

# **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  
Surat**

**Case No. 2034 of 2021**

**31<sup>st</sup> March, 2022**

**6<sup>th</sup> Floor, GIFT ONE, Road 5C, GIFT CITY**

**Gandhinagar-382 355 (Gujarat), INDIA**

**Phone: +91-79-23602000 Fax: +91-79-23602054/55**

**E-mail: [gerc@gercin.org](mailto:gerc@gercin.org) : Website [www.gercin.org](http://www.gercin.org)**

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## **Before the Gujarat Electricity Regulatory Commission at Gandhinagar**

**Case No. 2034 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 Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations'2016, vide Suo-Motu Order No. 1995 of 2021 dated 24<sup>th</sup> September, 2021 for true-up of FY 2020-21 and determination of tariff for its distribution business in Surat for FY 2022-23 on 30<sup>th</sup> November 2021.

Gujarat Electricity Regulatory Commission (hereinafter referred as “the Commission”) notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29<sup>th</sup> March, 2016 which is applicable for determination of tariff in all cases covered under the Regulations from 1<sup>st</sup> 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., 29<sup>th</sup> March 2016 to 31<sup>st</sup> 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 29<sup>th</sup> March, 2016 were in force till 31<sup>st</sup> 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 10<sup>th</sup> August, 2020, the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2020 dated 22<sup>nd</sup> 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 24<sup>th</sup> 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 30<sup>th</sup> November, 2021.

After technical validation of the petition, it was registered on 3<sup>rd</sup> December, 2021 and as provided under Regulation 29.1 of 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 on the business of Generation and Distribution of Electricity in the cities of Ahmedabad, Gandhinagar and Surat. The present petition has been filed by TPL Distribution (Surat) (TPL-D (S)) for its distribution business in Surat.

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 Order for Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21**

The Petitioner filed its 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 29<sup>th</sup> November, 2016. The petition was registered on 3<sup>rd</sup> December, 2016 (under Case No. 1628 of 2016). The Commission vide order dated 9<sup>th</sup> June, 2017 approved the Truing up for FY 2015-16, Final ARR for FY 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

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 30<sup>th</sup> December, 2017. The petition was registered on 3<sup>rd</sup> January, 2018 (Case No.1697 of 2018). The Commission vide order dated 31<sup>st</sup> March, 2018 approved the Truing-Up for FY 2016-17 and determined the tariff for FY 2018-19.

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 30<sup>th</sup> November, 2018. The Petition was registered on 4<sup>th</sup> December 2018 (Case No.1765 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 24<sup>th</sup> April, 2019.

The Petitioner filed a petition for Truing-up of FY 2018-19 and determination of tariff for FY 2020-21 on 30<sup>th</sup> November, 2019. The petition was registered on 4<sup>th</sup> December, 2019 (Case No.1845 of 2019). The Commission vide order dated 30<sup>th</sup> March, 2020 approved the Truing-Up for FY 2018-19 and determined the tariff for FY 2020-21.

The Petitioner filed a petition for Truing-up of FY 2019-20 and determination of tariff for FY 2021-22 on 8<sup>th</sup> January, 2021. The petition was registered on 11<sup>th</sup> January, 2021 (Case No.1927 of 2021). The Commission vide order dated 31<sup>st</sup> 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 24<sup>th</sup> 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 30<sup>th</sup> November, 2021. After technical validation of the petition, it was registered on 3<sup>rd</sup> December, 2021 (Case No. 2034 of 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 (S) 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	The Times of India	English	11/12/2021
2	Gujarat Mitra	Gujarati	11/12/2021

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

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

The Commission also issued a notice for public hearing in the following news papers 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
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 Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the petition on 15<sup>th</sup> 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](http://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 <sup>th</sup> 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	Users Welfare Associations	Yes	Yes	Yes
4	Bharatiya Samyawadi Paksh	Yes	Yes	Yes
5	The Southern Gujarat Chamber of Commerce & Industry/Surat Citizen Council trust	Yes	Yes	Yes
6	Utility Users' Welfare Association	Yes	No	No
7	Gujarat Krushi Vij Grahak Surakhsya Sangha	No	No	Yes
8	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 (S) 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.

The Commission on 9<sup>th</sup> June, 2017 passed order for truing up of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for the third Control Period i.e. FY 2016-17 to FY 2020-21 and determination of tariff for the FY 2017-18.

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 24<sup>th</sup> April 2019 in Case No. 1765/2018.

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 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 six 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 (Surat)'s Petition

### 2.1 Actual for FY 2020-21 submitted by TPL-D (S)

2.1.1 TPL-D (S) 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 CLAIMED BY TPL-D (S) FOR FY 2020-21 (RS. CRORE)**

Particulars	MTR Order	Actual
Power Purchase	1,745.15	1,471.78
O&M Expense	140.94	127.03
Interest on Loans	32.06	26.75
Interest on Security Deposit	19.34	14.46
Interest on Working Capital	-	-
Depreciation	57.87	67.80
Bad Debts written off	0.39	0.56
Contingency reserve	0.40	0.40
Return on Equity	97.05	95.40
Income Tax	39.68	35.95
Less: Non-Tariff Income	23.85	6.90
<b>Net ARR</b>	<b>2,109.03</b>	<b>1,833.22</b>

### 2.2 Sharing of Gains and Losses for FY 2020-21

2.2.1 The sharing of gains and losses as projected by TPL-D (S) 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	1,745.15	1,471.78	273.37	(7.55)	280.92
O&M Expense	140.94	127.03	13.91	14.55	(0.64)
Interest on Loans	32.06	26.75	5.31	-	5.31
Interest on Security Deposit	19.34	14.46	4.88	-	4.88
Interest on Working Capital	-	-	-	-	-
Depreciation	57.87	67.80	(9.93)	-	(9.93)
Bad Debts written off	0.39	0.56	(0.17)	(0.17)	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	97.05	95.40	1.65	-	1.65
Income Tax	39.68	35.95	3.73	-	3.73

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

Particulars	MTR Order	Actual	Deviation	Controllable	Uncontrollable
Less: Non-Tariff Income	23.85	6.90	16.95	-	16.95
<b>Net ARR</b>	<b>2,109.03</b>	<b>1,833.22</b>	<b>275.81</b>	<b>6.83</b>	<b>268.98</b>

## 2.3 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2020-21

2.3.1 The table below summarizes the proposed ARR claimed by TPL-D (S) 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 (S) FOR FY 2020-21 (RS. CRORE)**

Particulars	Claimed
ARR as per MTR (a)	2,109.03
Gains/(Losses) due to Uncontrollable factors (b)	268.98
Gains/(Losses) due to Controllable factors (c)	6.83
Pass through as tariff d= - (c/3+b)	(271.26)
<b>Trued-up ARR e= a + b</b>	<b>1,837.78</b>

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

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

Particulars	Claimed
<b>Trued-up ARR</b>	<b>1,837.78</b>
Revenue from Sale of Energy	1,885.70
Less; Revenue towards recovery of Earlier year's approved (gap)/surplus	139.96
Balance Revenue	1,745.74
<b>(Gap)/Surplus</b>	<b>(92.04)</b>

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

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

Particulars	Claimed
<b>ARR for FY 2022-23</b>	<b>2,379.92</b>
Less;	
Revenue from sale of power at existing rates including base FPPPA revenue @2.22 per unit	2,388.09
<b>(Gap)/Surplus</b>	<b>8.17</b>

**TABLE 2-6 CUMULATIVE REVENUE (GAP)/SURPLUS FOR FY 2022-23 (Rs. Crore)**

Particulars	Claimed
<b>(Gap)/Surplus for FY 2020-21</b>	<b>(92.04)</b>
Carrying Cost	(24.87)
DSM	-
(Gap)/Surplus for FY 2022-23	8.17
<b>Cumulative (Gap)/Surplus to be recovered through tariff</b>	<b>(108.74)</b>

## 2.5 TPL-D (S)'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 2021-22.
- e) Approve the cumulative (Gap)/ Surplus.
- f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1<sup>st</sup> 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 (S) and the Commission's view

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL-D (S) 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:

### 3.1 Additional Higher Slab for Residential Consumers

3.1.1 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 of the Objector and response of the Petitioner. At present there are four 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.

### 3.2 Rationalization of Fixed Charges for Residential & Consumers installing Solar Rooftop

3.2.1 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.

### 3.3 Carrying cost towards past under-recoveries

3.3.1 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 out 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.

### 3.4 Rationalization of Electricity Duty

3.4.1 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:** The Commission has noted the suggestion of the objector. Electricity Duty is governed by the State Act and it does not fall within the jurisdiction of the Commission.

### 3.5 Waiver of Electricity Bill during COVID period

3.5.1 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.

### 3.6 Sales Projections for FY 2022-23

3.6.1 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.

### 3.7 Non-operation of UNOSUGEN burdening the consumers

3.7.1 The Objector contended that the non-operation of UNOSUGEN plant is overburdening the consumers with its fixed costs.

**Petitioner’s Response:** Petitioner has sourced 1,740.94 MU from UNOSUGEN during FY 2020-21. Further, the Petitioner will endeavour to exercise necessary business prudence to optimize the 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.

### 3.8 Higher per unit power purchase cost of AMGEN

3.8.1 The objector has contended that the per unit power purchase cost of AMGEN is higher as compared bilateral/energy exchange and the same should not 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.

### 3.9 Recovery of FPPPA by 17 paisa per unit during COVID period

3.9.1 The objector has submitted that the Petitioner has increase FPPPA by 17 paisa during the COVID year of FY 2020-21 which is more than the increase of 10 paisa in the FPPPA, such increase can only be levied after the approval of the Hon'ble Commission. Therefore, appropriate action should be taken.

**Petitioner's Response:** FPPPA is levied as per the necessary approvals of the Commission and the revenue recovered by way of FPPPA is always considered as part of revenue in truing-up exercise.

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

### 3.10 Ramping up power generation capacity from Renewable Sources

3.10.1 The objector has requested the Commission to not allow any hike in FPPPA and to direct Petitioner to increase its power purchase share from renewable sources.

**Petitioner's Response:** The Petitioner procures power in line with provisions of Electricity Act 2003 read with guidelines of the Commission, the Petitioner has tied up substantial capacity of renewable power including solar rooftop, however, the Petitioner shall also evaluate various arrangements for procuring RE prudently. The Petitioner has sought increase in FPPPA of Rs. 0.84 per unit for FY 2022-23 based on the estimates of power purchase cost of FY 2022-23.

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

### 3.11 Carrying cost and Regulatory charge towards past recoveries

3.11.1 The Objector has contended that proposed regulatory charge and hike in FPPPA for recovery of past dues should be rejected as the Petitioner.

**Petitioner's Response:** Petitioner submitted that it has computed carrying cost as per the methodology approved by Hon'ble Commission read with the Hon'ble Tribunal's judgements. Petitioner has provided computation sheet of the carrying cost claimed as tabulated below:

Category	FY 2015-16	FY 2017-18	FY 2019-20
Revenue	900	1,000	1,018.40
Less:			
Trued Up ARR/Estimated ARR	1,000	900	1,000
Opening Gap	-	100	16
Carrying Cost on Opening Gap	-	16	2.40
Total Requirement	1,000	1,016	1,018.40
Net Gap for True-Up year	100	16	-

Category	FY 2015-16	FY 2017-18	FY 2019-20
Subsequently approved claims	-	-	-
Cumulative closing Gap	100	16	-
Applicable interest rate	8%	7.50%	7.25%
Period (Yrs)	2	2	2
<b>Carrying Cost on cumulative Gap/Surplus</b>	<b>16</b>	<b>2.40</b>	<b>-</b>

3.11.2 **Commission's View:** The Commission has noted the suggestion of the objector and response of the Petitioner.

### 3.12 Forensic Audit of TPL-D (S)

3.12.1 The Objector has suggested to carry out forensic audit of the Petitioner.

**Petitioner's Response:** The Petitioner submitted that it is conducting its operations as per Regulations notified by the Hon'ble Commission and also 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.

### 3.13 Non-operation of gas-based plants

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

**Petitioner's Response:** Petitioner denies the allegations of the Objector and would like to submit 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 also sourced 7,364.48 MUs from its gas-based plants during FY 2020-21. Further, in future, the Petitioner will endeavor 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.

