or losses, on account of uncontrollable factors

“23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

23.2 The Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the prescribed format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

23.3 Nothing contained in this Regulation 23 shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase, which shall be dealt with as specified by the Commission from time to time.”

Regulation 24. Mechanism for sharing of gains or losses on account of controllable factors

“24.1 The approved aggregate gain to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

(a) One-third of the amount of such gain shall be passed on as a rebate in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6;

(b) The balance amount, which will amount to two-thirds of such gain, may be utilized at the discretion of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee.

24.2 The approved aggregate loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

(a) One-third of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6; and

(b) The balance amount of loss, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or SLDC or Distribution Licensee.”

The trued-up ARR for FY 2020-21 as claimed by TPL-D (A) and as approved by the Commission is summarized in the table below:

TABLE 4-39 APPROVED TRUED UP ARR INCL. GAINS/(LOSSES) FOR FY 2020-21 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
ARR as per MTR	5,429.89	5,429.89
Gains/(Losses) due to Uncontrollable Factors	354.24	354.30

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Particulars	Claimed by Petitioner	Approved by Commission
Gains/(Losses) due to Controllable Factors	26.85	26.80
Pass through as Tariff	(363.19)	(363.23)
ARR True-Up	5,066.70	5,066.66

Further, the Petitioner has requested the Commission to consider an amount of Rs. 548.80 Crore as revenue towards recovery of earlier years', as approved in the Commission's Order dated 31st March 2020. However, as the Commission has observed that the aforementioned amount includes the carrying cost which has already been allowed in the Tariff Order for FY 2020-21 on the unrecovered gap for past years therefore, the Commission accordingly considers the earlier recovery as follows:

Table 4-40 Recovery of earlier year's approved (Gap)/Surplus (Rs. Crore)

Particulars	Approved (Rs. Crore)
Recovery of earlier year's payment	
(Gap)/Surplus of FY 2018-19	281.24
Impact of change in law pertaining to FY 2017-18	9.26
GERC Audit	(0.58)
APTEL Judgement in A. No. 257/2016	15.70
Delayed Payment Charges for FY 2016-17	8.94
Total amount towards earlier recovery (A)	314.56
Carrying Cost on earlier Recovery	
Carrying cost for FY 2018-19 (on Rs. 281.24 Crore)	47.19
APTEL Judgement in A. No. 246/2017	140.62
Carrying cost (earlier year's)	46.43
Total Carrying Cost on Earlier Recovery (B)	234.24
Total revenue towards recovery of earlier year's	548.80

Accordingly, the Commission has considered the revenue towards earlier year's recovery of Rs. 548.80 Crore for FY 2020-21 as already been approved for truing-up purpose on account of previous years revenue (gap)/surplus while computing the actual net revenue (gap)/surplus for FY 2020-21 for truing-up purpose.

TABLE 4-41 APPROVED REVENUE GAP FOR TPL-D (A) FOR FY 2020-21 (RS. CRORE)

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Particulars	Claimed by Petitioner	Approved by Commission
Trued-Up ARR	5,066.70	5,066.66
Revenue from Sale of Power	5,177.89	5,215.27
Less: Revenue toward recovery of earlier year	548.80	548.80
Balance Revenue	4,629.09	4,666.47
(Gap)/Surplus	(437.61)	(400.19)



Chapter 5: ARR and Tariff Determination for FY 2022-23

5.1 Introduction

This chapter deals with the ARR determination for FY 2022-23 for TPL-D (A). The Commission has studied and analysed each component of the ARR for FY 2022-23 in the following paragraphs.

5.2 Energy Sales to Consumers

Petitioner’s Submission:

TPL-D (A) has furnished the category wise historical data of sales as given in the table below:

TABLE 5-1 HISTORICAL DATA OF ENERGY SALES FOR TPL-D (A) (IN MU)

Category	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
RGP	2,517.12	2,669.94	2,821.25	2,939.69	2,946.60
NRGP	914.72	957.20	998.05	1,017.24	798.15
LTMD	1,647.71	1,713.28	1,773.70	1,763.49	1,500.65
HT	1,529.39	1,902.68	2,029.38	1,885.40	1,628.13
Others	92.69	93.04	87.76	95.66	73.89
Total Sales	6,828.84	7,460.55	7,835.27	7,822.08	6,947.42

TPL has submitted that the license area of Ahmedabad has already witnessed surge in energy demand and consumption subsequent to the “Mega City” status. Subsequently, the growth rates in consumption have stabilised while growth in demand is at higher rate. Further, the Commission has notified the Net Metering Regulations, 2016 for rooftop solar projects which encourages residential & non-residential consumers to set up rooftop solar projects. The surge in solar rooftop installations witnessed in the later part of the 3rd control period is likely to affect the sales of mainly the residential category going forward. The COVID-19 pandemic has impacted the sales across all the industrial and commercial categories during FY 2020-21 and it is expected that sales growth would normalize in line with pre-covid period. Hence for FY 2022-23, sales are worked out considering marginal growth in

HT category and 4-year CAGR over approved gross sales of FY 2021-22 for balance categories.

TABLE 5-2 CATEGORY WISE ENERGY SALE PROJECTED FOR FY 2022-23 (IN MU)

Category	Projected by Petitioner
RGP	2,972.11
NRGP	1,040.58
LTMD	1,790.57
HT Pumping Stations	120.73
HT	1,725.00
HT-Metro	8.25
HT-EV	3.00
Others	72.60
Total Sales	7,732.83

Commission’s Analysis:

The Commission has observed that the Petitioner has projected sales for FY 2022-23 as per CGAR of 4 years which is duly examined by the Commission and approves the sales to the tune of 7,732.83 MU of TPL-D (A) for FY 2022-23.

5.3 Distribution losses

The Petitioner submitted that the Commission in its order dated 24th September 2021 has directed the utilities to consider principles and methodology as provided in the MYT Regulations, 2016. TPL-D (A) has extended the trajectory for projecting distribution losses for FY 2022-23 in line to Commission’s approach as specified in Tariff Order dated 31st March 2021 considering 3-year average.

TABLE 5-3 DISTRIBUTION LOSSES FOR FY 2022-23 AS SUBMITTED BY TPL-D (A)

Category	Projected by Petitioner
Distribution losses (%)	6.24%

Commission’s Analysis:

The Commission observed that the Petitioner has projected distribution losses level of 6.24% for FY 2022-23 while determining its energy requirement, however, TPL-D (A) has already achieved a distribution losses level of 6.03% during FY 2020-21, therefore, in lieu of above, the Commission considers best of two and allow the targeted distribution losses level of 6.03% for FY 2022-23.

5.4 Energy Requirement

Petitioner's Submission:

TPL-D (A) has computed energy requirement for FY 2022-23 based on the energy sales forecast, distribution losses and transmission loss in the EHV network. The Petitioner has also submitted that the estimated energy requirement and corresponding power purchase cost is arrived at on pooled basis keeping in mind the overall demand requirement of Ahmedabad & Surat Supply Areas:

TABLE 5-4 ENERGY REQUIREMENT FOR FY 2022-23 FOR TPL-D

Particulars	Projected by Petitioner
Ahmedabad Supply Area	
Energy Sales (MU)	7,732.83
Distribution losses (%)	6.24%
Distribution losses (MU)	514.94
Energy Input at Distribution Level (MU)	8,247.76
Transmission Loss (MU)	91.77
Energy Requirement (A)	8,339.53
Surat Supply Area	
Energy Sales (MU)	3,275.56
Distribution losses (%)	4.50%
Distribution losses (MU)	154.35
Energy Input at Distribution Level (MU)	3,429.90
220kV/Transmission Loss (MU)	76.81
Energy Requirement (B)	3,506.71
Total Energy Requirement (A+B)	11,846.25

The Petitioner submitted that the total energy requirement shall be met through various sources as discussed in the subsequent section.

Commission's Analysis:

Based on the approved energy sales, distribution losses and transmission loss (%) as per True Up of FY 2020-21, the Commission has computed and approved the energy requirement of TPL Ahmedabad and Surat distribution areas and at their respective peripheries as given in Table below:

TABLE 5-5 ENERGY REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2022-23

Particulars	Projected by Petitioner	Approved by Commission
Ahmedabad Supply Area		
Energy Sales (MU)	7,732.83	7,732.83
Distribution losses (%)	6.24%	6.03%
Distribution losses (MU)	514.94	495.95
Energy Input at Distribution Level (MU)	8,247.76	8,228.77
Transmission Loss (%)	-	0.24%
Transmission Loss (MU)	91.77	19.88
Energy Requirement (A)	8,339.53	8,248.65
Surat Supply Area		
Energy Sales (MU)	3,275.56	3,275.56
Distribution losses (%)	4.50%	3.54%
Distribution losses (MU)	154.35	120.21
Energy Input at Distribution Level (MU)	3,429.90	3,395.77
220kV/Transmission Loss (%)	-	0.79%
220kV/Transmission Loss (MU)	76.81	27.04
Energy Requirement (B)	3,506.71	3,422.81
Total Energy Requirement (A+B)	11,846.25	11,671.46

5.5 Energy Availability

Petitioner's Submission:

The Petitioner has submitted that the energy sourcing is planned collectively for Ahmedabad and Surat Licence area from TPL-G (APP), SUGEN, Renewable Sources of Energy and other sources such as Bilateral and purchase through Power Exchange.

TPL-D (A) has submitted that the renewable energy for FY 2022-23 has been estimated based on tied up capacities of RE power in line with RPO targets specified in the GERC (Procurement of Energy from Renewable Source/s) Regulations, 2010 and its amendment thereon.

Further, TPL-D (A) has submitted that it has planned to source power for FY 2022-23 subject to minimum technical/must run criteria while ensuring reliability of power giving due consideration to optimization of cost.

