GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2019-20

and Determination of ARR & Tariff for FY 2021-22

For

MPSEZ Utilities Limited
(MUL)

Case No. 1924 of 2021
1st April, 2021

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GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
AMR	Automated Meter Reader
APL	Adani Power Ltd.
APMuL	Adani Power (Mundra) Limited
APTEL	Appellate Tribunal for Electricity
AREKAL	Adani Renewable Energy (Karnataka) Limited
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CWIP	Capital Works in Progress
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Assets
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
HTMD	High Tension Maximum Demand
IEX	Indian Energy Exchange
kV	Kilo Volt
kVA	Kilo Volt Ampere
kWh or Unit	Kilo Watt Hour
LT	Low Tension Power
LTPPA	Long Term Power Purchase Agreement
MCLR	Marginal Cost of Lending Rate
MPSEZL	Mundra Port and Special Economic Zone Limited
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MUL	MPSEZ Utilities Limited
MYT	Multi-Year Tariff
O&M	Operations and Maintenance

PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
REC	Renewable Energy Certificate
RPO	Renewable Purchase Obligation
SBBR	State Bank Base Rate
SBI	State Bank of India
SEZ	Special Economic Zone
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
STU	State Transmission Utility
U.P.F	Unity Power Factor
UPCL	UDUPI Power Corporation Limited
WTG	Wind Turbine Generator

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1924 of 2021

Date of the Order: 01/04/2021

CORAM

Shri Anand Kumar, Chairman

Shri Mehul M. Gandhi, Member

Shri S. R. Pandey, Member

ORDER

1 Background and Brief History

1.1 Background

MPSEZ Utilities Limited (hereinafter referred to as "MUL" or the "Petitioner") has filed the present Petition on 18th January, 2021 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (herein after referred to as "GERC (MYT) Regulations, 2016") for the Truing up for FY 2019-20 and for determination of ARR & Tariff for FY 2021-22 for its Mundra Port and Special Economic Zone (SEZ) area in District Kutch, Gujarat.

Gujarat Electricity Regulatory Commission notified the GERC (MYT) 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. Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising of Truing up for FY 2019-20 and determination of ARR & Tariff for the ensuing year to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

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

After technical validation of the Petition, it was registered on 11th January, 2021 as Case No. 1924/2021 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.2 MPSEZ Utilities Limited (MUL)

The Petitioner, MPSEZ Utilities Limited (MUL) is a 100% subsidiary company of Adani Ports and Special Economic Zone Ltd. (APSEZL) and a co-developer to provide infrastructure facilities for Mundra SEZ area. The area of Mundra SEZ is about 8481 hectares.

MUL, created to provide infrastructure facilities in the Special Economic Zone, entered into a co-developer agreement with MPSEZL. The Ministry of Commerce and Industry, Government of India has approved MUL as a co-developer to create infrastructure facilities in MPSEZL.

MUL obtained the status of Distribution Licensee vide Government of India notification dated 3rd March, 2010. This was also endorsed by the Gujarat Electricity Regulatory Commission (GERC) vide Order No. GERC/Legal 2010/0609 dated 6th April, 2010 allowing for distribution of electricity in Mundra SEZ area, Kutch. As such, MUL is a deemed licensee for distribution of electricity in Mundra SEZ area.

1.3 Commission's Order for Truing up for FY 2015-16, approval of final ARR for FY 2016-17 and approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and determination of Tariff for FY 2017-18

The Petitioner filed its petition for Truing up for FY 2015-16, approval of Final ARR for FY 2016-17, approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and determination of Tariff for 2017-18 on 14th December, 2016. The Petition was registered on 17th December, 2016 (under Case No. 1631 of 2016). The Commission vide Order dated 31st March, 2017 approved the Truing up for FY 2015-16, Final ARR for FY 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the Tariff for FY 2017-18.