### 3.14 Non-achievement of MYT benefits due to increase in tariff

3.14.1 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:** Petitioner submits 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.

### 3.15 Higher Power purchase cost irrespective of lower sales

3.15.1 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 is not prior approved by the Hon'ble Commission, then it cannot be considered.

**Petitioner’s Response:** Petitioner would like to clarify that during FY 2020-21, lower sales has resulted in lower energy requirement. Accordingly, quantum of power to be procured is lower. Regarding the variation in power purchase cost between MTR order and actuals, the Petitioner would like to submit 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. The MYT Regulations considers power purchase cost as the legitimate item of expense. Accordingly, the Petitioner has claimed the variation on account of uncontrollable factor in the truing up exercise. The Petitioner submits that it is making all efforts to source power at competitive rate, but the cost of power purchase depends upon various factors including quantum, period and most importantly the market conditions.

**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.

### 3.16 Higher Tariff then the State DISCOM’s

- 3.16.1 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:** Petitioner submits that such comparison is incorrect on account of certain basic differences i.e., network configuration, allocation of power from Central Sector, consumer mix etc. Regarding consumer mix, State DISCOMs having Agriculture consumption get compensated by way of subsidy. The reliability and quality of power for the entire license area is also not

comparable. Therefore, such tariff comparison is not appropriate. Further, the Petitioner would like to submit 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 2020-21, 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 submits that it has 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.

### 3.17 Higher fixed Tariff of SUGEN

3.17.1 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:** Petitioner would like to state that the apprehension of the Objector is misplaced. The Hon'ble Commission approves the total power purchase cost for Ahmedabad/Gandhinagar and Surat Supply Areas collectively. The aforesaid power purchase cost 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. It may kindly be noted that collective power purchase helps to reduce the overall cost

including reduction of risk due to diversification of sources. It may kindly be noted that it does not result in any extra recovery to TPL-D.

**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 burden another area.

### 3.18 Apportionment of O&M expenses on pro-rata basis

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

**Petitioner's Response:** Petitioner would like to clarify that it maintains separate Accounts for each of its regulated businesses in accordance with the Accounting Standards. The Petitioner 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. 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.

### 3.19 Disallowing UI charges

3.19.1 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 would like to submit 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.

### 3.20 Uniformity in Tariff

3.20.1 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 would like to submit 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 tariff petition, 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.

### 3.21 Power to be sourced from cheaper sources

- 3.21.1 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:** Petitioner would like to clarify that despite making representations in past, the Petitioner has not been allocated any power from central pool. Hence, being a distribution licensee 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 would like to reiterate that it is making all efforts to source power at competitive rates.

**Commission's View:** The Commission noted the submission of the Petitioner.

## Chapter 4: Truing-Up for FY 2020-21

### 4.1 Introduction

4.1.1 This chapter deals with the truing-up of FY 2020-21 for TPL-D (S). 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:

4.2.1 TPL-D (S) has submitted category-wise actual energy sales for Surat 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	918.39	764.72
Non-RGP	1,267.46	850.31
LTMD	923.53	659.78
HT	367.20	307.70
Others	27.26	20.70
DoE Units	-	0.34
<b>Total Sales</b>	<b>3,503.84</b>	<b>2,603.54</b>

4.2.2 The Petitioner has submitted that the actual sales in FY 2020-21 are lower than that approved in MTR order due to combined effect of slowdown in industry, and COVID-19 pandemic. Further, the installed capacity of solar rooftop has reached to about 32 MW as on 31<sup>st</sup> March, 2021.

#### Commission's Analysis:

4.2.3 The actual sales made by TPL-D (S) during FY 2020-21 was on lower side as compared to approved in the MTR Order due to breach of COVID-19 pandemic

during FY 2020-21, as the lockdown has severely reduced the industrial and commercial activities as these segments have seen a considerable decline in demand of electricity, with the 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 (S) with the Collector of Electricity Duty.

4.2.4 In view of above, the Commission approves the energy sales as mentioned in table 4.1 above for TPL-D (S) to the tune of 2,603.54 MU for FY 2020-21.

### 4.3 Distribution Losses

4.3.1 The Petitioner has submitted that the distribution losses for Surat distribution license area was 3.59% as per MTR Order whereas the actual distribution losses is 4.06% for FY 2020-21 as given in the Table below. TPL- D (S) has been making consistent efforts to contain the distribution losses. Consequently, losses are operating in range-bound manner as such a lower level.

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

Category	Approved in MTR Order	Actuals Claimed
Distribution losses (%)	3.59%	4.06%

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

#### **Commission's Analysis:**

4.3.2 The Commission in its MTR Order had specified the target of 3.59% for distribution losses for TPL-D (S) for FY 2020-21, whereas it has achieved

4.06% on the actual basis which is higher than the approved figure. Due to breach of COVID-19 pandemic during FY 2020-21 and imposition of lockdown in phased manner had reduced the commercial and industrial activity during first half of the FY 2020-21 which lead to higher distribution losses in TPL-D (S) area.

4.3.3 As the distribution loss is controllable factor as per the GERC MYT Regulations, 2016, the Commission delays it appropriately in the subsequent section.

#### 4.4 Energy Requirement

##### Petitioner's Submission:

4.4.1 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
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

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

**Commission's Analysis:**

4.4.3 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.

4.4.4 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.

4.4.5 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:**

4.5.1 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 and 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

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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

4.5.2 The Petitioner further submitted that the overall lower off-take is mainly on account of reduction in power requirement due to lower sales, reduction in distribution losses 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.

4.5.3 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 RPP0 targets for FY 2017-18 to FY 2020-21.

**TABLE 4-5 RPP0 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 (as% of Energy Requirement)	8.21%
Compliance (Solar Energy)	
Solar	461.66
Solar REC	-
Compliance	461.66
Compliance (as% of Energy Requirement)	4.55%

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

**Commission's Analysis:**

4.5.5 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 12,781.53 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 combined lower transmission and distribution losses and also due to lower than the approved sales in FY 2020-21.

4.5.6 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.

4.5.7 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

4.5.8 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%

4.5.9 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.

4.5.10 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:

4.6.1 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
Renewables	806.82	659.59
Total	6,089.06	5,458.70

4.6.2 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.

4.6.3 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.

4.6.4 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.

4.6.5 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 Surat Supply area is Rs. 1,471.78 Crore for FY 2020-21.

**Commission's Analysis:**

- 4.6.6 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 sale of energy and losses in the transmission and distribution system of Ahmedabad /Gandhinagar and Surat license area. The energy requirement for TPL-D (S) license area works out to 26.96% of the total energy requirement and accordingly, 26.96% of the total power purchase cost has been considered for TPL-D (S) license area.
- 4.6.7 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.
- 4.6.8 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.
- 4.6.9 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.

4.6.10 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.

4.6.11 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.

4.6.12 The Commission has specified the minimum RPO to be fulfilled by the Petitioner as per the GERC (RPO) Regulations. The breakup 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	<b>Total Renewable</b>	<b>1,118.39</b>	<b>5.90</b>	<b>659.59</b>

**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

Energy Sources	Approved in MTR Order	Actuals Claimed	Approved by Commission
Total	6,089.06	5,458.70	5,458.68

4.6.13 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 (S) license area at its periphery which is 2,735.72 MU is 26.96% of the total power purchase quantum, the power purchase cost for TPL-D (S) license area is computed at Rs. 1,471.77 Crore.

4.6.14 The Commission, accordingly, approves the power purchase cost at Rs. 1,471.77 Crore for TPL-D (S) licence area for FY 2020-21.

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

##### **Petitioner's Submission:**

4.7.1 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. There is an increase in distribution losses for Surat area as compared to approved.

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

**TABLE 4-11 LOSS DUE TO INCREASE IN DISTRIBUTION LOSSES FOR FY 2020-21**

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Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	(a)	2,713.77
Energy Sales	MU	(b)	2,603.54
Wheeling Energy -OA/RE	MU	(c)	36.10
Total wheeled units	MU	(d)=(b)+(c)	2,639.64
Approved Distribution losses	%	(e)	3.59%
Energy required at distribution level at approved loss	MU	(f)=(d)/(1-(e))	2,737.93
Difference	MU	(g)=(f)-(a)-(c)	(11.95)
Units recovered as loss	MU	(h)	2.09
Reduction in Energy Requirement	MU	(i)=(g)-(h)	(14.03)
Average PPC	Rs./kWh	(j)	5.38
Savings	Rs. Crore	(k)=(i)*(j)/10	(7.55)

**Commission's Analysis:**

4.7.3 The Commission has approved distribution losses at 3.59% in MTR Order whereas TPL-D (S) has claimed the actual distribution losses at 4.06% for FY 2020-21. The Commission has worked out loss on account of increase in distribution losses as shown in table below;

**TABLE 4-12 APPROVED LOSS DUE TO INCREASE IN DISTRIBUTION LOSSES FOR FY 2020-21**

Particulars	Unit	Legend	Approved
Actual Energy purchased at distribution level	MU	(a)	2,713.77
Energy Sales	MU	(b)	2,603.54
Wheeling Energy -OA/RE	MU	(c)	36.10
Total wheeled units	MU	(d)=(b)+(c)	2,639.64
Approved Distribution losses	%	(e)	3.59%
Energy required at distribution level at approved loss	MU	(f)=(d)/(1-(e))	2,737.93
Difference	MU	(g)=(f)-(a)-(c)	(11.95)
Units recovered as loss	MU	(h)	2.09
Reduction in Energy Requirement	MU	(i)=(g)-(h)	(14.03)
Average PPC	Rs./kWh	(j)	5.38
Savings	Rs. Crore	(k)=(i)*(j)/10	(7.55)

4.7.4 The Commission, accordingly, approves the loss on account of increase in distribution losses at Rs. 7.55 Crore during FY 2020-21.

#### 4.8 Operation & Maintenance (O&M) Expenses

##### Petitioner's Submission:

- 4.8.1 TPL-D (S) has submitted that the O&M expenses incurred during FY 2020-21 are lower 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.
- 4.8.2 The Petitioner further submitted that the Government of India vide notification dated 29<sup>th</sup> 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. 0.64 Crore for FY 2020-21.
- 4.8.3 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 (S) FOR FY 2020-21 (Rs. CRORE)**

Particulars	Approved in MTR Order	Claimed by Petitioner
Operation & Maintenance Expenses	140.94	127.03

##### Commission's Analysis:

- 4.8.4 The Commission observed that the Employee expenses as per annual accounts are Rs. 61.32 Crore net of expenses capitalized of Rs. 24.34 Crore. The Petitioner has added commission to non-executive directors of Rs. 0.97 Crore (from A&G expense head) and expense towards Re-measurement of Defined Benefit Plans of Rs. 0.30 Crore as appearing in P & L Statement. Accordingly, the employee expenses are Rs. 62.59 Crore.

4.8.5 Furthermore, the Petitioner has stated, giving his additional details, that the cost of the Surya Gujarat Solar rooftop scheme of Rs. 0.40 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. 62.19 Crore.

4.8.6 A&G expense as per annual accounts are Rs. 36.56 Crore net of expenses capitalized of Rs. 5.57 Crore. The Petitioner has claimed A&G expenses after reduction on account of Commission to Non-Executive Directors (Rs. 0.97 Crore), Bad Debts Written off-net (Rs. 0.39 Crore), insurance claim receipt (Rs. 0.05 Crore), Allowance of doubtful debts (Rs. 1.48 Crore), Advertisement Expenses (Rs. 0.02 Crore), expenses related Surya Gujarat solar rooftop scheme (Rs. 0.40 Crore) and add lease payments (Rs. 0.06 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. 0.40 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. 33.75 Crore.

4.8.1 The Petitioner has claimed R & M expense of Rs. 31.14 Crore as per annual actual incurred duly verified by the Commission from Annual Audited Accounts. The Commission accordingly approves R & M expense of Rs. 31.14 Crore.

4.8.2 The Commission, accordingly, approves the O&M expenses of Rs. 127.08 Crore, for truing up of FY 2020-21.

4.8.3 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. 0.64 Crore in employee cost of TPL-D (S). The Commission has considered the same as uncontrollable factor.

