GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2022-23

and

Determination of Tariff for FY 2024-25

For

Torrent Power Limited – Distribution Surat

Case No. 2324 of 2024

01st June, 2024

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Table of Contents

List of Tables

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 2324 of 2024

Date of Order: 01.06.2024

CORAM

Anil Mukim, Chairman

Mehul M. Gandhi, Member

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. 2264 of 2023 dated 5th December, 2023 for true-up of FY 2022-23 and determination of tariff for its distribution business in Surat for FY 2024-25.

Gujarat Electricity Regulatory Commission (hereinafter referred as "the Commission") notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulations 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of Truing up and ARR for control period i.e., 29th March 2016 to 31st March 2021 and revenue gap or revenue surplus thereof for the ensuing year for the determination of tariff to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The True up year and the ensuing year in the present case is FY 2022-23 and FY 2024-25 respectively, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 were in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for the 4th Control Period and the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2020 dated 22nd December, 2020 deferred the 5-year control period for new MYT Regulations for one year. Due to the pandemic, the process was further delayed due to circumstances and reasons beyond the control of the Commission. The Commission vide its Order in Suo-Motu Petition No. 1995 of 2021 dated 24th September, 2021 deferred the next MYT Control period by one more year. Further, the Commission vide its Order in Suo-Motu Petition No. 2140 of 2022 dated 20th October, 2022 deferred the next MYT Control period by one more year. Further, the Commission has issued draft GERC MYT Tariff Regulations, 2024 finalization of which is under process, thus, the Commission vide its Order in Suo-Motu Petition No. 2264 of 2023 dated 5th December, 2023 deferred the next MYT Control period by one more year and accordingly, all the concerned utilities and licensees were directed to file Petition for True up for FY 2022-23 and annual ARR for FY 2024-25 and application for determination of tariff for FY 2024-25 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016, on or before 12th January, 2024.

Subsequently, the Petitioner filed the current Petition for truing-up of FY 2022-23, and determination of ARR and tariff for FY 2024-25 on 12th January, 2024.

After technical validation of the petition, it was registered on 24th January, 2024 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) 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. TPL has existing generation facilities, with a total installed capacity of 362 MW, at Ahmedabad and has a Combined Cycle Power Plant (CCPP) of 1147.5 MW (SUGEN) and its extension UNOSUGEN (382.5MW) capacity near Surat out of which a share of 835 MW from SUGEN and 278 MW from UNOSUGEN are allocated for Gujarat (Ahmedabad, Gandhinagar and Surat).

1.3 Tariff Order for FY 2023-24

The Petitioner filed a petition for Truing up of FY 2021-22 and determination of Tariff for FY 2023-24 on 29th December, 2022. After the technical validation, the Petition was registered on 9th January, 2023 (Case No. 2180 of 2023). The Commission vide Order dated 31st March, 2023 approved truing-up of FY 2021-22 and determination of Tariff for FY 2023-24.

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 5th December, 2023 has directed the utilities to file the petition for determination of tariff for FY 2024-25 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 2022-23 and determination of tariff for FY 2024-25 on 12th January, 2024. After technical validation of the petition, it was registered on 24th January, 2024 (Case No. 2324 of 2024) 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 (Surat Edition)	English	29/01/2024
2	Gujarat Mitra (Surat Edition)	Gujarati	29/01/2024

The Petitioner also placed the public notice and the petition on its website (www.torrentpower.com) for inviting objections and suggestions on the petition. The interested parties/stakeholders were asked to file their objections/suggestions on the petition on or before 28th February, 2024.

The Commission also placed the petition on its website (www.gercin.org) for information and study for all the stakeholders.

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

TABLE 1-2 LIST OF NEWSPAPERS (COMMISSION)

S. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	29/02/2024
2	Divya Bhaskar	Gujarati	28/02/2024
3	Gujarat Samachar	Gujarati	28/02/2024

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 16th March, 2024 at 11:30 A.M.

Petitions	Date & Time	Venue
TPL-G, TPL-D(A), TPL-D(S) and TPL-D(D)	16th March 2024 at 11:30 A.M	GERC Office, Gandhinagar

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	User Welfare Associations	Yes	Yes	Yes
2	M/s Indian Oil Corporation Limited (IOCL)	Yes	No	No
3	Tata Consultancy Services (TCS)	Yes	No	No
4	Military Engineer Services	Yes	No	No
5	Bharatiya Samyawadi Paksh (Marxist)	Yes	No	No
6	Surat Citizen's Council Trust	Yes	No	No

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.

TPL has approached the Commission with the present Petition for "Truing up" of the FY 2022-23 and determination of Tariff for the FY 2024-25.

The Commission has undertaken the "Truing up" for FY 2022-23, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2022-23, based on the annual accounts and final ARR for FY 2022-23 approved vide Tariff Order dated 31st March, 2022 in Case No. 2034/2021.

While truing up of FY 2022-23, 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 2022-23 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of ARR and Tariff for FY 2024-25 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 2024-25 shall be carried out based on the principles and methodology adopted in GERC (MYT) Regulations, 2016 and amendment thereof.

1.7 Contents of this Order

The Order is divided into nine chapters as detailed under;

1. The first chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and approach adopted in this Order.
2. The second chapter outlines the summary of TPL's Petition.
3. The third chapter deals with the objections raised by various stakeholders, TPL's response and Commission's views on the response.
4. The fourth chapter focuses on the details of truing up for FY 2022-23.
5. The fifth chapter deals with the determination of Tariff for FY 2024-25.
6. The sixth chapter deals with compliance of directives and issue of fresh directives.
7. The seventh chapter deals with FPPPA chapter.
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 Introduction

2.1.1 TPL-D (S) has submitted the current Petition seeking Truing up of ARR for FY 2022-23 and approval of ARR for FY 2024-25. The Petitioner has also submitted the tariff proposal for FY 2024-25, based on the Revenue Gap for FY 2022-23 and ARR for FY 2024-25.

2.2 Actual for FY 2022-23 submitted by TPL-D (S)

2.2.1 TPL-D (S) has submitted the current petition seeking approval of True-Up for ARR of FY 2022-23 and item wise Gain/Loss computations. 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 2022-23 *(RS. CRORE)*

Particulars	Order	Actual	Deviation	Controllable	Uncontrollable
Power Purchase	1,670.89	2,619.46	(948.57)	9.15	(957.72)
O&M Expense	154.48	137.66	16.82	16.82	-
Interest on Loans	28.29	26.74	1.55	1.55	1.55
Interest on Security Deposit	15.01	15.44	(0.43)	-	(0.43)
Interest on Working Capital	-	-	-	-	-
Depreciation	76.53	73.61	2.92	-	2.92
Bad Debts written off	0.51	0.28	0.23	0.23	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	105.19	104.19	1.00	-	1.00
Income Tax	35.95	20.63	15.32	-	15.32
Less: Non-Tariff Income	18.43	21.18	(2.75)	-	(2.75)
Net ARR	**2,068.83**	**2,977.23**	**(908.41)**	**26.19**	**(934.60)**

2.3 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2022-23

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 2022-23.

Table 2-2 True-up ARR claimed by TPL-D (S) for FY 2022-23 *(Rs. Crore)*

Particulars		Claimed
ARR as per Tariff	(a)	2,068.83
Gains/(Losses) due to Uncontrollable factors	(b)	(934.60)
Gains/(Losses) due to Controllable factors	(c)	26.19
Pass through as tariff	d= - (c/3+b)	925.87
Trued-up ARR	**e= a + b**	**2,994.69**

2.3.2 The table below summarizes the revenue gap/surplus for TPL-D (S) for FY 2022-23.

Table 2-3 Revenue (Gap)/ Surplus for TPL-D (S) for FY 2022-23 *(Rs. Crore)*

Particulars	Claimed
Trued-up ARR	**2,994.69**
Revenue from Sale of Energy	2,865.48
Less; Revenue towards recovery of Earlier year's approved (gap)/surplus	129.12
Balance Revenue	2,736.36
(Gap)/Surplus	**(258.33)**

2.4 ARR, Revenue at Existing Tariff and Revenue (Gap)/Surplus for FY 2024-25

2.4.1 Based on the ARR for FY 2024-25 given in the Table above, the estimated revenue Gap/(Surplus) for FY 2024-25 at existing tariff is shown in the following Table;

TABLE 2-4 ARR PROJECTED BY PETITIONER FOR FY 2024-25 *(RS. CRORE)*

Particulars	Projected by Petitioner
Power Purchase	2,856.66
O&M Expense	155.27
Interest on Loans	43.74
Interest on Security Deposit	31.65
Interest on Working Capital	-
Depreciation	96.03
Bad Debts written off	0.28
Contingency reserve	0.40
Return on Equity	123.36
Income Tax	20.63
Less: Non-Tariff Income	21.18
Net ARR	**3,306.84**

TABLE 2-5 REVENUE (GAP)/ SURPLUS OF TPL-D (S) FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed
ARR for FY 2024-25	**3,306.84**
Less;	
Revenue from sale of power at existing rates including revised base FPPPA charge @ Rs. 3.91 per unit	3,410.86
(Gap)/Surplus	**(103.42)**

2.4.2 The revenue for FY 2024-25 is arrived at by considering sales forecasted for FY 2024-25. Considering the ARR for FY 2024-25, the Petitioner has arrived at the gap as given in table below:

TABLE 2-6 CUMULATIVE REVENUE (GAP)/SURPLUS FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed
(Gap)/Surplus for FY 2022-23	**(258.33)**
Carrying Cost	(51.89)
DSM	(0.15)
(Gap)/Surplus for FY 2024-25	(103.42)
Cumulative (Gap)/Surplus to be recovered through tariff	**(206.95)**

2.5 TPL-D (S)'s Prayer to the Commission

a) Admit the Petition for truing-up of FY 2022-23, Aggregate Revenue Requirement for FY 2024-25, and determination of tariff for FY 2024-25.

b) Approve the trued-up (Gap)/Surplus of FY 2022-23.

c) Approve the sharing of gains/ (losses) as proposed by the Petitioner for FY 2022-23.

d) Approve the Aggregate Revenue Requirement for FY 2024-25.

e) Approve the cumulative (Gap)/ Surplus.

f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April 2024.

g) Approve the recovery through retail tariff including revised base FPPPA and/or regulatory surcharge as prayed for.

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 Commission's view

3.1 Introduction

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL-S (Surat) for Truing up of ARR for FY 2022-23 and determination of ARR for FY 2024-25 under the GERC (MYT) Regulations, 2016, a number of Consumers/ organizations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The objections / suggestions by the consumer/consumers organizations, the response from the Petitioner and the views of the Commission are given below:

3.2 Provision of separate electrical for EV charger at petrol pumps

The objector has requested for separate electrical for EV charger at Petrol pumps

Petitioner's Response: The petitioner has submitted that the above pertains to the distribution operations of the Petitioner and in turn are extraneous to the present proceedings

Commission's View: The Commission has noted the suggestion. At present there are already enough slabs. 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 any category.

3.3 Single Part tariff (nil fixed/demand charges) for EV charger at petrol pumps

The objector has requested to consider single part tariff (nil fixed/demand charges) for EV charger at petrol pumps.

Petitioner's Response: The Petitioner has submitted that the Section 62(3) provides that the Hon'ble Commission shall not show undue preference to any consumer at the time of determination of tariff.

Further, as per the National Tariff Policy, the tariff determined shall be a two-part tariff with separate fixed and variable charges. In case of single part tariff, it would amount to under recovery of fixed cost which will get passed on to the other consumers and result in creation of new level of cross subsidisation, which is against the intent of the Act. Further, it may also be noted that the Hon'ble Commission is not bound by any guidelines which are in contradiction to the provisions of the Act. Hence, the Petitioner requests the Hon'ble Commission to continue to determine the two-part tariff for charging stations.

Commission's View: The Commission has noted the suggestion and reply.

3.4 Expeditious award of electrical connection for EV Chargers on the priority basis

Petitioner's Response: The petitioner has submitted that the above pertains to the distribution operations of the Petitioner and in turn are extraneous to the present proceedings

Commission's View: The Commission has noted the suggestion and reply.

3.5 Provision of electrical connection to EV charger at petrol pump on the LT.

Petitioner's Response: At The petitioner has submitted that the above pertains to the distribution operations of the Petitioner and in turn are extraneous to the present proceedings.

Commission's View: The Commission has noted the submission.

3.6 Introduction for Special Electric Tariff Slab for Defense Establishment

The objector has requested for Special Electric Tariff slab for Defense Establishments

Petitioner's Response: The Petitioner has submitted that Section 62 of the Act provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, MES has been covered under HTMD-1 category as per tariff orders passed by this Hon'ble Commission for all past periods.

In this background, the Petitioner has continued the existing tariff structure which has been evolved over a period based on certain widely recognized best practices and in accordance with the legal framework. Hence, the Petitioner has suggested that there is no requirement of change.

Commission's View: the Commission has noted the suggestion and reply.

3.7 Implementation of Green Tariff in Gujarat and Representation submitted for Review

The objector has objected to the green tariff of Rs. 1.50 per unit and submitted that since CERC has not finalised the mechanism and procedure for the same, it should be rejected.

Petitioner's Response: At the outset, the Petitioner would like to submit that the Commission has determined the rate of green tariff of Rs. 1.50 per unit in the tariff order of FY 2023-24 vide case no. 2180/2023. The Petitioner has not proposed any change in the same. It may kindly be noted that this Green Tariff is optional and payable only if the Consumers demand supply of electricity only from RE sources.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.8 Automatic Pass through of FPPPA

The objector has referred to Petitioner's submission regarding automatic pass through of fuel surcharge adjustment and requested to the Commission to reject the same.

Petitioner's Response: In this regard, the Petitioner submitted that looking at the fluctuation in fuel cost, automatic pass through of 10 paise per unit is sufficient and in turn, same results into substantial backlog in recovery and additional burden on the end consumers.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.9 Verification of Revenue Gap with actual amount received:

The objector has requested for the verification of Revenue Gap with the actual amount received by the petitioner.

Petitioner's Response: The Petitioner has submitted that Rs. 129.12 Crore pertains to the recovery of Rs. 76.58 Crore and Rs. 52.54 Crore towards earlier years' approved Gap/ (Surplus) as per the Hon'ble Commission's orders dated 31st March, 2022 read with 1st April, 2023, respectively. Regarding details of previous years unrecovered gaps, it may kindly be noted that same are already part of the relevant tariff proceedings before the Hon'ble Commission.

Commission's View: The Commission has dealt with the same in this Order.

3.10 Demand of Rs. 0.26/unit for two years to recover cumulative loss is objected.

The objector has requested that the petitioner's request of Regulatory charges of Rs. 0.26/unit for two years to recover cumulative loss should not be entertained

Petitioner's Response: The Petitioner has submitted that it has claimed the carrying cost as per the provisions of the GERC MYT Regulations read with applicable APTEL judgments & GERC Orders

Commission's View: The net (gap)/surplus has been worked out by the Commission at the end of FY 2024-25.

3.11 APTEL/GERC impacts shall not be allowed before the final disposal and previous increase by Hon’ble Commission to not be treated as precedent

The objector has requested that APTEL/GERC impacts shall not be allowed before the final disposal of the matter, and the previous increase by Hon’ble Commission to not be treated as precedent.

Petitioner’s Response: The Petitioner has clarified that it will recover the APETL/GERC impacts through regulatory charges only upon final disposal of the matter.

Commission’s View: The Commission has noted the objection and response thereon by the Petitioner.

3.12 Devise appropriate policy/strategy for the issue of unrecovered gap.

The objector has requested to devise appropriate policy/strategy for the issue of unrecovered gap.

Petitioner’s Response: The Petitioner has submitted that the unrecovered gap of past years is considered based on the outcome of various petitions/appeals filed before the Hon'ble Commission and Hon'ble APTEL.

Commission’s View: The Commission has noted the objection and response thereon by the Petitioner.

3.13 Allowed temporary charges to be stopped after the recovery of such specific amount

The objector has requested that temporary charges should be stopped after the recovery of such specific amount.

Petitioner's Response: The Petitioner has submitted that it has proposed to recover the regulatory surcharge for recovery of a gap for two years starting from 1st April 2024 and upon completion of recovery of the gap, the same shall be discontinued. Difference in procurement cost should not be accepted for FY 2024-25

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.14 Interest on Security Deposit should be verified and audited

The objector has submitted that Interest on Security Deposit should be verified and audited.

Petitioner's Response: The Petitioner has submitted that interest on security deposit and interest on working capital are being computed as per the GERC MYT Regulations. For FY 2024-25, the interest rate on the security deposit considered is @6.75%; whereas the interest rate on working capital is considered @ 10.30% as per the prevailing rate read with the provisions of Tariff Regulations. It may further be noted that though there is an actual working capital requirement, based on methodology prescribed in the Regulations, the normative working capital works out to negative as receivables are considered of only one month as per the

Regulations in addition to netting of Consumers Security Deposit. Therefore, the Petitioner considered Interest on Working Capital as Nil.

Commission's View: The Commission has done prudence check while allowing interest on consumer security deposit.

3.15 Carry out Audit of Electricity Business of TPL

The objector has requested Hon'ble Commission to carry out audit of electricity business of TPL

Petitioner's Response: The Petitioner has submitted that it is conducting its operations as per the Regulations notified by the Hon'ble Commission. Further, the Petitioner has submitted that it prepares and maintains the accounts in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the same is duly verified by the Statutory Auditor of the Company. Therefore, the Petitioner submits that the suggestion is erroneous and without any basis.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.16 Projection of power Purchase Cost for next ten years is required

The objector has requested the petitioner to submit the projection of Power purchase cost of next ten years.

Petitioner's Response: The Petitioner has submitted that the requisite details of source wise power procurement from different sources with quantum and cost breakup are provided in Form-2 of the petition.

Further, the Petitioner has submitted that it carries out demand projections on a regular basis and based on the outcome enters into necessary arrangements for power purchase. Recently, the MOP has revised the trajectory of Renewable Power Purchase Obligation necessitating the obligated entity like the Petitioner to tie up more renewable power. Accordingly, the Petitioner has already tied up 450 MW of solar power on long-term basis and has initiated the tendering for tying up 300 MW wind-solar hybrid power. Basis the outcome of the tender, the Petitioner shall approach the Hon'ble Commission for the adoption of tariff. Thus, the Petitioner is making necessary long-term arrangements for power purchase while ensuring optimization of cost

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.17 Projection of Distribution loss of 4.41% is exorbitant

The objector has submitted that the Distribution loss of 4.41% for FY 2024-25 is exorbitant and should not be considered.

Petitioner's Response: The Petitioner has submitted that it has already furnished the detailed rationale for projecting a distribution loss of 4.41% for FY 2024-25 in its petition. It may be appreciated that the same is still one of the lowest in the Country. It may kindly be noted that the Surat license area is witnessing a sudden surge in the growth of the lab-grown diamond industry along with large-scale infrastructure projects. These factors clubbed with the migration of big industries would result in higher loading of the distribution network and higher technical losses. Hence, the Hon'ble Commission is requested to kindly approve the losses as proposed

Commission's View: The Commission has revisited the distribution loss targets for the utility and the same dealt under chapter 5 of this Order.

3.18 Objection to Higher Power Purchase Cost and detailed breakup of bilateral/exchange

The objector has requested the petitioner for detailed breakup of bilateral/exchange and rationale for higher power purchase cost.

Petitioner's Response: The Petitioner has submitted that it has projected the power purchase cost for FY 2024-25 based on likely market conditions and will make all efforts to optimize the power purchase cost.

Regarding details of the breakup for bilateral and power exchange, the Petitioner submits that it has proposed to enter into bilateral arrangements and Power Exchange for FY 2024-25 depending upon the availability of power and rates so as to optimize the power purchase cost while ascertaining the availability of power.

As Power Exchange and Bilateral Rates depend upon the market conditions i.e. Demand & Supply and Cost of Fuel, the Petitioner has considered the single rate of purchase of power from bilateral and power exchange at Rs. 5.97 per unit. The Petitioner will furnish the breakup of the actual cost of Power Exchange and Bilateral during the Truing up Exercise.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.19 Current mechanism for Sharing of gains to be reevaluated

The objector has requested to re-evaluate for the mechanism for sharing of gains.

Petitioner's Response: The Petitioner has submitted that the mechanism of sharing of gains/losses is notified by the Hon'ble Commission in the GERC MYT Regulations and applies to all licensees/regulated entities in the State.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.20 Landing cost of renewable energy at distribution point details should be submitted

The objector has requested for the details for the Landing cost of renewable energy at distribution point.

Petitioner's Response: The Petitioner submits that the actual landed cost of renewable energy of tied up source was Rs. 5.56 per unit for FY 2022-23, and said details are furnished in Form-2 of the petition. It may kindly be noted that at present, Renewable Energy Sources tied up are mainly Wind and Solar. However, due to the intermittency of its generation, the cost of making RE Power available on a 24x7 basis will need sourcing of power having RE Storage Solutions i.e. Battery or Pump Storage; which results in a substantially higher cost of RE Power.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.21 Payment of realistic rent to property owners

The objector has requested that payment of rent to property owner should be realistic.

Petitioner's Response: As per the provisions of the GERC Supply Code, the Petitioner submits that the consumer is required to provide suitable space free of cost for setting up a distribution transformer. Accordingly, the Petitioner sets up distribution transformers at consumers' premises wherever required and signs the necessary lease agreement at token rent. It may kindly be noted that the suggestion is contrary to the provisions of the supply code and therefore, the same cannot be considered. Without prejudice, it may kindly be noted that in any case, any increase in the rent will result in an increase in ARR of the Petitioner and turn reflect as increase in revenue gap/ tariff

Commission's View: The Commission has noted the objection and the response thereon by the Petitioner.

3.22 Higher Energy requirement from SUGEN and UNOSUGEN resulting in increase in FPPPA

The objector has objected to the Higher Energy requirement from SUGEN and UNOSUGEN, that subsequently leads to increase in FPPPA charges.

Petitioner's Response: The Petitioner has submitted that it has been making all efforts to optimize the power purchase cost while ascertaining the reliability and availability of power. In turn, the Petitioner has proposed to off-take power from its approved long-term sources including AMGEN, SUGEN/ UNOSUGEN, RE and balance energy from Short Term Markets. Further, it may kindly be noted that the per unit rate of long-term sources includes two components i.e., fixed charge and variable charge. While the fixed charge per unit in absolute terms remains the same, the per unit fixed cost varies with variation in offtake.

Regarding the increase in base FPPPA from Rs. 2.17 per unit to Rs. 3.37 per unit sought for FY 2024-25, it may kindly be noted that same is considered based on the estimates of power purchase cost for FY 2024-25. The Petitioner would like to clarify that it will not lead to any over-recovery in any case.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.23 Increase in HT charge from 3.25% to 3.50% should not be allowed and same should be based on actual cost

The objector has objected to the increase in HT charge from 3.25% to 3.50% and the same should be based on actual cost.