1.4 Commission's Order for approval of Truing up of FY 2016-17 and determination of Tariff for FY 2018-19

The Petitioner filed its Petition for Truing up for FY 2016-17 and determination of Tariff for FY 2018-19 on 15th December, 2017. The Petition was registered on 19th December, 2017 (under Case No. 1694 of 2017). The Commission vide Order dated 5th April, 2018 approved the Truing up for FY 2016-17 and determined the Tariff for FY 2018-19.

1.5 Commission's Order for approval of Truing up of FY 2017-18, Mid-Term Review of FY 2019-20 & FY 2020-21 and Determination of Tariff for FY 2019-20

The Petitioner filed its Petition for Truing up for FY 2017-18, Mid-Term Review of FY 2019-20 and FY 2020-21 and determination of Tariff for FY 2019-20 on 15th December, 2018. After technical validation, the Petition was registered on 27th December, 2018 (Case No. 1772 of 2018). The Commission vide Order dated 30th July 2019 approved the Truing-up for FY 2017-18, Mid-Term review of FY 2019-20 & FY 2020-21 and determined the Tariff for FY 2019-20.

1.6 Commission's Order for approval of Truing up of FY 2018-19 and determination of Tariff of FY 2020-21

The Petitioner filed its Petition for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 on 12th December, 2019. The Petition was registered on 18th December, 2019 (under Case No. 1850 of 2019). The Commission vide Order dated 3rd April, 2020 approved the Truing up for FY 2018-19 and determined the Tariff for FY 2020-21.

1.7 Background of the present Petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the Truing up for previous year's Expenses and Revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year, within the Control Period, based on the approved forecast and results of the Truing up exercise.

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

MUL has filed the present Petition on 30th December, 2020.

MUL has filed Petition for Truing up of FY 2019-20 and ARR & Tariff Determination for FY 2021-22 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

1.8 Registration of the Current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2019-20 and determination of ARR & Tariff for FY 2021-22 on 30th December, 2020. After technical validation of the petition, it was registered on 11th January, 2021 (Case No. 1924/2021) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the EA, 2003, MUL was directed to publish its application in newspapers to ensure public participation.

The Public Notice, inviting objections /suggestions from the stakeholders on the Petition, was published in the following newspapers:

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

Sr. No.	Particulars	Language	Date of Publication
1	The Indian Express	English	14/01/2021
2	Kutchmitra	Gujarati	13/01/2021

The Petitioner also placed the Public Notice and the Petition on its website (www.adaniports.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the Petition on or before 12th February, 2021.

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

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

Table 1-2: List of Newspapers (Public Notice issued by the Commission)

Sr. No.	Name of Newspaper	Language	Date of Publication
1.	The Indian Express	English	20/02/2021
2.	Divya Bhaskar	Gujarati	20/02/2021
3.	Sandesh	Gujarati	20/02/2021

The Commission has not received any written objections / suggestions from the consumers / consumer organizations before or even after the due date of 12th February, 2021. The Commission scheduled a e-Public Hearing through video conferencing on 9th March, 2021 at 11:30 am.

The e-Public Hearing was conducted as scheduled on the above date. The Commission received oral submission of objections/suggestions from the consumers/consumer organizations during e-Public Hearing. A brief on the main issue raised by the Objector along with Commission's view on the same is briefly given in Chapter 3.

1.9 Approach for this Order

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

As per Regulation 1.2 and 1.4 of the GERC (MYT) Regulations, 2016, the Commission has specified that the MYT framework which is applicable for the period from 1st April, 2016 till 31st March, 2021.

MUL has approached the Commission with the present Petition for "Truing up" for FY 2019-20 and determination of ARR & Tariff for FY 2021-22.

In this Order, the Commission has undertaken the "Truing up" for FY 2019-20, as per the provisions of the GERC (MYT) Regulations, 2016. Further, the determination of ARR & tariff for FY 2021-22 is also undertaken as per the provisions of the GERC (MYT) Regulations, 2016 in line with the directions of the Commission issued vide its Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020.

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

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

- Controllable parameters have been considered at the level approved as per the MTR Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing up for FY 2019-20 has been considered, based on the GERC (MYT) Regulations, 2016.