4.8.4 Further, as per the 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 Gain/(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	140.94	127.08	13.86	14.50	(0.64)

## 4.9 Capital Expenditure, Capitalisation and Sources of Funding

### Petitioner's Submission:

4.9.1 TPL-D (S) has claimed Rs. 112.96 Crore towards actual capital expenditure for FY 2020-21, as against Rs. 176.64 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 220kV connectivity with GETCO as the technical proposal is under evaluation, new 66kV substation for katagram and Bhatena as the land procurement for katagram is complete and installation of substation proposed to be completed by FY 2022-23 while for Bhatena appropriate land is yet to be finalised, work on 66kV in order to cater load growth work connectivity Bhatar – H S/C cable had to reschedule, less number of Distribution substation automation carried out due to pandemic situation, less number of new distribution substations due to lesser requirement owing to pandemic situation and lower requirement of distribution transformer

upgradation based on loading condition, lower meter requirement installation for automatic metering infrastructure. Summary of capital expenditure incurred during FY 2020-21 is tabulated as under;

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

Particulars	Approved in MTR Order	Claimed by Petitioner
EHV	85.14	49.56
HT Network	36.81	21.74
LT Network	23.76	16.68
Special Projects	2.86	16.20
Civil related work	0.25	1.42
Meter Management	19.40	4.52
Customer Care	1.09	-
IT	2.09	1.64
Miscellaneous	5.24	1.20
Total Cost	176.64	112.96

4.9.2 TPL-D (S) has claimed actual capitalisation of Rs. 119.58 Crore for FY 2020-21, as against Rs. 167.92 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	1,926.34	1,920.37
Addition to GFA	167.92	119.58
Deletion to GFA	-	6.51
Closing GFA	2,094.26	2,033.44
SLC addition	7.75	9.19

#### **Commission's Analysis:**

4.9.3 The Petitioner has claimed CAPEX of Rs. 112.96 Crore in truing-up of FY 2020-21, against the CAPEX of Rs. 176.64 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. 109.70 Crore. The Petitioner has furnished the details of project-wise breakup of actual capitalization of Rs. 119.58 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.

4.9.4 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.

4.9.5 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 proposed Vs approved capitalisation for FY 2020-21
A	B	C	D	E	F	G	H=(F-G)
EHV							
New EHV 220 kV SS	-	-	36.57	88.43	51.29	61.10	(9.81)
220 kV Connectivity with GETCO	57.68	57.68	-	57.68	33.45	-	33.45
220 kV EHV Lines/cables	-	-	0.16	-	-	0.07	(0.07)
New 66 kV substations	25.87	25.87	1.77	26.87	15.58	-	15.58
Additional 66 kV connectivity	-	-	6.46	-	-	-	-
Additional/Augmentation/Replacement of Power Transformer & ICT	-	-	3.35	-	-	3.35	(3.35)
Renovation and Replacement	1.25	1.25	0.90	1.25	0.73	1.07	(0.35)
Technology upgradation & capacity enhancement of EHV SS	-	-	-	-	0	-	-
Support Infrastructure	0.33	0.33	0.34	0.33	0.19	0.68	(0.49)
Total EHV	85.14	85.14	49.56	174.57	101.24	66.26	34.97

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<b>HT</b>							
11 kV HT Network development & modernisation	6.94	6.94	1.04	6.94	4.03	1.04	2.99
Replacement/shifting of HT network	1.86	1.86	1.45	1.86	1.08	1.45	(0.37)
Distribution SS automation	5.29	5.29	3.83	5.29	3.07	3.83	(0.76)
New Distribution substations	9.15	9.15	5.04	9.15	5.31	5.99	(0.68)
New HT consumers	1.65	1.65	1.25	1.65	0.96	0.90	0.06
Additional/Augmentation/Replacement of Distribution Transformers	9.49	9.49	2.54	9.49	5.50	2.58	2.92
Installation/replacement of 11 kV Switchgear/LT panel/Breaker and acc. For safety	0.40	0.40	0.23	0.40	0.23	0.23	0.00
Reactive power compensation	1.78	1.78	5.95	1.78	1.03	5.91	(4.88)
Supporting Infrastructure	0.26	0.26	0.41	0.26	0.15	0.41	(0.26)
<b>Total HT</b>	<b>36.81</b>	<b>36.81</b>	<b>21.74</b>	<b>36.81</b>	<b>21.36</b>	<b>22.35</b>	<b>(0.98)</b>
<b>LT</b>							
New connections/load extension	14.38	14.38	8.48	14.38	8.34	8.51	(0.17)
LT network development & modernisation	5.63	5.63	4.84	5.63	3.27	4.89	(1.62)
Replacement of MSP/MB for safety and reliability	3.70	3.70	3.29	3.70	2.15	3.30	(1.15)
Supporting Infrastructure	0.05	0.05	0.07	0.05	0.03	0.07	(0.04)
<b>Total LT</b>	<b>23.76</b>	<b>23.76</b>	<b>16.68</b>	<b>23.76</b>	<b>13.78</b>	<b>16.77</b>	<b>(2.99)</b>
<b>Special projects</b>							
Establishment of Central stores at ESS	-	-	0.08	-	-	0.08	(0.08)
Infrastructure development for PSC & other offices	2.56	2.56	15.82	12.82	7.44	4.94	2.50
GIS	0.30	0.30	0.31	0.30	0.17	0.31	(0.14)
<b>Total</b>	<b>2.86</b>	<b>2.86</b>	<b>16.20</b>	<b>13.12</b>	<b>7.61</b>	<b>5.33</b>	<b>2.28</b>
Civil	0.25	0.25	1.42	0.25	0.15	1.39	(1.25)
Meter management	19.40	19.40	4.52	19.40	11.25	4.65	6.60
Customer care	1.09	1.09	-	-	-	-	-
IT	2.09	2.09	1.64	2.09	1.21	1.64	(0.43)
Miscellaneous / Others	5.24	5.24	1.20	18.43	10.69	1.19	9.50
<b>Sub-total</b>	<b>28.07</b>	<b>28.07</b>	<b>8.78</b>	<b>40.17</b>	<b>23.30</b>	<b>10.16</b>	<b>14.43</b>
<b>Grand Total</b>	<b>176.64</b>	<b>176.64</b>	<b>112.96</b>	<b>288.43</b>	<b>167.29</b>	<b>121.63</b>	<b>47.71</b>

4.9.6 From the said details, 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. 85.14 Crore for EHV works, the Petitioner has incurred capital expenditure of Rs. 49.56 Crore. Under the head of EHV works, major expenditure has been incurred towards 220 kV connectivity between C – Puna, FGIS-CGIS and C – A station 66 kV connectivity.

- 4.9.7 The capex in respect of works of 220 kV connectivity with GETCO is under technical evaluation and capex of New 66 kV substations at Katargam and Bhatena, land procurement for Katargam is completed in FY 2020-21 and substation work shall be completed FY 2022-23.
- 4.9.8 Capital expenditure related to HT network of Rs. 21.74 Crore, major capex has been incurred towards augmentation/replacement of distribution transformers based on load conditions. Expenditure has also been incurred for installation of new distribution transformers. Capital expenditure towards LT network of Rs. 16.68 Crore has been incurred towards release of new connections/load extension, LT network development and modernisation and replacement of MSP/MB for safety and reliability.
- 4.9.9 The planned capex for establishment of Stores, the capex incurred is Rs. 16.20 Crore against Rs. 2.86 Crore approved in MTR order, is due to rescheduling the execution of sub-stores with Power Supply Centers.
- 4.9.10 The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 112.96 Crore during FY 2020-21. The Commission has considered the opening CWIP at Rs. 32.43 crore based audited annual accounts for FY 2020-21.
- 4.9.11 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 2019-20 as given in the table below:

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

Sr. No.	Particulars	Approved in Truing up
1	Opening CWIP	32.43
2	Capex during the year	112.96
3	Less: Capitalisation	119.58
4	Closing CWIP (1+2-3)	25.81

- 4.9.1 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 (S) has upgraded and uprated some of the existing sub-stations and lines as well as switchgears.
- 4.9.2 Moreover, TPL-D (S) 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.
- 4.9.3 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.
- 4.9.4 The Commission has observed that there is significant variation in the value of Opening GFA in the Annual Accounts and Petition, TPL-D (S) clarified that the Fixed Asset Schedule in Annual Accounts is on NFA basis as per Ind-AS, however, TPL-D (S) has submitted fixed asset schedule in the petition on GFA basis as per the GERC MYT Regulations, 2016.
- 4.9.5 The Petitioner has considered opening GFA for FY 2020-21 at Rs. 1,920.37 Crore based on the closing GFA approved in truing up for FY 2019-20, the same is being considered by the Commission.
- 4.9.6 TPL-D (S) has de-capitalised assets to the extent of Rs. 119.58 Crore during FY 2020-21. However, it is observed that deductions from GFA is at Rs. 3.39 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

GERC MYT Regulations. Hence, the Commission considers de-capitalised assets at Rs. 6.51 Crore and accordingly adjustments made to GFA in truing up for FY 2020-21.

4.9.7 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	1,920.37	1,920.37
Addition to GFA	119.58	119.58
Deletion to GFA	6.51	6.51
Closing GFA	2,033.44	2,033.44
Less: SLC Addition	9.19	9.19
Balance Capitalisation	110.39	110.39
Normative Debt @70%	77.27	77.27
Normative Equity @30%	33.12	33.12

## 4.10 Depreciation

### Petitioner's Submission:

4.10.1 TPL-D (S) has submitted that the depreciation rates, as per CERC (Terms and Conditions of Tariff) Regulations, 2004, are applied on the opening GFA of FY 2009-10 and for addition of assets from 1<sup>st</sup> April, 2009 onwards the depreciation has been computed at the rates specified in the GERC Regulations. TPL-D (S) has claimed depreciation of Rs. 67.80 Crore for FY 2020-21, as against Rs. 57.87 Crore approved in the MTR Order, as detailed in table below;

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

Particulars	Approved in MTR Order	Claimed by Petitioner
Depreciation	57.87	67.80

### Commission's Analysis:

4.10.2 The Commission has verified the depreciation from the annual accounts for FY 2020-21 and observed that depreciation as per annual accounts is Rs. 77.85 Crore. However, the Petitioner has claimed depreciation of Rs. 67.80 Crore in truing up for FY 2020-21 as it has deducted an amount of Rs. 9.99 Crore on assets funded through service line contribution.

4.10.3 The Commission has addressed the Petitioner to furnish the details for the discrepancy against which the Petitioner has reported that 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.

4.10.4 The Commission, accordingly, approves the depreciation of Rs. 67.80 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	57.87	67.80	(9.93)	(9.93)

#### **4.11 Interest Expenses**

##### **Petitioner's Submission:**

4.11.1 TPL-D (S) has claimed a sum of Rs. 26.75 Crore towards actual interest and finance expenses for FY 2020-21 on normative basis as per GERC MYT Regulations, 2016. Petitioner further submits 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	348.30	329.96
Less; reduction of normative loan due to retirement	-	(0.37)
Addition of Loan	112.12	77.27
Repayment during year	57.87	67.80
Closing Balance	402.55	339.81
Average Loan	375.43	334.89
Weighted average rate of interest (%)	8.54%	7.94%
Interest Expenses	32.06	26.59
Other Borrowing Costs	-	0.16

#### Commission's Analysis:

- 4.11.2 The Commission has considered opening loan balance as on 01.04.2020 equal to the closing loan balance of Rs. 329.96 Crore approved in truing up 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.
- 4.11.3 As per 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.
- 4.11.4 Accordingly, based on the actual capitalization achieved by TPL-D (S) during FY 2020-21 and the approved normative borrowings considering the interest rate of 7.94%, 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	329.96	329.96
Less; reduction of normative loan due to retirement	(0.37)	(0.37)
Addition of Loan	77.27	77.27
Repayment during year	67.80	67.80
Closing Balance	339.81	339.81
Average Loan	334.89	334.89
Weighted average rate of interest (%)	7.94%	7.94%

Particulars	Claimed by Petitioner	Approved in Truing-Up
Interest Expenses	26.59	26.59
Other Borrowing Costs	0.16	0.16

4.11.1 With regard 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.*

4.11.2 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.”