Petitioner's Response: The Petitioner submits that the Petitioner has proposed HT wheeling losses based on the overall distribution loss projected for the Surat supply area for FY 2024-25.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.24 Annual Accounts of the Petitioner need to be audited by CAG

The objector has alleged that the Petitioner has manipulated the Accounts and sought tariff increase and therefore the accounts need to be audited by CAG.

Petitioner's Response: In this regard, the Petitioner submitted that the Accounting Statements submitted by the Petitioner is prepared as per provisions of the Companies Act and in accordance with Accounting Standards duly verified by Statutory Auditors of the Company. Thus, the allegations are baseless and summarily rejected. Further, the Objector has also referred to the profit shown in the financial statement of the company in Q1 & Q2 of FY 2023-24. The Petitioner would like to state that the petition has been filed in line with the GERC (MYT) Regulations, 2016 under the provisions of the Electricity Act, 2003 for the Surat Distribution business. Thus, comparison of Company's Financial Statement with the present petition is erroneous.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.25 Power Procurement from sister company's concern at higher rates needs to be investigated

The objector has alleged that the Petitioner has procured power from its own sister concern at higher rates needs to investigated.

Petitioner's Response: In this regard, the Petitioner submitted that it has sourced power from all approved sources during FY 2022-23 and furnished the details. Further, the Petitioner would like to bring to the kind notice that there was substantial volatility in the Power Sector during FY 2022-23 owing to various aspects such as increase in the cost of fuel prices including availability of fuel. IN addition, due to the ongoing geo- political issues and increase in demand post COVID-19, the situation got further aggravated. In such circumstances, the Petitioner has made all efforts to optimize the power purchase cost while ensuring reliability of power in the license area.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.26 Increase in FPPPA from Rs. 0.80 per unit to Rs. 3.62 per unit needs to be investigated

The objector has referred to the increase in FPPPA charges from Rs. 0.80 per unit from June, 2016 to Rs. 3.62 per unit for January, 2024 and requested the Commission to investigate the same.

Petitioner's Response: In this regard, the Petitioner submitted that FPPPA is being levied as per the approved formula of the Hon'ble Commission. Further, the revenue recovered by the Petitioner by way of FPPPA is part of revenue to be considered in truing up. Hence, the reference given to FPPPA prevailing during FY 2016-17 and FY 2023-24 in isolation is erroneous and misleading. Further, the Petitioner would like to submit that fuel prices have increased manifold in last 6-8 Years owing to multiple factors.

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

3.27 Competitive tariff as per international benchmark in order to compete in the market

The Objector has referred to international electricity rates for industries being as low as Rs. 3 per unit in China due to which domestic industries are not able to compete and requested the Hon'ble Commission to peruse all details and do needful to provide power for industrial consumers at reasonable rates.

Petitioner's Response: In this regard, the Petitioner submitted that the observation of the Objector is erroneous since Surat is currently witnessing a sharp increase in demand due to the Lab Grown Diamond industry. And the reference of China and any other Country is extraneous to the present petition. The present petition has been filed as per the provisions of the GERC MYT Regulations. In turn, the Petitioner has arrived at cumulative gap and the recovery of such gap necessitates increase in tariff during FY 2024-25. However to avoid permanent increase in tariff,

Commission's View: The Commission has noted the objection and response thereon by the Petitioner.

Chapter 4: Truing-Up for FY 2022-23

4.1 Introduction

4.1.1 This chapter deals with the truing-up 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.

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 2022-23 to the tune of 3,692.01 MU against the sales approved by the Commission of 3,275.56 MU in the Tariff Order dated 31st March, 2022 as given in the Table below.

Table 4-1 Energy Sales for FY 2022-23 *(in MU)*

Category	Approved in Tariff Order	Actuals Claimed
RGP	819.76	821.75
Non-RGP	1,205.11	1,226.46
LTMD	873.66	1,033.31
HT	350.53	584.57
Others	26.49	25.12
DoE Units	-	0.79
Total Sales	**3,275.56**	**3,692.01**

4.2.2 The Petitioner has submitted that the actual sales in FY 2022-23 are higher than that approved in Tariff Order due to increase in demand due to reopening of economy post Covid-19 which has offset the adverse impact of solar rooftop whose installed capacity is about 68 MW as on 31st March, 2023. Based on above, the major reasons for deviation in category-wise sales are enumerated hereunder:

a) The actual sales for RGP category is marginally higher than the approved sales primarily due to growth in housing projects which has offset the adverse impact of solar rooftop.

b) The Non RGP & LTMD-II category comprise of sales from industrial and non-industrial consumers. The industrial consumers comprise of textile, diamond and embroidery segments whereas non-industrial consumers comprise of shops, showrooms and offices. During FY 2022-23, the actual sales for Non RGP and LTMD category are higher than approved primarily due to sharp increase in demand of diamond industries.

c) In HT category, the consumption is attributable to the industrial and commercial establishments, water works and pumping stations run by local authority, and temporary services. During FY 2022-23, the actual sales in HT industrial and commercial category is higher than the approved sales due to sharp increase in demand of diamond industries. In case of HT water works and pumping stations, the sales are higher due to enhancement of load in water work services. Similarly, sales were registered under HT-temporary services as well.

d) In the Other category which includes sales of GLP, Agriculture and LT temporary categories, during FY 2022-23, the actual sales are lower than approved mainly in GLP and Agriculture category.

4.2.3 The Petitioner has further submitted that the MYT Regulations, 2016 specifies that the variation in quantities of electricity supplied to the consumers is attributed as uncontrollable factor. Therefore, the Petitioner requests the Hon'ble Commission for the truing up of actual sales as shown in the table above.

Commission's Analysis:

4.2.4 The actual sales made by TPL-D (S) during FY 2022-23 are higher compared to the approved sales in the Tariff Order dated 31st March, 2022 mainly due to increase in demand due to reopening of economy post COVID-19 which has offset the adverse impact of solar rooftop. The total sales as submitted by the Petitioner have been verified, compared and confirmed with the sale of energy furnished in the mandatory Energy Audit Report submitted to BEE in compliance to BEE (Manner and Intervals for Conduct of Energy Audit in in Electricity Distribution Companies) Regulations, 2021.

4.2.5 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 3,692.01 MU for FY 2022-23.

4.3 Distribution Losses

4.3.1 TPL-D (S) has submitted that it has been making consistent efforts to contain the Distribution Losses in its license area. The Petitioner has further submitted that the losses are already at lower level and remains range-bound.

TABLE 4-2 DISTRIBUTION LOSSES FOR FY 2022-23 AS SUBMITTED BY TPL-D (S)

Category	Approved in Tariff Order	Actuals Claimed
Distribution Losses (%)	3.54%	3.17%

4.3.2 TPL–D (S) has submitted that the variation in the distribution loss compared to the approved value is to be considered accordingly.

Commission's Analysis:

4.3.3 The reduction in distribution losses in the licensed area has taken place due to modernization/improvement of the distribution network, augmentation of the old assets, etc. Substantial capitalisation of assets over a period of time and concentrated efforts of the Petitioner, which has resulted in reduction in transformation losses as well as line losses and ultimately overall Distribution Losses. The Distribution Losses as claimed by TPL-D (S) at 3.17% is approved for the purpose of true-up of FY 2022-23 after confirming the same as per mandatory Annual Energy Audit report. Any Gain/Loss on account of Distribution Losses is controllable as per the GERC (MYT) Regulations, 2016. The Commission accepts TPL-D (S)'s submission to treat the actual deviation in distribution losses i.e., 3.17% and approves the actual Distribution Losses of 3.17% for FY 2022-23 as controllable factor and share the gain accordingly.

4.4 Energy Requirement

Petitioner's Submission:

4.4.1 The Petitioner has submitted the actual energy requirement for Ahmedabad and Surat Licensee area based on the actual energy sales and the Transmission & Distribution Losses for FY 2022-23 as given in the table below:

TABLE 4-3 ENERGY REQUIREMENT FOR FY 2022-23 FOR TPL-D (S)

Particulars	Approved in Tariff Order	Actuals Claimed
Surat Supply Area		
Energy Sales (MU)	3,275.56	3,692.01
Distribution Loss (%)	3.54%	3.17%
Distribution Loss (MU)	120.21	121.05
Energy Input at Distribution Level (MU)	3,395.77	3,813.06
Transmission Loss (MU)	27.04	78.63
Energy Requirement – Surat (A)	3,422.81	3,891.69
Energy Requirement – Ahmedabad (B)	**8,248.65**	**8,726.96**
Total Energy Requirement – (A+B)	**11,671.46**	**12,618.66**

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 2022-23 along with energy requirement as per the Order dated 31.03.2022 has been examined and verified by the Commission. The Commission observed that there is an increase of 947.20 Mus in the energy requirement for TPL-D (S) and TPL–D (A) against the quantum of 11,671.46 MUs approved in the same order.

4.4.4 The actual energy requirement is higher than that approved in the Order due to increase energy sales. The actual energy requirement being the sum of energy sales, Transmission Losses and Distribution Losses, works out to 12,618.66 MUs for FY 2022-23.

4.4.5 The Commission accordingly approves the energy requirement at 12,618.66 MUs for truing up of FY 2022-23 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 Licensee 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 2022-23 FOR TPL-D(S) AND TPL-D(A) ***(IN MU)***

Particulars	Approved in Tariff Order	Actuals Claimed
TPL-G (APP)	2,558.69	2,566.87
SUGEN/UNOSUGEN	3,977.00	1,547.81
Bilateral/ Power Exchange	3,151.62	6,973.56
Renewables	1,984.15	1,216.53
Sub-total	11,671.46	12,304.77
Add: Sale of Surplus power/UI/wind setoff	-	313.89
Total	**11,671.46**	**12,618.66**

Renewable Power Purchase Obligation:

4.5.2 The Petitioner submits that Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulation, 2010 specifies the Renewable Power Purchase Obligation (RPPO). Subsequently, the Hon'ble GERC vide its notification no. 1 of 2022 dated 8th April, 2022 notified the GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022 specifying RPPO for FY 2022-23. TPL-D (S) has made all efforts to fulfil its RPPO.

4.5.3 The renewable energy requirement and renewable energy sourced and REC procured for FY 2022-23 is as under:

TABLE 4-5 RENEWABLE POWER PURCHASE OBLIGATION CLAIMED FOR FY 2022-23 (IN MU)

Particulars	Actual Claimed
Energy Requirement	12,618.66
RE Procurement	
Wind energy to be procured (@8.25%)	1,041.04
Solar energy to be procured (@8.00%)	1,009.49
Biomass/Bagasse/Others (@0.75%)	94.64
Total (17.00%)	2,145.17
Compliance (Non-Solar)	
Non-Solar	1,310.84
Non-Solar REC	2.11
Compliance (as % of Energy Requirement)	10.40%
Compliance (Solar energy)	
Solar	861.16
Solar-REC	-
Compliance (as % of Energy Requirement)	6.82%

4.5.1 The Petitioner submitted that they have approached the Commission in the matter of revision of minimum quantum of purchase (in %) from renewable energy sources for the year FY 2022-23 in accordance with the RPO Regulations.

Commission's Analysis:

4.5.2 The sources of power approved by the Commission in the Order dated 31.03.2022 are AMGEN, SUGEN, UNO SUGEN, Bilateral Sources, Power Exchange and Renewable Energy. The Commission had approved the total quantum of power purchase at 11,671.46 MUs for TPL-D (S) and TPL-D (A) combined for FY 2022-23 in the Order against which the Petitioner has purchased 12,618.66 MUs during FY 2022-23. On query regarding reconciliation of energy for FY 2022-23, the Petitioner has submitted the reconciliation of source-wise energy supplied to TPL with SEA report along with energy audit report for FY 2022-23 same vide additional details.

4.5.3 TPL-D has procured 1,547.81 MU from SUGEN/ UNOSUGEN which was less than power purchase considered from the source in the Power Purchase for FY 2022-23 in the Order and simultaneously increased the power purchase from Bilateral and Power exchange. On query regarding this, it has been submitted that the price of imported fuel has increased exorbitantly during FY 2022-23 due to geo-political instability including Russia-Ukraine war. In turn, schedule from intra-state long term sources (imported fuel based plants) has reduced drastically in the state of Gujarat due to its exorbitant fuel cost. In turn the cost of gas has increased substantially. Therefore, to optimize the power purchase cost, TPL has reduced the offtake from SUGEN & UNOSUGEN. However, due to substantial increase in imported fuel price, Gujarat DISCOMs also relied on the short term bilateral and collective market which has resulted into the congestion in the inter-state network. Hence, to ensure reliability of supply, TPL had to rely on power supply from Gas based generating station. Thus, TPL has made all efforts to optimize power purchase cost by observing need-based Gas consumption and purchase of cheaper short-term power to the extent feasible. Further, it has submitted that TPL has transferred the available domestic gas of UNOSUGEN to SUGEN to optimize the utilization of fuel. It has further submitted that the bifurcation of SUGEN and UNOSUGEN energy received during FY 2022-23 is as tabulated below:

Sources	Power Purchase (MU)
SUGEN	1,483.88
UNOSUGEN	63.93

Sources	Power Purchase (MU)
Total	**1,547.81**

4.5.4 The Commission during the prudence check, sought reconciliation of sale of surplus power / UI / Wind setoff of 313.89 MUs as per Form – 2 against which the Petitioner has submitted the details as given below.

Particulars	MU
UI	295.67
Sale through PX	(6.94)
Wind setoff	25.16
Total	313.89

4.5.5 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 GERC (Procurement of energy from Renewable Sources) (Third Amendment) Regulations, 2022 for FY 2022-23 are as follows:

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

Particulars	FY 2022-23
Solar	8.25%
Wind	8.00%
Hydro	0.00%
Others	0.75%

4.5.6 The Commission during the prudence check, sought details of source-wise bifurcation of renewable energy purchased during FY 2022-23, against which the Petitioner has submitted the details as given below.

Particulars	FY 2022-23	
	MUs	Tariff (Rs./kWh)
Wind		
TPL (Wind) - Lalpur	74.12	5.17
TPL (Jamanwada)	153.69	4.85
TPL (Nakhatrana)	272.40	4.88
TPL (Mahidad)	118.36	4.84
TPL (Mahuva)	132.06	4.77
CLP	76.61	3.33
Wind (Others)	13.09	3.03
Total Wind	**840.33**	**4.71**
Solar		
TSL - Solargen	84.47	10.94
GENSU	118.86	6.77
Kindle	78.47	10.01
Ananth Solar	1.74	11.79
Azure Power	2.50	10.57
GPCL	0.66	9.41
GPCB	0.01	9.47
AMC Solar	0.17	9.63
SMC	1.36	9.58
Solar rooftop	87.94	2.51
Total Solar	**376.20**	**7.45**

4.5.7 TPL-D has achieved 9.63% RPO related to Non-solar and 6.82% RPO related to Solar. There is shortfall in RPO pertaining to solar and non-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.

4.5.8 The Commission has considered the aforesaid aspects and accordingly approves the availability of energy during FY 2022-23 as shown in the Table below:

TABLE 4-7 APPROVED ENERGY AVAILABILITY (NET) FOR FY 2022-23 FOR TPL-D (S) AND TPL-D (A) *(IN MU)*

Particulars	Approved in Tariff Order	Approved by the Commission for truing-up
TPL-G (APP)	2,558.69	2,566.87
SUGEN/UNOSUGEN*	3,977.00	1,547.81
Bilateral/ Power Exchange	3,151.62	6,973.56
Renewables	1,984.15	1,216.53
Sub-total	11,671.46	12,304.77
Add: Sale of Surplus power/UI/wind setoff	-	313.89
Total	**11,671.46**	**12,618.66**

**Note- TPL-D has procured 1483.88 Mus and 63.93 Mus from SUGEN and UNOSUGEN respectively for TPL-D (A) & TPL-D (S) Areas during the period of FY 2022-23.*

4.6 Power Purchase Cost

Petitioner's Submission:

4.6.1 TPL-D (S) has submitted the actual power purchase cost for FY 2022-23 as provided in the Table below.

TABLE 4-8 POWER PURCHASE COST CLAIMED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in the Tariff Order	Actual Claimed
TPL-G (APP)	1,191.54	1,339.48
SUGEN/UNOSUGEN	2,371.43	2,314,42
Bilateral/ Power Exchange	1,260.65	4,162.97
Renewable Energy	873.94	676.62
Total Power Purchase Cost	**5,697.57**	**8,493.49**

4.6.2 The Petitioner has submitted that the variation in the power purchase cost from the approved power purchase cost in the 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. It may kindly be noted that during FY 2022-23, due to increase in demand consequent to reopening of economy post COVID-19, geopolitical situation like Russia-Ukraine war, extended monsoon impacting supply of domestic coal, there was sudden increase in prices of fuel and in turn higher rate of power on the power exchange. Further due to exorbitant increase in fuel price and consequent increase in power prices, the Central Government had to intervene to ensure availability of power supply.

4.6.3 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.

4.6.4 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. 2,619.46 Crore for FY 2022-23.

Commission's Analysis:

4.6.5 The Commission, in its Order had approved the power purchase plan for FY 2022-23 as per the details furnished by TPL in its Case No. 2034 of 2021 dated 31.03.2022.

4.6.6 The Commission had approved the quantum of power purchase at 11,671.46 MUs for FY 2022-23 in the Order against which TPL has purchased 12,618.66 MUs. The Commission has approved power purchase cost of Rs. 5,697.57 Crore for FY 2022-23 in the Order against which TPL has incurred Rs. 8,493.49 Crore. 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 30.84% of the total energy requirement. Accordingly, the Petitioner has allocated power purchase cost for Surat Supply area as Rs. 2619.46 Crore for FY 2022-23. It has been observed that there is discrepancy between the claiming of the power purchase cost for Surat Supply area as Rs. 2,619.46 Crore vis-à-vis the electric energy purchased as shown Rs. 2,598.02 Crore in segregated Audited Accounts for FY 2022-23. In this regard, it has submitted the reconciliation statement and further submitted that the Power purchase cost of AMGEN billed as per FPPPA is Rs. 1,340.03 Crore. Whereas, as per True up petition, it is Rs. 1,339.48 Crore. This difference of Rs. 0.56 Crore is considered in the petition. It has further submitted that Power Purchase Cost has been apportioned between Ahmedabad and Surat based on usage of power.

4.6.7 The Commission observes that the total power purchase cost has increased by Rs. 2,795.93 Crore for FY 2022-23 over that approved in the Order dated 31.03.2022. In response to query regarding this variance, the Petitioner attributed it to fluctuations in sales & distribution losses and actual rates vis-à-vis the base power purchase rate. Factors contributing to this variance include heightened demand following the reopening of the economy post COVID-19, geopolitical tensions such as the Russia-Ukraine conflict, prolonged monsoon affecting domestic coal supply, among others. Consequently, fuel prices and thereby power purchase rates have been affected. Nevertheless, the TPL has endeavored to optimize power purchase costs while ensuring reliability.

4.6.8 The Commission has considered the energy scheduled from TPL-G (APP) to the tune of 2,566.87 MU in energy availability of TPL-D, against which the actual net generation was to the tune of 2,564.98 MU. Therefore, the Commission accordingly, approves Rs. 1,338.05 Crore to be transferred in actual power purchase cost of TPL-D for FY 2022-23.

4.6.9 On query regarding bifurcation of SUGEN and UNOSUGEN power procurement and related costs during FY 2022-23, against which the Petitioner has submitted the details below:

Sources	Power Purchase (MU)	Fixed Cost (Rs. Crore)	Variable Cost	Landed Cost (Rs./kWh)
SUGEN	1,483.88	605.03	1,401.30	13.52
UNOSUGEN	63.93	228.54	79.55	48.19
Total	**1,547.81**	**833.56**	**1,480.85**	**14.95**

4.6.10 TPL-D has purchased power from SUGEN at a variable cost of Rs. 9.44/kWh as against Rs. 4.33/kWh approved by the Commission in the Order dated 31.03.2022. The generation cost from SUGEN plant has been mainly increased due to lower generation and prohibitive cost of Gas, PLL Use of Pay Charges and Ship or Pay Charges for deficiency in MMBTU towards GSPL.

4.6.11 TPL-D has procured power from UNOSUGEN at a variable rate of Rs. 12.44/kWh, significantly higher than the Rs. 3.27/kWh approved by the Commission in its Order dated 31.03.2022. On query regarding ascertaining of the landed price of power purchase including the fixed charges of UNOSUGEN not more than the prevailing landed market price for medium term power purchase during such periods, in this regard, the Petitioner submitted that as per the Para 27(c)(i) of the Order dated 19.06.2019, UNOSUGEN is required to take into account prevailing medium term power purchase cost while entering into FSA through International Competitive Bidding.

"(C) Fuel Supply Agreement:

(i) The Petitioner shall enter into FSAs with the fuel suppliers by inviting international competitive bids and ensuring that cost of fuel in the FSAs is such that the landed price of power purchase including the fixed charges as above for the ultimate consumers should not more than the prevailing landed market price for medium term power purchase during such periods.

(ii) In the absence of fuel, the availability of plant shall not be considered.

(iii) The Petitioner shall submit copies of the FSAs to the Commission as stated at para 22 above.

(iv) Once the domestic gas is available, the Petitioner shall endeavor to have a long term arrangement at affordable price with prior permission of the Commission"

4.6.12 It has further submitted that para 27(c)(i) read with Para 27(c)(iv) is with reference to entering into FSA for tying up LNG through Bidding process at competitive rate keeping in mind the mid-term power purchase cost as reference till the Domestic gas is available. During FY 22-23, UNOSUGEN has not entered into FSA as per Para 27(c)(i) as the prevailing LNG rate during FY 22-23 was exorbitantly high about 22-25 USD per MMBTU. TPL further submitted that the price of imported fuel (including Coal) has increased exorbitantly during FY 22-23 due to geo-political instability including Russia-

Ukraine war. In turn, availability from Intra-State long term sources (imported fuel-based plants) has reduced drastically in the State of Gujarat. As cascading impact, Gujarat Discoms also had to rely on the short term bilateral and collective market, despite their price being extremely high. In turn, TPL has made all efforts to optimize power purchase cost by observing only need-based Gas consumption to generate power from UNOSUGEN only upon issuance of Notice and thereafter insistence by SLDC to run the UNOSUGEN. Accordingly, during FY 22-23, Petitioner has scheduled power only for about 12-15 days on LNG from the preponed Cargo of SUGEN from FY 23-24 to FY 22-23 along with IOCL and domestic gas for ensuring grid stability and utilization of available fuel. The said Cargo was arranged at competitive Des rate of USD 7.26 per MMBTU resulting in net ECR Rs. 5.16/kwh.