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

1.10 Contents of the Order

This Order is divided into **Ten** Chapters as under:

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the Public Hearing Process and the Approach adopted for this Order.
2. The **Second Chapter** outlines the summary of MUL's Petition .
3. The **Third Chapter** provides objections and suggestions.
4. The **Fourth Chapter** deals with Truing up for FY 2019-20.
5. The **Fifth Chapter** deals with the Determination of ARR for FY 2021-22.
6. The **Sixth Chapter** deals with the Determination of Tariff for FY 2021-22.
7. The **Seventh Chapter** deals with the Compliance of Directives.
8. The **Eighth Chapter** deals with FPPPA charges.
9. The **Ninth Chapter** deals with Determination of the Wheeling Charges and Cross-Subsidy Surcharge.
10. The **Tenth Chapter** deals with the Tariff Philosophy and Tariff Proposal.

2 Summary of MUL's Petition

2.1 Introduction

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

2.2 True-up of FY 2019-20

A summary of the proposed ARR for Truing-up for FY 2019-20 compared with the approved final ARR for FY 2019-20 in the "Mid Term Review" (MTR) Tariff Order dated 30th July, 2019 is presented in the Table below along with the item-wise Gain/ Loss computations as submitted by MUL:

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

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MTR Order	Actual Claimed	Over (+) / under (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	159.64	158.02	1.62	-	1.62
2	Operation & Maintenance Expenses	10.72	9.77	0.94	-	0.94
3	Depreciation	1.92	3.47	(1.55)	-	(1.55)
4	Interest & Finance Charges	2.18	2.57	(0.39)	-	(0.39)
5	Interest on Security Deposit	0.11	0.15	(0.04)	-	(0.04)
6	Interest on Working Capital	1.60	1.49	0.11	-	0.11
7	Bad Debts Written Off	-	-	-	-	-
8	Contribution to Contingency Reserves	-	-	-	-	-
9	Return on Equity	2.97	3.03	(0.06)	-	(0.06)
10	Income Tax	2.77	1.59	1.18	-	1.18
11	Less: Non-Tariff Income	2.90	3.27	(0.37)	-	(0.37)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MTR Order	Actual Claimed	Over (+) / under (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
12	**Aggregate Revenue Requirement**	**179.01**	**176.81**	**2.20**	**-**	**2.20**

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

The Table below summarizes the proposed ARR claimed by MUL for Truing up of FY 2019-20.

Table 2-2: True up of FY 2019-20 as claimed by MUL

(Rs. Crore)

Sr. No.	Particular	Claimed
1	**Approved as per the MTR Order (A)**	**179.01**
2	Less: Gain on account of Controllable Factor to be passed on to the consumers (1/3) (B)	0.00
3	Less: Gain on account of Un-controllable Factor to be passed on to the consumers (C)	2.20
4	**Trued-up ARR for FY 2019-20, D= (A-B-C)**	**176.81**

MUL has considered the revenue gap of Rs. 5.42 Crore for FY 2015-16 which had been approved by the Commission in its Tariff Order in Case No. 1631 of 2016 dated 31st March, 2017 without considering carrying cost on revenue gap. The Commission in its Tariff Order in Case No. 1772 of 2018 dated 30th July, 2019 has also approved revenue gap of Rs. 2.01 Crore for FY 2017-18 and carrying cost of Rs. 0.32 Crore on this revenue gap as per the GERC (MYT) Regulations, 2016. Accordingly, the Petitioner has requested the Commission to allow carrying cost of Rs. 1.26 Crore on revenue gap of FY 2015-16 as well on similar principle adopted for FY 2017-18. The Petitioner also submitted that it has used accumulated earnings of Return on Equity (RoE) against revenue gap to fulfil its obligation as a power distributor during FY 2016-17 & FY 2017-18 and therefore, requested the Commission to allow carrying cost on approved revenue gap for FY 2015-16.

The Table below summarizes the trued-up ARR, revenue from Sale of Power, resultant Gap / (Surplus), carrying cost and consolidated Gap / (Surplus) for FY 2019-20.