4.11.3 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	32.06	26.75	5.31	5.31

#### 4.12 Interest on Security Deposit

##### Petitioner's Submission:

4.12.1 The Petitioner has claimed Rs. 14.46 Crore towards interest on security deposit in truing-up for FY 2020-21 as against Rs. 19.34 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.

4.12.2 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 (S) FOR FY 2020-21 (RS. CRORE)**

Particulars	Approved in MTR Order	Claimed by Petitioner
Interest Rate	6.25%	4.65%
Interest on Security Deposit	19.34	14.46

4.12.3 The Petitioner has 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:

4.12.4 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. 14.46 Crore for FY 2020-21. The deviation of Rs. 4.88 Crore is considered as loss on account of uncontrollable factor as detailed in table below;

**Table 4-26 Gains/Losses approved for FY 2020-21 (Rs. Crore)**

Particulars	Approved	Approved	Deviation	Gains/(Losses)
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	in the MTR Order	in Truing-Up	+(-)	due to Uncontrollable Factors
Interest on Security Deposit	19.34	14.46	4.88	4.88

#### 4.13 Interest on Working Capital

##### Petitioner's Submission:

4.13.1 TPL-D (S) has arrived at working capital requirement as per GERC MYT Regulations, 2016. As the working capital requirement is negative, the Petitioner has claimed NIL amount towards interest on working capital for FY 2020-21 as tabled below;

**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	11.75	10.59
1% of GFA for maintenance spares	19.26	19.20
Receivables for 1 month	175.79	157.14
Less: Security Deposit	309.48	324.64
Working Capital Requirement	-	-
Rate of Interest (%)	10.65%	9.57%
Interest on Working Capital	-	-

##### Commission's Analysis:

4.13.2 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.

4.13.3 Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated as 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	10.59	10.59
1% of GFA for maintenance spares	19.20	19.20
Receivables for 1 month	157.14	158.19
Less: Security Deposit	324.64	324.64
Working Capital Requirement	-	-
Rate of Interest (%)	9.57%	9.57%
Interest on Working Capital	-	-

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

#### 4.14 Return on Equity

##### Petitioner's Submission:

4.14.1 TPL-D (S) has claimed a sum of Rs. 95.40 Crore towards return on equity for FY 2020-21, as against Rs. 97.05 Crore approved in MTR Order, TPL-D (S) further submits 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 (S) FOR FY 2020-21 (RS. CRORE)**

Particulars	Approved in MTR Order	Claimed By Petitioner
Opening Equity	669.21	665.86
Equity Addition	48.05	33.12
Reduction in equity on account of retirement	-	1.95
Closing Equity	717.26	697.02
<i>Return on Equity at beginning of year</i>	93.69	93.22
<i>Return on Equity addition during year</i>	3.36	2.18
Total Return on Equity	97.05	95.40

##### Commission's Analysis:

4.14.2 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.

4.14.3 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	665.86	665.86
Equity Addition	33.12	33.12
Reduction in equity on account of retirement	1.95	1.95
Closing Equity	697.02	697.02
Return on Equity at beginning of year	93.22	93.22
Return on Equity addition during year	2.18	2.18
Total Return on Equity	95.40	95.40

4.14.4 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	97.05	95.40	1.65	1.65

## 4.15 Income Tax

### Petitioner's Submission:

4.15.1 TPL-D (S) 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 (S) has claimed an amount of Rs. 35.95 Crore towards income tax for FY 2020-21, as against Rs. 39.68 Crore approved in MTR Order as detailed below;

**TABLE 4-32 INCOME TAX CLAIMED FOR TPL-D (S) FOR FY 2020-21 (RS. CRORE)**

Particulars	Approved in MTR Order	Claimed By Petitioner
Income Tax	39.68	35.95

**Commission's Analysis:**

4.15.2 The Commission had asked TPL to furnish the details of segregation of income tax paid by TPL in respect of TPL-D (S) along with copies of challans of income tax paid. In its reply, TPL-D (S) stated 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.

4.15.3 The Commission has verified the PBT figures from the annual accounts for FY 2020-21. The Petitioner has shown a PBT of Rs. 205.73 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. 35.95 Crore.

4.15.4 The Commission has verified the same accordingly, approves the same to the tune of Rs. 35.95 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	39.68	35.95	3.73	3.73

#### 4.16 Bad Debts Written Off

##### Petitioner's Submission:

4.16.1 TPL-D (S) has submitted that it has written off bad debts of Rs. 0.56 Crore during FY 2020-21 as compared to approved level of Rs. 0.39 Crore vide MTR Order.

4.16.2 Further, Petitioner stated that the GERC MYT Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable, accordingly, TPL-D (S) has requested to consider the variation in bad debts written off in FY 2020-21 as controllable for sharing of gains/losses in line with the Regulations.

##### Commission's Analysis:

4.16.3 The Petitioner has claimed Rs. 0.56 Crore towards bad debts written off during FY 2020-21 against which the recovery of bad debts made is Rs. 0.17 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs. 0.56 Crore minus Rs. 0.17 Crore) is Rs. 0.39 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. 0.56 Crore for FY 2020-21. The deviation of Rs. 0.17 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	0.39	0.56	(0.17)	(0.17)

#### 4.17 Contingency Reserve

##### **Petitioner's Submission:**

4.17.1 The Commission had allowed contingency reserve of Rs. 0.40 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:**

4.17.2 The proposed contingency reserve is consistent with the GERC MYT Regulations, 2016. Accordingly, the Commission approves Rs. 0.40 Crore towards contingency reserve for FY 2020-21.

#### 4.18 Non-Tariff Income

##### **Petitioner's Submission:**

4.18.1 TPL-D (S) has claimed Rs. 6.90 Crore towards Non-Tariff Income for FY 2020-21 as against the approved of Rs. 23.85 Crore by the Commission in its MTR Order. Moreover, TPL-D (S) 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	23.85	6.90

#### Commission's Analysis:

4.18.2 As per the annual accounts for FY 2020-21, the non-tariff income of TPL-D (S) is Rs. 21.55 Crore. The Petitioner has excluded insurance claim receipt of Rs. 0.05 Crore, Amortization of Deferred Revenue of Rs. 9.99 Crore and delayed payment surcharge of Rs. 4.78 Crore. The Petitioner has included recovery from bad debts of Rs. 0.17 Crore in NTI to arrive at claimed figure of Rs. 6.90 Crore. However, as discussed in O & M Expenses at Para 4.16 of this Order, the Insurance Claim is a part of Non-Tariff Income and the same is considered accordingly.

4.18.3 The Commission, accordingly, approves the Non-Tariff Income at Rs. 6.95 Crore for FY 2020-21, the deviation of Rs. 16.90 Crore, which is loss and 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	23.85	6.95	16.90	16.90

#### 4.19 Revenue from Sale of Power

##### Petitioner's Submission:

4.19.1 The Petitioner has submitted the revenue from sale of power as Rs. 1,885.70 Crore as the revenue from sale of power in the truing up for FY 2020-21.

##### Commission's Analysis:

- 4.19.2 The Commission has observed that the revenue from sale of power is at Rs. 1,939.13 Crore as per the annual accounts for FY 2020-21. However, the Petitioner in Form 10 has depicted Rs. 1,885.70 Crore and accordingly the same is considered in the petition for truing up for FY 2020-21. It was stated that provision of Rs. 53.43 Crore is not considered in revenue from sale of electricity.
- 4.19.3 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 certificate of Statutory Auditor certifying that amount of Rs. 53.43 Crore is not recovered from the consumers on account of unrecovered gap/ FPPPA charges. The Commission has not considered the amount of Rs. 53.43 Crore on account of unrecovered FPPPA charges not reflected as revenue for FY 2020-21. Accordingly, the Commission has considered the actual recovered revenue of Rs. 1,885.70 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.
- 4.19.4 In addition to above, the Commission noted that TPL have waived Demand/ Fixed Charges of Rs. 12.64 Crore for LTMD / NRGP / 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 have 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.

4.19.5 Therefore, the Commission has considered revenue of Rs. 12.64 Crore waived against Demand/ Fixed Charges for LTMD / NRGP / HT consumers in actual revenue for FY 2020-21.

4.19.6 Therefore, the Commission has considered overall revenue from sale of power during FY 2020-21 to the tune of Rs. 1,898.34 Crore.

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

##### Petitioner's Submission:

4.20.1 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. 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	1,745.15	1,471.78	273.37	(7.55)	280.92
O&M Expense	140.94	127.03	13.91	14.55	(0.64)
Interest on Loans	32.06	26.75	5.31	-	5.31
Interest on Security Deposit	19.34	14.46	4.88	-	4.88
Interest on Working Capital	-	-	-	-	-
Depreciation	57.87	67.80	(9.93)	-	(9.93)
Bad Debts written off	0.39	0.56	(0.17)	(0.17)	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	97.05	95.40	1.65	-	1.65
Income Tax	39.68	35.95	3.73	-	3.73
Less: Non-Tariff Income	23.85	6.90	16.95	-	16.95
<b>Net ARR</b>	<b>2,109.03</b>	<b>1,833.22</b>	<b>275.81</b>	<b>6.83</b>	<b>268.98</b>

##### Commission's Analysis:

4.20.2 The Commission has reviewed the performance of TPL-D (S) 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 (S) IN THE TRUING UP FOR FY 2020-21 (Rs. Crore)**

Particulars	MTR Order	Approved	Deviation	Controllable	Uncontrollable
Power Purchase	1,745.15	1,471.77	273.38	(7.55)	280.93
O&M Expense	140.94	127.08	13.86	14.50	(0.64)
Interest on Loans	32.06	26.75	5.31	-	5.31
Interest on Security Deposit	19.34	14.46	4.88	-	4.88
Interest on Working Capital	-	-	-	-	-
Depreciation	57.87	67.80	(9.93)	-	(9.93)
Bad Debts written off	0.39	0.56	(0.17)	(0.17)	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	97.05	95.40	1.65	-	1.65
Income Tax	39.68	35.95	3.73	-	3.73
Less: Non-Tariff Income	23.85	6.95	16.90	-	16.90
<b>Net ARR</b>	<b>2,109.03</b>	<b>1,833.22</b>	<b>275.82</b>	<b>6.78</b>	<b>269.04</b>

#### 4.21 Sharing of Gains/Losses for FY 2020-21

4.21.1 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 excerpt 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.”*

4.21.2 The trued-up ARR for FY 2020-21 as claimed by TPL-D (S) 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	2,109.03	2,109.03
Gains/(Losses) due to Uncontrollable Factors	268.98	269.04
Gains/(Losses) due to Controllable Factors	6.83	6.78
Pass through as Tariff	(271.26)	(271.30)
<b>ARR True-Up</b>	<b>1,837.78</b>	<b>1,837.74</b>

4.21.3 The Petitioner has requested the Commission to consider an amount of Rs. 139.96 Crore as revenue towards recovery of earlier years’ approved as per the Commission’s Orders dated 31<sup>st</sup> March 2020. However, as the Commission has observed that the aforementioned amount included carrying cost already allowed 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)
<b>Recovery of earlier year's payment</b>	
(Gap)/Surplus of FY 2018-19	85.29
DSM	0.14
Impact of change in law pertaining to FY 2017-18	1.88
GERC Audit	(0.32)
APTEL Judgement in A. No. 257/2016	7.39
Delayed Payment Charges for FY 2016-17	2.91
<b>Total amount towards earlier recovery (A)</b>	<b>97.29</b>
<b>Carrying Cost on earlier Recovery</b>	
Carrying cost for FY 2018-19 (on 281.24 Crore)	14.31
APTEL Judgement in A. No. 246/2017	24.45
Carrying cost (earlier year's)	3.91

Particulars	Approved (Rs. Crore)
<b>Total Carrying Cost on Earlier Recovery (B)</b>	<b>42.67</b>
<b>Total revenue towards recovery of earlier year's</b>	<b>139.96</b>

4.21.4 Accordingly, the Commission has considered the revenue towards earlier year's recovery of Rs. 139.96 Crore for FY 2020-21 as already 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 (S) FOR FY 2020-21 (RS. CRORE)**

Particulars	Claimed by Petitioner	Approved by Commission
Trued-Up ARR	1,837.78	1,837.74
Revenue from Sale of Power	1,885.70	1,898.34
Less: Revenue toward recovery of earlier year	139.96	139.96
Balance Revenue	1,745.74	1,758.38
(Gap)/Surplus	(92.04)	(79.36)

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

### 5.1 Introduction

5.1.1 This chapter deals with the ARR determination of FY 2022-23 for TPL-D (S). 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:

5.2.1 TPL-D (S) has furnished the category wise historical data of sales given in the table below;

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

Category	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
HTMD-1	252.53	276.44	282.61	281.72	253.80
HTMD-2	46.48	44.87	42.82	45.23	53.90
HTMD-3	0.04	-	0.05	-	-
RGP	772.33	815.56	809.33	811.86	764.72
NRGP	1,194.98	1,218.53	1,209.29	1,204.16	850.31
LTMD	914.82	917.96	904.82	915.88	659.78
GLP	26.45	25.14	24.96	24.91	19.71
AGP	1.02	0.95	1.02	0.93	0.98
Temp	0.38	0.37	0.28	0.24	0.01
DoE	1.51	1.07	0.98	1.08	0.34
<b>Total Sales</b>	<b>3,210.54</b>	<b>3,300.89</b>	<b>3,276.15</b>	<b>3,286.01</b>	<b>2,603.54</b>

5.2.2 TPL has submitted that the sales in license area of Surat has majorly driven by industrial segments while the growth in commercial and residential segments generally depends on weather condition and development of colonies. 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 3<sup>rd</sup> control period is likely to affect the sales 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 5-year CAGR (FY 2013-14 to FY 2018-19) over approved gross sales of FY 2018-19.