TABLE 5-6 ENERGY AVAILABILITY AS PROJECTED BY PETITIONER FOR FY 2022-23 (IN MU)

Particulars	Projected by Petitioner
TPL-G (APP)	2,558.69
SUGEN/UNOSUGEN	4,376.93
Bilateral/Power Exchange	3,326.41
Renewable Energy	1,584.21
Total	11,846.25

Commission’s Analysis:

As per the GERC (MYT) Regulation, 2011, the Distribution Licensees are required to project the power purchase requirement based on the Merit Order Dispatch principles from all generating stations considered for power purchase, RPO and the targets set if any, for Energy Efficiency and DSM schemes.

TPL-D has projected power purchase requirement of 11,846.25 MU whereas the Commission has approved 11,671.46 MU based on the approved energy sales, transmission and distribution losses for FY 2022-23 as tabulated in 5.5 above. Accordingly, the quantum of energy purchase is regulated as detailed below.

The Commission has considered the quantum of energy availability from TPL- G (APP) as approved in the Order of TPL-G(APP), for FY 2022-23. The quantum of purchase from UNOSUGEN is considered as per approved for FY 2020-21 and the same is net off against the energy scheduled from SUGEN, since its variable cost is the highest among all sources projected.

The Commission has observed that the Petitioner has projected quantum of purchase from Wind and Solar Energy sources only @13.37% (1,584.21/11,846.25) MU for FY 2022-23, however, the Commission has considered @17% i.e., 1,984.15 MU (17%*11,671.46) RPO targets for FY 2022-23 and the incremental quantum of

purchase from Wind and Solar Energy sources has been net off against the energy scheduled from SUGEN. No purchase of RECs has been considered in view of the prevailing low rates of renewable power discovered through competitive biddings.

After netting off the energy scheduled from UNOSUGEN and incremental renewable sources from SUGEN, the remaining required power purchase from SUGEN is considered to the tune of 2,236.06 MU (4,376.93-1,740.94-399.93).

In case, if there is any shortfall of energy in the procurement of power through tied up sources, the same shall be made by TPL-D through power exchange or e-bid procurement through MSTC.

The energy availability projections as approved by the Commission FY 2022-23 is given in the Table below:

TABLE 5-7 APPROVED ENERGY AVAILABILITY FOR FY 2022-23 FOR TPL-D (IN MU)

Particulars	Projected by Petitioner	Approved by Commission
TPL-G (APP)	2,558.69	2,558.69
SUGEN	4,376.93	2,236.06
UNOSUGEN	-	1,740.94
Bilateral/Power Exchange	3,326.41	3,151.62
Renewables	1,584.21	1,984.15
Total	11,846.25	11,671.46

TPL-D is advised to adhere to the above power procurement sources and quantum as approved by the Commission.

5.6 Power Purchase Cost

Petitioner's Submission:

The Petitioner has submitted that based on the energy quantum estimated in table above, the power purchase cost for each of the sources is computed. The source-wise estimated power purchase cost is provided hereunder:

- **TPL-G (APP)** – The power purchase cost is based on the costing arrived at from the ARR computation in the petition filed for TPL-G (APP).
- **SUGEN/ UNOSUGEN** – The power purchase cost is as per the tariff and operating norms adopted by Hon’ble Commission.
- **Bilateral Sources/ Power Exchange** – The power purchase rate for bilateral sources/power exchange is arrived at by considering the likely short term market conditions.
- **Renewable Power Purchase Cost**- The Petitioner has estimated the purchase of power from the tied-up capacity of renewable energy sources to fulfil the Renewable Power Purchase Obligation in accordance with the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 read with the Amendment to the Regulations. Accordingly, the Petitioner has arrived at the renewable power purchase cost.

The power purchase cost projected by the Petitioner is as given in the table below.

TABLE 5-8 POWER PURCHASE COST PROJECTED BY TPL-D FY 2022-23 (RS. CRORE)

Particulars	Projected by Petitioner
TPL-G (APP)	1,412.49
SUGEN/UNOSUGEN	3,211.39
Bilateral/Power Exchange	1,330.56
Renewables	712.62
Total	6,667.06

Commission’s Analysis:

The power procurement cost of TPL varies from source to source. In case of procurement of TPL-G (APP), the same has been derived from the power generation cost as determined by the Commission for FY 2022-23.

The Commission has determined its TPL-D power requirement of 11,671.46 MU against the projected of 11,846.24 MU, thus the total energy requirement of TPL-D has been reduced by 174.79 MU.

The Commission has considered energy availability from UNOSUGEN as per approved actual of FY 2020-21 to the tune of 1,740.94 MU @Rs.3.27/kWh for projecting power purchase cost for FY 2022-23. Further, the landed cost of UNOSUGEN should be in accordance with the Order in case no. 1322/2013.

As regards renewable energy power, TPL-D has submitted the details of tied up sources, according to which 699.36 MU of Solar Energy at Wt. Avg tariff of Rs. 5.01/kWh and 884.86 MU of Non-Solar energy at Wt. Avg tariff of Rs. 4.10/kWh will be available in FY 2022-23. The Commission has considered the cost of Purchase of balance requirement of Renewable energy to meet RPO requirement @4.02/kWh at the Green Market Power Price for FY 2022-23 for the purpose of Power Purchase cost estimation. Since, the Power Purchase Cost is an estimate and therefore, the Licensee shall take due care to procure all additional Renewable Power Requirement through competitive bidding to pursue that the power purchase cost is optimized. The break-up of power purchase cost from Renewable Energy sources for FY 2022-23 is shown in the Table below;

Table 5-9 Cost of Renewable Power Purchase for TPL-D for FY 2022-23

Sr. No.	Source	Quantum (MU)	Rate (Rs/kWh)	Cost (Rs. Crore)
A	Solar Energy			
1	Power contracted in preferential Tariff	699.36	5.01	350.38
2	Power Procurement for fulfillment of RPO	263.54	4.02	105.94
3	Total Solar purchase	962.90	4.74	456.32
B	Non-Solar Energy			
1	Power contracted in preferential Tariff	884.86	4.10	362.79
2	Power Procurement for fulfillment of RPO	136.39	4.02	54.83
3	Total Non-Solar purchase	1,021.25	4.09	417.62
	Total Renewable Purchase	1,984.15	4.40	873.94

The Commission has net off the energy scheduled from UNOSUGEN and incremental renewable energy requirement for RPO fulfilment from the energy scheduled of SUGEN i.e., the net energy scheduled approved by Commission from SUGEN is to the tune of 2,236.06 MU (4,376.93-1,740.94-399.93). Power Purchase Cost from SUGEN consists of fixed cost and variable cost. Considering the availability of this plant to be more than 85% during FY 2022-23, TPL-D needs to pay fixed charge for the

whole year if the generator declare availability based on gas availability. The Commission has considered the same as payable to SUGEN. TPL has proposed variable charges of Rs 5.43/kWh as a weighted average cost of fuel from different sources for SUGEN plant against which the Commission has considered Rs 4.33/kWh as the variable charges for SUGEN plant as per actuals of FY 2020-21 approved. Accordingly, the Commission has factored in the power procurement cost from SUGEN for FY 2022-23.

The Commission has considered the capacity charges payable to SUGEN and UNOSUGEN at Rs. 606.50 Crore and Rs. 228.00 Crore for FY 2022-23 after prudence check of the same.

Considering above, the total procurement cost for power from different sources for TPL-D during FY 2022-23 works out as given in the table below:

TABLE 5-10 APPROVED POWER PURCHASE COST OF TPL-D FOR FY 2022-23

Energy Sources	Energy (MU)	Capacity Charges (Rs. Crore)	Variable Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Total Cost (Rs. Crore)	Unit/ Cost (Rs./kWh)
TPL-G (APP)	2,558.69	308.33	3.45	883.21	1,191.54	4.66
SUGEN	2,236.06	606.50	4.33	967.59	1,574.09	7.04
UNOSUGEN	1,740.94	228.00	3.27	569.34	797.34	4.58
Bilateral	3,151.62	-	4.00	1,260.55	1,260.65	4.00
Renewables	1,984.15	-	4.40	873.94	873.94	4.40
Total	11,671.46	1,142.83		4,554.74	5,697.57	4.88

The above power procurement cost is reflective of power requirement of both Ahmedabad and Surat area. For arriving at individual power purchase cost, the total power purchase cost is apportioned in the ratio of power requirement between Ahmedabad @70.67% and Surat @29.33%. The following table depicts the power purchase cost of Ahmedabad area for FY 2022-23.

TABLE 5-11 APPROVED POWER PURCHASE COST FOR TPL-D (AHMEDABAD)

Energy Sources	Projected by Petitioner (Rs. Crore)	Approved by Commission (Rs. Crore)
Power Purchase Cost	4,693.49	4,026.68

5.7 Operation & Maintenance (O&M) Expenses

Petitioner's Submission:

TPL-D (A) has submitted that the O&M expenses projections for FY 2022-23 are as per the methodology specified in the GERC MYT Regulations, 2016 by considering approved O&M expenses of last three years with FY 2019-20 as base year and escalating by 5.72% per annum.

The Petitioner has submitted that the variation in O&M expenses does not take in to account the uncontrollable expenses such as the wage revision, change in law, change in levies/ duties/ taxes and charges, etc. and requested these components of uncontrollable factors and any such expenses on account of these factors are to be allowed over and above the normal allowable components.

TABLE 5-12 O&M EXPENSES CLAIMED BY OF TPL-D (A) FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by Petitioner
Operation & Maintenance Expenses	404.61

Commission's Analysis:

In line with the principles and methodology as provided in the GERC MYT Regulations, 2016, the Commission has projected O&M expenses based on the average of actual O&M expenses for the previous three years i.e., FY 2018-19 to FY 2020-21 escalated @5.72% to arrive at O&M expenses for FY 2022-23 at Rs. 404.61 Crore. Accordingly, the Commission approves Rs. 404.61 Crore of O&M Expenses for FY 2022-23.