4.6.13 As regards UNOSUGEN Power Purchase Cost shown in the Petition/Forms, Petitioner would like to submit that in Tariff Petition No 2033/2021 for approval of ARR for FY 22-23, the Petitioner has submitted as under:

> *"5.14 The energy sourcing is planned from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources including bilateral sources/power exchanges. The long term sources include TPL-G (APP) sources, SUGEN, UNOSUGEN and Renewable Energy sources. For long term sources of SUGEN / UNOSUGEN, TPL has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. Further, the Petitioner has also made necessary arrangements for Transportation of*

Gas with GSPL. At present, the Petitioner has estimated lower offtake from SUGEN/ UNOSUGEN due to higher gas cost. This might result in Use of Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. However, the Petitioner will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to Ship or Pay and Take or Pay charges, as may be feasible, while ensuring reliability of sources."

4.6.14 Based on above submission, the Petitioner has projected 4,396.93 MUs combined from SUGEN/UNOSUGEN. In turn, the Commission has noted the submission of Petitioner and approved 1,740.94 MUs from UNOSUGEN and 2236.06 MUs from SUGEN in the projections for FY 2022-23. As detailed hereinabove, due to extraordinary circumstances, LNG rate during FY 22-23 was exorbitantly high (i.e. 22-25 USD per MMBTU) and therefore, in overall consumers' interest, Petitioner has procured power from UNOSUGEN for very limited period. Details of Power Purchase for UNOSUGEN is as under:

Particulars	MU	Energy Charge (Rs. Crore)	Energy Rate (Rs./kWh)
Domestic Gas	8.79	7.07	8.03
Imported Gas (RLNG)	55.14	28.46	5.16

4.6.15 As seen above, energy rate of imported gas used for generation from UNOSUGEN is very competitive i.e., ECR@Rs. 5.16 per unit in comparison to alternate rate available in the market. Thus, considering the avoided cost, the petitioner has operated the plant to optimize the power purchase cost. Further, as mentioned above, due to lower generation, there was an implication in terms of UOP/SOP charges. Same included in the Energy Charges of Rs. 12.44/kWh shown in the Petition/Form. Details of the same is as under:

Particulars	UoM	Rs. Crore
Energy Charge	Rs. Crore	35.52
FFC Charge	Rs. Crore	3.92
UOP Charges	Rs. Crore	37.19
Compensation for Partial load factor as per Grid Code	Rs. Crore	2.93
Total Energy Charge Claimed in Petition	Rs. Crore	79.55
Energy from UNOSUGEN	MUs	63.93
ECR shown in Petition	Rs./kWh	12.44

4.6.16 Thus, TPL has optimized power purchase in consumer interest by purchase of power from other sources since the same was comparatively cheaper even after UOP/SOP charges. As regards, Capacity Charge, it has submitted that same is being allowed based on availability as per prevailing regulatory framework.

4.6.17 The Commission has noted the submission of the Petitioner. It is the fact that, the Commission vide case No. 1322 of 2013 dated 19.06.2019 accorded approval of the procurement for sourcing 278 MW of power from UNOSUGEN for its own requirement at regulated tariff with following stipulations;

27. In view of the foregoing, we accord approval for the procurement of 278 MW power from UNOSUGEN with the following stipulations:

(a) Period:

This approval of procurement of power of UNOSUGEN plant is for the balance life of 19 years of the plant as stated in para 23 above.

(b) Tariff:

(i) The energy charge of UNOSUGEN shall be at the Fuel Cost as per FSA to be executed by TPL by inviting international competitive bids as per para 25 above.

(ii) The Annual Fixed Charge of UNOSUGEN will be as determined by the CERC or Rs.

228 Crores p.a. (i.e. Rs. 1.10/unit) whichever is lower as referred in para 26 above.

(c) Fuel Supply Agreement:

(i) The Petitioner shall enter into FSAs with the fuel suppliers by inviting international competitive bids and ensuring that cost of fuel in the FSAs is such that the landed price of power purchase including the fixed charges as above for the ultimate consumers should not more than the prevailing landed market price for medium term power purchase during such periods.

(ii) In the absence of fuel, the availability of plant shall not be considered.

(iii) The Petitioner shall submit copies of the FSAs to the Commission as stated at para 22 above.

(iv) Once the domestic gas is available, the Petitioner shall endeavour to have a long term arrangement at affordable price with prior permission of the Commission.

4.6.18 On the perusal of the above stipulations, it has been specified in Clause 27 (c) (i) of the Commission's Order dtd. 19.06.2019 that the Petitioner shall enter into FSAs with the fuel suppliers by inviting international competitive bids and ensuring that cost of fuel in the FSAs is such a way that the landed price of power purchase comprising of fixed charges and variable charges as above for UNOSUGEN should not more than the prevailing landed market price for medium term power purchase inclusive of regional and state transmission charges and losses during such periods. Further, in Clause 27 (c) (ii) of the Commission's Order dtd. 19.06.2019 specifies that in the absence of fuel, the availability of plant shall not be considered. It has been observed that the availability of the UNOSUGEN plant for FY 2022-23 (cumulative up to March, 2023) has been 99.09%, which has been verified on the website of SLDC. It has been further observed that the Petitioner has procured 63.93 MU from UNOSUGEN during FY 2022-23, indicating a limited FSA with the fuel suppliers. The Petitioner has also submitted the details of breakup of power generated from UNOSUGEN by using domestic and RLNG gas as mentioned in the above para 4.6.14. Further, the Commission vide Case No. 2034/2021 Tariff Order dtd. 31.03.2022 had opined that the landed cost of UNOSUGEN should be in accordance with the Order in case no. 1322/2013. In light of the above, it is appropriate to rely on the Clause 27 (c) (i) of the Commission's Order dtd. 19.06.2019. So, in accordance with the aforesaid stipulation, it is appropriate to compare prevailing landed market price for medium term power purchase which is inclusive of regional and state transmission charges and losses with landed price of UNOSUGEN during FY 2022-23.

4.6.19 It has been found that the landed price of UNOSUGEN at Rs. 48.19 per Unit as shown in para 4.6.9 (inclusive of fixed charges, excluding transmission charges) significantly exceeds the prevailing market price for medium-term power procurement during FY 2022-23 i.e., @Rs. 5.479 per unit as submitted by the Petitioner in its additional submission, contravening the guidelines set forth in Case No. 1322 of 2013 dated 19.06.2019. Therefore, the Commission has decided to disallow the differential power purchase cost at the rate i.e., Rs. 42.71/kWh (Rs. 48.19/kWh – Rs. 5.479/kWh) for UNOSUGEN, as it does not comply with Clause 27 of Case No. 1322 of 2013 dated 19.06.2019.

4.6.20 The Commission has considered the power purchase quantity from UNOSUGEN at the rates prevailing market price for medium-term power procurement inclusive of regional and state transmission charges and losses during FY 2022-23 i.e., 63.93 MU @ Rs. 5.479/kWh, which works out to Rs. 35.03 Crore.

4.6.21 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. 7.09/kWh as submitted in Form 2. The Petitioner has also purchased power from bilateral sources at Rs. 4.96/kWh as submitted in Form 2. The Petitioner submitted that rate discovered in the tender issued for procuring power on short term basis through bilateral arrangement were in the range of Rs. 8.50 per unit to Rs. 10.00 per unit plus transmission charges which were substantially higher and to mitigate the situation, even the Ministry of Power intervened by mandating procurement of imported coal; whereas the CERC intervened by revising the ceiling rate, therefore, TPL has procured power from Power Exchange at comparatively cheaper rate in order to provide uninterrupted and reliable power while optimizing overall cost.

4.6.22 The Commission has specified the minimum RPO to be fulfilled by the Petitioner as per the GERC (RPO) Regulations. Regarding the procurement from the Renewable Sources by the Petitioner during FY 2022-23, it has procured at the rates of Rs. 4.71 per Unit and Rs. 7.45 per Unit respectively from the Wind and Solar sources.

4.6.23 The Commission has approved the power purchase cost for FY 2022-23 as given in the Table below:

TABLE 4-9 POWER PURCHASE COST CLAIMED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in the Tariff Order	Actual Claimed	Approved by Commission
TPL-G (APP)	1,191.54	1,339.48	1,338.05
SUGEN	1,574.09	2,006.33	2,006.33
UNOSUGEN	797.34	308.09	35.03
Bilateral	1,260.65	1,818.94	1,818.94
Power Exchange		2,344.04	2,344.04
Renewable Energy	873.94	676.62	676.62
Total Power Purchase Cost	**5,697.57**	**8,493.49**	**8,219.01**

4.6.24 Considering the approved power purchase cost of Rs. 8,219.01 Crore for the approved total energy procurement of 12,618.66 MUs, the per unit power purchase cost works out to Rs. 6.51/kWh for FY 2022-23.

4.6.25 The Commission has approved the energy requirement of TPL-D (S) license area at its periphery which is 3,891.68. Mus. The power purchase cost for TPL-D (S) license area based on the allocation of 30.84% is worked out as Rs. 2,534.80 Crore and accordingly approved the same for FY 2022-23.

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

Petitioner's Submission:

4.7.1 The variation in distribution losses has resulted in reduction in the energy requirement, which in turn has reduced the cost of power purchase. Accordingly, the reduction in power procurement cost due to lower distribution losses is treated as controllable.

4.7.2 For the purpose of calculation of gains on account of reduction in distribution loss, the loss level approved by the Commission in tariff order has been considered as base level by the Petitioner the gains due to reduction in distribution loss at Rs. 9.15 Crore. The calculation of gains on account of reduction in distribution loss is quantified as per the table below.

TABLE 4-10 GAIN DUE TO REDUCTION IN ENERGY REQUIREMENT FOR FY 2022-23 CLAIMED BY TPL-D (A) *(RS. CRORE)*

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	a	3,813.06
Energy Sales	MU	b	3,692.01
Wheeling Energy – OA/RE	MU	c	43.52
Total wheeled units	MU	d = b+c	3,735.53
Approved Distribution Loss	%	e	3.54%
Energy required at distribution level at approved loss	MU	f = d/(1-e)	3,872.62
Difference	MU	g = f-a-c	16.04
Units recovered as loss	MU	h	2.45
Reduction in Energy Requirement	MU	i = g-h	13.59
Average PPC	Rs./kWh	j	6.73
Savings	Rs. Crore	k = i*j/10	9.15

Commission's Analysis:

4.7.3 The Commission has approved distribution loss at 3.54% in the Order dated 31.03.2022 whereas TPL-D(S) has claimed the actual distribution loss at 3.17% for FY 2022-23. The Commission has worked out gain on account of reduction in distribution losses as shown in the Table below:

TABLE 4-11 GAIN DUE TO REDUCTION IN ENERGY REQUIREMENT FOR FY 2022-23 APPROVED BY COMMISSION *(RS. CRORE)*

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	a	3,813.06
Energy Sales	MU	b	3,692.01
Wheeling Energy – OA/RE	MU	c	43.52
Total wheeled units	MU	d = b+c	3,735.52
Approved Distribution Loss	%	e	3.54%
Energy required at distribution level at approved loss	MU	f = d/(1-e)	3,872.61
Difference	MU	g = f-a-c	16.04
Units recovered as loss	MU	h	2.45
Reduction in Energy Requirement	MU	i = g-h	13.59
Average PPC	Rs./kWh	j	6.51
Savings	Rs. Crore	k = i*j/10	8.85

4.7.4 The Commission, accordingly, approves the gain on account of reduction in distribution loss at Rs. 8.85 Crore during FY 2022-23 for truing up.

4.8 Operation & Maintenance (O&M) Expenses

Petitioner's Submission:

4.8.1 TPL-D (S) has claimed Rs. 137.66 Crore towards O&M expenses as against the total O&M expenses of Rs. 154.48 Crore approved for FY 2022-23 in the Tariff Order dated 31st March, 2022 as detailed in the Table below:

TABLE 4-12 O&M EXPENSES CLAIMED BY TPL-D (S) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
Operation & Maintenance Expenses	154.48	137.66

4.8.2 The Petitioner has submitted that the above O&M expenses does not include expense related to carrying out Solar Rooftop Power Plant implementation under SURYA scheme. The Petitioner has requested the Commission to consider the O&M expenses as controllable and allow gains/losses accordingly.

Commission's Analysis:

4.8.3 TPL-D (S) has submitted the actual O&M expenses at Rs. 137.66 Crore inclusive of impact of "Re-measurement of Defined Benefit Plans" of Rs. (2.83) Crore in the truing- up for FY 2022-23. It is observed that as per Annual Accounts the O&M Expenses are Rs. 142.92 Crore, whereas TPL-D (D) has claimed O&M Expenses of Rs. 137.66 Crore. The head-wise analysis is as under:

4.8.4 Employee Expenses: The Commission observed that the Employee expenses as per annual accounts are Rs. 60.56 Crore net of expenses capitalized of Rs. 33.06 Crore. The Petitioner has added commission to non-executive directors of Rs. 0.31 Crore (from A&G expense head) and deducted expense towards Re-measurement of Defined Benefit Plans of Rs. 2.83 Crore as appearing in P & L Statement.

4.8.5 It has been observed that the Petitioner has further deducted an amount of Rs. 0.67 Crore towards the cost of the Surya Gujarat Solar rooftop scheme in the employee cost. On query regarding this, the Petitioner has stated that as per the clause 5.2.1, 5.2.2 and 5.2.7 of the MNRE Guidelines dated 20.08.2019 on "Implementation of Phase — I l of Grid Connected Rooftop Solar Programme for achieving 40 GW capacity from Rooftop Solar by the year 2022", the Petitioner is required to treat incentive and expense separately from tariff exercise. It has further furnished the copy of the MNRE guideline dated 20.08.2019. Therefore, the Commission deducted the same amount from the employee cost as submitted by the Petitioner. Accordingly, the employee expenses are Rs. 57.37 Crore.

4.8.6 A&G Expenses: A&G expense as per annual accounts are Rs. 43.61 Crore net of expenses capitalized of Rs. 11.89 Crore. The Petitioner has claimed A&G expenses after reduction on account of Commission to Non-Executive Directors (Rs. 0.31 Crore), Bad Debts Written off-net (Rs. (0.26) Crore), insurance claim receipt NIL, Allowance of doubtful debts (Rs. 1.26 Crore), Advertisement Expenses (Rs. 0.06 Crore), Gardening Expenses (Rs. 0.61 Crore), DSM Expense (Rs. 0.15 Crore), and add lease payments (Rs. 0.06 Crore). On query regarding bifurcation of the miscellaneous expenses of Rs. 15.96 Crore under A&G expense, the Petitioner has submitted the detailed bifurcation as table below;

Particulars	Rs. Crore
Advertisement Expenses	0.45
Bill Distribution & Collection Expenses	0.87
Housekeeping Expenses	2.54
EHS Services	0.03
Training & Seminar Expense	0.20
Membership Fees	0.15
Communication Expense	0.45
Traveling Expenses	0.77
Bank Charges	0.07

Particulars	Rs. Crore
Road Instatement Charges	8.05
Administration & Supervision Charges	0.17
Technical Services	(0.73)
Demand Side Management Expenses	0.15
Other Miscellaneous Expenses	2.82
Total Miscellaneous Expenses	**15.96**

4.8.7 Since the Commission has considered Insurance Claim Receipt as a part of Non-Tariff Income amounting to Rs. NIL, the same has not been reduced from A&G expenses as per the approach adopted in previous Tariff Orders. Accordingly, the Commission approves the A&G expense of Rs. 41.54 Crore for FY 2022-23.

4.8.8 R&M Expenses: The Petitioner has claimed R & M expense of Rs. 38.75 Crore as per annual actual incurred duly verified by the Commission from Annual Audited Accounts. The Commission accordingly approves R & M expense of Rs. 38.75 Crore.

4.8.9 The Commission, accordingly, approves the O&M expenses of Rs. 137.66 Crore, for truing up of FY 2022-23.

4.8.10 Further as per Regulation 22 of the GERC (MYT) Regulations, 2016 the variation in O&M expenses is to be considered as controllable. Accordingly, as per the GERC (MYT) Regulations, 2016 Gain/(Losses) on account of O&M Expenses in the truing-up of FY 2022-23 is approved by the Commission as given in the table below:

TABLE 4-13 O&M EXPENSES AND GAINS / (LOSSES) APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable	Gains/(Losses) due to Uncontrollable
O&M Expenses	154.48	137.66	16.82	16.82	-

4.9 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission:

4.9.1 TPL-D (S) has claimed Rs. 180.16 Crore towards actual capital expenditure for FY 2022-23, as against Rs. 319.99 Crore approved in the Tariff Order dated 31st March, 2022. The main reason for variation in actual vis-à-vis approved capital expenditure is on account of deferred in capital expenditure for the work of 220kV EHV Line/Cable expenditure for Distributed Acoustic Sensing (DAS) systems was differed based on system requirements, capex for 66kV substation at Bhatena was differed to FY 2023-24 due to issue of land availability, lower quantum of meter requirement for installation and replacement than estimated, deferment of modernization of laboratory, rescheduling of Advanced Metering Infrastructure projects, rescheduling of expense towards network modification for metro rail and power supply center (PSC) at Ringroad (C). Summary of capital expenditure incurred during FY 2022-23 is tabulated as under;

TABLE 4-14 CAPITAL EXPENDITURE CLAIMED BY TPL-D (S) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
EHV	100.34	47.53
HT Network	53.49	52.98
LT Network	38.86	40.43
Special Projects	77.73	32.02

Particulars	Approved in Tariff Order	Claimed by Petitioner
Meter Management incl. AMI	35.00	3.54
Customer care	0.60	0.22
IT	4.91	0.70
Others	9.04	2.75
Total Cost	**319.99**	**180.16**

a) **EHV:** The Commission had approved the capital expenditure of Rs. 100.34 Crore for EHV. In this regard, the Petitioner has incurred the expenditure of Rs. 47.53 Crore. The details of same is as under:

- New 220kV EHV SS: Under the head of 220kV C-GIS commissioning, the Petitioner has incurred capex of Rs. 0.74 Crore towards firefighting system at C-GIS.
- 220kV EHV Line/Cable: During FY 2022-23, capex of Rs. 1.52 Crore was incurred primarily towards anti-corrosive painting on EHV tower. Balance expenditure for Distributed Acoustic Sensing (DAS) systems was differed based on system requirements.
- New 66kV Substation: the work for 66kV substation which was initiated at Katargam during FY 2021-22 was continued during FY 2022-23. Accordingly, Petitioner has incurred Rs. 32.26 Cr mainly towards civil work, 66 kV cable connectivity between FGIS (Dabholi) SS and Katargam SS and LILO (Line in Line out) of 66 kV cable connectivity. However, the capex for 66kV substation at Bhatena was differed to FY 2023-24 due to issue of land availability.
- Augmentation / Replacement of Power Transformer & ICT: Under this head, expenditure is incurred for Augmentation / Replacement of Power Transformer & ICT related to protection relay of Power Transformer. During FY 2022-23, Rs. 6.06 Crore has been incurred for Augmentation of Power Transformer capacity at K Substation (A K Road).
- Replacement & Renovation in existing EHV Substation: Capex of Rs. 5.19 Crore has been incurred towards replacement and renovation of various equipments at EHV sub-stations including 11kV VCB Panels at B Substation (Vastadevdi).

- Supporting Infrastructure: Under this head, expenditure is incurred towards various supporting infrastructure. During FY 2022-23, Rs. 1.74 Crore has been incurred towards automation & upgradation of system, testing & measuring equipments, etc.

b) **<u>HT Network:</u>** The Commission had approved the capital expenditure of Rs. 53.49 Crore for HT network. In turn, the actual expenditure incurred was Rs. 52.98 Crore. The details of actual capital expenditure and reason for variation are mainly on account of (i) More number of new distribution substations due to increase in demand for lab grown diamonds, (ii) Higher length of 11 kV HT Cable required against planned to cater the demand, (iii) Lesser number of application from HT customer, (iv) Higher requirement of Distribution Transformer upgradation and replacement based on loading condition, (v) Less number of Distribution Transformer & Switchgear replacement work.

c) **<u>LT Network:</u>** The Commission had approved the capital expenditure of Rs. 38.86 Crore for LT network. However, the actual expenditure was Rs. 40.43 Crore. Under this head, expenditure has been incurred towards releasing new connections/modification applications, LT network development and modification and replacement of deteriorated, aged and unsafe MSP.

d) **<u>Metering:</u>** The Commission had approved capital expenditure pertaining to Metering of Rs. 35.00 Crore. The details of actual capital expenditure and reason for variation are on account of (i) Lower quantum of meter requirement for installation and replacement than estimated, (ii) Deferment of modernisation of laboratory, and (iii) Rescheduling of Advanced Metering Infrastructure project.

e) **<u>Special Projects:</u>** The Hon'ble Commission had approved capital expenditure of Rs. 77.73 Crore pertaining to special projects. In this regard, the deviation in actual expenditure is due to rescheduling of expense towards network modification for metro rail and power supply center (PSC) at Ringroad (C). During FY 2022-23, expenditure of Rs. 32.02 Crore has been incurred towards civil and electrical works at Vastadevdi (B) PSC & Varachha (E) PSC.

f) **Others:** The Petitioner has incurred a capex of Rs. 0.70 Crore for hardware & software under the head of IT and communication. It has also incurred capex of Rs. 2.97 Crore primarily towards Civil Works at EHV SS, Dist. SS and Offices and fire safety measures alongwith office equipment.