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

Category	Projected by Petitioner
HTMD-1	304.02
HTMD-2	46.51
HTMD-3	-
RGP	819.76
NRGP	1,205.11
LTMD	873.66
GLP	25.11
AGP	1.13
Temp	0.25
<b>Total Sales</b>	<b>3,275.56</b>

**Commission's Analysis:**

5.2.3 As Due to breach of COVID-19 pandemic during FY 2020-21, as the lockdown has severely reduced the industrial and commercial activities as these segments have seen a considerable decline in demand of electricity, with the 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. Therefore, in view of above, base year of sales projections considered by the Petitioner as FY 2018-19, the Commission, accordingly, considers the same for sales projections for FY 2022-23.

5.2.4 Therefore, the Commission, accordingly, approves the category-wise sales for FY 2022-23 to the tune of 3,275.56 MU.

### 5.3 Distribution losses

5.3.1 The Petitioner submitted that the Commission in its order dated 24<sup>th</sup> September 2021 has directed the utilities to consider principles and methodology as provided in the MYT Regulations, 2016. TPL-D (S) prayed before the Commission to revisit the distribution losses trajectory for FY 2022-23 as the utility has witnessing movement of higher load factor HT consumers from its jurisdiction which leads to higher sales on LT level as compared to HT level which would further lead to higher distribution losses.

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

Category	Projected by Petitioner
Distribution losses (%)	4.50%

#### **Commission's Analysis:**

5.3.2 The Commission has observed that the Petitioner has projected distribution losses level of 4.50% for FY 2022-23 while determining its energy requirement. However, it is observed that TPL-D (S) has already achieved a distribution losses level of 4.06% during FY 2020-21. Therefore, based on the already achieved a distribution level of 4.06% during FY 2020-21 and already approved targeted distribution level of 3.54% for FY 2021-22, the Commission considers best of two and allows the target distribution losses level of 3.54% for FY 2022-23.

### 5.4 Energy Requirement Petitioner's Submission:

5.4.1 TPL-D (S) 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
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

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

#### **Commission's Analysis:**

5.4.3 Based on the approved energy sales, distribution losses and transmission loss (%) as per True Up of FY 2020-21, the Commission has computed and approves the energy requirement of TPL Ahmedabad and Surat distribution area and at its periphery 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
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%

Particulars	Projected by Petitioner	Approved by Commission
Transmission Loss (MU)	91.77	19.88
<b>Energy Requirement (A)</b>	<b>8,339.53</b>	<b>8,248.65</b>
<b>Surat Supply Area</b>		
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
<b>Energy Requirement (B)</b>	<b>3,506.71</b>	<b>3,422.81</b>
<b>Total Energy Requirement (A+B)</b>	<b>11,846.25</b>	<b>11,671.46</b>

## 5.5 Energy Availability

### Petitioner's Submission:

- 5.5.1 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.
- 5.5.2 TPL-D (S) has submitted that the renewable energy for FY 2022-23 has been estimated based on tied up capacities of RE power in line to RPO targets specified in GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 and its amendment thereon.
- 5.5.3 Further, TPL-D (S) 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:**

- 5.5.4 As per GERC (MYT) Regulation, 2011, the Distribution Licensees are required to project the power purchase requirement based on the Merit Order Dispatch principles of all generating stations considered for power purchase, RPO and the targets set if any, for Emergency Efficiency and DSM schemes.
- 5.5.5 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. Accordingly, the quantum of energy purchase is regulated as detailed below.
- 5.5.6 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 highest among all sources projected.
- 5.5.7 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.

5.5.8 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).

5.5.9 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.

5.5.10 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	4,379.93	2,236.06
UNOSUGEN	-	1,740.94
Bilateral/Power Exchange	3,326.41	3,151.62
Renewables	1,584.21	1,984.15
<b>Total</b>	<b>11,846.25</b>	<b>11,671.46</b>

5.5.11 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:**

5.6.1 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.

5.6.2 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:**

- 5.6.3 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.
- 5.6.4 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.

5.6.5 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.

5.6.6 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)
<b>A</b>	<b>Solar Energy</b>			
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>B</b>	<b>Non-Solar Energy</b>			
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 Solar purchase	1,021.25	4.09	417.62
	<b>Total Renewable Purchase</b>	<b>1,984.15</b>	<b>4.40</b>	<b>873.94</b>

5.6.7 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.

5.6.8 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.

5.6.9 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
<b>Total</b>	<b>11,671.46</b>	<b>1,142.83</b>		<b>4,554.74</b>	<b>5,697.57</b>	<b>4.88</b>

5.6.10 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 Surat area for FY 2022-23.

**TABLE 5-11 APPROVED POWER PURCHASE COST FOR TPL-D (SURAT) (RS. CRORE)**

Energy Sources	Projected by Petitioner (Rs. Crore)	Approved by Commission (Rs. Crore)
Power Purchase Cost	1,973.58	1,670.89

## 5.7 Operation & Maintenance (O&M) Expenses

### Petitioner's Submission:

- 5.7.1 TPL-D (S) has submitted that the O&M expenses projections for FY 2022-23 are as per the methodology specified in 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.
- 5.7.2 The Petitioner has submitted that the variation in O&M expenses does not take into 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 (S) FOR FY 2022-23 (RS. CRORE)**

Particulars	Claimed by Petitioner
Operation & Maintenance Expenses	154.48

### Commission's Analysis:

- 5.7.3 The Commission considering the average of actual O&M expenses for FY 2018-19 to FY 2020-21 escalated @5.72% to arrive at O&M expenses at Rs. 154.48 Crore for FY 2022-23. Accordingly, the Commission approves Rs. 154.48 Crore of O&M Expenses for FY 2022-23.

## 5.8 Capital Expenditure, Capitalisation and Sources of Funding

### Petitioner's Submission:

5.8.1 TPL-D (S) has projected capital expenditure of Rs. 319.99 Crore for FY 2022-23 as per the details given in table below:

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

Particulars	Claimed by Petitioner
EHV Network	100.34
HT Network	53.49
LT Network	38.86
Metering	9.44
Special Projects	103.30
Support functions	9.04
Customer Care	0.60
IT & related expenditure	4.91
<b>Total Cost</b>	<b>319.99</b>

5.8.2 TPL-D (S) has submitted that Surat city are being developed as the hub for textile and diamond industries and demand for electricity has increased at a 3 Year CAGR rate of about 3.00% and is likely to increase in the coming years. Further, urbanisation of the Surat city has resulted in increasing issues of availability of corridor for creation of evacuation network.

#### a) EHV Network

- **Establishment of new 220 kV GIS substation at C station along with 220 kV line interconnectivity** - Activity of commissioning of 220 kV C-GIS project along with 220kV & 66kV inter connectivity was approved in 3rd MYT control period. Major activities associated with the project have been completed. It is expected that overall work will be completed during FY 2022-23.
- **220 kV EHV Line / Cable** - During FY 2022-23, it is proposed to incur capex towards Distributed Acoustic Sensing (DAS) systems for Continuous monitoring of 220 kV EHV line, Anticorrosive coating on 220 kV EHV tower to protect tower against corrosion and tower material & storage facility development.

- **New 66 kV substations** - During 3rd MYT control period, new 66/11 kV substations were proposed at Katargam and Bhathena area. However, due to delay in availability of land, the project was rescheduled. Land procurement has been completed at Katargam and substation work shall be completed by FY 2023-24. Additionally, during FY 2022-23, it is proposed to procure land for Bhatena.
- **Additional/ Augmentation/ Replacement of Power Transformer:** Based on projected loading and n-1 criteria, power transformer capacity enhancement is planned at K substation.
- **Replacement & Renovation in existing EHV SS** - Replacement of equipment like Relay, VCB, Capacitor, CT, LA, Isolator, Control Panel, Battery Charger, etc. have been considered based on aging, obsolete technology, frequent breakdown, and maintenance problems.
- **Supporting infrastructure for EHV network** - Major cost involved in this head pertains to ABT and SCADA system replacement. In addition, provisions are being kept for replacement/ new requirement of of EHV / ABT meters, MRI, RF amplifier & modem, Load Manager, RTU, Panel, Network Switches, UPS & UPS battery, Testing and measuring equipment.

**b) HT Network**

- **11 kV network development & modification** - 11 kV new feeders have been considered to mitigate the future load growth of surrounding area, relieving existing feeders and power transformers, creating redundancy, and to reduce long length of network. Network development and ring modification are proposed based on load balancing of existing feeders, creating of ready to serve network, and enhancement of load transfer flexibility.
- **Replacement/ Shifting of HT network** - Based on aging of existing PILC network, infrastructure projects like BRTS/smart city work proposed by local authority, and reliability requirements, it is proposed to replace/shift HT cable on the route. Accordingly, the cost of replacement/shifting has been considered.
- **Distribution substation automation** - Automation of distribution substation facilitates remote load transfer of 11 kV feeders, which reduces the restoration time and enhances customer satisfaction. It enables effective load management of 11 kV feeders. During FY 2022-23, the Petitioner has proposed distribution automation of an approximate 100 nos. of distribution substation.

- **New distribution 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 at load centre.
- **Additional/Augmentation/Replacement of Distribution transformer** - In order to relieve overloaded distribution transformers and for creating margin for catering to the future load growth, augmentation of distribution transformers are considered in FY 2022-23. Further, based on internal physical condition, frequent problem, test results, such distribution transformers are proposed to be replaced. Additionally, installation of Compact substation is considered by dismantling existing DSS where civil structure/ DSS equipment are found deteriorated.
- **Installation/ Replacement of 11 kV switchgear/ LT panel/ Breaker and Accessory for Safety** - As part of replacement of deteriorated switchgear/panels/breakers, it is proposed to carry out replacement of switchgear/BMC and LT FSP replacement to ensure safety.
- **Distribution substation asset strengthening for safety** - Distribution substation (DSS) exists in public domain surrounded by residential / commercial / industrial area. Distribution substations are usually oil type distribution transformers and 11 kV RMUs, which are susceptible to fire and safety hazard in public area and operational safety. Therefore, to identify such critical distribution substation locations for replacement and to reduce safety hazard, distribution asset survey has been carried out based on geographical location, public movements and criticality of asset. Additionally, new earthing system is also proposed.

**c) LT Network**

- **New Connection/Load Extension** - The LT capital expenditure is planned to provide network for the last mile connectivity as well as for maintaining “ready to serve” network. Around 21,000 applications for new connection/extension load are expected to be released during FY 2022-23. This forms the basis for planning the expenditure for the LT network.
- **LT network development & modification** - LT network is required to be developed and modified suitably to cater to load growth, create branch network to reduce faults, balancing network to relieve distribution transformer, and shifting network & related accessories for

rerouting/replacement of cable due to infrastructure projects like BRTS/ smart city, etc.