5.8 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission:

TPL-D (A) has projected capital expenditure of Rs. 1,703.87 Crore for FY 2022-23 as per the details given in table below:

TABLE 5-13 CAPITAL EXPENDITURE PROJECTED BY TPL-D (A) FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by Petitioner
EHV Network	1,078.91
HT Network	227.28
LT Network	172.09
Metering	103.75
Other Depart.	32.52
PSC	70.50
Miscellaneous	0.81
IT & related expenditure	18.01
Total Cost	1,703.87

TPL-D (A) has submitted that Ahmedabad and Gandhinagar city are being developed as the hub for commercial and service sector and demand for electricity has increased at a 3 Year CAGR rate of about 5.47% and is likely to increase in the coming years. Further, urbanisation of the twin cities of Ahmedabad & Gandhinagar has resulted in increasing issues of availability of corridor for creation of evacuation network.

a) EHV Network

- **Bulk Supply Points** - Looking to the long term power requirement of Ahmedabad and Gandhinagar license areas, TPL-D had proposed to establish 220 kV substations at Thaltej, Acher, and Gandhinagar during the MTR exercise of 3rd Control Period. Based on the approvals, work has been initiated on the supply points from FY 2019-20 and shall be continued during FY 2022-23 and beyond. Additionally, work for Substation at GOTA has also been initiated.
- **EHV Substations** - The system demand of Ahmedabad & Gandhinagar city is increasing year on year. In order to cater to these requirements, it is necessary to undertake capacity augmentations. Hence, during the 3rd MYT control period, the Hon'ble Commission has approved to establish substations at strategic locations to meet future requirements. Accordingly, Petitioner proposes to establish 132 kV substation at Lambha, Riverfront, and SG Highway to cater to the demand of nearby areas. Further, additional transformers of 132/33 kV and 132/11 kV are also required to be installed to cater to the load demand of nearby areas and to feed the upcoming 33 kV/11 kV substations respectively.
- **EHV Consumers** - TPL envisages energisation of 132 kV & 33 kV consumers based on existing trend.

- **33kV Substations** - Considering the proposed expansion of existing network and the additional load growth in the supply area, 33 kV substations have been planned at Naroda, New Naroda, Gandhinagar, Electronic SEZ, Platinum Park, Maninagar, Solaris and Gita Mandir. Further, additional transformer is proposed at 33 kV substations. Expenditure is also proposed for building works of 33 kV substation.
- **Renovation & Replacement** - It is proposed to incur capex for phasing out obsolete assets and refurbishment under the head of renovation and replacement.
- **Safety** - Safety schemes are proposed for ensuring general public safety, environment safety, and safety for employees. Some of the major safety schemes proposed pertain to ongoing underground cable connectivity between 132 kV Jamalpur to Vinzol SS which are located in densely populated area. TPL-D has proposed to incur expenses for providing emulsifying system for EHV/33 kV substations, procurement of safety tools, revamping of earthing systems, replacement of old conductors, safeguarding of towers, replacement of switchyard equipment, earthing system for towers, and various firefighting arrangements.

b) HT Network

- **New Substations** – To meet the additional load requirement of existing as well as new consumers the distribution transformers (DT's) need to be upgraded and new DT's need to be installed at the load centre. The substation needs to be planned in load centre to ensure lower LT length of lines to maintain the existing level of losses. This also involves the development of necessary network by laying new 11 kV cable and installation of switchgear.
- **HT Consumers** - Based on the expected number of new HT consumer as well as load enhancement of the existing consumers, the Petitioner has proposed expenditure for creating necessary network infrastructure including HT cable, RMU and Other Accessories.
- **Transformer Augmentation** - In order to meet the load growth in the supply area, it is proposed to replace existing distribution transformers by higher size. Based on peak loading condition observed, around 140 transformers are proposed to be augmented during FY 2022-23.
- **11 kV Normal Load Growth/OHL Schemes** - It is proposed to carry out network modification schemes including laying of new feeders from existing and proposed EHV substations. During FY 2022-23, network modification schemes are proposed in order to remove bottlenecks from existing system.

- **Reliability, Renovation & Modernization** - This includes expenses towards replacement of PILC cable, replacement of old and faulty distribution transformers, replacement of transformers with poor oil quality, and replacement of faulty switchgear. Network modification for infrastructure projects is also proposed to be carried out.
- **Supporting Infrastructure** - This includes expenses on equipment's such as Meggers, Thumpers, Earthing testers, etc.
- **Safety** - Safety schemes are proposed for replacement of conventional oil filled switchgears, RMU/ FSP replacement, Distribution substation revamping, and PMT to Compact Substation replacement in dense areas, replacement of oil type transformer with dry type transformer for ensuring general public safety, environment safety, and safety for employees.

c) LT Network

- **New Connection/Load Extension/Reduction** - The LT capital expenditure is planned to provide network for last mile connectivity as well as for maintaining “ready to serve” network. Around 82,460 applications for new connection and extension/reduction are expected to be released. This forms the basis for planning the expenditure for the LT network.
- **Relieving Overload Distributions, Load Balancing/ Interlinking of New Substations** - There are continuous changes in the load or demand requirement of the customers due to which the loading of the LT cables increase and this result into outages or breakdowns. Accordingly, it is proposed to undertake distributor load relieving/balancing and network modification schemes for relieving overloaded distributors. It is also proposed to undertake interlinking of distributors to enhance the system reliability.
- **Supporting Infrastructure** - This includes expenses on equipment such as Meggers, Cable Fault Locators, Thumpers, Earth Testers, Reference Standard Meters, Meter Reading Instruments, Clip on meters, etc.
- **Reliability, Renovation and Replacement** - It is proposed to undertake schemes for old and obsolete network up gradation (T-off network removal/Bifurcation of distributors) for network improvement. This will increase the system reliability. Further, road widening work is being carried out at various places in and around the Supply area. This has necessitated shifting work of LT network & assets.

d) Metering

- Out of the total expenditure, major expenditure of Rs. 56.66 Crore is planned for installation and replacement of consumer/DT/feeder meters with smart meters. Balance expenditure of Rs. 46.27 Crore is planned towards release of normal services consisting of new connections & load enhancement requirements and Rs. 0.83 Crore for supporting infrastructure like test benches. It may kindly be noted that implementation of smart meter will also necessitate additional O&M expenses to meet with communication, IT infrastructure requirements, etc..

e) Others

- **QA/QC** - This includes capex towards procurement of various testing and measuring equipment for high precision testing and setup for Distribution automation enabled testing equipment.
- **GIS** - It includes capex for procurement of instruments, various hardware and software for Geographic Information System (GIS).
- **Stores** - Capex is proposed for implementation of AVSR (Automated Vertical Storage retrieval system) and upgradation of storage systems.
- **Safety** - It is proposed to incur capex for Safety Training Kiosk for training of employees/ contractual workers.
- **Customer Services** - This includes capex to be incurred towards Automated Meter Reading and HT metering related equipments. It also includes capex for various equipment for digitization.
- **RPRC** - It is proposed to procure Meter Reading Instruments, Clamp on meter, Multi meter, Load Elements, etc.
- **Power Supply Centre** - This includes capex to be incurred for upgradation of existing zonal offices of Naranpura and Amraiwadi to provide enhanced and improved customer services. Further, capex is also proposed to be incurred for Power Supply Centre at Gandhinagar besides continuing work initiated for PSCs at different locations in Ahmedabad/Gandhinagar.
- **Special Project** - It is proposed to incur capex for Advanced Distribution Management System to provide a single integration system combining SCADA, DMS, OMS, etc. Capex is also proposed towards various activities such as Data Analytics Project.

Further, new initiatives such as Smart City, infrastructure projects like BRTS/Metro, modern water/sewage systems necessitate creation of state-of-the-art electrical network with ability of handling large quantum of power at the highest levels of reliability.

Petitioner submitted that it has planned to undertake capital expenditure for augmentation and up-gradation of distribution network to meet the future load growth while ensuring reliability & quality of power along with safety measures.

TPL-D (A) submitted that the planned capital expenditure for Ahmedabad & Gandhinagar Area consists of expenditure to create capacity and reliability in EHV network to provide un-interrupted supply, additional EHV & HV substations to cater to the load growth, LT network to meet the consumer connectivity, customer connect centre, power supply centre, and other miscellaneous items such as automation, IT etc.

The Petitioner has furnished the detailed project/scheme-wise explanation of the major capital expenditure planned to be incurred along with its capitalisation for FY 2022-23 as deliberated under Petition and the same is not repeated here due to brevity.

TABLE 5-14 CAPITALISATION PROJECTED FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by Petitioner
Opening GFA	7,785.01
Addition to GFA	1,524.74
Deletion to GFA	-
Closing GFA	9,309.75
SLC addition	76.34

Commission’s Analysis:

The Commission observed that the Petitioner has projected CAPEX of Rs. 1,703.87 Crore for FY 2022-23 as detailed above and furnished the project/work-wise justification for the same.

The Commission has provisionally approved the CAPEX for FY 2022-23 as projected by the Petitioner in order to meet the load growth, system demand and to provide reliable quality supply. The Commission, accordingly, approves the Capital Expenditure at Rs. 1,703.87 Crore for FY 2022-23.

The Commission has observed (from Form 4.3) that the Petitioner has proposed capitalisation of CAPEX related schemes as given hereunder:

TABLE 5-15 PROJECTED CAPEX, CAPITALISATION BY TPL-D (A) FOR FY 2022-23 (Rs. CRORE)

Particulars	Capex	Capitalisation	% of Capitalisation To Capex
EHV Network	1,078.91	757.86	70%
HT Network	227.28	227.28	100%
LT Network	172.09	172.09	100%
Metering	103.75	103.75	100%
Other Depart.	32.52	32.52	100%
PSC	70.50	212.42	301%
Miscellaneous	18.01	18.01	100%
IT & related expenditure	0.81	0.81	100%
Total Cost	1,703.87	1,524.74	

The Commission further observed that the average capitalization over approved CAPEX for last four years i.e., from FY 2017-18 to FY 2020-21 works out to 69.40%. Accordingly, for FY 2022-23 the Commission approves capitalization of Rs. 1,182.42 Crore (1,703.87*69.40%).