4.9.2 TPL-D (S) has claimed actual capitalisation of Rs. 141.47 Crore for FY 2022-23, as against Rs. 199.40 Crore approved in Tariff Order as shown in table below;

Table 4-15 Capitalisation Claimed for FY 2022-23 *(Rs. Crore)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
Opening GFA	2,139.75	2,159.99
Addition to GFA	199.40	141.47
Deletion to GFA	-	13.30
Closing GFA	2,339.15	2,288.16
SLC addition	22.08	24.28

Commission's Analysis:

4.9.3 The Petitioner has claimed CAPEX of Rs. 180.16 Crore in truing-up of FY 2022-23, against the CAPEX of Rs, 319.99 Crore approved in Order for case No. 2034 of 2021 dated 31.03.2022. The Commission has observed that according to the audited annual accounts for FY 2022-23, the Capex is at Rs. 177.66 Crore as per Note 6 of the Audited Accounts under head "Additions during the year". The Petitioner has furnished the details of project-wise breakup of actual capitalization of Rs. 141.47 Crore with details of Opening CWIP as on 1st April 2022, CAPEX during the year and Closing CWIP as on 31st March 2023 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 Petitioner had already furnished the detailed project/scheme-wise explanation of the major capital expenditure incurred and capitalisation during FY 2022-23 as deliberated in its Petition and the same is not repeated here due to brevity. The Commission has carried out the detailed analysis of the CAPEX during the FY 2022-23 and capitalization against the approval of the Commission in Tariff Order as tabulated below;

TABLE 4-16 APPROVED CAPEX AND CAPITALIZATION FOR FY 2022-23 *(RS. CRORE)*

Project Title	Capex proposed for FY 2022-23 in Tariff Petition	Capex approved for FY 2022-23 in Tariff Order	Capex claimed and approved in truing up for FY 2022-23	Capitalisation proposed for FY 2022-23 in Tariff Petition	Capitalisation approved for FY 2022-23 in Tariff Order	Capitalisation claimed and approved in truing up for FY 2022-23	Difference approved & actual capitalisation for FY 2022-23
A	B	C	D	E	F	G	H=(F-G)
EHV Network	100.34	100.34	47.53	17.83	17.83	15.14	2.69
HT Network	53.49	53.49	52.98	53.49	53.49	52.61	0.88
LT Network	38.86	38.86	40.43	38.86	38.86	39.79	(0.93)
Special Projects	77.73	77.73	32.02	48.24	48.24	26.82	21.42
Meter Management incl. AMI	35.00	35.00	3.54	25.50	25.50	3.55	21.95
Customer care	0.60	0.60	0.22	0.60	0.60	0.22	0.38
IT	4.91	4.91	0.70	4.91	4.91	0.70	4.21
Others	9.04	9.04	2.75	9.97	9.97	2.64	7.33
Total	**319.99**	**319.99**	**180.16**	**199.40**	**199.40**	**141.47**	**57.93**

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 and metering. Against approved capital expenditure of Rs. 100.34 Crore for EHV works, the Petitioner has incurred capital expenditure of Rs. 47.53 Crore mainly towards civil work, 66kV cable connectivity between FGIS (Dabholi) SS and Katargam SS and LILO (Line in Line out) of 66kV cable connectivity. The major reason of deviation in EHV network due to deferred in capital expenditure for the work of 66kV substation at Bhatena due to issue of land availability. Capex relating to HT and LT network, the Petitioner has incurred Rs. 52.98 Crore and 40.43 Crore against the capex of Rs. 53.49 Crore and Rs. 38.86 Crore respectively, approved in Tariff Order, expenditure has been incurred mainly towards distribution transformer installations and higher length of 11kV HT cable due to increase in demand, transformer upgradation and replacement based on loading condition, LT customer application processing, LT network development and various network modification schemes.

4.9.7 Similarly, in respect of Metering, the CAPEX incurred to the tune of Rs. 3.54 Crore against the approved of Rs. 35.00 Crore in Tariff Order due to lower quantum of meter requirement for installation and replacement than estimated, deferment of modernization of laboratory and rescheduling of Advanced Metering Infrastructure project.

4.9.8 Similarly, in respect of Special Projects, the CAPEX incurred to the tune of Rs. 32.02 Crore against the approved of Rs. 103.30 Crore in Tariff Order due to rescheduling of expense towards network modification for metro rail and power supply center (PSC) at Ringroad (C).

4.9.9 The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 180.16 Crore during FY 2022-23. The Commission based on the audited annual accounts of FY 2022-23 has considered the opening CWIP, capex and capitalisation during the year and closing CWIP in true up for FY 2022-23 as given in the table below:

Table 4-17 CWIP approved in true up for FY 2022-23 for TPL-D (S) ***(Rs. Crore)***

Sr. No.	Particulars	Approved in Truing up
1	Opening CWIP	90.85
2	Capex during the year	180.16
3	Less: Capitalisation	141.47
4	Closing CWIP (1+2-3)	129.55

4.9.10 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.

4.9.11 Moreover, TPL-D (S) has also established and augmented various sub-stations at 66 kV cable connectivity, which has led to reduction in the Distribution losses.

4.9.12 The Commission has verified the energizations of the assets put to use during FY 2022-23 from the Certificate of energizations issued by the Chief Electrical Inspector which substantiates that the assets created through CAPEX have been put to service, which have been submitted by the Petitioner in its additional submission.

4.9.13 It has been observed that the Petitioner has claimed capitalisation of Rs. 141.47 Crore in truing-up of FY 2022-23, against the capitalisation of Rs. 199.40 Crore approved by the Commission in the Order dated 31.03.2022. It has been further 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.

4.9.14 The Commission has approved closing GFA at Rs. Rs. 2,159.99 Crore in the true-up for FY 2021-22 and the same is considered as opening GFA for FY 2022-23. The Commission has observed that according to the audited annual accounts for FY 2022-23, the capitalisation is at Rs. 141.47 Crore. The Petitioner has furnished details of asset wise capitalization in Form 4.2 which is depicted in the 4.16 table of this chapter.

4.9.15 TPL-D (S) has de-capitalised assets to the extent of Rs. 13.30 Crore during FY 2022-23. However, it is observed that deductions from GFA is at Rs. 8.99 Crore as per (Note 4.1) of the audited annual accounts for FY 2022-23. 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. 13.30 Crore and accordingly adjustments made to GFA in truing up for FY 2022-23.

4.9.16 The Commission accordingly approves the opening GFA, addition to GFA during the year and closing GFA for FY 2022-23 as tabulated below:

TABLE 4-18 APPROVED CAPITALISATION FOR FY 2022-23 *(RS. CRORE)*

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	2,159.99	2,159.99
Addition to GFA	141.47	141.47
Deletion to GFA	13.30	13.30
Closing GFA	2,288.16	2,288.16
Less: SLC Addition	24.28	24.28
Balance Capitalisation	117.19	117.19
Normative Debt @70%	*82.03*	*82.03*
Normative Equity @30%	*35.16*	*35.16*

4.10 Depreciation

Petitioner's Submission:

4.10.1 TPL-D (S) has claimed a sum of Rs. 73.61 Crore towards depreciation in the truing up for FY 2022-23 as against Rs. 76.53 Crore approved in the Tariff Order as shown in the Table below:

TABLE 4-19 DEPRECIATION CLAIMED BY TPL-D (S) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
Depreciation	76.53	73.61

4.10.2 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 1st April, 2009 onwards, the depreciation has been computed at the rates specified in the GERC Regulations. The Petitioner has submitted that depreciation is an uncontrollable item.

Commission's Analysis:

4.10.3 The Commission has considered the opening balance of GFA for FY 2022-23 equal to the closing balance of GFA for FY 2021-22 approved by the Commission. The details of opening GFA as on 1st April, 2022, addition to and deduction from the Gross Block during FY 2022-23 are elaborated in the previous sections.

4.10.4 The Commission has verified the depreciation from the annual accounts for FY 2022-23 and observed that depreciation as per annual accounts is Rs. 85.04 Crore. However, the Petitioner has claimed depreciation of Rs. 73.61 Crore in truing up for FY 2022-23. On query from the Commission, it has submitted that the depreciation has been claimed in accordance with the applicable regulations and as per the approved practice and the same is being certified by the Statutory Auditors in the Accounting Statement. Further, the Petitioner has also submitted the reconciliation of the depreciation as per petition vis-à-vis annual audited accounts as tabulated below:

Particulars	Claimed by Petitioner
Gross Depreciation as per Accounts	84.99
Less: Amortisation of deferred revenue	11.38
Net Depreciation as per Accounts	**73.61**
Total claimed in the Petition	**73.61**

4.10.5 Accordingly, the Commission has deducted an amount of Rs. 11.38 Crore on assets funded through service line contribution. The Commission, accordingly, approves the depreciation of Rs. 73.61 Crore for FY 2022-23. The deviation in depreciation as compared to approved in Order dated 31.03.2022 is considered as uncontrollable, as the depreciation is dependent on capitalisation. The Commission, accordingly, approves the gains/(losses) on account of depreciation for FY 2022-23, as tabulated below:

TABLE 4-20 DEPRECIATION AND GAINS/LOSSES APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Depreciation	76.53	73.61	2.92	2.92

4.11 Interest Expenses

Petitioner's Submission:

4.11.1 TPL-D (S) has claimed a sum of Rs. 26.43 Crore towards actual interest expenses in the truing up for FY 2022-23 as detailed in the Table below as against Rs. 28.29 Crore approved in the Order dated 31.03.2022. In addition, TPL-D (S) has claimed an amount of Rs. 0.31 Crore towards other borrowing costs.

TABLE 4-21 INTEREST AND FINANCE CHARGES CLAIMED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
Opening Balance	336.60	347.22
Less; reduction of normative loan due to retirement	-	(0.17)
Addition of Loan	124.12	82.03
Repayment during year	76.53	73.61
Closing Balance	384.20	355.81
Average Loan	360.40	351.52
Weighted average rate of interest (%)	7.85%	7.52%
Interest Expenses	28.29	26.43

Particulars	Approved in Tariff Order	Claimed by Petitioner
Other Borrowing Costs	-	0.31

4.11.2 The Petitioner submits that the MYT Regulations, 2016 provides for the calculation of interest expenses on normative basis considering the amount of depreciation of assets as the amount of repayment. The Petitioner has considered the interest expenses as per the MYT Regulations, 2016 on normative loans. Reduction of normative loan due to deduction in GFA is derived at Rs. (0.17) Crore after considering depreciation on account of deduction of Rs. 9.48 Crore and reduction in equity of Rs. 3.99 Crore. The Petitioner has calculated the interest expenses by applying Weighted Average Rate of interest of the actual loan portfolio of the Petitioner during the year on the loan component while repayment has been considered equal to the depreciation of the assets for the year.

Commission's Analysis:

4.11.3 The Commission has considered opening normative loan as on 01.04.2022 equal to the closing loan balance of Rs. 347.22 Crore approved in truing up FY 2021-22.

4.11.4 Addition to loan during FY 2022-23 is considered at Rs. 82.03 Crore as approved in earlier sections in accordance with the GERC MYT Regulations, 2016. The repayment is considered equivalent to depreciation as approved in the section of depreciation. The GERC (MYT) Regulations, 2016 provides for computation of interest on loan on normative basis on the opening balance of loan brought forward from the previous year's closing balance, capitalization and funding approved during the year. Further, the Petitioner has reduced normative loan due to deduction in GFA to the extent of Rs. 0.17 Crore after considering depreciation on account of deduction of Rs. 9.48 Crore.

4.11.5 As per first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing-up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Distribution Licensee shall be considered as the rate of interest.

4.11.6 Accordingly, the Commission sought information such as the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted vide additional submission. The Commission has considered the weighted average rate of interest at 7.52% equal to the interest rate claimed by the Petitioner for FY 2022-23.

4.11.7 On query regarding other borrowing cost, the Petitioner has submitted the detailed breakup of other borrowing cost vide its additional details as tabulated below;

Particulars	Rs. Crore
Other Borrowing Cost	0.13
Amortisation of borrowing costs	0.23
Total	**0.36**
Less:	
Amortisation of borrowing cost pertaining to FY 2015-16	0.05
Interest on SD & other account	-
Total	**0.31**

4.11.8 The Commission has duly verified the other borrowing cost from annual audited accounts for FY 2022-23 and accordingly approves the other borrowing cost of Rs.0.31 Crore. By considering above, the Commission has computed the Interest & Finance Charges for FY 2022-23, which is tabulated as below;

Table 4-22 Interest Approved by the Commission for FY 2022-23 *(Rs. Crore)*

Particulars	Claimed by Petitioner	Approved in Truing-Up
Opening Balance	347.22	347.22
Less: reduction of normative loan due to retirement	(0.17)	(0.17)
Addition of Loan	82.03	82.03
Repayment during year	73.61	73.61
Closing Balance	355.81	355.81
Average Loan	351.52	351.52
Weighted average rate of interest (%)	7.52%	7.52%
Interest Expenses	**26.43**	**26.43**
Other Borrowing Costs	0.31	0.31
Total Interest & Finance Charges	**26.74**	**26.74**

4.11.9 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.

4.11.10 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."

4.11.11 The Commission, accordingly, approves the gains/losses on account of interest and finance charges as uncontrollable for FY 2022-23, as tabulated below;

Table 4-23 Gains / (Losses) Approved for FY 2022-23 ***(Rs. Crore)***

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Interest & Finance Charges	28.29	26.74	1.55	1.55

4.12 Interest on Security Deposit

Petitioner's Submission:

4.12.1 The Petitioner has claimed Rs. 15.44 Crore towards interest on security deposit in truing-up for FY 2022-23 as against Rs. 15.01 Crore approved in the Tariff Order dated 31st March, 2022. The Commission in the Tariff Order had approved the interest on security deposit for the Petitioner considering 4.25% interest rate on the average estimated balance of security deposit for FY 2022-23.

4.12.2 The Petitioner has submitted the actual interest expense on security deposit considering the rate of interest of 4.25% paid to consumers based on Bank Rate is submitted in the Table below:

Table 4-24 Interest on Security Deposit claimed by TPL-D (S) for FY 2022-23 *(Rs. Crore)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
Interest Rate	4.25%	4.25%
Interest on Security Deposit	15.01	15.44

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. 15.44 Crore for FY 2022-23. The deviation of Rs. 0.43 Crore is considered as loss on account of uncontrollable factor as detailed in table below:

Table 4-25 Gains/Losses approved for FY 2022-23 *(Rs. Crore)*

Particulars	Approved in the Tariff Order	Approved in Truing-Up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Interest on Security Deposit	15.01	15.44	(0.43)	(0.43)

4.13 Interest on Working Capital

Petitioner's Submission:

4.13.1 The working capital requirement is arrived at as per the GERC (MYT) Regulations, 2016.

TABLE 4-26 INTEREST ON WORKING CAPITAL CLAIMED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed By Petitioner
O&M Expenses for 1 Month	12.87	11.47
1% of GFA for maintenance spares	21.40	21.60
Receivables for 1 month	172.40	238.79
Less: Security Deposit	353.26	384.90
Working Capital Requirement	-	-
Rate of Interest (%)	9.50%	10.30%
Interest on Working Capital	-	-

4.13.2 The Petitioner has submitted that the variation in working capital requirement is primarily on account of variation in actual receivables. Accordingly, the Petitioner has requested the Commission to approve the above-mentioned interest on working capital.

Commission's Analysis:

4.13.3 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.

4.13.4 TPL-D (S) has considered the working capital interest rate @ 10.30% per annum, being the weighted average 1-year MCLR prevailing during FY 2022-23 plus 250 basis points.

4.13.5 The regulations (read with amendment notification No.7 of 2016 dated 02.12.2016) specify the rate of interest to be allowed shall be the weighted average 1-year SBI MCLR plus 250 basis points (i.e. 2.50%). The Commission has verified the weighted average 1-year MCLR during FY 2022-23 from the

State Bank of India website which worked out to 7.80%. Accordingly, the rate of interest for computation of interest on working capital works out to 10.30% (7.80%+2.50%) and the same is adopted in truing up for FY 2022-23.

4.13.6 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 4-27 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Claimed By Petitioner	Approved By Commission
O&M Expenses for 1 Month	11.47	11.47
1% of GFA for maintenance spares	21.60	21.60
Receivables for 1 month	238.79	246.82
Less: Security Deposit	384.90	384.90
Working Capital Requirement	-	-
Rate of Interest (%)	10.30%	10.30%
Interest on Working Capital	-	-

4.13.7 As indicated above, the Commission, accordingly, approves the interest on working capital as NIL for FY 2022-23.

4.14 Return on Equity

Petitioner's Submission:

4.14.1 TPL-D(S) has claimed a sum of Rs. 104.19 Crore towards Return on Equity @14% in the truing-up of for FY 2022-23 as against the Rs. 105.19 Crore approved in the Order dated 31.03.2022 as detailed in the table below:

TABLE 4-28 RETURN ON EQUITY CLAIMED BY THE TPL -D (S) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed By Petitioner
Opening Equity	724.77	728.64
Equity Addition	53.20	35.16
Reduction in equity on account of retirement	-	3.99
Closing Equity	777.97	759.81
Return on Equity at beginning of year	*101.47*	*102.01*
Return on Equity addition during year	*3.72*	*2.18*
Total Return on Equity	105.19	104.19

4.14.2 TPL-D (S) has submitted that the closing balance of equity has been arrived at considering additional equity of 30% of the capitalisation during the year. The return on equity has been computed by applying a rate of 14% on the average of opening balance & closing balance of equity.

4.14.3 The Petitioner has requested the Commission to consider the variation in RoE as uncontrollable and allow the same for the purpose of truing-up.

Commission's Analysis:

4.14.4 The closing equity as on 31st March, 2022 approved in the Truing up order dated 31st March 2023 has been considered as the opening equity for FY 2022-23. During the year FY 2022-23, the net asset addition to GFA is at Rs. 117.19 Crore and the equity at 30% works out to Rs. 35.16 Crore. Further during the year deletion from GFA is at Rs. 13.30 Crore. Accordingly, reduction in equity is considered at Rs. 3.99 Crore being 30% of the asset reduction. Thus, net equity addition is considered at Rs. 31.17 Crore for FY 2022-23 in truing up.

4.14.5 The rate of return is considered at 14% as per the GERC (MYT) Regulations, 2016 to work out the Return on Equity as shown in the Table below:

TABLE 4-29 RETURN ON EQUITY APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Claimed By Petitioner	Approved for Truing-Up
Opening Equity	728.64	728.64
Equity Addition	35.16	35.16
Reduction in equity on account of retirement	3.99	3.99
Closing Equity	759.81	759.81
Return on Equity at beginning of year	*102.01*	*102.01*
Return on Equity addition during year	*2.18*	*2.18*
Total Return on Equity	104.19	104.19

4.14.1 The Commission, accordingly, approves the Return on Equity at Rs. 104.19 Crore in the truing up for FY 2022-23.

4.14.2 The Return on Equity depends on the amount of capitalization during the year and the debt to equity ratio considered during the Financial Year and these parameters are uncontrollable in nature. The variance in the amount of Return on Equity is therefore treated as an uncontrollable item.

4.14.3 The Commission, accordingly, approves the gains/(losses) on account of Return on Equity in the truing up for FY 2022-23 as detailed below.

TABLE 4-30 RETURN ON EQUITY AND GAINS/(LOSSES) APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Return on Equity	105.19	104.19	1.00	1.00

4.15 Income Tax

Petitioner's Submission:

4.15.1 TPL-D(S) has claimed Income Tax of Rs. 20.63 Crore based on the actual tax paid in proportion to the PBT of TPL-D(S) for FY 2022-23 against the approved of Rs. 35.95 Crore by Commission in its Tariff Order dated 31st March, 2022 based on the actuals tax paid in proportion to the PBT of TPL-D(S). Hence, the Petitioner has claimed income tax as per below.

TABLE 4-31 INCOME TAX CLAIMED FOR TPL-D (S) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed By Petitioner
Income Tax	35.95	20.63

Commission's Analysis:

4.15.2 The Commission had asked TPL-D (S) 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 submitted that being a single corporate entity, income tax is paid for the company as a whole along with copies of challan of income tax paid for the year. The Petitioner has computed the Income Tax by applying the ratio of PBT.

4.15.1 The Commission has verified the PBT figures from the annual accounts for FY 2022-23. The Petitioner has shown a PBT of Rs. 120.00 Crore including Re-measurement of Defined Benefit Plans. The PBT as per standalone financial statement of TPL (including Remeasurement of Defined Benefit Plans) is Rs. 2,942.50 Crore and the total tax paid by the Company as a whole is Rs. 506.68 Crore after deducting Rs. 4.56 Crore towards income tax refund (as submitted by the Petitioner in their additional submission vide e-mail dtd. 25.04.2024) and netting off MAT credit of Rs. 123 Crore. Accordingly, the tax rate works out to 17.22% which is lower than the MAT rate of 17.47%, thus, applying the effective tax rate on PBT of TPL-D(S), the tax paid works out to be Rs. 20.66 Crore after deducting Rs. 4.56 Crore towards income tax refund and netting off MAT credit of Rs. 123 Crore. The Commission, accordingly, approves the Income Tax at Rs. 20.66 Crore in the truing up for FY 2022-23. The Commission has treated the Income Tax as an uncontrollable expense and, accordingly, approves the gains/losses on account of Income Tax in the truing up for FY 2022-23, as detailed in the Table below:

TABLE 4-32 INCOME TAX AND GAINS/(LOSSES) APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Income Tax	35.95	20.66	15.29	15.29

4.16 Bad Debts Written Off

Petitioner's Submission:

4.16.1 The Commission in the order had approved the bad debts of Rs. 0.51 Crore for Ahmedabad supply area. The Petitioner has written off bad debts of Rs. 0.28 Crore during the year, as shown in the Table below.

TABLE 4-33 BAD DEBTS WRITTEN-OFF CLAIMED BY TPL-D (S) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed by Petitioner
Bed Debts written off	0.51	0.28

4.16.2 The GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable. Accordingly, the Petitioner has requested to consider the variation in bad debts written off in FY 2021-22 as controllable for sharing of gains/losses in line with the Regulations.

Commission's Analysis:

4.16.3 The Petitioner has claimed Rs. 0.28 Crore towards bad debts written off during FY 2022-23 against which the recovery of bad debts made is Rs. 0.55 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs.0.28 Crore minus Rs. 0.559 Crore) is Rs. (0.26) Crore. The Commission has verified the bad debt written off (net) from the Annual Accounts for FY 2022-23. The Commission, accordingly, approves the bad debts written off at Rs. 0.28 Crore for FY 2022-23. The deviation of Rs. 0.23 Crore in bad debts is considered as controllable factor. The Commission, accordingly, approves the gains/losses on account of bad debts for FY 2022-23 as detailed below:

TABLE 4-34 BAD DEBTS WRITTEN-OFF AND GAINS/(LOSSES) APPROVED FOR TRUING-UP FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable
Bad debts	0.51	0.28	0.23	0.28

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 2022-23.

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 2022-23.

TABLE 4-35 CONTINGENCY RESERVE AND GAINS/(LOSSES) APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Return on Equity	0.40	0.40	-	-

4.18 Non-Tariff Income

Petitioner's Submission:

4.18.1 The Commission had approved Non-Tariff Income of Rs. 18.43 Crore for FY 2022-23 in Tariff Order and the actual Non-Tariff Income considered is Rs. 21.18 Crore.

4.18.2 In the previous Control Period, the Petitioner 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.

4.18.3 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 therefore considered the entire variation in bad debts recovery in FY 2022-23 as uncontrollable for sharing of gains/losses in line with the Regulations. However, the Petitioner requests the Hon'ble Commission to revisit the provisions related to bad debts recovery & expenses.