- **Replacement of MSP / MB for Safety & Reliability** - LT network exists in public domain surrounded by residential / commercial / industrial area. To enhance safety as well as to improve power reliability, MSP and Meter Box which are found in critical condition will be replaced/ renovated.
- **Earthing of LT assets for Safety** - New earthing system in LT asset is proposed to enhance safety based on measurement and physical condition of existing earthing system.

**d) Metering**

- It is proposed to incur capex for technology upgradation of existing meter testing laboratory infrastructure through procurement of fully automatic testing bench. Capex for tools/instruments for meter management is also considered.

**e) Special Project**

- **Shifting of Network due to Metro project** - Surat City Metro rail project has been planned on Elevated Bridge and Underground by local authority. Based on preliminary joint route survey carried out with Authority, it is envisaged that some of TPL's network in the route of metro project is required to be shifted/ removed/ rerouted. Accordingly, network shifting work has been initiated and shall be continued during FY 2022-23.
- **Advanced Metering Infrastructure system** - In order to comply with the requirement of the Ministry of Power notification, capex has been considered towards installation and replacement of consumer meters with smart meters having prepaid technology, in a phased manner. Further, all DT meters are also required to be smart meters having AMR facilities.
- **Infrastructure development of PSC and Offices** - The Power Supply Centre (PSC) have been proposed to enhance customer services through in attending complaints, releasing connections, approaching consumer's request etc. Strategically, it is decided to establish PSC in TPL's existing premises at three strategic locations viz. B, C & E stations by creating space through redesigning existing infrastructure. The PSC and other office buildings will be established with state-of-the-art infrastructure facilities. PSC related work has been initiated in FY 2020-21 and is likely to be completed in FY 2024-25.

**f) Customer Service**

- To enhance customer satisfaction, it is proposed to implement the single window concept along with que management system at strategic locations. This necessitates requirement of basic amenities like seating arrangement, writing desk, drinking water, etc. Accordingly, it is planned to develop new plug points at B, C and E Station along with premise development plan. Also, it is proposed to implement Automatic Metering Infrastructure (AMI) system initially for LTMD services with Smart meters at consumer end. The Capex provision is made for MRI (Meter Reading Instruments)/ Optical Port and testing/ measuring instruments like Accu-check machine for onsite testing of meters, Clamp on Meters, PF Measuring Instrument, etc.

**g) IT & related Expenditure**

- This includes capex requirements related to hardware replacements & software upgradation, fibre network enhancement, network security, network monitoring, and additional SAP licenses.

**h) Others**

- Replacement / New requirement / Modification related to fire & safety assets and material for safety awareness.
- Replacement / new requirement of testing / measuring equipment to check quality parameters of material.
- Extension & Enhancement of GIS enterprise solution with upgradation and provision for new/replacement of hardware and software, RTS for energy conservation.
- MHE, Pallet/ racking system, Vertical Storage system for storing cable drums etc. for safe and better material handling.
- Expenditures for Refurbishment of EHV SS, Dist. SS, etc. and routine need based civil related work.
- Comprehensive Contract Labour Management System (CLMS) to be implemented during FY 2021-22 and FY 2022-23. Provision made for Access control system in offices.

5.8.3 TPL-D (S) submitted that the planned capital expenditure for Surat Area consists of expenditure on account of 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.

5.8.4 Further, the Petitioner has submitted that it has planned to incurred capital expenditure on redundancy and reliability in EHV network to provide un-interrupted supply, additional EHV & HV substations to cater the load growth, LT network to meet the consumer connectivity, etc.

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

Particulars	Claimed by Petitioner
Opening GFA	2,189.01
Addition to GFA	199.40
Deletion to GFA	-
Closing GFA	2,388.41
SLC addition	22.08

**Commission's Analysis:**

5.8.5 The Commission observed that the Petitioner has projected CAPEX of Rs. 319.99 Crore for FY 2022-23 as detailed above and furnished the project/work-wise justification for the same.

5.8.6 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. 319.99 Crore for FY 2022-23.

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

**TABLE 5-15 PROJECTED CAPEX, CAPITALISATION BY TPL-D (S) FOR FY 2022-23 (RS. CRORE)**

Particulars	Capex	Capitalisation	% of Capitalisation To Capex
EHV Network	100.34	17.83	17%
HT Network	53.49	53.49	100%
LT Network	38.86	38.86	100%
Meter Management	9.44	9.44	100%
Special Projects	103.30	64.74	63%

Support Functions	9.04	9.97	110%
Customer Care	0.60	0.60	100%
IT & related expenditure	4.91	4.91	100%
Total Cost	319.99	199.40	62%

5.8.8 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 79.41%, however, the Petitioner has projected capitalization of 62% for FY 2022-23 with detailed justification. The Commission decides to approve the capitalization as projected by Petitioner to the tune of Rs. 199.40 Crore.

5.8.9 The Commission has approved closing GFA at Rs. 2,033.44 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 106.31 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. 2,139.75 Crore and the same is considered as opening GFA for FY 2022-23.

5.8.10 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.

5.8.11 The Commission in terms of 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	2,189.01	2,139.75

Particulars	Claimed by Petitioner	Approved by Commission
Addition to GFA	199.40	199.40
Deletion to GFA	-	-
Closing GFA	2,388.41	2,339.15
Less: SLC Addition	22.08	22.08
Balance Capitalisation	177.32	177.32
Normative Debt @70%	124.12	124.12
Normative Equity @30%	53.20	53.20

## 5.9 Depreciation

### Petitioner's Submission:

- 5.9.1 TPL-D (S) has projected Rs. 80.78 Crore towards depreciation for FY 2022-23 based on the projected capitalisation during FY 2022-23.

### Commission's Analysis:

- 5.9.2 The Commission has approved the closing value of depreciable GFA at Rs. 2,033.44 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.
- 5.9.3 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	2,139.75
Additions during year	199.40
Closing GFA	2,339.15
Average Depreciable Assets	2,239.45
Weighted Average rate of depreciation	3.92%
Depreciation	87.85

Particulars	Approved by Commission
Depreciation created out of SLC	11.32
Depreciation allowed	76.53

## 5.10 Interest Expenses

### Petitioner's Submission:

5.10.1 TPL-D (S) has projected a sum of Rs. 30.38 Crore towards interest and finance expenses for FY 2022-23 on normative basis as per 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	365.37
Loan addition during year	124.13
Repayment during year	80.78
Closing Balance	408.72
Average Loan	387.05
Weighted average rate of interest (%)	7.85%
Interest Expenses	30.38

### Commission's Analysis:

5.10.2 The Commission has approved the normative closing loan balance at Rs. 339.81 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.

5.10.3 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 Petitioner	Approved by Commission
Opening Balance	365.37	336.60
Addition of Loan	124.13	124.12
Repayment during year	80.78	76.53
Closing Balance	408.72	384.20
Average Loan	387.05	360.40
Weighted average rate of interest (%)	7.85%	7.85%
Interest Expenses	30.38	28.29

### 5.11 Interest on Security Deposit

#### **Petitioner's Submission:**

5.11.1 The Petitioner has projected Rs. 15.01 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:**

5.11.2 The Commission provisionally considers and approves the interest on security deposit as projected by the Petitioner amounting to Rs. 15.01 Crore for FY 2022-23.

### 5.12 Interest on Working Capital

#### **Petitioner's Submission:**

5.12.1 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.

5.12.2 The Petitioner has submitted that interest on working capital is computed as per the MYT Regulations, 2016 and the interest rate of 7.85%, being the SBI MCLR rate on 1<sup>st</sup> April, 2020 plus 250 basis points, is applied on the working capital requirement arrived at in accordance with the Regulations.

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

Particulars	Claimed by Petitioner
O&M Expenses for 1 Month	12.87
Maintenance Spares @1% of GFA	21.89
Receivables for 1 Month	198.33
Less: Security Deposit	353.26
Net Working Capital Requirement	-
Rate of interest (%)	9.57%
Interest on Working Capital	-

#### Commission's Analysis:

5.12.3 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	12.87	12.87
Maintenance Spares @1% of GFA	21.89	21.40
Receivables for 1 Month	198.33	172.40
Less: Security Deposit	353.26	353.26
Net Working Capital Requirement	-	-
Rate of interest (%)	9.57%	9.50%
Interest on Working Capital	-	-

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

### 5.13 Return on Equity

#### Petitioner's Submission:

5.13.1 TPL-D (S) has projected Rs. 107.26 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 (S) FOR FY 2022-23 (Rs. CRORE)**

Particulars	Claimed By Petitioner
Opening Equity	739.55
Equity Addition	53.20
Closing Equity	792.75
<i>Return on Equity at beginning of year</i>	<i>103.54</i>
<i>Return on Equity addition during year</i>	<i>3.72</i>
Total Return on Equity	107.26

#### Commission's Analysis:

5.13.2 The Commission has approved the closing equity at Rs. 697.02 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	739.55	724.77
Equity Addition	53.20	53.20
Closing Equity	792.75	777.97
<i>Return on Equity at beginning of year</i>	<i>103.54</i>	<i>101.47</i>
<i>Return on Equity addition during year</i>	<i>3.72</i>	<i>3.72</i>
Total Return on Equity	107.26	105.19

#### **5.14 Income Tax**

##### **Petitioner's Submission:**

- 5.14.1 The Petitioner has projected the Income Tax at Rs. 35.95 Crore based on the actual tax paid for FY 2020-21 and in proportion to the PBT of TPL-D (S).

##### **Commission's Analysis:**

- 5.14.2 The Commission has approved Rs. 35.95 Crore towards income tax in true up for FY 2020-21. The Commission, accordingly, in terms of regulation 41.1 has provisionally considered Rs. 35.95 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:**

- 5.15.1 The Petitioner has projected bad debts of Rs. 0.51 Crore based on the trend of amount written off in previous years.

##### **Commission's Analysis:**

- 5.15.2 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, provisionally, considered bad debts written off at Rs. 0.51 Crore for FY 2022-23.

#### **5.16 Contingency Reserve**

##### **Petitioner's Submission:**

- 5.16.1 The Commission had allowed contingency reserve of Rs. 0.40 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:**

- 5.16.2 The proposed contingency reserve is consistent with the GERC MYT Regulations, 2016. Accordingly, the Commission approves Rs. 0.40 Crore towards contingency reserve for FY 2022-23.

### **5.17 Non-Tariff Income**

**Petitioner's Submission:**

- 5.17.1 The Petitioner has projected Non-Tariff Income at Rs. 18.43 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:**

- 5.17.2 The Commission, accordingly, approves the Non-Tariff Income of Rs. 18.43 Crore for FY 2022-23 subject to true-up.

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

**Petitioner's Submission:**

- 5.18.1 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	1,973.58
O&M Expense	154.58
Interest on Loans	30.38
Interest on Security Deposit	15.01
Interest on Working Capital	-
Depreciation	80.78
Bad Debts written off	0.51
Contingency reserve	0.40
Return on Equity	107.26
Income Tax	35.95
Less: Non-Tariff Income	18.43
Net ARR	2,379.92

### Commission's Analysis:

5.18.2 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 (S) FOR FY 2022-23 (RS. CRORE)**

Particulars	Projected by Petitioner	Approved by Commission
Power Purchase	1,973.58	1,670.89
O&M Expense	154.58	154.48
Interest on Loans	30.38	28.29
Interest on Security Deposit	15.01	15.01
Interest on Working Capital	-	-
Depreciation	80.78	76.53
Bad Debts written off	0.51	0.51
Contingency reserve	0.40	0.40
Return on Equity	107.26	105.19
Income Tax	35.95	35.95
Less: Non-Tariff Income	18.43	18.43
<b>Net ARR</b>	<b>2,379.92</b>	<b>2,068.82</b>

## 5.19 Revenue from Sale of Power

### Petitioner's Submission:

5.19.1 The Petitioner has projected the revenue from sale of power at Rs. 2,388.09 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. 2.22 per unit.

**Commission's Analysis:**

5.19.2 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. 1.48/kWh. Accordingly, the Commission considers the Revenue from sale of power at Rs. 2,145.70 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 @1.48/Unit).