The Commission has approved closing GFA at Rs. 6,997.47 Crore in true up for FY 2020-21 and the same is considered as opening GFA for FY 2021-22. Further, the Commission has considered capitalisation of 893.03 Crore as approved in Tariff Order dated 31.03.2021 for FY 2021-22 and arrived at the closing GFA for FY 2021-22 at Rs. 7,890.50 Crore and the same is considered as opening GFA for FY 2022-23.

The Commission as deliberated in earlier paragraph has considered the Opening GFA, addition to GFA and Closing GFA as approved above. The Commission has considered the SLC addition as projected by the Petitioner, since these SLCs are received from the consumers and relates to service connections and not attributable to EHV schemes (i.e. EHV SS) for which capitalisation is regulated.

The Commission in terms of the GERC (MYT) Regulations, 2016 has approved the funding of capitalisation for normative debt-equity as shown in the Table below for FY 2022-23:

TABLE 5-16 APPROVED CAPITALISATION FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	7,785.01	7,890.50
Addition to GFA	1,524.74	1,182.42
Deletion to GFA	-	-
Closing GFA	9,309.75	9,072.92
Less: SLC Addition	76.34	76.34
Balance Capitalisation	1,448.40	1,106.08
Normative Debt @70%	1,013.88	774.26
Normative Equity @30%	434.52	331.82

5.9 Depreciation

Petitioner's Submission:

TPL-D (A) has projected Rs. 322.76 Crore towards depreciation for FY 2022-23 based on the projected capitalisation during FY 2022-23.

Commission's Analysis:

The Commission has approved the closing value of depreciable GFA at Rs. 6,997.47 Crore in truing up for FY 2020-21 and the same is considered as opening depreciable GFA for FY 2021-22. The GFA is further updated with the capitalisation approved for FY 2021-22 in the MTR Order and the addition approved for FY 2022-23.

The rate of depreciation on assets and SLC is considered as per actual of FY 2020-21 and accordingly computed the depreciation for FY 2022-23 as given in the table below:

TABLE 5-17 DEPRECIATION APPROVED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved by Commission
Opening value of GFA	7,890.50
Additions during year	1,182.42
Closing GFA	9,072.92
Average Depreciable Assets	8,481.71
Weighted Average rate of depreciation	4.27%
Depreciation	368.75
Depreciation created out of SLC	60.97

Particulars	Approved by Commission
Depreciation allowed	307.77

5.10 Interest Expenses

Petitioner’s Submission:

TPL-D (A) has projected a sum of Rs. 160.64 Crore towards interest and finance expenses for FY 2022-23 on normative basis as per the GERC MYT Regulations, 2016 by applying estimated opening weighted average rate of interest of the actual loan portfolio of the Petitioner at the beginning of the year while repayment has been considered equal to the depreciation of the assets for the year.

TABLE 5-18 INTEREST AND FINANCE CHARGES PROJECTED FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by Petitioner
Opening Balance	1,700.84
Loan addition during year	1,013.88
Repayment during year	322.76
Closing Balance	2,391.96
Average Loan	2,046.40
Weighted average rate of interest (%)	7.85%
Interest Expenses	160.64

Commission’s Analysis:

The Commission has approved the normative closing loan balance at Rs. 1,506.91 Crore in truing up for FY 2020-21 and the same is considered as opening loan for FY 2021-22. The addition to loan is further updated with the normative loan based on capitalisation approved for FY 2021-22 in the MTR Order and the capitalisation approved for FY 2022-23.

The rate of interest is considered as projected by the petitioner and accordingly computed the interest on loan for FY 2022-23 as given in the table below:

TABLE 5-19 INTEREST APPROVED BY THE COMMISSION FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by	Computation by
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	Petitioner	Commission
Opening Balance	1,700.84	1,798.58
Addition of Loan	1,013.88	774.26
Repayment during year	322.76	307.77
Closing Balance	2,391.96	2,265.07
Average Loan	2,046.40	2,031.83
Weighted average rate of interest (%)	7.85%	7.85%
Interest Expenses	160.64	159.50

Accordingly, the Commission approves a sum of Rs. 159.50 Crore towards interest and finance charges for FY 2022-23.

5.11 Interest on Security Deposit

Petitioner's Submission:

The Petitioner has projected Rs. 40.82 Crore towards interest on security deposit for FY 2022-23. The Petitioner considered 4.25% interest rate on the average estimated balance of security deposit for FY 2022-23.

Commission's Analysis:

The Commission provisionally considers and approves the interest on security deposit of Rs. 40.82 Crore as projected by the Petitioner for FY 2022-23.

5.12 Interest on Working Capital

Petitioner's Submission:

TPL-D (A) has projected claimed NIL amount towards interest on working capital for FY 2022-23 as per the GERC MYT Regulations, 2016.

Table 5-20 Interest on Working Capital projected by for FY 2022-23 (Rs. Crore)

Particulars	Claimed by Petitioner
O&M Expenses for 1 Month	33.72
Maintenance Spares @1% of GFA	77.85
Receivables for 1 Month	499.30
Less: Security Deposit	960.44

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Net Working Capital Requirement	-
Rate of interest (%)	9.57%
Interest on Working Capital	-

Commission's Analysis:

As per the working capital requirement as specified in Regulation 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 read in conjunction with the GERC MYT (First Amendment) Regulations, 2016 based on the O&M expenses and other expenses as approved above and after considering the security deposit amount available during the year and the rate of interest on working capital has been considered as 9.50% considering SBI MCLR as on 01.04.2021 (7.00% plus 250 basis points), the working capital and interest thereon calculated in table below;

TABLE 5-21 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
O&M Expenses for 1 Month	33.72	31.94
Maintenance Spares @1% of GFA	77.85	66.63
Receivables for 1 Month	499.30	442.33
Less: Security Deposit	960.44	960.44
Net Working Capital Requirement	-	-
Rate of interest (%)	9.57%	9.50%
Interest on Working Capital	-	-

The Commission, accordingly, approves the interest on working capital as NIL for FY 2022-23.

5.13 Return on Equity

Petitioner's Submission:

TPL-D (A) has projected Rs. 342.53 Crore towards Return on Equity @ 14% for FY 2022-23 as detailed in the Table below:

TABLE 5-22 RETURN ON EQUITY CLAIMED BY THE TPL -D (A) FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed By Petitioner
Opening Equity	2,229.37

Particulars	Claimed By Petitioner
Equity Addition	434.52
Closing Equity	2,663.89
<i>Return on Equity at beginning of year</i>	<i>312.11</i>
<i>Return on Equity addition during year</i>	<i>30.42</i>
Total Return on Equity	342.53

Commission’s Analysis:

The Commission has approved the closing equity at Rs. 2,031.55 Crore in truing up for FY 2020-21 and the same is considered as opening equity for FY 2021-22. The addition to equity is further updated based on capitalisation approved for FY 2021-22 in the MTR Order and the capitalisation approved for FY 2022-23. The Commission accordingly computed the Return on Equity for FY 2022-23 as given in the table below:

TABLE 5-23 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2022-23 (RS. CRORE)

Particulars	Claimed By Petitioner	Approved by Commission
Opening Equity	2,229.37	2,277.17
Equity Addition	434.52	331.82
Closing Equity	2,663.89	2,608.99
<i>Return on Equity at beginning of year</i>	<i>312.11</i>	<i>318.80</i>
<i>Return on Equity addition during year</i>	<i>30.42</i>	<i>23.23</i>
Total Return on Equity	342.53	342.03

Accordingly, the Commission approves a sum of Rs. 342.03 Crore towards return on equity for FY 2022-23.

5.14 Income Tax

Petitioner’s Submission:

The Petitioner has projected the Income Tax at Rs. 78.89 Crore based on the actual tax paid for FY 2020-21 and in proportion to the PBT of TPL-D (A).

Commission’s Analysis:

The Commission has approved Rs. 78.89 Crore towards income tax in true up for FY 2020-21. The Commission, accordingly, in terms of regulation 41.1 has provisionally considered Rs. 78.89 Crore towards income tax for FY 2022-23 subject to true up based on the actual tax paid for the relevant year as specified in regulation 41.2 of the GERC (MYT) Regulations, 2016.

5.15 Bad Debts Written Off

Petitioner's Submission:

The Petitioner has projected bad debts of Rs. 4.24 Crore based on the trend of amount written off in previous years.

Commission's Analysis:

Regulation 94.9 of the GERC (MYT) Regulations, 2016 specify that bad debts written off may be allowed as a pass through in the ARR subject to prudence check based on the trend of write off of bad debts in the previous years. The Commission has approved Rs. 4.00 Crore towards bad debts written off for FY 2020-21 in truing up based on the available audited annual accounts for FY 2020-21. The Commission, accordingly, has considered bad debts written off at Rs. 4.00 Crore for FY 2022-23.

5.16 Contingency Reserve

Petitioner's Submission:

The Commission had allowed contingency reserve of Rs. 0.60 Crore for each year of the control period to meet the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values and prayed to the Commission to allow the same for FY 2022-23.

Commission's Analysis:

The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the Commission approves Rs. 0.60 Crore towards contingency reserve for FY 2022-23.

5.17 Non-Tariff Income

Petitioner's Submission:

The Petitioner has projected Non-Tariff Income at Rs. 56.93 Crore for FY 2022-23 based on the current trend and stated that variation in actual non-tariff income except bad debt recovery shall be considered as uncontrollable during truing up exercise. The Petitioner has requested the Commission to approve the non-tariff income for FY 2022-23 as estimated.

Commission's Analysis:

The Commission, accordingly, approves the Non-Tariff Income at Rs. 56.93 Crore for FY 2022-23 subject to true-up.