Table 2-3: Derivation of consolidated Revenue Gap / (Surplus) claimed for FY 2019-20

(Rs. Crore)

Particulars	Actual Claimed
Net Revenue Gap / (Surplus) of FY 2019-20	0.96
Add: Approved consolidated Gap/(Surplus) for FY 2017-18	2.01
Add: Approved Carrying Cost on revenue gap of FY 2017-18 for FY 2018-19 and FY 2019-20	0.32
Add: carrying cost on revenue gap of FY 2015-16 for FY 2016-17 & FY 2017-18	1.26
Consolidated Revenue Gap for FY 2019-20	**4.55**

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

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

Table 2-4: Proposed ARR for FY 2021-22

(Rs. Crore)

Particulars	FY 2021-22
Power Purchase Cost	187.35
O&M Expenses	11.99
Depreciation	3.22
Interest and Finance Charges	2.59
Interest on Security Deposits	0.14
Interest on Working Capital	1.83
Provision for bad debts	-
Contingency Reserves	-
Return on Equity	3.44
Income Tax	1.59

Particulars	FY 2021-22
Less: Non-Tariff income	3.35
Aggregate Revenue Requirement	**208.81**

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

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

Table 2-5: Revenue Gap / (Surplus) for FY 2021-22 (Existing Tariff)

(Rs. Crore)

Sr. No.	Particulars	Claim
1	ARR for FY 2021-22	208.81
2	Add: Consolidated Revenue Gap for FY 2019-20	2.97
3	Add: Consolidated Carrying Cost up to FY 2019-20	1.58
4	Add: Carrying Cost on Revenue Gap of FY 2019-20 for FY 2020-21 and FY 2021-22	0.48
5	Estimated Revenue from existing tariff for FY 2021-22	206.22
6	**Revenue Gap / (Surplus) for FY 2021-22**	**7.63**

2.6 Tariff Proposal for FY 2021-22

MUL has submitted that based on estimated sales from FY 2021-22 would be 403.91 MUs. The projected ARR for FY 2021-22 would be Rs. 208.81 Crore. The revenue gap and carrying cost of previous year as on FY 2021-22 comes to Rs. 5.04 Crore. Thus, the total projected ARR for FY 2021-22 would be Rs. 213.85 Crore. The estimated revenue at existing tariff would be Rs. 206.22 Crore. Thus, the final revenue gap of FY 2021-22 will be Rs. 7.63 Crore.

In view of above scenario, MUL has proposed to increase energy charges for all category of consumers by Rs. 0.10/Unit for FY 2021-22. The revised sales rate will be Rs. 5.20/Unit.

The additional recovery due to increase of energy charges for all the category of consumers by Rs. 0.10/Unit would be nearly Rs. 4.04 Crore against projected revenue gap of Rs. 7.63 Crore for FY 2021-22. The actual shortfall will be considered at the time of true-up for FY 2021-22.

The Petitioner has submitted to add the one more category for Railway Traction in its license area considering development of Mundra SEZ.

The Petitioner has requested the Commission to approve the proposed tariff and addition of category as Railway Traction.

2.7 MUL's Prayers to the Commission

1. Admit Petition for truing up of ARR for FY 2019-20 and ARR & tariff determination for FY 2021-22.
2. Approve sharing of gains/losses as proposed by the Petitioner for FY 2019-20.
3. Approve consolidated revenue gap of FY 2019-20 along with carrying cost.
4. Approve the estimates and gap of FY 2021-22.
5. Approve wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2021.
6. Approve cross subsidy surcharge filed by the Petitioner.
7. Approve Tariff schedule as proposed by the Petitioner.
8. Allow additions/alterations/changes modifications to the application at a future date.
9. Allow any other relief, order or direction, which Hon'ble Commission deems fit to be issued.
10. Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date.