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

5.20.1 The Commission has computed Revenue from sale of power at Rs. 2,152.25 Crore for FY 2022-23.

5.20.2 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 (S) (Rs. Crore)**

Particulars	FY 2010-11	FY 2012-13	FY 2014-15	FY 2016-17	FY 2018-19	FY 2020-21
Revenue	1,481.41	1,733.44	2,205.68	1,985.12	2,322.92	1,885.70
ARR						
Trued up ARR/ Estimated ARR	1,475.65	1,902.16	2,143.61	1,899.15	2,332.93	1,837.78
DSM	-	-	-	2.03	0.14	-
Opening Gap	-	(6.35)	166.27	159.62	116.06	193.72

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

Particulars	FY 2010-11	FY 2012-13	FY 2014-15	FY 2016-17	FY 2018-19	FY 2020-21
Carrying Cost on Opening Gap	-	(1.24)	36.46	36.07	20.45	32.50
Total Requirement	1,475.65	1,894.56	2,346.34	2,096.87	2,469.59	2,064.00
Net Gap/(Surplus)	(5.76)	161.12	140.66	111.75	146.67	178.30
Approved	(0.59)	5.14	18.96	4.31	47.05	-
Cumulative (Gap)/Surplus	(6.35)	166.27	159.62	116.06	193.72	178.30
Interest Rate	10.00%	11.45%	11.30%	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	(1.24)	36.46	36.07	20.45	32.50	25.22

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

Particulars	Rs. Crore
Carrying cost for FY 2020-21	25.22
Adjustments:	
Gap claimed in FY 2018-19	59.16
Gap approved in FY 2018-19	10.01
Difference in approved and claimed Gap	49.15
Less: Amount of Gap taken in review	47.05
Net Difference in claimed v/s Approved after factoring Review	(2.10)
Carrying Cost implication due to above adjustment in FY 18-19	(0.35)
Carrying Cost claimed in the present Petition for FY 20-21	24.87

5.20.3 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.

5.20.4 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.”*

5.20.5 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.”***

- 5.20.6 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.
- 5.20.7 In line with the above, the Commission considers it appropriate not to allow interest on carrying cost.
- 5.20.8 In continuation to above, it is quite pertinent to mention here that the Commission has already allowed the carrying cost of Rs. 42.67 Crore as deliberated in table 4.40 of the Current Order.
- 5.20.9 Therefore, the Commission has not allowed the interest on carrying cost which is already allowed by the Commission through its various previous consequential orders and Tariff Order for FY 2020-21.
- 5.20.10 It should be noted that while carrying out in truing-up for FY2018-19, the Commission issued a reclamation of Rs. 2.91 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.

5.20.11 The Commission had approved a revenue gap of Rs. 79.36 Crore for FY 2020-21 which includes reclaim of Rs. 139.96 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. 53.43 Crore as certified by the Petitioner's Statutory Auditor. That means the total revenue gap of Rs. 79.36 Crore for FY 2020-21 has four major components i.e., (i) Rs. 53.43 Crore gap/FPPPA and (ii) Rs. 42.76 Crore on account of carrying cost on earlier recovery, (iii) Rs. 19.65 Crore of net surplus for current year including revenue towards earlier recovery and (iv) Rs. 2.91 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. 53.43 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. 19.65.

5.20.12 The Commission had approved a revenue gap of Rs. 79.36 Crore for FY 2020-21 which includes reclaim Rs. 139.16 Crore as set out in table 4.40 in Chapter 4 of the Current Order. The Petitioner anticipates carrying cost of Rs. 24.87 Crore on gap of Rs. 92.04 Crore for FY 2020-21, however, as explained above, the Commission has a net surplus of Rs. 19.65 Crore for the allowing carrying

cost of Rs. 2.78 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	19.65
FY 2020-21	1.39
FY 2021-22	1.39
Carrying cost on Revenue (Gap)/Surplus for FY 2020-21	2.78

**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	2,379.92	2,068.82
Revenue from Sale of Power	2,388.09	2,145.70
<b>Revenue (Gap)/Surplus for FY 2022-23</b>	<b>8.17</b>	<b>76.88</b>
Add: Revenue (Gap)/Surplus approved for FY 2020-21 (excluding the carrying cost of earlier years)	(92.04)	(33.78)
Add: Delayed Payment Charges for FY 2016-17		(2.91)
Add: Carrying cost of earlier years	-	(42.67)
<b>Cumulative (Gap)/Surplus for FY 2020-21</b>	<b>(92.04)</b>	<b>(79.36)</b>
Carrying cost on above (gap)/surplus	(24.87)	2.78
<b>Net Revenue Gap/Surplus for FY 2022-23</b>	<b>(108.74)</b>	<b>0.30</b>

5.20.13 Accordingly, the Commission has worked out surplus of Rs. 0.30 Crore for FY 2022-23 which includes the trued-up gap of Rs. 76.58 (-Rs 79.36 Crore + Rs. 2.78 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 (S) 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 (S) 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

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

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

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.

7.1.2 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	11,846.25	5,697.57	4.88

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

7.1.4 As deliberated under chapter 5 at para 5.19.2 of the current Order, the Commission has worked revenue from sale of power of Rs. 2,145.70 Crore which includes revenue from FPPPA charges @ 1.48/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. 1.48/kWh for FY 2022-23 against the projected by the Petitioner to the tune of Rs. 2.22/kWh.

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

7.1.6 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:

8.1.1 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.

8.1.2 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 (S)**

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%

8.1.3 Based on the above allocation matrix TPL-D (S) 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)**

Particulars	Wire Business	Retail Business
Power Purchase Expenses	-	1,973.58
Employee Expenses	45.08	30.05
A&G Expenses	20.44	20.44
R&M Expenses	34.63	3.85
Depreciation	72.70	8.08
Interest on Long Term Loans	27.34	3.04
Interest on Working Capital	-	-
Interest on Security Deposit	1.50	13.51
Bad Debts Written off	-	0.51
Income Tax	32.35	3.59
Contribution to Contingency Reserve	0.40	-
Return on Equity	96.53	10.73
Non-Tariff Income	1.84	16.59
Aggregate Revenue Requirement	329.14	2,050.78

8.1.4 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:**

8.1.5 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.

8.1.6 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	1,670.89	-	1,670.89
Employee Expenses	74.98	44.99	29.99
A&G Expenses	41.03	20.52	20.52
R&M Expenses	38.47	34.63	3.85

Particulars	ARR Approved	Wire Business	Retail Business
Depreciation	76.53	68.88	7.65
Interest on Long Term Loans	28.29	25.46	2.83
Interest on Working Capital	-	-	-
Interest on Security Deposit	15.01	1.50	13.51
Bad Debts Written off	0.51	-	0.51
Income Tax	35.95	32.35	3.59
Contribution to Contingency Reserve	0.40	0.40	-
Return on Equity	105.19	94.67	10.52
Non-Tariff Income	18.43	1.84	16.59
Aggregate Revenue Requirement	2,068.82	321.55	1,747.27

## 8.2 Determination of Wheeling Charge

### Petitioner's Submission:

8.2.1 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.

8.2.2 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.

8.2.3 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.

8.2.4 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.

8.2.5 The Petitioner has submitted that the GFA (excluding assets related to retail supply) for Ahmedabad & Gandhinagar Supply Areas as on 31<sup>st</sup> March, 2021 is Rs. 1.721.19 Crore. In case of Ahmedabad & Gandhinagar Supply Area, the GFA identified for HT & LT business are Rs. 1,33759 Crore & Rs. 383.59 Crore, respectively. The ratio of HT assets to LT assets is 78:22, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.

8.2.6 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.

8.2.7 The system peak demand for FY 2020-21 was 623 MW for Ahmedabad and Gandhinagar Supply Area. In case of Ahmedabad & Gandhinagar Supply Area, the contract demand for all the HT consumers is about 132.53 MW. Assuming that 85% of the contract demand of HT consumers contributes 112.65 MW to the system peak demand, the total demand of LT contributing to the system peak is computed as 510.35 MW.

8.2.8 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 (S) FOR FY 2022-23**

Particulars	Value
First level segregation of ARR (Rs. Crore)	
HT Voltage	255.78
LT Voltage	73.35
Total	329.14
Second level segregation of ARR (Rs. Crore)	
HT Voltage	46.25
LT Voltage	282.89
Total	329.14
Wheeling Charge in Rs/kW/Month	
HT Voltage	342.14
LT Voltage	461.92
Wheeling Charge in Rs/kWh	
HT Voltage	1.32
LT Voltage	0.97
Wheeling Charge in Rs. Crore/MW	
HT Voltage	0.41
LT Voltage	0.55

8.2.9 The Petitioner has further submitted that an open access consumer will also have to bear the following wheeling losses in addition to the wheeling charges:

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

Category	Loss %
HT Category	3.50%
LT Category	5.50%

#### **Commission's Analysis:**

8.2.10 The Commission has determined the ARR of the Wires Business for FY 2022-23 in the earlier section, as Rs. 321.55 Crore. The ARR is apportioned between the HT and LT Voltage level in the ratio of 78:22, which is the ratio of GFA of HT: LT for FY 2020-21.

8.2.11 The system peak demand for TPL-D (S) for FY 2020-21 was 623 MW. The contract demand for all the HT consumers is about 132.53 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 112.65 MW. The balance contribution to the system peak has been considered against LT demand, which works out to 510.35 MW.

8.2.12 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 (S) FOR FY 2022-23**

Particulars	Value
First level segregation of ARR (Rs. Crore)	
HT Voltage	249.89
LT Voltage	71.66
Total	321.55
Second level segregation of ARR (Rs. Crore)	
HT Voltage	45.18
LT Voltage	276.37
Total	321.55
Wheeling Charge in Rs/kWh	
HT Voltage	1.29
LT Voltage	0.94

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

Category	Loss %
HT Category	3.50%
LT Category	5.50%

### 8.3 Cross-Subsidy Surcharge

#### Petitioner's Submission:

8.3.1 The Petitioner has submitted that as per the principles enunciated in the amendment in the National 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, NRGP & LTMD category consumer as shown in the Table below.

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

Particulars	HTMD-1	HTMD-2	NRGP	LTMD
T-Tariff in Rs./kWh	7.92	8.31	7.37	8.18
PPC-Average Cost of Power Purchase (Rs./kWh)	5.83	5.83	5.89	5.89
Avg W-Average Wheeling Charges (Rs./kWh)	1.32	1.32	0.97	0.97
Cross-Subsidy Surcharge (Rs./kWh)	0.77	1.16	0.50	1.32

**Commission's Analysis:**

8.3.2 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

8.3.3 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**

Particulars	HTMD-1	HTMD-2	NRGP	LTMD
T-Tariff in Rs./kWh	7.01	7.40	6.46	7.27
C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.88	4.88	4.88	4.88
D - Wheeling Charges (Rs./kWh)	1.29	1.29	0.94	0.94
L - Loss for HT Category (in %)	3.50%	3.50%	5.50%	5.50%
R - per unit cost of carrying Regulatory Assets (Rs./kWh)	-	-	-	-
S = Cross Subsidy Surcharge (Rs./kWh)	0.67	1.05	0.35	1.16

8.3.4 Thus, Cross Subsidy Surcharge as per formula in Tariff Policy, 2016 works out to Rs. 0.67/kWh for HTMD-1, Rs. 1.05/kWh for HTMD-2, Rs. 0.35/kWh for NRGP and Rs. 1.16/kWh for LTMD.

8.3.5 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.

8.3.6 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	0.67
HTMD-2	1.05
NRGP	0.35
LTMD	1.16

#### **8.4 Additional Surcharge**

##### **Petitioner's Submission:**

- 8.4.1 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 also be required to pay an Additional Surcharge as per Section 42 (4) of the Electricity Act, 2003.

##### **Commission's Analysis:**

- 8.4.2 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

9.1.1 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 GERC MYT Regulations, 2016 notified by the Commission.

9.1.2 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

9.2.1 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. 0.17 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. 2.22 per unit.

9.2.2 It is also submitted that the Petitioner is not requesting a permanent increase in tariff and is proposing 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**

9.3.1 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.