TABLE 4-36 NON-TARIFF INCOME CLAIMED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Claimed By Petitioner
Non-Tariff Income	18.43	21.18

4.18.4 The Petitioner has submitted that the non-tariff income is uncontrollable and requested to allow variation in Non-Tariff Income as uncontrollable for the purpose of truing up.

Commission's Analysis:

4.18.5 The Non-Tariff Income is specified in Regulations 89 and 97 of the GERC (MYT) Regulations, 2016, which includes various items such as income from sale of scrap, income from statutory investment, interest on advances to supplier/contractor, etc. The Commission observes that the Non-Tariff Income claimed by the Petitioner for FY 2022-23 is Rs. 21.18 Crore. The Non-Tariff Income as per the Annual Accounts is Rs. 46.56 Crore. The Petitioner has reduced the Insurance Claim Receipt as NIL, Amortisation of Deferred Revenue

(Rs. 11.38 Crore) and Delayed payment surcharge (Rs. 3.89 Crore) and Incentive related Surya Gujarat Solar roof top Scheme amounting to Rs. 10.66 Crore. The Petitioner has included recovery from bad debts of Rs. 0.55 Crore in the Non-Tariff Income to arrive at claimed figure of Rs. 21.18 Crore.

4.18.6 On query regarding non-consideration of Incentive related Surya Gujarat Solar roof top Scheme amounting to Rs. 10.66 Crore, the Petitioner has submitted that as per the clause 5.2.1, 5.2.2 and 5.2.7 of the MNRE Guidelines dated 20.08.2019 on "Implementation of Phase — I l of Grid Connected Rooftop Solar Programme for achieving 40 GW capacity from Rooftop Solar by the year 2022", the Petitioner is required to treat incentive and expense separately from tariff exercise. It has further furnished the copy of the MNRE guideline dated 20.08.2019. on perusal of the aforesaid policy, it has observed that "as the incentive are proposed for various reasons mentioned in 5.2.1 and 5.2.2, the above incentives proposed may not be a part of tariff of Tariff Determination & Tariff Rationalization process of SERC/JERC."

4.18.7 Accordingly, the Commission has not considered an amount of Rs. 10.66 Crore towards Incentive related Surya Gujarat Solar roof top Scheme in FY 2022-23.

4.18.8 The Commission, accordingly, approves the Non-Tariff Income of Rs. 21.18 Crore for FY 2022-23 after appropriate treatment towards Insurance Claim receipt.

4.18.9 The Commission, accordingly, approves the gains/(losses) on account of Non-Tariff Income in the truing up for FY 2021-22 as detailed below:

TABLE 4-37 NON-TARIFF INCOME AND GAINS/(LOSSES) APPROVED FOR FY 2022-23 *(RS. CRORE)*

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Non-Tariff Income	18.43	21.18	(2.75)	(2.75)

4.19 Revenue from Sale of Power

Petitioner's Submission:

4.19.1 The Petitioner has submitted Rs. 2,865.48 Crore as revenue from sale of power in the truing up for FY 2022-23.

Commission's Analysis:

4.19.2 The Commission has observed that the revenue from sale of power is at Rs. 2,961.79 Crore as per the annual accounts for FY 2022-23. However, the Petitioner in Form 10 has depicted Rs. 2,865.48 Crore and accordingly the same is considered in the petition for truing up for FY 2022-23. On a query regarding this, it was stated that the revenue considered in the petition excludes the amount of Rs. 96.31 Crore considered on accrual basis in revenue from sale of electricity of the audited accounts. To substantiate this, it has further submitted a certificate of Statutory Auditor certifying the revenue for FY 2022-23.

4.19.3 The Petitioner vide letter dated 7th March, 2024, has stated that the recent geopolitical developments have led to reductions in the prices of coal and gas, with expectations for sustained lower pricing in the upcoming year. Additionally, prices observed at Power Exchange have softened in comparison to the previous quarters.

4.19.4 The Commission has noted their submission. It is to be noted that the Commission protects the interests of consumers as well as license while allowing the recovery of FPPPA charges on quarterly basis. There are instances where the Commission has allowed the past unrecovered FPPPA charges in the quarterly revision of FPPPA charges that means some of the unrecovered FPPPA charges of previous quarters which has been recovered from the consumers in the subsequent periods. Therefore, these unrecovered FPPPA charges gradually amortized or recovered from the consumers in future quarters. Hence, this leads to gradual increase in the recovery or in the income in the ensuing years.

4.19.5 The Commission verified the revenue from sale of power from the annual accounts for FY 2022-23 due diligently and considered the revenue from sale of power as reflecting in the Note 26 of the audited accounts for FY 2022-23 i.e. Rs. 2,961.79 Crore (excluding discount on prompt payment of bills). Further, the Commission noted that the Petitioner claimed total tax on this total revenue of Rs. 20.66 Crore in the section on Income Tax. The same was considered by the Commission based on the verification of the actual income tax challans submitted by the Petitioner for FY 2022-23. Accordingly, the Commission after thoughtful consideration, approved the revenue from sale of power at Rs. 2,961.79 Crore in the truing up for FY 2022-23 in accordance with the GERC (MYT) Regulations, 2016.

4.19.6 Therefore, the Commission has considered overall revenue from sale of power during FY 2022-23 to the tune of Rs. 2,961.79 Crore.

4.20 Gains/(Losses) under truing-up for FY 2022-23

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 2022-23 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 4-38 CONTROLLABLE & UNCONTROLLABLE VARIATIONS FOR FY 2022-23 CLAIMED *(RS. CRORE)*

Particulars	Tariff Order	Actual	Deviation	Controllable	Uncontrollable
Power Purchase	1,670.89	2,619.46	(948.57)	9.15	(957.72)
O&M Expense	154.48	137.66	16.82	16.82	-
Interest on Loans	28.29	26.74	1.55	-	1.55
Interest on Security Deposit	15.01	15.44	(0.43)	-	(0.43)
Interest on Working Capital	-	-	-	-	-
Depreciation	76.53	73.61	2.92	-	2.92
Bad Debts written off	0.51	0.28	0.23	0.23	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	105.19	104.19	1.00	-	1.00
Income Tax	35.95	20.63	15.32	-	15.32
Less: Non-Tariff Income	18.43	21.18	(2.75)	-	(2.75)
Net ARR	**2,068.83**	**2,977.23**	**(908.41)**	**26.19**	**(934.60)**

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 2022-23. The Commission has computed the gains/(losses) for FY 2022-23 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 Tariff, 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 4-39 ARR APPROVED IN RESPECT OF TPL-D (S) IN THE TRUING UP FOR FY 2022-23 *(RS. CRORE)*

Particulars	Tariff Order	Approved	Deviation	Controllable	Uncontrollable
Power Purchase	1,670.89	2,534.80	(863.91)	8.85	(872.76)
O&M Expense	154.48	137.66	16.82	16.82	-
Interest on Loans	28.29	26.74	1.55	-	1.55
Interest on Security Deposit	15.01	15.44	(0.43)	-	(0.43)
Interest on Working Capital	-	-	-	-	-
Depreciation	76.53	73.61	2.92	-	2.92
Bad Debts written off	0.51	0.28	0.23	0.23	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	105.19	104.19	1.00	-	1.00
Income Tax	35.95	20.66	15.29	-	15.29
Less: Non-Tariff Income	18.43	21.18	(2.75)	-	(2.75)
Net ARR	**2,068.83**	**2,892.60**	**(823.78)**	**25.90**	**(849.68)**

4.21 Sharing of Gains/Losses for FY 2022-23

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 2022-23 as claimed by TPL-D (S) and as approved by the Commission is summarized in the table below:

TABLE 4-40 APPROVED TRUED UP ARR INCL. GAINS/(LOSSES) FOR FY 2022-23 *(RS. CRORE)*

Particulars	Claimed by Petitioner	Approved by Commission
ARR as per Tariff	2,068.83	2,068.82
Gains/(Losses) due to Uncontrollable Factors	(934.60)	(849.68)
Gains/(Losses) due to Controllable Factors	26.19	25.90

Particulars	Claimed by Petitioner	Approved by Commission
Pass through as Tariff	925.87	841.05
ARR True-Up	**2,994.69**	**2,909.87**

4.21.1 The Petitioner has requested the Commission to consider an amount of Rs. 129.12 Crore as revenue gap towards earlier years, approved as per the Commission's Orders dated 31st March, 2022 read with 1st April, 2023.

4.21.2 On query regarding claiming of Rs. 129.12 Crore towards recovery of earlier gaps including carrying cost in the truing up of FY 2022-23, it has submitted that Rs. 76.58 Crore towards cumulative gap for FY 2020-21 as per Order dtd. 31.03.2022 and Rs. 52.54 Crore towards consequential impact as per order dtd. 01.04.2023 in Case No. 1765 of 2018 after adjustment amounting to Rs. 4.62 Crore.

4.21.3 It has further submitted that Rs. 52.54 Crore is consequential impact as per the Order dated 01.04.2023 in Case No. 1765 of 2018. The Commission noted that while dealing the case no. 1765 of 2018 vide Order dated 01.02.2023 it specified was that:

8.6. In this regard, the Petitioner relied upon the judgement in Appeal Nos. 264 of 2014, 173 of 2015 and 277 of 2015 dated 29.04.2022 in Punjab State Power Corporation Ltd.. Vs,. Punjab State Electricity Regulatory Commission passed by Hon'ble APTEL.

8.7. The relevant paragraphs of the said judgement are reproduced below:

"182. Without going into the arithmetic of carrying cost, we again reiterate our earlier decisions and decide the methodology for determining carrying cost.

There cannot be any dispute that carrying cost cannot be denied to the extent that certain amount which the Appellant incurred within the four corners of law and has not been granted / allowed earlier.

183. We have carefully noted the contentions of the Appellant and the Respondent Commission on the issue of carrying cost. The carrying cost within the legal provisions has to be allowed on truing up the revenue gap, it is a settled financial principle. Our reference attention has already been invited on judgment in Appeal No. 202 & 203 of 2010, need not to add that this Tribunal has allowed Review Petition filed by Reliance Infrastructure Ltd vide its order dated 02/01/2013 in Review Petition no. 13 of 2012 in Appeal No. 203 of 2010. Accordingly, the factual matrix is as under:

184. Accordingly, paragraphs 11.5 & 11.6 of the judgment dated 13.9.2012 may be amended to read as under:

"11.5. The utility is entitled to carrying cost on its claim of legitimate expenditure if the expenditure is:

i) accepted but recovery is deferred e.g. interest on regulatory assets,

ii) claim not approved within a reasonable time, and

iii) disallowed by the State Commission but subsequently allowed by the Superior authority.

iv) Revenue gap as a result of allowance of legitimate expenditure in the true up.

11.6. The State Commission shall decide the claim of the appellant on the above principles"

185. From perusal of rival contentions, we note that the Respondent Commission has allowed carrying cost for FY 2010-11 (351.23 Cr) and FY 2011-12 (119.69 Cr) during true up exercise and approved the same based on Audited accounts.

However, the recovery of same is allowed in FY 2014-15. Thus, we observe the issue in its implementation is delayed by years.

Therefore, it is important to deal the subject keeping in view such circumstances also where there is a delay in allowing the carrying cost resulting into under recovery, in the following paragraphs the methodology and principles for factoring the trued up Gap/(Surplus) and corresponding Carrying Cost are once again decided and laid down.

186. Regarding the treatment to be meted out to allow recovery of trued up gap of any year and corresponding carrying cost, the State Commission should add the trued up gap of FY 10-11 (for present Appeal) and carrying cost on the trued up gap for recovery of same in next tariff determination exercise. For example, if the true up of 2010-11 is carried out along with ARR of 2012-13, the trued up revenue gap of 2010-11 with carrying cost of 2 years (as recovery is deferred for 2 years) has to be added in the ARR of FY 2012-13. Thus, carrying cost along with Trued up gap of FY 2010-11 should get recovered during FY 2012-13. Accordingly, during truing up exercise of FY 2012-13, the trued up gap of FY 2010-11 and carrying cost allowed thereon should be added to ARR of FY 2012-13 to arrive at the correct Trued up gap/(surplus) of FY 2012-13. This addition of trued up gap of FY 2010- 11 and carrying cost allowed thereon is necessary as recovery of same happens through Revenue stream of tariff in FY 2012-13. Based on this methodology, trued up gap/ (surplus) arrived at is Trued up Gap/(Surplus) of FY 2013-14 and same is to be considered along with corresponding Carrying Cost for Tariff determination of FY 2015-16. Thus, over/ under recovery by way of tariff will get adjusted in subsequent period, The State Commission will have to consider this methodology and pass necessary consequential order according to above principles.

187. Regarding, the period for which carrying cost is to be allowed, we would also like to clarify that Carrying Cost is to be allowed for the period of delay i.e. from the date Revenue Gap has become due till the recovery of same is allowed by the Commission. As per well settled financial principle in catena of judgments, carrying cost is to be allowed to compensate the utility for such delayed recovery.

188. We decide the issue of carrying cost as detailed hereinabove, the Appeal is allowed, the State Commission is directed to revisit its order and issue reasonable order on the above principles."

4.21.4 The Commission has noted their submission. It's a fact that the Commission approved/considered Rs. 79.36 Crore as cumulative gap for FY 2020-21 along with an amount of (Rs. 2.78 Crore) carrying cost up to FY 2022-23, therefore, the net amount is worked out as Rs. 76.58 Crore which is cumulative gap for FY 2020-21 as per Order dtd. 31.03.2022.

4.21.5 On perusal of the Commission's Order in Case No. 1765 of 2018 dtd. 24.04.2019, the Petitioner claimed Rs. 57.16 Crore towards carrying cost against which Rs. 4.62 Crore was allowed. The Petitioner has considered Rs. 52.54 Crore as revenue gap towards earlier years in this Truing up exercise i.e. FY 2022-23 by referring the Commission's consequential Order dtd. 01.04.2023 in Case No. 1765 of 2018. In light of the above, the Commission decides that it is prudent to authorize Rs. 52.24 Crore in revenue for the retrieval of past years' expenditures, encompassing carrying costs in this Order. Further, in afore-said Order dtd. 01.04.2023, the Commission has opined that the Petition No. 1895 of 2020 related to rectification in computation of carrying cost for the FY 2013-14 and FY 2015-16 and the Review Petition No. 1973 of 2021 for the computation of carrying cost for FY

2019-20 are *in sub-judice*. The Commission has further noted in the afore-said Order that it will decide all the pending gap and/or carrying cost of previous years in the series of FY 2013-14, FY 2015-16, FY 2017-18, FY 2019-20 will be considered in ensuing truing up exercise in accordance with the Regulations. Therefore, it's essential to acknowledge that the specified amount of Rs. 52.24 Crore will achieve definitive status solely subsequent to the resolutions of Case No. 1895 of 2020 and Review Petition No. 1973 of 2021. Additionally, it will undergo reassessment during the truing-up process for future periods. Accordingly, the Commission considers this amount i.e. Rs. 52.54 Crore with above-mentioned conditions in this truing up exercise to arrive at (gap)/surplus for FY 2022-23.

4.21.6 The Commission has considered the revenue towards earlier recovery while computing the actual net revenue (gap)/surplus as mentioned -above for FY 2022-23 for the truing-up purpose as follows.

TABLE 4-41 RECOVERY OF EARLIER YEAR'S APPROVED (GAP)/SURPLUS (RS. CRORE)

Particulars	Claimed by Petitioner	Approved (Rs. Crore)
Trued-up ARR	**2,994.69**	**2,909.87**
Revenue from Sale of Power	2,865.48	2,961.79
Less: Revenue toward recovery of earlier year as per Tariff Order for FY 2022-23	129.12	76.58
Less: Revenue toward recovery of earlier year including Carrying cost	-	52.54
Balance Revenue	**2,736.36**	**2,832.67**
(Gap)/Surplus	**(258.33)**	**(77.20)**

4.21.7 The Commission, accordingly, considers the trued-up Revenue gap of Rs. 77.20 Crore for FY 2022-23 while determining the tariff for FY 2024-25.

Chapter 5: ARR and Tariff Determination for FY 2024-25

5.1 Introduction

5.1.1 The MYT Regulations, 2016 defines control period at Regulations 2 (17) by stipulating it to be from 1st April, 2016 to 31st March, 2021. The Regulation 1.2 of the MYT Regulations, 2016 provides that these Regulations shall remain in force till 31st March, 2021, unless otherwise reviewed/extended. The Commission, vide its Suo-Motu order dated 24th September, 2021 has directed the utilities to file the petition for truing up of FY 2020-21, ARR of FY 2022-23, and determination of tariff of FY 2022-23 as per the provisions of the MYT Regulations, 2016. Further, Commission vide its Suo-Motu order dated 20th October, 2022 has directed utilities to file the petition for truing up of FY 2021-22, ARR of FY 2023-24, and determination of tariff of FY 2023-24 as per the provisions of the MYT Regulations, 2016. Subsequently, Commission vide its Suo-Motu order dated 5th December, 2023 has directed utilities to file the petition for truing up of FY 2022-23, ARR of FY 2024-25, and determination of tariff of FY 2024-25 as per the provisions of the MYT Regulations, 2016. Accordingly, the Petitioner has arrived at the ARR for the FY 2024-25 by computing each of the components as per the Regulations and principles enunciated by the Commission in the MYT Regulations, 2016 and amended thereof.

5.2 Energy Sales to Consumers

5.2.1 It is necessary to have a category-wise energy sales projection for estimating the probable revenue from the sales and assess the quantum of power purchase. Realistic estimation of energy sales is, therefore, an important requirement. This section examines in detail the consumer category-wise sales projected by TPL in its petition for FY 2024-25 for approval of ARR.

Historical Data of Energy Sales

5.2.2 TPL has furnished the category wise historical data of sales as given in the table below.

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

Category	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
RGP	809.33	811.86	764.72	795.23	821.75
Non-RGP	1,209.29	1,204.16	850.31	1,161.20	1,226.46
LTMD	904.82	915.88	659.78	942.10	1,033.31
HT	325.47	326.95	307.70	416.07	584.57
Others	27.24	27.17	21.04	23.41	25.92
Total	**3,276.15**	**3,286.01**	**2,603.54**	**3,337.03**	**3,692.01**

Overall Approach to Sales Projections

5.2.3 TPL-D (S) has submitted that the licensed area of Surat is principally driven by major industrial segments namely textile, diamond and other allied industries while the growth in commercial and residential segments generally depends on the weather condition and development of colonies in certain pockets of the license area. While the historical trend of sales in Industrial segment has been downward in the license area, due to the sudden increase in demand from lab grown diamond industries, the sales in license area during FY 2024-25 is likely to be on higher side. As such this increase in demand is likely to be set off by the surge in solar rooftop installations witnessed in the later part of the 3rd control period. It may also be noted that post COVID-19 pandemic sales growth has normalized in line with pre-Covid period. Hence, for FY 2024-25, sales are estimated considering 7 Year CAGR (FY 2015-16 to FY 2022-23) over approved gross sales of FY 2023-24 for all categories except HT. In HT category, basis the current trend and expected applications, higher sales is forecasted over and above 7 Year CAGR. Additionally, sales in the Department of Energy (DOE) category have been excluded from these calculations to determine the CAGR figures.

Category-wise Projected Energy Sales for FY 2024-25

Residential (RGP)

Petitioner's Submission:

5.2.4 The category consists of Residential consumers and the sales have shown a increasing trend due to reopening of economy post COVID-19 lockdown and increasing housing projects.

5.2.5 The 7 Year CAGR considering FY 2022-23 as base and including the consumption through solar rooftop is 1.80%. The gross sales thus projected for FY 2024-25 is adjusted with estimated rooftop solar units of FY 2024-25 of 77.92 Mus to arrive at the net sales of FY 2024-25 to the tune of 821.78 MU.

Commission analysis:

5.2.6 The Commission considers the forecast made by the Petitioner and approves the sales to the residential category for FY 2024-25 as **821.78 MUs**.

Non-RGP Category

Petitioner's Submission:

5.2.7 The category consists of the industrial and non-industrial services, where industrial services comprise of textile, diamond & embroidery segments whereas non-industrial services comprise of shops, showrooms, offices, etc. TPL-D does not expect any incremental activity due to reduction in new commercial projects within the licensed area. However, post reopening of economy after COVID-19 slowdown, the sales of Non RGP category have been in line with past trends.

5.2.8 The 7 Year CAGR considering FY 2022-23 as base and including the consumption through solar rooftop is -0.24%. The gross sales thus projected for FY 2024-25 is adjusted with estimated rooftop solar units of FY 2024-25 of 0.87 Mus to arrive at the net sales of FY 2024-25 to the tune of 1,187.50 MU.

Commission analysis:

5.2.9 The Commission considers the forecast made by the Petitioner and approves the sales as submitted by the Petitioner at **1,187.50 MUs**.

Low Tension Maximum Demand (LTMD)

Petitioner's Submission:

5.2.10 This category includes sales contribution from industrial and non-industrial services. Further, industrial services comprise of textile, diamond & embroidery segments whereas non-industrial services comprise of shops, showrooms, offices, etc. In past, de-growth was witnessed in this category and same was aggravated by COVID-19 impact. However, due to the recent developments of implementation of lab grown diamond technology, the category is showing good growth.

5.2.11 The 7 Year CAGR considering FY 2022-23 as base and including the consumption through solar rooftop is 1.03%. The gross sales thus projected for FY 2024-25 is adjusted with estimated rooftop solar units of FY 2024-25 of 4.33 Mus to arrive at the net sales of FY 2024-25 to the tune of 969.20 MU.

Commission analysis:

5.2.12 The Commission considers the forecast made by the Petitioner and approves the sales as submitted by the Petitioner at **969.20 MUs**.

HT Maximum Demand

Petitioner's Submission:

5.2.13 The sales in the HTMD category is attributable to the textile, diamond industries, and commercial establishment in the HTMD – 1 category and water works and pumping stations run by local authority in the HTMD- 2 category. In past, de-growth was witnessed in this category and same was aggravated by addition in RE capacity and COVID-19 impact. However, due to the implementation of lab grown diamond technology, the category is showing higher growth.

5.2.14 Accordingly, sales for HTMD category is projected based on market trends and feedback from the industry. Further, the gross sales projected for FY 2024-25 is adjusted with estimated rooftop solar units of FY 2024-25 of 2.60 Mus to arrive at the net sales of FY 2024-25 to the tune of 958.59 MUs.

Commission analysis:

5.2.15 The Commission considers the forecast made by the Petitioner and approves the sales as submitted by the Petitioner at **958.59 MUs**.