5.18 Aggregate Revenue Requirement (ARR) for FY 2022-23

Petitioner's Submission:

The Petitioner has projected the ARR for FY 2022-23 as given in the table below:

TABLE 5-24 ARR PROJECTED BY PETITIONER FOR FY 2022-23 (RS. CRORE)

Particulars	Projected by Petitioner
Power Purchase	4,693.49
O&M Expense	404.61
Interest on Loans	160.64
Interest on Security Deposit	40.82
Interest on Working Capital	-
Depreciation	322.76
Bad Debts written off	4.24
Contingency reserve	0.60
Return on Equity	342.53
Income Tax	78.89
Less: Non-Tariff Income	56.93

Particulars	Projected by Petitioner
Net ARR	5,991.65

Commission’s Analysis:

The Commission based on the costs/expenses approved in the preceding paragraphs has computed the ARR as given in the Table below:

TABLE 5-25 ARR APPROVED IN RESPECT OF TPL-D (A) FOR FY 2022-23 (RS. CRORE)

Particulars	Projected by Petitioner	Approved by Commission
Power Purchase	4,693.49	4,026.68
O&M Expense	404.61	404.61
Interest on Loans	160.64	159.50
Interest on Security Deposit	40.82	40.82
Interest on Working Capital	-	-
Depreciation	322.76	307.77
Bad Debts written off	4.24	4.00
Contingency reserve	0.60	0.60
Return on Equity	342.53	342.03
Income Tax	78.89	78.89
Less: Non-Tariff Income	56.93	56.93
Net ARR	5,991.65	5,307.97

5.19 Revenue from Sale of Power

Petitioner’s Submission:

The Petitioner has projected the revenue from sale of power at Rs. 6,189.93 Crore for FY 2022-23 considering the sales and existing tariff rates for different category of consumers. It is further submitted that the revenue from sale of power arrived at with existing tariff includes the revenue from FPPPA Charges at Rs. 2.66 per unit.

Commission’s Analysis:

In order to balance the interest of all stakeholders and to recover the cumulative gap and carrying cost, the Commission decides to revise and approve the base FPPPA for FY 2022-23 @ Rs. 2.02/kWh. Accordingly, the Commission considers the Revenue from sale of power at Rs. 5,695.03 Crore for FY 2022-23 with existing tariff

i.e. as applicable for each category of consumer (slab-wise) as per the tariff (including FPPPA charge @2.02/Unit).

5.20 Revenue (Gap)/Surplus for FY 2022-23

The Commission has computed revenue from sale of power at Rs. 5,695.03 Crore for FY 2022-23. In addition to that the Commission has also considered the revenue from open access charges at Rs. 26.30 Crore as submitted by the Petitioner.

The Petitioner has submitted that carrying cost for the unrecovered gap is the legitimate claim of the Petitioner due to deferment in recovery of gap. It is submitted that the Petitioner is entitled to the cost along with carrying cost as its legitimate claim. Carrying cost computation submitted by the Petitioner vide its additional details is as per table below:

Table 5-26 Carrying cost for earlier years as submitted by TPL-D (A) (Rs. Crore)

Particulars	FY 2010-11	FY 2012-13	FY 2014-15	FY 2016-17	FY 2018-19	FY 2020-21
Revenue	2,620.72	3,481.02	4,443.89	4,443.22	5,887.83	5,177.89
ARR						
Trued up ARR/ Estimated ARR	2,736.56	3,875.68	4,360.39	4,262.94	5,836.75	5,066.70
DSM	-	-	-	1.90	-	-
Opening Gap	-	115.21	547.19	619.29	597.76	924.73
Carrying Cost on Opening Gap	-	22.57	119.95	144.91	105.35	155.16
Total Requirement	2,736.56	4,013.46	5,027.54	5,029.05	6,539.86	6,146.60
Net Gap/(Surplus)	115.84	532.44	583.65	585.83	652.03	968.71
Approved	(0.63)	14.75	35.65	11.94	272.70	-
Cumulative (Gap)/Surplus	115.21	547.19	619.29	597.76	924.73	968.71
Interest Rate	10.00%	11.45%	11.70%	8.81%	8.39%	7.07%
Period (2 Years)	1.96	1.92	2.00	2.00	2.00	2.00
Carrying Cost on Cumulative (Gap)/Surplus	22.57	119.95	144.91	105.35	155.16	137.03

Table 5-27 Carrying cost for FY 2020-21 submitted by TPL-D (A) (Rs. Crore)

Particulars	Rs. Crore
Carrying cost for FY 2020-21	137.03
Adjustments:	
Gap claimed in FY 2018-19	226.76
Gap approved in FY 2018-19	(51.08)
Difference in approved and claimed Gap	277.84

Particulars	Rs. Crore
Less: Amount of Gap taken in review	272.70
Net Difference in claimed v/s Approved after factoring Review	(5.14)
Carrying Cost implication due to above adjustment in FY 18-19	(0.86)
Carrying Cost claimed in the present Petition for FY 20-21	136.16

It is observed from table 5.26 that the Petitioner erroneously increased its cumulative carrying cost at the end of FY 2020-21 by carrying forward its carrying cost of the cumulative gap/surplus of the relevant financial year to the next financial year. It is quite pertinent to mention here that the Petitioner's claim to bear the brunt of the carrying cost by paying compound interest is flawed as the Commission has already allowed interest in accordance with the GERC (MYT) Tariff Regulations, 2016. If the concept of allowing interest on interest is accepted, it would be endless. Further, Regulation 21.6 (c) of the GERC MYT Regulations, 2016 specifies that the carrying cost is computed on simple interest basis using the weighted average SBI MCLR for the relevant year. So therefore, there is no concept of compound interest dealing with various provisions related to interest calculations for carrying cost in the GERC MYT Regulations, 2016. Hence, the Commission follows the concept of simple interest without carrying the interest amount forward to the carrying cost calculations of subsequent financial years.

Further, as per the judgement of Hon'ble APTEL in Appeal No. 250 of 2015 in the matter of Jaigad Power Transco Ltd. (JPTL) Vs Maharashtra Electricity Regulatory Commission (MERC), regarding an issue of allowing compound interest on carrying cost, Hon'ble APTEL at Page No. 27 of the said judgement observed as follows:

“ ...

The State Commission has been following the concept of simple interest in its orders for the purpose of the calculation of the carrying cost. We tend to agree with the State Commission's view that there is no concept of compound interest in dealing with various provisions related to interest calculations in the Tariff Regulations, 2011. Thus, the principle applied by the State

Commission in absence of specific provisions of interest rate of carrying cost is equitable and just and there is no need of interference by us on the same.

iv Hence this issue is also decided against the Appellant.”

Furthermore, as per the clause 3(3)(c) of The INTEREST ACT, 1978, it is not in the purview of the court to allow interest on interest. The relevant excerpt of the aforesaid Act is stipulated as under for the ready reference:

“3. Power of court to allow interest.

(3) Nothing in this section, —

(a) shall apply in relation to—

(i) any debt or damages upon which interest is payable as of right, by virtue of any agreement; or

(ii) any debt or damages upon which payment of interest is barred, by virtue of an express agreement;

(b) shall affect—

(i) the compensation recoverable for the dishonour of a bill of exchange, promissory note or cheque, as defined in the Negotiable Instruments Act, 1881 (26 of 1881); or

(ii) the provisions of rule 2 of Order II of the First Schedule to the Code of Civil Procedure, 1908 (5 of 1908);

(c) shall empower the court to award interest upon interest.”

It is important to mention here that one of the main objects of Electricity Act 2003 is to balance the interest of all the stakeholders. It is the settled law that various judgements of Hon’ble APTEL and Hon’ble Supreme Court, that the Commission should always endeavour to balance the interest of the consumers on the one hand and the licensees on the other. Protecting the interest of consumers and rationalisation of electricity tariff are the main objects of the Electricity Act 2003, if interest upon interest allowed, it will not only be against the Regulations, the Interest Act 1978, and various judgements of the higher Courts, but also will be against one of the main objects of Electricity Act 2003, i.e., protecting the interest of consumers. In line with the above, the Commission considers it appropriate not to allow interest on carrying cost.

In continuation to above, it is quite pertinent to mention here that the Commission has already allowed the carrying cost of Rs. 234.24 Crore as deliberated in table 4.40 of the Current Order.

Therefore, the Commission has not allowed the interest on carrying cost which has already been allowed by the Commission through its various previous consequential orders and Tariff Order for FY 2020-21.

It should be noted that while carrying out in truing-up for FY2018-19, the Commission issued a reclamation of Rs. 8.94 Crore in delayed payment charges to be deducted from the ARR for FY 2016-17 due to an inadvertent error on part of the Petitioner. The Commission found that the petitioner counted the aforesaid amount on the carrying cost, but as the amount was deducted due to an error on the part of the Petitioner, the Commission deems fit not to allow carrying cost for it.

The Commission had approved a revenue gap of Rs. 400.19 Crore for FY 2020-21 which includes reclaim of Rs. 548.80 Crore as set out in table 4.40 in Chapter 4 of the Current Order. It is pertinent to mention here that the trued-up gap of FY 2020-21 consists of unrecovered gap/FPPPA amount of Rs. 77.92 Crore as certified by the Petitioner's Statutory Auditor. That means the total revenue gap of Rs. 400.19 Crore for FY 2020-21 has four major components i.e., (i) Rs. 77.92 Crore on account of unrecovered FPPPA; (ii) Rs. 234.24 Crore on account of carrying cost on earlier recovery; (iii) Rs. 79.09 Crore on net gap for current year including revenue towards earlier recovery and (iv) Rs. 8.94 Crore on account of Delayed Payment Charges for FY 2016-17. FPPPA amount is being recovered as per the practice in vogue. The Commission, keeping in mind the interest of consumers as well as Licensee, allows the amount of FPPPA to be recovered from the consumers on quarterly basis. There are instances where the Commission has allowed the past unrecovered FPPPA in the quarterly revisions of FPPPA. Accordingly, the unrecovered amount of Rs. 77.92 Crore as certified by the Statutory Auditor is the amount gradually accumulated during FY 2020-21. Therefore, the Commission has decided to allow carrying cost on the amount of Rs. 79.09.