9.3.2 TPL-D (S) has proposed to recover cumulative revenue gap of Rs. 108.74 Crore with effect from 1<sup>st</sup> April, 2022, by way of Regulatory charge at the rate of Rs. 0.17 per unit over a period of two years.

9.3.3 However, as discussed earlier, the Commission has approved a cumulative revenue surplus of Rs. 0.30 Crore during FY 2022-23 in Chapter 5. Therefore, the Commission has decided to continue with the same tariff for FY 2022-23.

9.3.4 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.

9.3.5 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 (S) 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.

## COMMISSION'S ORDER

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

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

Particulars	Projected by Petitioner	Approved by Commission
Power Purchase	1,973.58	1,670.89
O&M Expense	154.58	154.48
Interest on Loans	30.38	28.29
Interest on Security Deposit	15.01	15.01
Interest on Working Capital	-	-
Depreciation	80.78	76.53
Bad Debts written off	0.51	0.51
Contingency reserve	0.40	0.40
Return on Equity	107.26	105.19
Income Tax	35.95	35.95
Less: Non-Tariff Income	18.43	18.43
<b>Net ARR</b>	<b>2,379.92</b>	<b>2,068.82</b>

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 SURAT LICENSE AREA OF TORRENT POWER LIMITED-**  
**SURAT**  
**TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION AND**  
**EXTRA HIGH TENSION**  
**Effective From 1<sup>st</sup> April, 2022**

**GENERAL CONDITIONS**

1. This tariff schedule is applicable to all the consumers of TPL in Surat 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 may decide the period of billing and adjust the rates accordingly.
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) Horse Power, kilo -Watt, kilo- Volt -Ampere (HP, kW, kVA), 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 1.0 (one) kilowatt-hour (kWh) or kilo-volt-ampere-hour (kVAh) or kilo-volt-ampere-reactive hour (kVARh), as the case may be.

8. Contract Demand shall mean the maximum kW or kVA for the supply of which TPL undertakes to provide facilities to the consumer from time to time.
9. Maximum Demand in a month means the highest value of average kVA or 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.
10. TPL may install kWh and kVARh meter for ascertaining power factor, reactive units and kWh units.
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. ToU charges wherever applicable unless otherwise notified shall be levied for the energy consumption during the period between 07.00 hours and 11.00 hours; and between 18.00 hours and 22.00 hours, termed as PEAK HOURS. Night hours concession wherever applicable will be given for the energy consumption during the period between 22.00 hours and 06.00 hours next day, termed as 'OFF PEAK HOURS'.
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. Delayed Payment Charges
  - a. No delayed payment charges will be levied if the bill is paid on or before due date indicated in the bill.

- b. Delayed payment charges, if the bill is paid after due date, will be levied at the rate of 15% per annum (computed on daily basis) on the outstanding bill from the due date till the date of payment.
16. 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.
17. 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**  
**RATE SCHEDULE - LOW / MEDIUM TENSION**  
**230/400 VOLTS**

**1. RATE: RGP**

This tariff is applicable for supply of electricity to residential premises.

Single-phase supply - Aggregate load up to 6 kW

Three-phase supply - Aggregate load above 6 kW

**1.1 FIXED CHARGE:**

**For Other than BPL consumers**

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

**For BPL household consumers\***

(a)	Fixed Charges	Rs. 5.00 per installation per month
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**PLUS**

**1.2 ENERGY CHARGE:**

**For Other than BPL consumers**

(a)	First 50 units during the month	320 Paise/unit
(b)	Next 50 units during the month	365 Paise/unit
(c)	Next 150 units during the month	425 Paise/unit
(d)	Above 250 units during the month	505 Paise/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 Residential

*\* 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**

This tariff will be applicable for use of energy for lights, fans, heating, general load and motive power in premises:

- i. Crematoriums and Government and Municipal Hospitals.
- ii. Charitable Institutions like hospital, dispensary, educational and Research Institute and Hostel attached to such Institution, religious premises exclusively used for worship or community prayers, registered with Charity Commissioner and specifically exempted from levy of general tax under section 2 (13) of Bombay Trust Act, 1950 read with section 9 of The Income Tax Act, 1961.
- iii. Public Streets Light, gardens and conveniences.
- iv. Water works and sewerage pumping services operated by Municipal Corporations.

*Note: Halls or gardens or any portion of the above premises let out for consideration or used for commercial activities at any time shall be charged at Non-RGP tariff.*

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

## 2.1 FIXED CHARGES:

Fixed Charges	Rs. 55.00 per installation per month
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**PLUS**

## 2.2 ENERGY CHARGES:

Energy Charges	405 Paise/unit
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## 3. RATE: NON-RGP

This tariff is 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.

### 3.1 FIXED CHARGES:

(a)	First 10 kW	Rs. 70 Per kW per month
(b)	Next 5 kW	Rs. 90 Per kW per month

### 3.2 ENERGY CHARGES:

(a)	For installations having connected load up to 10 kW	435 Paise/unit
(b)	For installations having connected load above 10 kW and up to 15 kW	455 Paise/unit

**4. RATE: LTMD**

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

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

**4.1 DEMAND CHARGES:**

(a)	Up to 20 kVA of billing demand	Rs. 115 per kVA /month
(b)	Above 20 kVA & up to 60 kVA billing demand	Rs. 155 per kVA /month
(c)	Above 60 kVA of billing demand	Rs. 225 per kVA /month
(d)	In excess of contract demand	Rs. 250 per kVA /month

**Note: BILLING DEMAND:** Billing demand during the month shall be the highest of the following:

- i. Maximum demand recorded during the month
- ii. 85% of the contract demand
- iii. 6 kVA

**PLUS**

**4.2 ENERGY CHARGES:**

Energy charges	485 Paise/unit
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**PLUS**

**4.3 REACTIVE ENERGY CHARGES (kVARh UNITS):**

For installation having contracted load of 40 kVA and above

For all the reactive units drawn during the month	10 Paise/kVARh
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**5. RATE: TMP**

Applicable to installations for temporary requirement of electricity supply.

**5.1 FIXED CHARGE**

Fixed Charge per Installation	Rs.25 per kW per Day
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**5.2 ENERGY CHARGE**

A flat rate of	500 Paise per Unit
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**6. RATE: AGP**

This tariff is applicable to motive power services used for irrigation purpose. The rates for following group are as under

**6.1 FIXED CHARGES:**

Fixed Charges	Rs. 20.00 per HP per month
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**PLUS**

**6.2 ENERGY CHARGES:**

Energy Charges	60 Paise/unit
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*Note:*

- The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the Pump House without recovering any charges. Any further extension or addition of load will amount to unauthorized extension.*
- No machinery other than pump for irrigation will be permitted under this tariff.*

**7. 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, NRG, LTMD etc.

**7.1 FIXED CHARGE**

Rs. 25 per month per installation
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**PLUS**

**7.2 ENERGY CHARGE**

Energy Charge	410 Paise per Unit
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**PART-II**

**RATE SCHEDULE FOR SERVICE AT HIGH TENSION**

**8 RATE: HTMD-1**

This tariff shall be applicable for supply of energy to consumers at 3.3 kV and above for contracting the demand of 100 kVA and above for purposes other than pumping stations run by Local Authorities.

**8.1 DEMAND CHARGES:**

**8.1.1 For billing demand up to contract demand**

(a)	First 500 kVA of billing demand	Rs. 170 per kVA
(b)	Above 500 kVA	Rs. 285 per kVA

**8.1.2 For billing demand in excess over contract demand**

For billing demand in excess over contract demand	Rs.395/- per kVA
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*Note:*

**BILLING DEMAND:** Billing demand shall be the highest of the following:

- i. Actual maximum demand established during the month
- ii. 85 per cent of the Contract Demand, and
- iii. 100 kVA

**PLUS**

**8.2 ENERGY CHARGES:**

(a)	First 400 units per kVA billing demand per month	480 Paise/unit
(b)	Remaining units consumed per month	470 Paise/unit

**PLUS**

**8.3 TIME OF USE CHARGE:**

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
For Billing Demand up to 500kVA	65 Paise per Unit
For Billing Demand above 500kVA	100 Paise per Unit

**PLUS**

**8.4 POWER FACTOR:**

#### 8.4.1 Power Factor Adjustment Charges:

- a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 8.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 8.2 of this schedule, will be charged.

#### 8.4.2 Power Factor Adjustment Rebate:

If the average power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 7.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

#### 8.5 NIGHT TIME CONCESSION:

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per kWh. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

#### 8.6 REBATE FOR SUPPLY AT EHV:

Sl. No.	On Energy Charges:	Rebate @
(a)	If supply is availed at 33/66 kV	0.5 %
(b)	If supply is availed at 132 kV and above	1.0 %

### 9 RATE: HTMD-2

This tariff shall be applicable for supply of energy at 3.3 kV and above and contracting for demand of 100 kVA and above for water works and pumping stations run by Local Authorities.

**9.1 DEMAND CHARGES:**

**A. For billing demand up to contract demand**

(a)	First 500 kVA of billing demand	Rs. 140/- per kVA per month
(b)	Above 500 kVA of billing demand	Rs. 225/- per kVA per month

**B. For billing demand in excess of contract demand**

For Billing demand in excess over Contract demand	Rs. 360/- per kVA per month
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**Note:**

**BILLING DEMAND:** Billing demand shall be the highest of the following:

- i. Actual maximum demand established during the month
- ii. 85% of the Contract Demand, and
- iii. 100 kVA

**PLUS**

**9.2 ENERGY CHARGES:**

(a)	First 400 units per kVA billing demand per month	475 Paise/unit
(b)	Remaining units consumed per month	470 Paise/unit

**PLUS**

**9.3 TIME OF USE (ToU) CHARGES:**

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per Unit
(b)	For Billing Demand above 500 kVA	80 Paise per Unit

**PLUS**

#### 9.4 POWER FACTOR:

##### Power Factor Adjustment Charge:

1. The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 9.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
2. In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 9.2 of this schedule, will be charged.

#### 9.5 Power Factor Adjustment Rebate:

If the average power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 9.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

#### 9.6 NIGHT TIME CONCESSION:

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per kWh. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

#### 9.7 REBATE FOR SUPPLY AT EHV:

Sl. No.	On Energy Charges:	Rebate @
(a)	If supply is availed at 33/66 kV	0.5 %
(b)	If supply is availed at 132 kV and above	1.0 %

**10 RATE: HTMD-3**

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

**10.1 FIXED CHARGE**

For billing demand up to contract demand	Rs. 25/- per kVA per day
For billing demand in excess of contract demand	Rs. 35/- per kVA per day

**Note:**

**BILLING DEMAND:** Billing demand shall be the highest of the following:

- i. Actual maximum demand established during the month
- ii. 85% of the Contract Demand, and
- iii. 100 kVA

**PLUS**

**10.2 ENERGY CHARGE**

For all units consumed during the month	695 Paise/Unit
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**PLUS**

**10.3 TIME OF USE (ToU) CHARGES:**

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500kVA	45 Paise per Unit
(b) For Billing Demand above 500kVA	80 Paise per Unit

**10.4 POWER FACTOR:**

**Power Factor Adjustment Charges:**

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

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

**Power Factor Adjustment Rebate:**

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

**10.5 RATE: HTMD- METRO TRACTION**

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

**10.6 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.*

**10.7 ENERGY CHARGE**

A flat rate of	345 Paise/Unit
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**10.8 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.	60 Paise per unit
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#### 10.9 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.

#### 10.10 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- 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. The consumer shall provide the switching arrangement as shall be acceptable to TPL-Surat to regulate supply hours.

##### 11.1 FIXED CHARGE

Fixed Charges	30% of the Demand Charges under relevant Tariff Category
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##### 11.2 ENERGY CHARGE

A flat rate of	340 Paise per unit
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### 11.3 POWER FACTOR

#### **Power Factor Adjustment Charges:**

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

#### **Power Factor Adjustment Rebate:**

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

#### *NOTE:*

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 12.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 12.0 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 8.1 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 8.2 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 8.1 and 8.2 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.

## **12 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 and NTCT.

### **12.1 DEMAND CHARGE**

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

**PLUS**

### **12.2 ENERGY CHARGE**

Energy Charge	400 Paise per Unit
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