Other Categories

Petitioner's Submission:

5.2.16 This category contains the sales to the GLP category, LTP (AG), and Temporary category alongwith LT EV sales. The sales for GLP category, LTP (AG), and Temporary category are likely to follow the past trends and being of very low proportion does not have major correction factors to be accounted for. The forecast for this category has been made using the individual 7 Year CAGR considering FY 2022-23 as base of each sub-category and including the consumption through solar rooftop. However, LT EV sales have been forecasted based on current trends.

5.2.17 Based on the above, the gross sales thus projected for FY 2024-25 is adjusted with estimated rooftop solar units of FY 2024-25 of 0.87 Mus to arrive at the net sales of FY 2024-25 to the tune of 25.44 MUs.

Commission analysis:

5.2.18 The Commission considers the forecast made by the Petitioner and approves the sales as submitted by the Petitioner at **25.44 MUs**.

Summary of Energy Sales

Petitioner's Submission:

5.2.19 The energy sales forecasted for FY 2024-25 in each of the categories as stated above. The Petitioner submits that the forecast of sales is based on realistic estimates and requests the Hon'ble Commission to approve the energy sales as proposed.

Commission analysis:

5.2.20 The Commission considers the forecast of energy sales of each category wise of consumers as made by the Petitioner. Accordingly, the energy sales for various categories are approved for FY 2024-25, which is shown in the table below;

TABLE 5-2 APPROVED ENERGY SALES FOR TPL-D (S) FOR FY 2024-25 *(IN MU)*

Category	Projected by Petitioner	Approved by Commission
RGP	821.78	821.78
Non-RGP	1,187.50	1,187.50
LTMD	969.20	969.20
HT	958.59	958.59
Others	25.44	25.44
Total Sales	**3,962.52**	**3,962.52**

5.3 Distribution Losses

5.3.1 The Petitioner submitted that the Ministry of Power has notified the Electricity (Second Amendment) Rules, 2023 on 26.07.2023 which inter-alia provides for Targets of AT&C Loss trajectory for FY 21-22 to FY 24-25 as agreed upon by the State and Central Government. In turn, MOP has notified the AT&C Loss trajectory for the Utilities of Gujarat. The same is as under:

State DISCOMs	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
UGVCL	7.35%	7.30%	7.25%	7.20%
DGVCL	8.00%	7.90%	7.80%	7.70%
MGVCL	10.81%	10.31%	9.81%	9.31%
PGVCL	18.22%	17.22%	16.22%	15.00%

5.3.2 It may be noted that the fixation of above targets was taken up subsequent to targets specified by the Hon'ble Commission for FY 23-24 vide order dated 31.03.2023 as under.

State DISCOMs	Approved Distribution Losses for FY 2023-24
UGVCL	7.00%
DGVCL	4.68%
MGVCL	9.00%
PGVCL	15.75%
TPL-D(A)	5.03%
TPL-D(S)	3.59%

5.3.3 Considering 100% collection efficiency, AT&C losses would be same as Distribution Loss. Thus, MOP has fixed the targets to encourage and incentivize the utilities to perform better.

5.3.4 In view of above, the Petitioner has considered the targets specified by the MOP for State owned Distribution Utilities in the Gujarat for estimating target for Ahmedabad License Area for FY 24-25. Since, details of actual losses are available for FY 22-23 for all the Govt Discoms, the Petitioner has worked out the margin given by MOP while specifying the Targets. The same is tabulated hereunder:

State DISCOMs	As per MoP Target	Actual	Differential
UGVCL	7.30%	5.23%	2.07%
DGVCL	7.90%	6.56%	1.34%
MGVCL	10.31%	7.95%	2.36%
PGVCL	17.22%	15.51%	1.71%

5.3.5 The Petitioner has considered minimum of margin given to the Govt DISCOM for FY 2022-23 (i.e. 1.34%) to arrive at target for Surat License Area for FY 2022-23. Thus, the Target of Distribution Loss for FY 22-23 works out to 4.51% for Surat License area on similar approach adopted for other Utilities of the State. Thereafter, the Petitioner has proposed trajectory by reduction of 0.05% per annum (as being considered by MOP for UGVCL having least approved losses) to arrive at the Target of 4.41% for TPL-D (S) for FY 2024-25. Accordingly, the Petitioner has estimated the Distribution loss of 4.41% for FY 2024-25.

Table 5-3 Distribution Losses for FY 2024-25 as submitted by TPL-D (S)

Category	Projected by Petitioner
Distribution Losses (%)	4.41%

Commission's Analysis:

5.3.6 The Commission notes the increase in projected distribution losses from the levels of FY 2022-23 as claimed by TPL and the reasons given thereof.

Table 5-4 Historical data for Distribution Loss of TPL-D (S)

Category	FY 2020-21	FY 2021-22	FY 2022-23
Sales (MU)	2,603.54	3,337.03	3,692.01
Distribution Loss (%)	4.06%	3.38%	3.17%
Distribution Loss (MU)	110.24	116.85	121.05
Energy Input at Distribution Level (MU)	2,713.77	3,453.89	3,813.06

5.3.7 The Commission observed that the Petitioner has projected distribution loss level of 4.41% for FY 2024-25 while determining its energy requirement. The Commission has reviewed the historical distribution losses. It has been observed that the distribution losses are in decreasing trend and it has already achieved a distribution loss level of 3.17% during FY 2022-23.

5.3.8 Therefore, in view of above, the Commission decides to consider the best of two distribution loss level from actuals @3.17% for FY 2022-23 and approved for FY 2023-24 @3.59%. Thus, the Commission approves distribution loss level at 3.17% of TPL-D (S) for FY 2024-25.

TABLE 5-5 DISTRIBUTION LOSSES APPROVED BY THE COMMISSION FOR FY 2024-25

Particulars	Projected by Petitioner	Approved by Commission
Distribution Loss	4.41%	3.17%

5.4 Energy Requirement Petitioner's Submission:

5.4.1 Based on the energy sales forecast, estimation of distribution loss and transmission loss, the total energy requirement for FY 2024-25 is estimated. The total energy requirement thus arrived is shown in the table below. 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 5-6 ENERGY REQUIREMENT FOR FY 2024-25 FOR TPL-D (S) *(IN MU)*

Particulars	Projected by Petitioner
Surat Supply Area	
Energy Sales (MU)	3,962.52

Particulars	Projected by Petitioner
Distribution Loss (%)	4.41%
Distribution Loss (MU)	183.00
Energy Input at Distribution Level (MU)	4,145.53
220kV/Transmission Loss (MU)	89.08
Energy Requirement of TPL-D (S)	4,234.60
Energy Requirement of TPL-D (A)	8,955.63
Energy Requirement of TPL-D	**13,190.24**

Commission's Analysis:

5.4.2 Based on the energy sales and the distribution losses approved by the Commission, the energy requirement is arrived at, as given in the table below. For projecting transmission losses, the Commission observes that TPL-D (S) has considered transmission losses on purchase from Bilateral and IEX. The Commission has considered the transmission loss percentage as 1.51% for Ahmedabad Supply area and 2.02% for Surat Supply Area as approved for FY 2022-23 respectively to arrive at Energy Requirement for FY 2024-25 as given in the table below;

TABLE 5-7 ENERGY REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2024-25

Particulars	Projected by Petitioner	Approved by Commission
Surat Supply Area		
Energy Sales (MU)	3,962.52	3,962.52
Distribution Loss (%)	4.41%	3.17%
Distribution Loss (MU)	183.00	129.92
Energy Input at Distribution Level (MU)	4,145.53	4,092.43
220kV/Transmission Loss (MU)	2.10%	2.02%
220kV/Transmission Loss (MU)	89.08	84.39
Energy Requirement of TPL-D (S)	4,234.60	4,176.82
Energy Requirement of TPL-D (A)	8,955.63	8,802.00
Energy Requirement of TPL-D	**13,190.24**	**12,978.83**

5.5 Energy Availability

Petitioner's Submission:

5.5.1 The energy sourcing is planned from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources including bilateral sources / power exchanges. The long term sources include TPL – G (APP) sources, SUGEN/ UNOSUGEN and Renewable Energy sources. For long term sources of SUGEN / UNOSUGEN, TPL has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. Further, the Petitioner has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated offtake from SUGEN/UNOSUGEN by giving due consideration to reliability of power and higher cost of gas. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. However, the Petitioner will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources.

5.5.2 The Hon'ble Commission has specified the Renewable Purchase Obligation (RPO) as per the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 read with the Amendment to the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010. Accordingly, the Petitioner has estimated the availability of renewable energy for FY 2024-25 from the tied-up capacities of RE Power.

5.5.3 The balance power would be sourced from short-term sources as and when required. Further, the Petitioner has planned to source the power for FY 2024-25 subject to technical minimum /must run criteria while ensuring reliability of power giving due consideration to optimisation of cost.

TABLE 5-8 ENERGY AVAILABILITY AS PROJECTED BY PETITIONER FOR FY 2024-25 *(IN MU)*

Particulars	Projected by Petitioner
TPL-G (APP)	2,510.25
SUGEN/UNOSUGEN	3,459.25
Bilateral/Power Exchange	4,862.08
Renewable Energy	2,358.65
Total	**13,190.24**

Commission's Analysis:

5.5.4 As per GERC (MYT) Regulation, 2016, 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 Energy Efficiency and DSM schemes.

5.5.5 TPL-D has projected power purchase requirement of 13,190.24 MUs whereas the Commission has approved 12,978.83 MUs based on the approved energy sales, transmission and distribution losses as mentioned in earlier sections. Accordingly, the quantum of energy purchase is regulated as detailed below.

5.5.6 The Commission has observed that the Petitioner has projected quantum of purchase from Wind and Solar Energy sources only @17.88% (2,358.65/13,190.23) MU for FY 2024-25, however, the Commission has considered @20.70% i.e., 2,686.62 MU (20.70%*12,978.83) as per GERC

(Procurement Energy from Renewable Sources) (Third Amendment) Regulations, 2022 for FY 2024-25 RPO targets and the incremental quantum of purchase from Renewable Energy sources has been net off against the energy scheduled from UNOSUGEN. No purchase of RECs has been considered in view of Gujarat being RE rich State and the prevailing low rates of renewable power discovered through competitive biddings.

5.5.7 The Commission has considered the quantum of energy availability from TPL–G (APP) as approved in the Order of TPL–G(APP), for FY 2024-25 in Petition No. 2322 of 2024.

5.5.8 For long term sources of SUGEN / UNOSUGEN, the Petitioner has submitted that it has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. It has further submitted that it has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated offtake from SUGEN/UNOSUGEN considering reliability of power and higher cost of gas. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. It has further submitted that it will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources.

5.5.9 On query regarding bifurcation of the power purchase from SUGEN and UNOSUGEN, the Petitioner has submitted the detailed break-up of power purchase quantum for FY 2024-25 as tabulated below:

Particulars	Quantum (MU)
SUGEN	2,609.94
UNOSUGEN	849.31
Total	**3,459.25**

5.5.10 As discussed above, the incremental quantum of purchase from Renewable Energy sources and the net reduction in energy requirement based on approved distribution loss targets for FY 2024-25 has been net off against the energy scheduled from UNOSUGEN.

5.5.11 The remaining required power purchase is considered from Power purchase from bilateral and power exchange are considered to match the Energy Balance.

5.5.12 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.

5.5.13 Based on the foregoing analysis, the Commission now approves the energy availability from various sources as follows:

TABLE 5-9 APPROVED ENERGY AVAILABILITY FOR FY 2024-25 FOR TPL-D *(IN MU)*

Particulars	Projected by Petitioner	Approved by Commission
TPL-G (APP)	2,510.25	2,510.25

Particulars	Projected by Petitioner	Approved by Commission
SUGEN	2,609.94	2,609.94
UNOSUGEN	849.31	309.94
Bilateral	4,862.08	4,862.08
Renewable Energy	2,358.65	2,686.62
Total	**13,190.24**	**12,978.83**

5.5.14 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, 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 and considering the current trends.

- **Renewable Power Purchase Cost**- The Petitioner has estimated the purchase of power from the tied-up capacity of renewable energy sources to fulfill the Renewable Power Purchase Obligation. Accordingly, the Petitioner has arrived at the renewable power purchase cost.

5.6.1 The Petitioner will exercise various options with due commercial prudence with respect to sourcing of power. The details of Power purchase for the control period are shown below:

TABLE 5-10 POWER PURCHASE COST PROJECTED BY TPL-D FY 2024-25 *(RS. CRORE)*

Particulars	Projected by Petitioner
TPL-G (APP)	1,347.21
SUGEN/UNOSUGEN	3,295.86
Bilateral/Power Exchange	2,902.66
Renewables Energy	996.71
GNA Charges	355.68
Total	**8,898.12**

Commission's Analysis:

5.6.2 Regarding the power purchase cost associated with renewable energy power, it has been observed that the Petitioner has submitted the details of tied up for Solar & Wind sources and considered the average of Procurement Rate as Rs. 4.23/kWh for 2,358.65 MUs for FY 2024-25. The Commission has considered the rate for procuring power from the renewable sources (Wind & Solar) as projected by the Petitioner and balance power i.e. 327.97 MUs (2,686.62 MUs-2,358.65 MUs) to meet RPO requirement also considered the recently discovered average cost of procurement from renewable source which works is to the tune of Rs. 4.00 per Unit. 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.

5.6.3 In case of procurement from TPL-G (APP), the same has been derived from the power generation cost as determined by the Commission for FY 2024-25 in Tariff Petition No. 2322 of 2024.

5.6.4 For long term sources of SUGEN / UNOSUGEN, the Petition has submitted that it has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. It has further submitted that it has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated offtake from SUGEN/UNOSUGEN considering reliability of power and higher cost gas. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. It has further submitted that it will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources. The Commission has noted their submission. It is fact that the tariff of SUGEN & UNOSUGEN (such as Capacity Charges and Operating Norms) has been determined by the CERC and the Commission has adopted the same and factored in the power procurement cost. The Power Purchase cost of SUGEN & UNOSUGEN consist of the fixed cost as well as variable cost. Regarding the fixed cost of SUGEN/ UNOSUGEN Plants, the Petitioner estimated a total cumulative capacity charge at Rs. 798.12 Crore.

5.6.5 On query regarding bifurcation of the power purchase cost from SUGEN and UNOSUGEN, the Petitioner has submitted the detailed break-up of power purchase quantum along with cost projected for FY 2024-25 as tabulated below:

Particulars	Quantum (MU)	Fixed Cost (Rs. Crore)	Variable Cost (Rs. Crore)	Total Cost (Rs. Crore)	Landed Cost (Rs./kWh)
SUGEN	2,609.94	570.12	1,971.03	2,541.15	9.74
UNOSUGEN	849.31	228.00	526.71	754.71	8.89
Total	**3,459.25**	**798.12**	**2,497.74**	**3,295.86**	**9.53**

5.6.6 It has been found that TPL has proposed variable charges of Rs 7.22/kWh as a weighted average cost of fuel combinedly for SUGEN and UNO SUGEN plant. However, the Commission has considered the variable charges at Rs 7.55/kWh and the Capacity Charges amounting to Rs. 570.12 Crore for SUGEN while estimating the Power Purchase costs for TPL-D (A) and TPL-D(S) licensee Areas for FY 2024-25.

5.6.7 The Commission has noted that the projected landed price of UNOSUGEN at Rs. 8.89 per Unit (inclusive of fixed charges, excluding transmission charges) significantly in the higher side. The Commission has considered Rs. 5.479 per Unit as landed prices for UNOSUGEN as the reference medium-term power procurement rate at the time of Truing up for FY 2022-23. Therefore, the Commission deems it appropriate to consider the reference medium term power procurement rate i.e. Rs. 5.479 per Unit for UNOSUGEN for FY 2024-25, thereby it will be in line with guidelines established in Case No. 1322 of 2013, dated June 19, 2019. Consequently, the Commission has opted to approve the power purchase cost at the rate of Rs. 5.479/kWh from UNOSUGEN, in accordance with Clause 27 of Case No. 1322 of 2013, dated June 19, 2019.

5.6.8 In light of the current supply and demand dynamics, alongside anticipated demand growth and the paramount objective of maintaining uninterrupted electricity supply for public welfare while upholding grid security, the Ministry of Power, through its Order dated April 12, 2024, has directed the utilization of operational capacity at Gas-Based Generating Stations (GBSs) under Section 11 of the Electricity Act 2003. This directive is effective from May 1, 2024, to June 30, 2024.

5.6.9 However, the Commission will allow the Power Purchase costs of SUGEN & UNO SUGEN in accordance with the CERC/GERC Orders and MoP Order dated 12.04.2024 at the time of Truing up exercises after prudence check.

5.6.10 In the above Table, it has been observed that the Commission has approved 4,862.08 Mus from the source of bilateral. The Commission has considered the procurement rate as Rs. 5.97 per Unit as per actuals of FY 2022-23 for bilateral/exchange while estimating the Power Purchase costs for TPL-D (A) and TPL-D(S) licensee Areas for FY 2024-25.

5.6.11 The Petitioner has considered an amount of Rs. 355.68 Crore towards GNA Charges for FY 2024-25 over and above the related costs for various sources. On query regarding the inclusion of GNA charges in power procurement cost for FY 2024-25, the Petitioner submitted that the CERC implemented the GNA regime under which, drawee entities can allocate GNA for periods exceeding

11 months, with source-agnostic quantum allowing flexibility in power sourcing. T-GNA provisions accommodate incremental requirements, available in blocks ranging from 1 to 11 months. GNA acquisition options include STU and direct ISTS connectivity. Following an assessment of Open Access from interstate sources, direct GNA bookings in ISTS have secured 800 MW for TPL-D(A) and 100 MW for TPL-D(S) until April 30, 2026, subject to periodic review. The Petitioner further submitted that the GUVNL has also secured GNA totaling approximately 11,000 MW as the implementation of GNA regulations and direct GNA bookings will mitigate intra-state transmission charges, aiding power sourcing during ISTS network constraints. Moreover, Gujarat's GNA charges are approximately Rs. 3,00,000/- per MW per month, resulting in GNA charges of Rs. 355.68 Crore for 988 MW for TPL-D. Incremental requirements will prompt consideration of T-GNA on a need basis.

5.6.12 It is to be noted that while allowing the bilateral power purchase cost for FY 2024-25, the Commission has considered the weighted average of actual rates for bilateral and power exchange of FY 2022-23 which are inclusive of transmission charges. Consequently, the Commission deems it appropriate to defer consideration of these charges until they actually occur. Accordingly, the Commission has decided against allowing any GNA charges in the current estimation of Power Purchase costs for TPL-D (A) and TPL-D(S) licensee Areas for FY 2024-25. However, this may be allowed on actual basis after prudence check.

5.6.13 Considering above, the total procurement cost for power from different sources for TPL-D during FY 2024-25 works out as given in the table below:

TABLE 5-11 APPROVED POWER PURCHASE COST OF TPL-D FOR FY 2024-25

Energy Sources	Projected by Petitioner (Rs. Crore)	Approved by Commission (Rs. Crore)
TPL-G (APP)	1,347.21	1,298.63
SUGEN	2,541.15	2,541.15
UNOSUGEN	754.71	169.82
Bilateral	2,902.66	2,902.50
Renewables Energy	996.71	1,127.90
GNA Charges	355.68	-
Total	**8,898.12**	**8,039.99**

5.6.14 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 the two cities. The following table depicts the power purchase cost of Surat area for FY 2024-25.

TABLE 5.12: APPROVED POWER PURCHASE COST FOR TPL-D (S) *(RS. CRORE)*

Energy Sources	Projected by Petitioner (Rs. Crore)	Approved by Commission (Rs. Crore)
Power Purchase Cost	2,856.66	2,587.42

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 2024-25 are as per the methodology specified in GERC MYT Regulations, 2016 by considering approved O&M expenses of last three years with FY 2021-22 as base year and escalating by 5.72% per annum.

TABLE 5-13 O&M EXPENSES CLAIMED BY OF TPL-D (S) FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed by Petitioner
Operation & Maintenance Expenses	155.27

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.

Commission's Analysis:

5.7.3 In line with the principles and methodology as provided in the GERC MYT Regulations, 2016, the Commission has projected O&M expenses based on the average of actual O&M expenses for the previous three years i.e., FY 2020-21 to FY 2022-23 escalated @5.72% to arrive at O&M expenses for FY 2024-25 at Rs. 155.27 Crore. Accordingly, the Commission approves Rs. 155.27 Crore of O&M Expenses for FY 2024-25.

5.8 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission:

5.8.1 The Petitioner highlights the development of Ahmedabad and Gandhinagar as commercial and service sector hubs, with electricity demand rising from 636 MW in FY 2016-17 to 742 MW in FY 2022-23, reflecting a 6-year CAGR of approximately 3%. The current load density of the Surat area stands at around 14 MW/sq.km and is expected to increase in the future due to urbanization.

This growth poses challenges in corridor availability for the creation of evacuation networks. Initiatives like Smart City projects, BRTS/Metro, and modern infrastructure necessitate a robust electrical network capable of handling substantial power with high reliability. The Petitioner plans to invest in capital expenditure to enhance and upgrade the distribution network to meet future load growth while ensuring power reliability, quality, and safety. This expenditure will also ensure compliance with various regulatory guidelines and standards. Planned capital expenditure includes expanding EHV network capacity, adding EHV & HV substations, enhancing LT network connectivity, implementing smart metering and customer service centers, and investing in automation and IT infrastructure.

5.8.2 TPL-D (S) has projected capital expenditure of Rs. 504.45 Crore for FY 2024-25 as per the details given in table below:

TABLE 5-14 CAPITAL EXPENDITURE PROJECTED BY TPL-D (S) FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed by Petitioner
EHV Network	269.16
HT Network	75.41
LT Network	49.39
Special Projects	42.68
Meter Management	55.37
Customer care	1.30
IT	3.43
Others	7.71
Total Cost	**504.45**

5.8.3 The details of major capital expenditure for FY 2024-25 as submitted by the Petitioner is as following:

a) EHV:

In ARR Petition for FY 2023-24, the Petitioner extensively outlined the rapid urbanization of Surat city, leading to a significant surge in system demand, notably fueled by the adoption of lab-grown diamond technology. Anticipating a continued rise in load density in the Surat license area and the potential for further horizontal and vertical expansion, TPL-D acknowledges the evolving landscape. Despite the increasing deployment of solar rooftop systems, which may temper sales and peak demand growth, there remains a pressing need to enhance the distribution network's capacity to manage the anticipated power quantum while upholding reliability and redundancy standards.

Against this backdrop, TPL-D has proposed a 220 kV connectivity with GETCO during the 3rd Multi-Year Tariff (MYT) Control Period, a plan preliminarily sanctioned by the Commission. As the finalization of this scheme with GETCO is pending, capital expenditure for FY 2024-25 has not been factored in.