The Petitioner anticipates carrying cost of Rs. 136.16 Crore on gap of Rs. 437.61 Crore for FY 2020-21, however, as explained above, the Commission has a net gap of Rs. 79.09 Crore for allowing the carrying cost of Rs. 11.18 Crore for FY 2020-21. Accordingly, the Commission computed the revenue (Gap)/Surplus for FY 2022-23 as given in the table below:

Table 5-28 Carrying Cost approved for Revenue (Gap)/Surplus

Particulars	Approved by Commission
Trued up (Gap)/Surplus of FY 2020-21 eligible for carrying cost	(79.09)
FY 2020-21	(5.59)
FY 2021-22	(5.59)
Carrying cost on Revenue (Gap)/Surplus for FY 2020-21	(11.18)

TABLE 5-29 REVENUE (GAP) / SURPLUS APPROVED FOR FY 2022-23 (Rs. CRORE)

Particulars	Projected by Petitioner	Approved by Commission
ARR for FY 2022-23	5,991.64	5,307.97
Revenue from Sale of Power	6,189.93	5,695.03
Revenue from Open Access Charges	26.30	26.30
Revenue (Gap)/Surplus for FY 2022-23	224.59	413.37
Add: Revenue (Gap)/Surplus approved for FY 2020-21 (excluding the carrying cost of earlier years)	(437.61)	(157.01)
Add: Delayed Payment Charges for FY 2016-17	-	(8.94)
Add: Carrying cost of earlier years	-	(234.24)
Cumulative (Gap)/Surplus till FY 2020-21	(437.61)	(400.19)
Carrying cost on standalone (Gap)/surplus for FY 2020-21	(136.16)	(11.18)
Net Revenue Gap/Surplus till FY 2022-23	(349.18)	1.99

Accordingly, the Commission has worked out surplus of Rs. 1.99 Crore for FY 2022-23 which includes the trued-up gap of Rs. 411.37 (Rs 400.19 Crore + Rs. 11.18 carrying cost) Crore for FY 2020-21.

Chapter 6: Compliance of Directives

6.1 Earlier Directives

Directive No. 1 Long-Term Power Procurement Plan along-with RPO Commitments

The Commission had directed the Petitioner to carry out a detailed study of load growth and power requirement with RPO commitments:

Petitioner's Compliance:

TPL-D (A) has stated that it has been evaluating the options to make necessary tie-up with a view to reduce the cost. Regarding RPO fulfilment, Petitioner has tied up 450 MW solar through bidding process for fulfilment of RPO.

Commission's Comment:

The Commission has noted the submission and reiterates the directive and directs TPL to submit the study report at the earliest.

Directive No. 2 Voltage wise Cost of Supply

The Commission had directed the Petitioner to submit voltage wise cost of supply:

Petitioner's Compliance:

TPL-D (A) has stated that it is in process of compiling the details and will submit the same in due course. As such, the Petitioner has already provided details of HT & LT wheeling charges.

Commission's Comment:

The Commission has noted the submission of the Petitioner.

6.2 New Directives

Directive No. 1 Implementation of Smart pre-payment meter/ pre-payment meters

The Petitioner is directed for necessary participation in the scheme of switching over to smart pre-payment meters, which will help in improvement of metering, billing and collection.



Chapter 7: Fuel and Power Purchase price Adjustment

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

$$FPPPA = [(PPCA-PPCB)]/[100-Loss \text{ in } \%]$$

Where,

PPCA is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the power purchase agreements in Rs./kWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.

PPCB is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs./kWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.

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

The Commission has approved the total energy requirement and the total Power Purchase Cost for TPL-D including fixed cost, variable cost, etc. from the various sources for FY 2022-23 in this Order as given in the Table below:

TABLE 7-1 APPROVED POWER PURCHASE COST PER UNIT FOR FY 2022-23

Particulars	Total Energy Requirement (MU)	Approved Power Purchase Cost (Rs. Crore)	Power Purchase Cost/Unit (Rs./kWh)
FY 2022-23	11,671.46	5,697.57	4.88

Thus, the base Power Purchase cost for TPL-D is Rs. 4.88/kWh for FY 2022-23.

As deliberated under chapter 5 at para 5.19 of the current Order, the Commission has worked revenue from sale of power of Rs. 5,695.03 Crore which includes revenue from FPPPA charges @ 2.02/kWh for FY 2022-23 in order to recover the cumulative gap of earlier years and carrying cost along with other consequential amount as deliberated in table 5.28 of this Order. Accordingly, the Commission approves the base FPPPA at Rs. 2.02/kWh for FY 2022-23 against the projected by the Petitioner to the tune of Rs. 2.66/kWh.

Information regarding FPPPA recovery and the FPPPA calculation shall be kept on the website of TPL.

For any increase in FPPPA, worked out on the basis of above formula, beyond ten (10) paise per kWh in a quarter, prior approval of the Commission shall be necessary and only on approval of such additional increase by the Commission, the FPPPA can be billed to consumers. FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

Chapter 8: Wheeling Charges and Cross-Subsidy Surcharge

8.1 Wheeling Charges

Petitioner’s Submission:

The Petitioner has submitted that Regulation 87 of the GERC (MYT) Regulations, 2016 stipulates that the ARR be segregated as per the allocation matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business for determination of wheeling charges. The allocation of expenditure to wheeling and retail supply business is based on the consideration that the distribution infrastructure up to the service line is part of the wheeling business and the distribution infrastructure from service line to consumer premises is a part of the retail supply business.

The allocation matrix as specified by the Commission for segregation of expenses between Wires and Supply business is as shown in the Table below:

TABLE 8-1 ALLOCATION MATRIX FOR SEGREGATION SUBMITTED BY TPL-D (A)

Particulars	Wire Business (%)	Retail Business (%)
Power Purchase Expenses	0%	100%
Employee Expenses	60%	40%
A&G Expenses	50%	50%
R&M Expenses	90%	10%
Depreciation	90%	10%
Interest on Long Term Loans	90%	10%
Interest on Working Capital and Security Deposit	10%	90%
Bad Debts Written off	0%	100%
Income Tax	90%	10%
Contribution to Contingency Reserve	100%	0%
Return on Equity	90%	10%
Non-Tariff Income	10%	90%

Based on the above allocation matrix TPL-D (A) has segregated the ARR of Ahmedabad Supply Area for Wires and Supply business as under:

TABLE 8-2 SEGREGATION OF ARR INTO WIRES AND SUPPLY BUSINESS FOR FY 2022-23 (Rs. CRORE)

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Particulars	Wire Business	Retail Business
Power Purchase Expenses	-	4,693.49
Employee Expenses	104.60	69.74
A&G Expenses	50.82	50.82
R&M Expenses	115.77	12.86
Depreciation	290.49	32.28
Interest on Long Term Loans	144.58	16.06
Interest on Working Capital	-	-
Interest on Security Deposit	4.08	36.74
Bad Debts Written off	-	4.24
Income Tax	71.00	7.89
Contribution to Contingency Reserve	0.60	-
Return on Equity	308.28	34.25
Non-Tariff Income	5.69	51.24
Aggregate Revenue Requirement	1,084.52	4,907.12

The Petitioner has submitted that the above segregated ARR has been considered to determine the Wheeling Charges and Cross-Subsidy Surcharge for FY 2022-23.

Commission’s Analysis:

The Commission, in order to compute the Wheeling Charges and Cross-Subsidy Surcharge, has considered the allocation matrix between the Wheeling and Retail Supply Business as per the GERC (MYT) Regulations, 2016.

Based on the ARR approved by the Commission, the allocation matrix thereof as provided in the GERC (MYT) Regulation, 2016, the ARR approved for Wires and Retail Supply Business for FY 2022-23 is shown in the Table below:

TABLE 8-3 APPROVED SEGREGATION OF ARR FOR FY 2022-23 (RS. CRORE)

Particulars	ARR Approved	Wire Business	Retail Business
Power Purchase Expenses	4,026.68	-	4,026.68
Employee Expenses	174.04	104.42	69.62
A&G Expenses	101.93	50.97	50.97
R&M Expenses	128.63	115.77	12.86
Depreciation	307.77	276.99	30.78
Interest on Long Term Loans	159.90	143.55	15.95
Interest on Working Capital	-	-	-
Interest on Security Deposit	40.82	4.08	36.74
Bad Debts Written off	4.00	-	4.00

Particulars	ARR Approved	Wire Business	Retail Business
Income Tax	78.89	71.00	7.89
Contribution to Contingency Reserve	0.60	0.60	-
Return on Equity	342.03	307.83	34.20
Non-Tariff Income	56.93	5.69	51.24
Aggregate Revenue Requirement	5,307.97	1,069.52	4,238.44

8.2 Determination of Wheeling Charge

Petitioner's Submission:

The Petitioner has submitted that the GERC (MYT) Regulations, 2016 specifies that the Wheeling Charges shall be determined based on the ARR allocated to the Wheeling Business. The Petitioner has computed the Wheeling Charges based on the allocation of ARR of distribution business, in accordance with the GERC (MYT) Regulations, 2016.

The Petitioner submitted that Distribution Wires are identified as carrier of electricity from generating station or transmission network to consumer point. The 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. However, the consumers connected to the higher voltages would not be utilizing the services of the lower voltage level and hence, would not be required to contribute to the recovery of cost of lower voltage level.

Based on the above approach, the ARR for the Wheeling Business has been apportioned to HT and LT voltage in two steps as under:

- Apportioning the ARR of Wheeling Business to HT and LT voltage level based on ratio of GFA;
- Apportioning the ARR of the HT voltage level again between HT and LT voltage level based on respective contribution in the system peak demand.