Furthermore, TPL-D has been consistently expanding the existing distribution network to meet current demands. However, factors such as network aging, optimal loading thresholds, increased demand driven by the lab-grown diamond industry, challenging physical terrain, and stringent reliability criteria have strained the network. Thus, there's a critical need to reinforce, modernize, and revamp the Extra High Voltage (EHV) network.

- **220kV EHV Line/Cable:** During FY 2024-25, to ensure reliable power supply as per n-1 criteria and ensuring contingency, capex is proposed to be incurred towards preparatory work for additional 220 kV line connectivity between F-GIS SS and PUNA SS.

- **New 66kV 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 during FY 2024-25. Additionally, for Bhathena substation, land has been procured and civil work shall be carried out during FY 2024-25. Further, w.r.t the new 66 kV Substations proposed at Vastadevdi and AK Road, respectively, land procurement has been completed during FY 2023-24 and civil work shall be carried out during FY 2024-25. In addition to the above, considering the estimated load of lab grown diamond, growth in nearby industrial areas, and reliability of existing substations at Varachha (E), A K Road (K) and Anjana(G), one 66/11 kV substation is proposed at Varachha Road. The proposed substation shall be fed from 220/66kV Puna Sub-station. The Petitioner proposes to carry out land procurement for substation during FY 2024-25.
- **New 66kV Consumers:** Considering the infrastructure developments in the license area like METRO, the Petitioner has estimated requirement for new 66 kV consumer.
- **Additional 66kV Connectivity:** Additional 66kV connectivity has been proposed between existing and New 66 kV SS to cater future load growth, maintain N-1 capacity, and fulfill reliability.
- **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, and frequent breakdown.

- **Additional/Augmentation/Replacement of ICT & Power Transformer:** Based on projected loading and n-1 criteria, transformation capacity enhancement is planned during FY 2024-25 as additional 220/66 kV ICT at Puna SS which has been deferred from FY 2023-24 to FY 2024-25 to match the requirement and Capacity enhancement (25 to 40 MVA) of 66/11 kV power transformer at Causeway (F2) SS.
- **Supporting infrastructure for EHV Network:** Major cost involved in this head pertains to ABT and SCADA system replacement, MRI, RF amplifier & modem, Load Manager, RTU, Panel, Network Switches, UPS & UPS battery, Testing and measuring equipment.

The summary of expenditure planned for the above-described items is provided in the table below:

All Figures in Rs. Crore	FY 2024-25
EHV Network	
220kV EHV Line/Cable	0.61
New 66kV EHV SS	200.56
New 66kV Consumers	12.00
Additional 66kV Connectivity	9.29
Additional/Augmentation/Replacement of ICT & Power Transformer	27.69
Replacement & Renovation in existing EHV SS	6.96
Supporting Infrastructure – EHV	12.05
Total	**269.16**

b) HT:

- **11kV 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 serve network, and enhancement of load transfer flexibility. During FY 2024-25, major activity shall be regarding laying of cable to create ring main between F2 (Causeway - 66 kV) SS and B (Vastadevdi – 66 kV) SS, Puna (66 kV) SS and Gayatri Nagar area through 11 kV feeders to mitigate sudden load growth of Diamond industries and other future load growth. It will also relieve the loading of B & E stations.

- **Replacement/ Shifting of HT network:** Based on aging of existing PILC network, infrastructure projects like BRTS/smart city work proposed by local authority including METRO, 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, to reduce the restoration time and enhance customer satisfaction. It enables effective load management of 11 kV feeders. During FY 2024-25, the Petitioner has proposed distribution automation of 50 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. This also involves the development of necessary network by laying new 11 kV cable and installation of switchgear/breaker/LT panels.

- **New HT consumers:** Based on the expected number of new HT consumers, the Petitioner has proposed expenditure for releasing HT connections during FY 2024-25.
- **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 2024-25. Further, based on internal physical condition, test results, such distribution transformers are proposed to be replaced.
- **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.
- **Reactive Power Compensation:** In order to maintain power factor and to reduce export kVAr in system, it is proposed to install Automatic Power Factor Correction Panels (APFC).

- **<u>Supporting Infrastructure:</u>** This includes expenses related to replacement / new requirement of Meter Reading Instrument, Earth Tester, Power Quality analyzer, Cable identifier / Cable nailing hydraulic tools, insulation measurement equipment and other Testing / Measuring equipment.

The summary of expenditure planned for the above described items is provided in the table below:

All Figures in Rs. Crore	FY 2024-25
HT Network	
11 kV HT network development & modification	16.31
Replacement/ Shifting of HT network	1.22
Distribution substation automation	4.45
New Distribution substations	25.85
New HT consumers	7.87
Additional/ Augmentation/ Replacement of DT	9.89
Installation/ Replacement of 11 kV switchgear/ Panel/ breaker for Safety	0.74
DSS Asset strengthening for Safety	7.98
Reactive Power Compensation	0.68
Supporting Infrastructure-HT	0.42
Total	**75.41**

c) LT network:

- **<u>New Connection/Load Extension:</u>** The LT capital expenditure is planned to provide network for the last mile connectivity as well as for maintaining "ready to serve" network. The capex is proposed based on expected applications for new connection and extension/reduction.
- **<u>LT Network development & modification:</u>** 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/ METRO, etc.

- **Replacement of MSP/Meter Boxes 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 (Mini Section Pillar) and Meter Box (MB) which are found in critical condition will be replaced/ renovated. This will also include revamping of unsafe and deteriorated Meter boxes/services which are found susceptible to fire/repeated faults.
- **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.
- **Supporting Infrastructure:** This includes expenses on replacement/new requirement of LT Cable fault locator, Insulation resistance tester, Earthing resistance meter and other Testing/Measuring equipment.

The summary of expenditure planned for the above-described items is provided in the table below:

All Figures in Rs. Crore	FY 2024-25
LT Network	
New connection/ Load extension	20.21
LT network development & modification	14.07
Replacement of MSP / MB for Safety & Reliability	12.92
Earthing of LT assets for Safety	1.89
Supporting Infrastructure -LT	0.30
Total	**49.39**

d) Special Project:

- **Infrastructure development of PSC and Offices:** The Power Supply Centre (PSC) have been proposed to enhance customer services for attending complaints, releasing connections, approaching consumer's request etc. Strategically, it is decided to establish PSC in TPL's existing premises at B & C stations by creating space through redesigning existing infrastructure. The PSC and other office buildings will be established with state-of-the-art infrastructure facilities. During FY 2024-25, major capex is proposed to be incurred towards PSC at C station.
- **Battery Energy Storage System (BESS):** The Ministry of Power has prescribed the long-term trajectory for Renewable Energy (RE). The issue of intermittency of RE power has impact on the grid as well as overall power purchase cost. As per the MOP Rules, Discoms can set up BESS to accommodate the impact of RE including the Rooftop Solar. Accordingly, the Petitioner proposes to initiate the pilot project on BESS with 3 MW capacity. Based on the experience gained from such pilot project, the Petitioner shall plan necessary BESS for its license area.

The summary of expenditure planned for the above-described items is provided in the table below:

All Figures in Rs. Crore	FY 2024-25
Special Project	
Infrastructure development of PSC and Offices	29.68
Battery Energy Storage System (BESS)	13.00
Total	**42.68**

e) Meter Management:

- Metering system is an important facet of any electricity distribution utility. Capital expenditure is planned for purchasing Meters, CT/Seals etc. for the following activities:
    - Meters for providing new electric connections/modification of load, etc.
    - Meters for replacing defective energy meters.
    - Meters for replacing old electromechanical meters in a phased manner.
    - Meters for replacing static electronic meters which are vulnerable to theft.

  It is submitted that capex for Metering includes capex for installation of smart meters in compliance to the CEA Metering Regulations and MOP Rules alongwith capex for tools/instruments for meter management.

  Further, in order to ensure implementation of smart meters to comply with the requirement of the Ministry of Power notification, capex is also required to be incurred towards creating Advanced Metering Infrastructure. It may also be noted that implementation of smart meter will also necessitate additional O&M expenses to meet with communication, IT infrastructure requirements, etc.

The summary of expenditure planned for the above-described items is provided in the table below:

All Figures in Rs. Crore	FY 2024-25
Meter Management	55.37

f) Customer Service

- During FY 2024-25, capex is proposed to be incurred for Testing and Measuring equipments including 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. The summary of expenditure to be incurred is provided as below:

All Figures in Rs. Crore	FY 2024-25
Customer care	1.30

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. The summary of expenditure to be incurred is provided as below.

All Figures in Rs. Crore	FY 2024-25
IT & related expenditure	3.43

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.
- Material Handling Equipment, 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.

- Provision for procurement/replacement/ upgradation of other supporting assets like Air-conditioning System, Water purifiers, OHC equipments, etc.
- CCTV Surveillance system along with IT set-up to enhance safety of premises, strengthening security at all stations, provision for new / replacement / upgradation of other supporting assets/vehicles, etc.

The summary of expenditure planned for the above-described items is provided in the table below:

All Figures in Rs. Crore	FY 2024-25
Others	7.71

Commission's Analysis:

5.8.4 The Petitioner has projected CAPEX of Rs. 504.45 Crore for FY 2024-25 as detailed in the earlier sections. The Petitioner has furnished the project/work-wise justification for the CAPEX projected for FY 2024-25.

5.8.5 The Commission opines that in order to meet the load growth, system demand and to provide reliable quality supply has provisionally approved the CAPEX for FY 2024-25 as projected by the Petitioner as Rs. 504.45 Crore.

5.9 Capitalization and Gross Fixed Assets

Petitioner's Submission:

5.9.1 TPL-D (S) has submitted that it will capitalize assets of Rs. 411.21 Crore in FY 2024-25 and furnished the project/work-wise details of capitalization in form 4.3 to the Petition.

Table 5-15 Capitalisation Projected for FY 2024-25 *(Rs. Crore)*

Particulars	Claimed by Petitioner
Opening GFA	2,527.07
Addition to GFA	411.21
Deletion to GFA	-
Closing GFA	2,938.28
SLC addition	23.22

Commission's Analysis:

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

Table 5-16 Projected CAPEX, capitalisation by TPL-D(S) for FY 2024-25 *(Rs. Crore)*

Project Code	Capitalisation Projected by Petitioner
EHV	
220 kV EHV Line / Cable	0.61
New 66 kV EHV SS	139.66
New 66 kV EHV Consumers	12.00
Additional 66 KV Connectivity	9.29
Additional / Augmentation / Replacement of Power Transformer & ICT	29.44
Replacement & Renovation in existing EHV SS	6.96
Supporting Infrastructure - EHV	20.15
Sub-Total	**218.10**
HT	
11 kV HT Network Development & Modification	16.31
Replacement / Shifting of HT Network	1.22
Distribution substation automation	4.45
New Distribution Substations	25.85
New HT Consumers	7.87
Additional / Augmentation / Replacement of Dist. Transformers	9.89
Installation / Replacement of 11 kV S/Gear / LT Panel / Breaker and Acc. for Safety	0.74
DSS Asset strengthening for Safety	7.98

Project Code	Capitalisation Projected by Petitioner
Reactive Power compensation	0.68
Supporting Infrastructure - HT	0.42
Sub-Total	**75.41**
LT	
New Connections / Load Extension	20.21
LT Network Development & Modification	14.07
Replacement of MSP / MB for Safety & Reliability	12.92
Earthing Reactivation of LT assets for Safety	1.89
Support Infrastructure - LT	0.30
Sub-Total	**49.39**
Special Projects	
Battery Energy Storage System	-
Infrastructure development for PSC & Other office	-
Sub-Total	**-**
Other Support Functions	-
Meter Management	55.37
Customer Care	1.30
IT & related expenditure	3.43
Grand Total	**411.21**

5.9.3 The Commission has observed (from Form 4.3) that the Petitioner has proposed capitalisation of around 81.52% of the projected CAPEX for FY 2024-25. The CAPEX and capitalisation projected include installation of new substations schemes which have gestation period of around 1~2 years from the day of planning to CoD/ asset capitalised. To balancing the interest of the consumer and the distribution utility, Commission is of the view that it is appropriate to consider the ratio of the average Capitalization vis-à-vis Capital Expenditure last true up years. Accordingly, The Commission has worked out the average capitalization over approved CAPEX for last four years i.e., from FY 2019-20 to FY 2022-23 works out to 74.17%. Accordingly, for FY 2024-25 the Commission approves capitalization of Rs. 374.17 Crore (504.45*74.17%).

5.9.4 The Commission has approved closing GFA at Rs. 2,288.16 Crore in true up for FY 2022-23 and the same is considered as opening GFA for FY 2023-24. Further, the Commission has considered capitalisation of Rs. 357.29 Crore as approved in Tariff Order dated 31.03.2023 for FY 2023-24 and arrived at the closing GFA for FY 2023-24 at Rs. 2,645.45 Crore and the same is considered as opening GFA for FY 2024-25. The Commission has further considered the SLC addition as projected by the Petitioner.

5.9.5 The Commission in terms of the GERC (MYT) Regulations, 2016 has approved the funding of capitalisation for normative debt-equity. The Commission, as deliberated above has considered the opening GFA, additions during the year and closing GFA for FY 2024-25 as given in the table below:

TABLE 5-17 CAPEX AND CAPITALISATION APPROVED BY COMMISSION FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	2,527.07	2,645.45
Addition to GFA	411.21	374.17
Deletion from GFA	-	-
Closing GFA	2,938.28	3,019.62
Less: SLC Addition	23.22	23.22
Balance Capitalization	387.99	350.94
Normative Debt @70%	271.59	245.66
Normative Equity @30%	116.40	105.28

5.10 Depreciation

Petitioner's Submission:

5.10.1 The Petitioner submits that, the depreciation rates as per the CERC (Terms & Conditions of Tariff) Regulation, 2004 is applied on the opening GFA of FY

2009-10 and for addition of assets from 1st April 2009 onwards depreciation has been computed at the rates specified in the GERC Regulations. TPL-D (S) has projected Rs. 96.03 Crore towards depreciation for FY 2024-25.

Commission's Analysis:

5.10.2 The Commission has approved the opening value of depreciable GFA at as discussed in the earlier sections. The GFA is further updated with the capitalisation approved for FY 2024-25 to compute the depreciation.

5.10.3 The Commission has considered the rate of depreciation on assets and SLC as submitted by the petitioner. The computation of Depreciation as given in the table below:

TABLE 5-18 DEPRECIATION APPROVED FOR FY 2024-25 *(RS. CRORE)*

Particulars	Approved by Commission
Opening value of GFA	2,645.45
Additions during year	374.17
Closing GFA	3,019.62
Average Depreciable Assets	2,832.53
Wt. Avg. Rate of Dep.	3.81%
Depreciation	108.00
Depreciation created out of SLC	13.25
Depreciation allowed	94.75

5.10.4 The Commission approves the depreciation for FY 2024-25 as shown in the above Table.

5.11 Interest Expenses

Petitioner's Submission:

5.11.1 The Petitioner has submitted that interest is calculated on normative loans in terms of the GERC (MYT) Regulations, 2016 by applying estimated interest rate of 8.55%, while repayment has been considered equal to the depreciation of the assets for the year.

TABLE 5-19 INTEREST AND FINANCE CHARGES PROJECTED FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed by Petitioner
Opening Balance	423.75
Loan addition during year	271.59
Repayment during year	96.03
Closing Balance	599.31
Average Loan	511.53
Weighted average rate of interest (%)	8.55%
Interest Expenses	43.74

Commission's Analysis:

5.11.2 The Commission has approved the normative closing loan balance at Rs. 355.81 Crore in truing up for FY 2022-23 and the same is considered as opening loan for FY 2023-24. The addition to loan is further updated with the normative loan based on capitalisation approved for FY 2023-24 in the Order dated 31.03.2023, which is Rs. 236.87 Crore and also adjustment of Repayment in FY 2023-24, arrived at the closing Loan for FY 2023-24 at Rs. 505.24 Crore and the same is considered as opening Loan for FY 2024-25.

5.11.3 The rate of interest is considered as per the actuals of FY 2022-23, which is approved in this Order and accordingly computed the interest on loan for FY 2024-25 as given in the table below:

Table 5-20 Interest Approved by the Commission for FY 2024-25 *(Rs. Crore)*

Particulars	Claimed by Petitioner	Approved by Commission
Opening Balance	423.75	505.24
Addition of Loan	271.59	245.66
Repayment during year	96.03	94.75
Closing Balance	599.31	656.15
Average Loan	511.53	580.69
Weighted average rate of interest (%)	8.55%	7.52%
Interest Expenses	43.74	43.66

5.11.4 In view of the above, the Commission approves the Interest Expenses for FY 2024-25 as Rs 43.66 Crore.

5.12 Interest on Security Deposit

Petitioner's Submission:

5.12.1 The Petitioner has estimated the interest on security deposit for the year considering the interest rate of 6.75% on the average of opening balances and closing balance of security deposit for the Ahmedabad supply area. The addition has been projected on the basis of trend observed in the supply area.

Commission's Analysis:

5.12.2 The Commission considers and approves the interest on security deposit of Rs. 31.65 Crore as projected by the Petitioner for FY 2024-25.

5.13 Interest on Working Capital

Petitioner's Submission:

5.13.1 The interest on working capital is computed as per the MYT Regulations, 2016. The interest rate, being the SBI MCLR rate on 1st April, 2021 plus 250 basis points, of 11.00% is to be applied on the working capital requirement arrived at in accordance with the Regulations. The petitioner projected Interest on Working Capital as NIL.

TABLE 5-21 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2024-25 (RS. CRORE)

Particulars	Claimed by Petitioner
O&M Expenses for 1 Month	12.94
Maintenance Spares @1% of GFA	25.27
Receivables for 1 Month	275.57
Less: Security Deposit	468.82
Net Working Capital Requirement	-
Rate of interest (%)	11.00%
Interest on Working Capital	-

Commission's Analysis:

5.13.2 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 11.00% considering SBI MCLR as on 01.04.2023 (8.50% plus 250 basis points), the working capital and interest thereon for FY 2024-25 calculated in table below:

TABLE 5-22 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed by Petitioner	Approved by Commission
O&M Expenses for 1 Month	12.94	12.94
Maintenance Spares @1% of GFA	25.27	26.45
Receivables for 1 Month	275.57	253.40
Less: Security Deposit	468.82	468.82
Net Working Capital Requirement	-	-
Rate of interest (%)	11.00%	11.00%
Interest on Working Capital	-	-

5.13.3 The Commission, accordingly, approves the interest on working capital as NIL for FY 2024-25.

5.14 Return on Equity

Petitioner's Submission:

5.14.1 The return on equity has been computed based on the opening & closing balance of the equity arrived at considering the estimated capitalization in FY 2024-25. The RoE is computed at 14% on the average of the opening & closing balance of the equity and accordingly, projected Rs. 123.36 Crore towards Return on Equity @ 14%.

TABLE 5-23 RETURN ON EQUITY CLAIMED BY THE TPL -D (S) FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed By Petitioner
Opening Equity	822.98
Equity Addition	116.40
Closing Equity	939.38
Average of opening and closing	881.18
ROE @14% on the average balance	123.36

Commission's Analysis:

5.14.2 The Commission has approved the normative closing equity at Rs. 759.81 truing up for FY 2022-23 and the same is considered as opening equity for FY 2023- 24. The addition to equity is further updated with the normative equity based on capitalisation approved for FY 2023-24 in the Order dated 31.03.2023, which is Rs. 101.52 Crore, arrived at the closing equity for FY 2023-24 at Rs. 861.32 Crore and the same is considered as opening equity for FY 2024-25. The Commission accordingly computed the Return on equity for FY 2024-25 as given in the table below:

TABLE 5-24 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2024-25 *(RS. CRORE)*

Particulars	Claimed By Petitioner	Approved by Commission
Opening Equity	822.98	861.32
Equity Addition	116.40	105.28
Closing Equity	939.38	966.61
Return on Equity at beginning of year	*115.22*	*120.59*
Return on Equity addition during year	*8.15*	*7.37*
Total Return on Equity	123.36	127.96

5.15 Income Tax

Petitioner's Submission:

5.15.1 The Petitioner has projected the Income Tax at Rs. 20.63 Crore based on the actual tax paid for FY 2024-25 and in proportion to the PBT of TPL-D (S).

Commission's Analysis:

5.15.2 The Commission has approved Rs. 20.66 Crore towards income tax in true up for FY 2022-23 and accordingly has considered Rs. 20.66 Crore 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.

5.16 Bad Debts Written Off

Petitioner's Submission:

5.16.1 The Petitioner has projected bad debts of Rs. 0.28 Crore based on the actual of FY 2022-23 amount written off.

Commission's Analysis:

5.16.2 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 has approved Rs. 0.28 Crore towards bad debts written off for FY 2022-23 in truing up based on the available audited annual accounts for FY 2022-23. The Commission, accordingly, has considered bad debts written off at Rs. 0.28 Crore for FY 2024-25.

5.17 Contingency Reserve

Petitioner's Submission:

5.17.1 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 2024-25.

Commission's Analysis:

5.17.2 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 2024-25.

5.18 Non-Tariff Income

Petitioner's Submission:

5.18.1 The Petitioner has projected Non-Tariff Income at Rs. 21.18 Crore for FY 2024-25 based on the actual of FY 2022-23 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 2024-25 as estimated.

Commission's Analysis:

5.18.2 The Commission in the Tariff Orders had approved Non-Tariff Income for ensuing years equal to the actual Non-Tariff Income approved in the latest True-up. The Commission, accordingly, approves the Non-Tariff Income at Rs. 21.18 Crore for FY 2024-25 subject to true-up.

5.19 Aggregate Revenue Requirement (ARR) for FY 2024-25

Petitioner's Submission:

5.19.1 The Petitioner has projected the ARR for FY 2024-25 as given in the table below:

TABLE 5-25 ARR PROJECTED BY PETITIONER FOR FY 2024-25 *(RS. CRORE)*

Particulars	Projected by Petitioner
Power Purchase	2,856.66
O&M Expense	155.27
Interest on Loans	43.74
Interest on Security Deposit	31.65
Interest on Working Capital	-
Depreciation	96.03
Bad Debts written off	0.28
Contingency reserve	0.40
Return on Equity	123.36
Income Tax	20.63
Less: Non-Tariff Income	21.18
Net ARR	**3,306.84**

Commission's Analysis:

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

TABLE 5-26 ARR APPROVED IN RESPECT OF TPL-D (S) FOR FY 2024-25 *(RS. CRORE)*

Particulars	Projected by Petitioner	Approved by Commission
Power Purchase	2,856.66	2,587.42
O&M Expense	155.27	155.27
Interest on Loans	43.74	43.66
Interest on Security Deposit	31.65	31.65
Interest on Working Capital	-	-
Depreciation	96.03	94.75
Bad Debts written off	0.28	0.28
Contingency reserve	0.40	0.40
Return on Equity	123.36	127.96
Income Tax	20.63	20.66
Less: Non-Tariff Income	21.18	21.18
Net ARR	**3,306.84**	**3,040.85**

5.20 Revenue from Sale of Power

Petitioner's Submission:

5.20.1 The Petitioner has projected the revenue from sale of power at Rs. 3,410.26 Crore for FY 2024-25 considering the sales at 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. 3.37 per unit.