The ARR is apportioned between the HT and LT Voltage level in proportion to the ratio of the closing GFA for FY 2020-21. Further, the HT voltage level ARR is further proposed to be segregated between HT and LT voltage levels.

The Petitioner has submitted that the GFA (excluding assets related to retail supply) for Ahmedabad & Gandhinagar Supply Areas as on 31st March, 2021 is Rs. 5,549.00 Crore. In case of Ahmedabad & Gandhinagar Supply Area, the GFA identified for HT & LT business are Rs. 3,577.38 Crore & Rs. 1,971.62 Crore, respectively. The ratio of HT assets to LT assets is 64:36, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.

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.

The system peak demand for FY 2020-21 was 1,584 MW for Ahmedabad and Gandhinagar Supply Area. In case of Ahmedabad & Gandhinagar Supply Area, the contract demand for all the HT consumers is about 776.05 MW. Assuming that 85% of the contract demand of HT consumers contributes 659.64 MW to the system peak demand, the total demand of LT contributing to the system peak is computed as 924.36 MW.

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 charges determined in terms of Rs/kWh/Month has been tabulated as below:

TABLE 8-4 WHEELING CHARGES PROPOSED BY TPL-D (A) FOR FY 2022-23

Particulars	Value
First level segregation of ARR (Rs. Crore)	
HT Voltage	699.18
LT Voltage	385.34
Total	1,084.52
Second level segregation of ARR (Rs. Crore)	

Particulars	Value
HT Voltage	291.17
LT Voltage	793.36
Total	1,084.52
Wheeling Charge in Rs/kW/Month	
HT Voltage	367.83
LT Voltage	715.23
Wheeling Charge in Rs/kWh	
HT Voltage	1.49
LT Voltage	1.35
Wheeling Charge in Rs. Crore/MW	
HT Voltage	0.44
LT Voltage	0.86

The Petitioner has further submitted that an open access consumers shall have to pay the following wheeling losses in addition to the wheeling charges:

TABLE 8-5 PROPOSED WHEELING LOSSES FOR TPL-D (A) FOR FY 2022-23

Category	Loss %
HT Category	4.00%
LT Category	7.50%

Commission’s Analysis:

The Commission has determined the ARR of the Wires Business for FY 2022-23 in the earlier section, as Rs. 1,069.52 Crore. The ARR is apportioned between the HT and LT Voltage level in the ratio of 64:36, which is the ratio of GFA of HT: LT for FY 2020-21.

The system peak demand for TPL-D (A) for FY 2020-21 was 1,584 MW. The contract demand for all the HT consumers is about 776.05 MW. Assuming that 85% of the contract demand of HT consumers contributes to the system peak demand, the HT demand contributing to the system peak works out to 659.64 MW. The balance contribution to the system peak has been considered against LT demand, which works out to 924.36 MW.

To determine the Wheeling Charges for the HT and 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 determined in terms of Rs/kWh is shown in the Table below:

TABLE 8-6 WHEELING CHARGES FOR TPL-D (A) FOR FY 2022-23

Particulars	Value
First level segregation of ARR (Rs. Crore)	
HT Voltage	689.51
LT Voltage	380.01
Total	1,069.52
Second level segregation of ARR (Rs. Crore)	
HT Voltage	287.14
LT Voltage	782.38
Total	1,069.52
Wheeling Charge in Rs/kWh	
HT Voltage	1.55
LT Voltage	1.33

The Commission approves the following losses for Open Access consumers in addition to the Wheeling Charges:

Category	Loss %
HT Category	4.00%
LT Category	7.50%

8.3 Cross-Subsidy Surcharge

Petitioner’s Submission:

The Petitioner has submitted that as per the principles enunciated in the amendment in the Tariff Policy, the cross-subsidy surcharge is to be computed based on Pooled Power Purchase cost. Further, the principles laid out in the Tariff Policy amply clarify to compensate the distribution licensee for the existing level of cross subsidization. The Petitioner has proposed the cross subsidy for HTMD-1, HTMD-2, HTMD-Metro, NRGP, LTMD-1 &2, and GLP category consumer as shown in the Table below.

TABLE 8-7 PROPOSED CROSS SUBSIDY SURCHARGE FOR FY 2022-23

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Particulars	HTMD- 1	HTMD- 2	HTMD- Metro	NRGP	LTMD- 1	LTMD- 2	GLP
T-Tariff in Rs./kWh	8.83	9.31	15.57	8.76	8.76	9.12	7.65
PPC-Average Cost of Power Purchase (Rs./kWh)	5.86	5.86	5.86	6.00	6.00	6.00	6.00
Avg W-Average Wheeling Charges (Rs./kWh)	1.49	1.49	1.49	1.35	1.35	1.35	1.35
Cross-Subsidy Surcharge (Rs./kWh)	1.48	1.86	3.11	1.41	1.41	1.76	0.29

Commission’s Analysis:

The 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 Tariff Policy, 2016 wherein the formula for Cross Subsidy Surcharge is given 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

Further, the Tariff Policy, 2016 also stipulates that the surcharge shall not exceed 20% of the tariff applicable to the category of consumers seeking Open Access. The Commission has considered the average tariff rate for different categories as per the existing tariff. Accordingly, the Commission has determined the Cross-Subsidy Surcharge based on the formula stipulated in the Tariff Policy, as shown in the Table below:

TABLE 8-8 APPROVED CROSS SUBSIDY SURCHARGE FOR FY 2022-23

Torrent Power Limited – Distribution, (Ahmedabad)
Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23

Particulars	HTMD-1	HTMD-2	HTMD-Metro	NRGP	LTMD-1	LTMD-2	GLP
T-Tariff in Rs./kWh	7.97	8.45	14.71	7.90	7.90	8.26	6.79
C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.88	4.88	4.88	4.88	4.88	4.88	4.88
D - Wheeling Charges (Rs./kWh)	1.55	1.55	1.55	1.33	1.33	1.33	1.33
L - Loss for HT Category (in %)	4.00%	4.00%	4.00%	7.50%	7.50%	7.50%	7.50%
R - per unit cost of carrying Regulatory Assets (Rs./kWh)	-	-	-	-	-	-	-
S = Cross Subsidy Surcharge (Rs./kWh)	1.33	1.82	8.07	1.30	1.29	1.65	0.18

Thus, Cross Subsidy Surcharge as per formula in Tariff Policy, 2016 works out to Rs. 1.33/kWh for HTMD-1, Rs. 1.82/kWh for HTMD-2, Rs. 8.07/kWh for HTMD-Metro, Rs. 1.30/kWh for NRG, Rs. 1.29/kWh for LTMD-1, Rs. 1.65/kWh for LTMD-2 and Rs. 0.18/kWh for GLP.

However, the Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. Hence, the aforesaid surcharge is restricted to 20% of tariff applicable to that category.

Accordingly, Cross Subsidy Surcharge for FY 2022-23 is determined as given in the table below;

Consumer Category	Cross Subsidy Surcharge For FY 2022-23 (Rs./Unit)
HTMD-1	1.33
HTMD-2	1.68
HTMD-Metro	2.94
NRGP	1.30
LTMD-1	1.29
LTMD-2	1.65
GLP	0.18

8.4 Additional Surcharge

Petitioner's Submission:

The Petitioner has submitted that as per Regulation 25 of the GERC (Terms & Conditions of Intra-State Open Access) Regulations, 2011, the OA consumer will be required to pay an Additional Surcharge as per Section 42 (4) of the Electricity Act, 2003.

Commission's Analysis:

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

Chapter 9: Tariff Philosophy and Tariff Proposals

9.1 Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the 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.

9.2 Proposal of TPL for increase in Retail Tariffs for FY 2022-23

The Petitioner has submitted that the cumulative (gap)/surplus for FY 2020-21, FY 2022-23 and carrying cost are computed as detailed in the earlier chapters. The Petitioner has proposed to:

- Recover the accumulated (gap)/surplus by way of regulatory charge of Rs. 0.22 per unit over a period of two years.
- Recover the Gap/carrying cost for matters pending with the Commission/ APTEL by a way of regulatory charge along with the FPPPA ceiling of Rs. 2.66 per unit.

The Petitioner has further submitted that it has not requested for a permanent increase in tariff and has proposed to recover the past-period under-recoveries through a Regulatory Charge. The approval of Regulatory Charge is essential so as to liquidate under recoveries and enable the Petitioner to maintain and further improve its high standards of quality, reliability and customer services.

9.3 Commission’s Ruling on Retail Tariffs for FY 2022-23

The Commission has in the past Orders, rationalised the tariffs in order to ensure that the tariffs reflect, as far as possible, the cost of supply. The Commission has also tried to address operational and field issues, keeping in view the interest of the consumers, while rationalising the tariff structure.

TPL-D (A) has proposed to recover cumulative revenue gap of Rs. 349.18 Crore with effect from 1st April 2022, by way of Regulatory charge at the rate of Rs. 0.22 per unit over a period of two years.

However, as discussed earlier, the Commission has approved a cumulative revenue surplus of Rs. 1.99 Crore till FY 2022-23 in Chapter 5 as deliberated under table 5.29. Therefore, the Commission has decided to continue with the same tariff for FY 2022-23.

The Petitioner has submitted that it has received representations regarding introduction of “Green Tariff” in its license areas. However, the methodology for determination of “Green Tariff” is required to be determined by the Hon’ble Commission. Hence, for FY 2022-23, the Petitioner proposes “Green Tariff” of Rs. 0.50 per unit in line with the existing “Green Tariff” decided for Deendayal Port Trust.

Regarding issue of introduction of Green Tariff for the Petitioner, the Commission notes that the Green tariff has been introduced in four States, i.e., Andhra Pradesh, Karnataka, Maharashtra and Gujarat for encouraging generation and use of green power. The Commission is of the view that it is meaningful to introduce the Green Tariff when RE procurement by the Petitioner is in excess of RPO target. Such is the case with DPT. However, the Commission has observed that the Petitioner is facing shortfall in meeting its RPO targets. TPL-D (A) will not be able to supply additional RE power to consumers desirous of the same, when the Petitioner itself is not meeting the RPO targets. Therefore, the Commission at this stage is not introducing

the Green Tariff for the Petitioner. The Commission will take appropriate view on the same in future looking at the performance of the Petitioner in meeting their RPO targets.