Commission's Analysis:

5.20.2 In order to balance the interest of all stakeholders and to recover the cumulative gap of earlier years' and carrying cost, the Commission decides to revise and approve the base FPPPA for FY 2024-25 @ Rs. 2.85/kWh. Accordingly, the Commission considers the Revenue from sale of power at Rs. 3,204.73 Crore for FY 2024-25 with existing tariff i.e. as applicable for each category of consumer (slab-wise) as per the tariff (including FPPPA charge @2.85/Unit).

5.21 Trued Up Net Revenue (Gap)/Surplus of FY 2022-23

5.21.1 The Commission has approved the net revenue gap in true up for FY 2022-23 including the gains/ losses shared on account of controllable and uncontrollable factors in accordance with Regulation 23 and 24 of the GERC (MYT) Regulations, 2016. The Commission has also considered earlier years approved gap and also impact on ARR due to review petition of the Petitioner, which is mentioned in the previous Chapter. It is found that the Commission has calculated/computed an amount of Rs. 77.20 Crore as Gap for the TPL-D(S) for FY 2022-23.

5.21.2 As stated above, the Gap approved for true-up of FY 2022-23 is Rs. 77.20 Crore which comprising of Rs. 52.54 Crore towards Carrying cost of earlier years as per Consequential Order dated 01.04.2023 in Case No. 1765 of 2018 and Rs. 24.66 Crore towards the approved gap of FY 2022-23.

5.21.3 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 v_a_r_i_o_u_s_ _j_u_d_g_e_m_e_n_t_s_ _o_f_ _H_o_n_'b_l_e_ _A_P_T_E_L_ _a_n_d_ _H_o_n_'b_l_e_ _S_u_p_r_e_m_e_ _C_o_u_r_t_,_ _t_h_a_t_ _t_h_e_ _Commission should always endeavour to balance the interest of the consumers on the one hand and the licensees on the other. Protecting the interest of consumers and rationalisation of electricity tariff are the main objects of the Electricity Act 2003, if interest upon interest allowed, it will not only be against the Regulations, the Interest Act 1978, and various judgements of the higher Courts, but also will be against one of the main objects of Electricity Act 2003, i.e., protecting the interest of consumers. In line with the above, the Commission considers it appropriate not to allow interest on carrying cost.

5.21.4 Regulation 21.6 (c) of the MYT Regulations, 2016 specify that carrying cost is to be allowed on the amount of revenue gap / (surplus) for the period from the date on which such gap / (surplus) has become due, calculated on the simple interest basis at the weighted average SBI Base Rate for the relevant year, subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the which revenue gap is addressed.

5.21.5 Therefore, the eligible gap for carrying cost is limited to Rs. 24.66 Crore only after netting off Rs. 52.54 Crore towards Carrying cost of earlier years. The related carrying cost @ 7.80% for two years is worked out as Rs. 3.85 Crore.

5.21.6 The Commission, accordingly, will consider the trued-up Revenue Gap of Rs. 81.04 Crore for FY 2022-23 which is inclusive of carrying cost. The same will consider for determination of tariff for FY 2024-25.

5.22 Revenue (Gap)/Surplus for FY 2024-25

5.22.1 The Commission has approved the ARR at Rs. 3,040.85 Crore and revenue from sale of power at Rs. 3,204.73 Crore with existing tariff i.e. as applicable for each category of consumer (slab-wise) as per the tariff (including FPPPA charge @2.85/Unit).

5.22.2 The Commission has approved revenue gap of Rs. 81.04 Crore for FY 2022-23 after considering the Carrying cost, which is elaborated in the above sections.

5.22.3 The Commission accordingly computed the revenue (Gap)/Surplus for FY 2024-25 as given in the table below:

Particulars	Projected by Petitioner	Computed by Commission
ARR for FY 2024-25	3,306.84	3,040.85
Revenue from Sale of Power	3,410.26	3,204.73
Revenue (Gap)/Surplus for FY 2024-25	**103.42**	**163.88**
Add: Revenue (Gap)/Surplus approved for FY 2022-23	258.33	(77.20)

Particulars	Projected by Petitioner	Computed by Commission
Add: Carrying cost on Rs. 24.66 Crore	51.89	(3.85)
Add: DSM	0.15	(0.15)
Net Revenue (Gap)/Surplus till FY 2024-25	**(206.95)**	**82.69**

5.22.4 Accordingly, the Commission arrives at Estimated Surplus amounting to Rs. 82.69 Crore as against Rs. 206.95 Crore Gap as proposed by the Petitioner for FY 2024-25.

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:

The Petitioner submits that regarding RPO fulfilment, the Petitioner has already tied up 450 MW solar power through bidding process. The project is expected to be commissioned during FY 2024-25. Further, the Petitioner is also in the process of inviting bids for tying up 300 MW wind-solar hybrid power. Accordingly, the Petitioner will update the Hon'ble Commission based on development of same.

Commission's Comment:

The Commission has noted the submission and reiterates the directive.

6.2 New Directives

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

The Commission has directed TPL-D to participate in the scheme switching over to smart pre-payment meters, which will help in implementation of metering, billing and collection.

Petitioner's Compliance:

The Petitioner submitted that in compliance of MOP Rules and CEA Regulations, the Petitioner has proposed to initiate the installation of smart meters in phased manner in its license area during FY 2024-25.

Commission's Comment:

The Commission has noted the submission and directs TPL to submit the detailed plan in next year tariff filing exercise.

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 29th October 2013 has revised the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) as mentioned below:

FPPPA = [(PPCA-PPCB)]/[100-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, from the various sources for FY 2024-25 in this Order as given in the Table below:

TABLE 7-1 APPROVED POWER PURCHASE COST PER UNIT FOR FY 2024-25

Particulars	Total Energy Requirement (MU)	Approved Power Purchase Cost (Rs. Crore)	Power Purchase Cost/Unit (Rs./kWh)
FY 2024-25	12,978.83	8,039.99	6.19

7.1.3 As mentioned above the base Power Purchase cost for TPL-D (S) is Rs. 6.19 per kWh.

7.1.4 As the Base Power Purchase Price (PPCB) of Rs. 5.55 per Unit in FY 2023-24 has been shifted to Rs. 6.19 per Unit for FY 2024-25, Accordingly, the Base FPPPA charge is shifted from Rs. 2.17 per Unit to Rs. 2.85 per Unit (after netting off with T&D losses). Therefore, the Commission has decided to approve the Base FPPPA charges at Rs. 2.85 per Unit for TPL-D (S) in FY 2024-25.

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%

Particulars	Wire Business (%)	Retail Business (%)
Non-Tariff Income	10%	90%

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

TABLE 8-2 SEGREGATION OF ARR INTO WIRES AND SUPPLY BUSINESS FOR FY 2024-25 *(RS. CRORE)*

Particulars	Wire Business	Retail Business
Power Purchase Expenses	-	2,856.66
Employee Expenses	41.95	27.97
A&G Expenses	21.70	21.70
R&M Expenses	37.76	4.20
Depreciation	86.43	9.60
Interest on Long Term Loans	39.36	4.37
Interest on Working Capital	-	-
Interest on Security Deposit	3.16	28.48
Bad Debts Written off	-	0.28
Income Tax	18.57	2.06
Contribution to Contingency Reserve	0.40	-
Return on Equity	111.03	12.34
Non-Tariff Income	2.12	19.06
Aggregate Revenue Requirement	358.24	2,948.60

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 2024-25.

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 2024-25 is shown in the Table below:

TABLE 8-3 APPROVED SEGREGATION OF ARR FOR FY 2024-25 *(RS. CRORE)*

Particulars	ARR Approved	Wire Business	Retail Business
Power Purchase Expenses	2,587.42	-	2,587.42
Employee Expenses	69.50	41.70	27.80
A&G Expenses	43.82	21.91	21.91
R&M Expenses	41.95	37.76	4.20
Depreciation	94.75	85.27	9.47
Interest on Long Term Loans	43.66	39.29	4.37
Interest on Working Capital	-	-	-
Interest on Security Deposit	31.65	3.16	28.48
Bad Debts Written off	0.28	-	0.28
Income Tax	20.66	18.59	2.07
Contribution to Contingency Reserve	0.40	0.40	-
Return on Equity	127.96	115.16	12.80
Non-Tariff Income	21.18	2.12	19.06
Aggregate Revenue Requirement	3,040.85	361.13	2,679.72

8.2 Determination of Wheeling Charge

Petitioner's Submission:

8.2.1 TPL-D (S) has submitted that the sales to the LT category are negligible. Hence, it has not segregated the wheeling ARR into LT and HT category. The wheeling charges for FY 2024-25 are submitted as below:

Particulars	Projected by Petitioner
ARR of Wheeling Business (Rs. Crore)	358.24
Sales (MU)	3,962.52
Wheeling Charges (Rs./kWh)	0.90

8.2.2 TPL-D (S) further submitted that the Open Access consumers will also have to bear the wheeling Losses in addition to wheeling charges at 3.50% for HT category and 4.72% LT Category.

Commission's Analysis:

8.2.3 It has been observed that the Petitioner has proposed the combined wheeling charges of HT and LT level as per the Notification dtd. 10.01.2024 of the MoP, GoI. Subsequently, the MoP, GoI vide Notification dtd. 17.01.2024 has specified that the appropriate Commission may determine the wheeling charges at different voltage levels, separately. Accordingly, the Commission has determined the wheeling charges for HT level and LT level respectively. The Commission has determined the ARR of the Wires Business for FY 2024-25 in the earlier section, as Rs. 361.13 Crore. The ARR is apportioned between the HT and LT Voltage level in the ratio of 74.61:25.39, which is the ratio of GFA of HT:LT for FY 2022-23. The system peak demand for TPL-D (A) for FY 2024-25 will be 741.50 MW. The contract demand for all the HT consumers is about 196.31 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 166.86 MW. The balance contribution to the system peak has been considered against LT demand, which works out to 574.64 MW.

8.2.4 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 8-4 WHEELING CHARGES FOR TPL-D (S) FOR FY 2024-25

Particulars	Approved by the Commission
First level of Segregation of ARR (Rs. Crore)	
HT Voltage	269.45
LT Voltage	91.68
Total	361.13
Second Level Segregation of ARR (Rs. Crore)	
HT Voltage	60.63
LT Voltage	300.50
Total	361.13
Wheeling Charge (in Rs/ kWh)	
HT Voltage	0.63
LT Voltage	1.00

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

8.2.6 The Commission approves the following losses for Open Access consumers in addition to the wheeling charges:

TABLE 8-5 WHEELING LOSSES APPROVED FOR TPL-D (S) FOR FY 2024-25

Category	Wheeling Loss (%)
HT Category	3.00%
LT Category	3.17%

8.3 Cross-Subsidy Surcharge

Petitioner's Submission:

8.3.1 TPL-D (S) submitted cross-subsidy calculation based on the formula enumerated in the Tariff Policy as shown in the Table below:

TABLE 8-6 PROPOSED CROSS SUBSIDY SURCHARGE FOR FY 2024-25

Particulars	HTMD-1	HTMD-2	HT-Metro
T – Tariff in Rs/ kWh	9.07	8.81	8.12
PPC – Average cost of power Purchase in Rs/ kWh	6.99	6.99	6.99
Avg W –Average Wheeling charges for HT category in Rs/ kWh	0.90	0.90	0.90
Cross subsidy surcharge in Rs/ kWh	**1.18**	**0.92**	**0.23**

Particulars	RGP	NRGP	LTMD	GLP
T – Tariff in Rs/ kWh	7.58	8.38	9.36	7.48
PPC – Average cost of power Purchase in Rs/ kWh	7.08	7.08	7.08	7.08
Avg W –Average Wheeling charges for LT category in Rs/ kWh	0.90	0.90	0.90	0.90
Cross subsidy surcharge in Rs/ kWh	-	**0.39**	**1.37**	-

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 Accordingly, the Commission has determined the Cross-Subsidy Surcharge based on the above formula as shown in the Table below:

TABLE 8-7 APPROVED CROSS SUBSIDY SURCHARGE FOR FY 2024-25

Particulars	HTMD-1	HTMD-2	HT-Metro
T – Tariff in Rs/ kWh	8.55	8.29	8.29
PPC – Average cost of power Purchase in Rs/ kWh	6.19	6.19	6.19
Avg W –Average Wheeling charges for HT category in Rs/ kWh	0.63	0.63	0.63
Cross subsidy surcharge in Rs/ kWh	**1.53**	**1.27**	**1.27**

Particulars	RGP	NRGP	LTMD	GLP
T – Tariff in Rs/ kWh	7.06	7.86	8.84	6.96
PPC – Average cost of power Purchase in Rs/ kWh	6.19	6.19	6.19	6.19
Avg W –Average Wheeling charges for LT category in Rs/ kWh	1.00	1.00	1.00	1.00
Cross subsidy surcharge in Rs/ kWh	-	**0.46**	**1.44**	-

8.3.4 Further, According to Rule 13 of the Electricity (Amendment) Rules, 2022 as notified by Ministry of Power, GoI, the surcharge determined by the State Commission shall not exceed 20% of the Average Cost of Supply. The Cross Subsidy Surcharge worked out as per above is below the 20% of the Average Cost of Supply.

8.3.5 Accordingly, the Commission approves Cross Subsidy Surcharges for HTMD-1 as Rs.1.53/kWh, for HTMD-2 as Rs.1.27/kWh, for HT-Metro as Rs. 1.27/kWh, NIL for RGP, Rs. 0.46/ kWh for Non-RGP, Rs. 1.44/ kWh for LTMD-I and NIL for GLP.

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 2024-25

9.2.1 The Petitioner has submitted that the cumulative (gap)/surplus for FY 2022-23, FY 2024-25 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 surcharge @0.26/kWh over the period of two years starting from 1st April, 2024 along with adjustment for deferment of recovery.

9.3 Commission's Ruling on Retail Tariffs for FY 2024-25

9.3.1 The Tariff Policy and Electricity Act, 2003 provide for tariff structure rationalization. The Commission has in the past Orders, rationalized 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 rationalizing the tariff structure.

9.3.2 However, as discussed earlier, the Commission has approved a cumulative revenue surplus of Rs. 82.69 Crore during FY 2024-25 in Chapter 5. It has been observed that the Petitioner has filed reviews/Appeals in various forums related past year gaps and related carrying costs, which are at the different stages. Further, the revenue gap/surplus may vary at the time of truing-up ARR for FY 2024-25, when actuals as per audited annual accounts are available. Therefore, the Commission decides to continue with the existing tariff structure and retained the category-wise tariff at the same level.

9.4 Green Tariff

9.4.1 The Petitioner has proposed to continue "Green Tariff" of Rs. 1.50 per unit over and above tariff for respective category of consumer for FY 2024-25.

9.4.2 The Commission has noted that the petitioner has proposed the Green Tariff at the rate of Rs. 1.50 per Unit for FY 2024-25. Considering various aspects and in line with approached followed in the previous tariff order, the Commission decides to fix the Green Tariff as additional rate of Rs. 1.00 per Unit for Torrent Power Ltd. (Surat) license area for FY 2024-25, which is optional and available for consumers who want to avail green power for meeting their requirement by payment of Green Power Tariff over and above the normal tariff applicable to the respective category as per Tariff Order.

- Green Power Tariff of Rs 1.00/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.

- All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- This option can be exercised by consumer giving billing cycle notice to the Distribution Licensee in writing before commencement of billing period.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement for TPL-D (S) for FY 2024-25, as shown in the Table below:

Approved ARR for TPL-D (S) for FY 2024-25 ***(Rs. Crore)***

Particulars	Approved by Commission
Power Purchase Cost	2,587.42
O&M Expense	155.27
Interest on Loans	43.66
Interest on Security Deposit	31.65
Interest on Working Capital	-
Depreciation	94.75
Bad Debts written off	0.28
Contingency reserve	0.40
Return on Equity	127.96
Income Tax	20.66
Less: Non-Tariff Income	21.18
Net ARR	**3,040.85**

The retail supply tariffs for TPL-D (S) determined by the Commission are annexed to this Order and it shall come into force with effect from 1st June 2024.

-Sd-	-Sd-	-Sd-
S. R. Pandey	**Mehul M. Gandhi**	**ANIL MUKIM**
Member	**Member**	**Chairman**

Place: Gandhinagar

Date: 01.06.2024

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 1st June 2024

GENERAL CONDITIONS

1. The 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 shall adjust the rates according to billing period applicable to consumer.
5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
6. Conversion of Ratings of electrical appliances and equipment from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
7. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horsepower or kilo watt (HP, 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) kilo-watt-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 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 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.

18. Green Power Tariff

    - Green Power Tariff of Rs 1.00/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
    - All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.

- This option can be exercised by consumer giving Billing Cycle notice to the Distribution Licensee in writing before commencement of billing period.

PART-I

RATE SCHEDULE – LOW/MEDIUM TENSION

230/400 VOLTS

1.0 Rate: RGP

This tariff is applicable to all services in the residential premises.

Single-phase supply: Aggregate load up to 6 kW

Three-phase supply: Aggregate load above 6 kW

1.1 Fixed Charges:

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*

Fixed Charges	Rs. 5.00 per installation per month

PLUS

1.2 Energy Charges: For the total monthly consumption:

For other than BPL consumers

(a)	First 50 units	320 Paise per Unit
(b)	Next 50 units	365 Paise per Unit
(c)	Next 150 units	425 Paise per Unit
(d)	Above 250 units	505 Paise per Unit

For BPL household consumers*

(a)	First 50 units	150 Paise per Unit
(b)	For remaining units	Rates 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.*

2.0 <u>Rate: GLP</u>

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

- Crematoriums and Government and Municipal Hospitals.
- 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.
- Public Streets Light, gardens and conveniences.
- 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 per month:

Fixed Charges	Rs. 55 per installation per month

PLUS

2.2 Energy charges:

Energy Charges	405 Paise/ Unit

3.0 <u>Rate: Non-RGP</u>

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

3.1 Fixed charges per month:

First 10 kW	Rs. 70/- per kW per month
Next 5 kW	Rs. 90/- per kW per month

PLUS

3.2 Energy charges:

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

4.0 <u>Rate: LTMD</u>

This tariff is applicable for supply of electricity to premises which are not covered in any other LT tariff categories, having connected load above 15kW. 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 per month
b	Above 20 kVA & up to 60 kVA billing demand	Rs. 155/- per kVA per month
c	Above 60 kVA of billing demand	Rs. 225/- per kVA per month
d	In excess of the contract demand	Rs. 250/- per kVA per 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. 6kVA

PLUS

4.2 Energy charges:

Energy Charges	485 Paise/Unit

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

5.0 <u>Rate: TMP</u>

Applicable to installations for temporary requirement of electricity supply.

5.1 Fixed Charges:

Fixed charge per installation	Rs. 25 per kW per Day

PLUS

5.2 Energy Charges:

A flat rate of	500 Paise per unit

6.0 <u>Rate: AGP</u>

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

6.1 Fixed Charges:

Fixed Charges	Rs. 20 per HP per month

PLUS

6.2 Energy Charges:

Energy Charges	60 Paise/Unit

NOTE:

1. *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.*

2. *No machinery other than pump for irrigation will be permitted under this tariff.*

7.0 Rate: LT-Electric Vehicle (EV) Charging Stations

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

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

7.1 Fixed Charges:

Fixed Charges	Rs. 25 per month per installation

PLUS

7.2 Energy Charges:

Energy Charges	410 Paise/Unit

PART-II
RATE SCHEDULE FOR SERVICE AT HIGH TENSION

8.0 Rate: HTMD-I

This tariff will be applicable for supply of energy to consumers at 3.3kV 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)	For first 500 kVA of billing demand	Rs. 170/- per kVA
(b)	For next 500 kVA of billing demand	Rs. 285/- per kVA

8.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 395 per kVA

Note: BILLING DEMAND: shall be the highest of the following;
(i) Actual maximum demand established during the month
(ii) 85 percent of the Contract Demand, and
(iii) 100 kVA

PLUS

8.2 Energy Charges

For entire consumption during the month		
(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 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	65 Paise per Unit
(b) For Billing Demand above 500 kVA	100 Paise per Unit

8.4 Power Factor:

8.4.1 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 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%.
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 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 8.2 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:

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%

9.0 <u>Rate HTMD-II</u>

This tariff shall be applicable for supply of energy at 3.3kV 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)	For first 500 kVA of billing demand	Rs. 140/- per kVA per month
(b)	For next 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 of contract demand	Rs. 360 per kVA per month

Note: BILLING DEMAND: shall be the highest of the following;
(i) Actual maximum demand established during the month
(ii) 85 percent 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 per Unit
(b)	Remaining units consumed per month	470 Paise per Unit

PLUS

9.3 Time of Use Charges:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	45 Paise per Unit
(b) For Billing Demand above 500 kVA	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-S. In such case, TPL-Surat will seal the metering equipment.

9.7 Rebate for Supply at EHV:

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

10.0 Rate: HTMD-III

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

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: shall be the highest of the following;
(i) Actual maximum demand established during the month
(ii) 85 percent of the Contract Demand, and
(iii) 100 kVA

PLUS

10.2 Energy charges

For all units consumed during the month	695 Paise / Unit

10.3 Time of Use Charges:

PLUS

For energy consumption during the two peak periods, viz. 0700 Hrs. to 1100 Hrs. an 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

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 Charges:

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 355 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 385 per kW

Note: BILLING DEMAND: shall be the highest of the following;
(i) Actual maximum demand established during the month
(ii) 85 percent of the Contract Demand, and
(iii) 100 kVA

PLUS

10.7 Energy Charges:

A flat rate of	345 Paise per unit

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

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 CHARGES:

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 below 90%:

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

11.0 <u>RATE: NTCT – (NIGHT TIME CONCESSIONAL TARIFF)</u>

This is nigh-time concessional tariff for consumers for regular power supply who opt to use electricity **<u>EXCULSIVLEY</u>** during night hours between 22.00 hours to 06.00 hours next day.

The consumers 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

PLUS

11.2 Energy Charge

A flat rate of	340 Paise per Unit

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 11.2 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 11.2 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 11.2 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 11.0 above.

2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 11.0 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.

12.0 <u>RATE: HT – Electric Vehicle (EV) Charging Station</u>

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 Fixed 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