The detailed tariff is as per the tariff schedule annexed to this order.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement for TPL-D (A) for FY 2022-23, as shown in the Table below:

Approved ARR for TPL-D (A) for FY 2022-23 (Rs. Crore)

Particulars	Projected by Petitioner	Approved by Commission
Power Purchase	4,693.49	4,026.68
O&M Expense	404.61	404.61
Interest on Loans	160.64	159.50
Interest on Security Deposit	40.82	40.82
Interest on Working Capital	-	-
Depreciation	322.76	307.77
Bad Debts written off	4.24	4.00
Contingency reserve	0.60	0.60
Return on Equity	342.53	342.03
Income Tax	78.89	78.89
Less: Non-Tariff Income	56.93	56.93
Net ARR	5,991.65	5,307.97

This order shall come into force with effect from 1st April, 2022.

Sd/-
S. R. Pandey
Member

Sd/-
Mehul M. Gandhi
Member

Sd/-
ANIL MUKIM
Chairman

Place: Gandhinagar

Date: 31.03.2022

ANNEXURE: TARIFF SCHEDULE
TARIFF SCHEDULE FOR AHMEDABAD - GANDHINAGAR LICENSE AREA OF
TORRENT POWER LIMITED – AHMEDABAD TARIFF FOR SUPPLY OF ELECTRICITY
AT LOW TENSION, HIGH TENSION AND EXTRA HIGH TENSION
Effective from 1st April, 2022

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Ahmedabad-Gandhinagar area
2. All these tariffs for power supply are applicable to only one point of supply.
3. 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.
4. The charges specified in the tariff are on monthly basis, TPL shall adjust the rates according to billing period applicable to consumer.
5. 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.
6. 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.
7. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horsepower or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
8. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
9. Contract Demand shall mean the maximum kW for the supply of which TPL undertakes to provide facilities to the consumer from time to time.

10. Maximum Demand in a month means the highest value of average kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.
11. 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.
12. 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.
13. The energy bills shall be paid by the consumer within 14 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date to the date of payment of bill.
14. Fuel Price and Power Purchase Adjustment (FPPPA) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.
15. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.
16. 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 TPL shall be entitled to take any other action deemed necessary and authorized under the Act.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

(230 VOLTS- SINGLE PHASE, 400 VOLTS- THREE PHASE, 50 HERTZ)

1. RATE: RGP

This tariff is applicable to supply of electricity for:

- i. residential purpose, and
- ii. Installations having connected load up to and including 15 kW for common services like elevators, water pumping systems, passage lighting in residential premises and pumping stations run by local authorities.

1.1. FIXED CHARGE

For Other than BPL consumers

(a)	Single Phase Supply	Rs. 25 per month per installation
(b)	Three Phase Supply	Rs. 65 per month per installation

For BPL household consumers*

(a)	Fixed Charges	Rs. 5 per month per installation
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1.2. ENERGY CHARGE

For Other than BPL consumers

(a)	First 50 units consumed per month	320 Paise per Unit
(b)	For the next 150 units consumed per month	395 Paise per Unit
(c)	Remaining units consumed per month	500 Paise per Unit

For BPL household consumers*

(a)	First 50 units consumed per month	150 Paise per Unit
(b)	For remaining units consumed per month	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 zonal office of the Distribution Licensee. The concessional tariff is only for 50 units per month.*

2. RATE: GLP

Applicable for supply of electricity to 'other than residential' premises used for

charitable purposes like: public hospitals, dispensaries, educational and research institutions and hostels attached to such institutions, youth hostels run by Government, religious premises exclusively used for worship or community prayers, electric crematorium etc. Such premises should be in the use of ‘Public Trust’ as defined under section 2(13) of the Bombay Public Trust Act, 1950.

2.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 70 per month per installation

2.2. ENERGY CHARGE

(a)	First 200 units consumed per month	410 Paise per Unit
(b)	Remaining units consumed per month	480 Paise per Unit

3. RATE: NON-RGP

Applicable for supply of electricity to premises which are not covered in any other LT tariff categories, up to and including 15 kW of connected load.

Consumers covered in this category can also opt for tariff rates covered in “Rate: LTMD-2”.

3.1. FIXED CHARGE

(a)	For installations having Connected Load up to and including 5 kW	Rs. 70 per kW per month
(b)	For installations having Connected Load more than 5 kW and up to 15 kW	Rs. 90 per kW per month

3.2. ENERGY CHARGE

A flat rate of	460 Paise per Unit
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4. RATE: LTP (AG)

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	340 Paise per Unit
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4.2. MINIMUM CHARGE

Minimum Charge per BHP of Connected Load	Rs. 10 per BHP per Month
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Note:

1. The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the Pump House. Any further extension or addition of load will amount to unauthorized extension.
2. No machinery other than pump for irrigation will be permitted under this tariff.

5. Rate: LTMD-1

Applicable for supply of electricity to installations above 15 kW of connected load used for common services like elevators, water pumping systems and passage lighting for residential purpose and pumping stations run by local authorities.

5.1. FIXED CHARGE

1. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 150 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 185 per kW
(c)	Rest of Billing Demand per month	Rs. 245 per kW

2. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 350 Per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 6 kW

Whichever is the highest.

5.2. ENERGY CHARGE

(a)	For Billing Demand up to and including 50 kW	465 Paise per unit
(b)	For Billing Demand above 50 kW	480 Paise per unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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6. RATE: LTMD-2

Applicable for supply of electricity to premises which are not covered in any other LT tariff categories, having above 15 kW of connected load.

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.

6.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 175 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 230 per kW
(c)	Rest of Billing Demand per month	Rs. 300 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 425 Per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 6 kW

Whichever is the highest.

6.2. ENERGY CHARGE

(a)	For Billing Demand up to and including 50 kW	480 Paise per unit
(b)	For Billing Demand above 50 kW	500 Paise per unit

6.3. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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7. RATE: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	430 Paise per Unit
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7.2. OPTIONAL kVAh CHARGE

For all the kVAh units consumed during the month	335 Paise per Unit
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8. RATE: TMP

Applicable to installations for temporary requirement of electricity supply.

8.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per kW per Day
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8.2. ENERGY CHARGE

A flat rate of	510 Paise per Unit
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9. RATE: LT - Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. RGP, NRGp, LTMD etc.

9.1. FIXED CHARGE

Rs. 25 per month per installation

PLUS

9.2. ENERGY CHARGE

Energy Charge	420 Paise per Unit
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PART- II
SUPPLY DELIVERED AT HIGH VOLTAGE
(11000 VOLTS- THREE PHASE, 50 HERTZ)

10. RATE: HTMD-1

Applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kW and above for purposes other than pumping stations run by local authorities.

10.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month for Billing demand up to 1000 kW	Rs. 260 per kW
Fixed Charge per kW of Billing Demand per Month for Billing demand 1000 kW and above	Rs. 335 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 100 kW

Whichever is the highest.

10.2. ENERGY CHARGE

(a)	First 400 units consumed per kW of Billing Demand per Month	455 Paise per unit
(b)	Remaining Units consumed per Month	445 Paise per unit

10.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below:		
(i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.		
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 300 kW	80 Paise per Unit
(b)	For Billing Demand Above 300 kW	100 Paise per Unit

10.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

10.5. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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11. RATE: HTMD-2

Applicable for supply of energy to Water and Sewage Pumping Stations run by local authorities and contracting for maximum demand of 100 kW and above.

11.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 225 per kW
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 285 Per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 100 kW

Whichever is the highest.

11.2. ENERGY CHARGE

A flat rate of	410 Paise per unit
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11.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below-	60 Paise per unit
(i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	

11.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

11.5. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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12. RATE: HTMD-3

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

12.1. FIXED CHARGE

For billing demand up to contract demand	Rs. 25/- per kW per day
For billing demand in excess of contract demand	Rs. 30/- per kW per day

Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 100 kW

Whichever is the highest.

12.2. ENERGY CHARGE

For all units consumed during the month	705 Paise/Unit
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12.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below-	60 Paise per unit
(i) For April to October period-1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	

12.4. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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13. RATE: HTMD- METRO TRACTION

Applicable for supply of energy to Metro traction, contracting for maximum demand of 100 kW and above.

13.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 335 per kW
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 Per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR
- ii. 85% of the Contract Demand OR
- iii. 100 kW Whichever is the highest.

13.2. ENERGY CHARGE

A flat rate of	355 Paise/Unit
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13.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below-	60 Paise per unit
(i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	

13.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

13.5. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per unit
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14. RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)

This is night time concessional tariff for consumers for regular power supply who opt to use electricity EXCLUSIVELY during night hours between 22.00 hours and 06.00 hours next day.

14.1. FIXED CHARGE

Fixed Charges	30% of the Demand Charges under relevant Tariff Category
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14.2. ENERGY CHARGE

A flat rate of	350 Paise per unit
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14.3. POWER FACTOR ADJUSTMENT CHARGE

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B. Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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NOTE:

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 14.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 14.0 above.
3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTMD category demand charge rates given in para 10.1 of this schedule.
4. In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTMD category energy charge rates given in para 10.2 of this schedule.
5. In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTMD category demand charge and energy charge rates given in para 10.1 and 10.2 respectively, of this schedule.
6. This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.
7. The option can be exercised to shift from regular HTMD tariff category to Rate: NTCT or

from Rate: NTCT to regular HTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.

15. 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. HTMD-1, HTMD-2, HTMD-3 & NTCT.

15.1. DEMAND CHARGE

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

PLUS

15.2. ENERGY CHARGE

Energy Charge	410 Paise per Unit
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