3 Objections and Suggestions

3.1 Stakeholders' suggestions/ objections, Petitioner's Response and Commission's observations

In response to the public notice inviting objections / suggestions on the petition filed by MUL for Truing up of FY 2019-20 and determination of ARR and Tariff for FY 2021-22 under the GERC (MYT) Regulations, 2016 & Suo-Motu Order No. 07 of 2020 dated 22nd December, 2020 issued by the Commission from the stakeholders, no objections / suggestions was received in writing. One of the consumer/ consumer representatives participated in the public hearing. Objection/ suggestion and the view of the Commission is dealt with hereunder:

Issue No 1: Uniform Tariff across the State

There should be uniform tariff across various distribution licensees in the State of Gujarat.

Commission's View:

Sections 64 of the Electricity Act, 2003 specifies the procedure to be followed for tariff order. The Commission has been determining the tariff for the Petitioner Licensee in accordance with prevailing regulatory framework.

4 Truing up for FY 2019-20

4.1 Introduction

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

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

4.2 Energy Sales

Petitioner's submission

MUL has submitted the actual energy sales for FY 2019-20 as shown in the Table below.

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

Particulars	Approved in the MTR Order (MU)	Actual claimed (MU)
HT Category		
HTMD-I (Commercial)	167.58	135.90
HTMD-I (Industrial)	188.27	182.76
HTMD-II	0.22	0.10
HTMD-III	5.19	4.38
HTMD-IV	1.07	1.53
HTMD-EV Charging Station	-	-
Low Voltage Category		
Residential	-	-
Commercial (Non-Demand)	0.01	0.01
Commercial (Demand)	2.59	2.01
Industrial (Non-Demand)		
Industrial (Demand)	0.33	0.01
Street Lights	0.38	0.39
Temporary	0.05	0.06
LT-EV Charging Stations	-	-
Total Sale	**365.69**	**327.16**

MUL submitted that the Sales projections during the MTR Petition were based on the information available from unit holders and prospective customers on the date of submission of MTR Petition, which was approved by the Commission vide its Order dated 30th July, 2019.

MUL has submitted that the deviation in actual energy sales is mainly because of variation in demand of the customers. Due to overall economic slowdown, the growth in the demand and sales was lower than what was projected. Thus, actual energy sales during FY 2019-20 are lower than the energy sales projected in MTR Tariff Order.

Commission's analysis

Considering that the energy sales are uncontrollable, the Commission accepts the deviation submitted by MUL.

The energy sales as submitted by the Petitioner has been verified, compared and confirmed with the sale of energy furnished in the monthly return under Form A specified in Rule 6(1) (A) filed by MUL with the Chief Electrical Inspector and Collector of Electricity Duty. The sales have also been verified and confirmed from the Audited Annual Accounts submitted by the Petitioner along with the Petition.

The Commission has reviewed the above submissions and found them to be satisfactory. Accordingly, the energy sales for FY 2019-20 are approved as follows:

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

(MUs)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Energy Sales	365.69	327.16	327.16

The Commission approves energy sales of 327.16 MUs for Truing up of FY 2019-20.

4.3 Distribution Losses

Petitioner's submission

MUL has submitted the actual Distribution Losses for FY 2019-20 as shown in the Table below.

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

(%)

Particulars	Approved in the MTR Order	Actual claimed
Distribution Losses	4.00%	3.81%

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

MUL has submitted that it considers Distribution Losses as uncontrollable since distribution losses are lower as compared to that has been approved by the Commission as the network is yet not optimally loaded.

Commission's analysis

The distribution network in the licence area of MUL is yet to be fully established and the consumer load is also yet to be stabilized, hence, the actual Distribution Losses of MUL are required to be considered as uncontrollable.

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

(%)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Distribution Losses	4.00%	3.81%	3.81%

The Commission approves Distribution Losses of 3.81% for Truing up for FY 2019-20.

4.4 Energy Requirement

Petitioner's submission

The actual Energy Requirement for MUL is based on the actual Energy Sales, Transmission Losses and Distribution Losses, as shown in the Table below:

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

(MUs)

Particulars	Approved in the MTR Order	Actual claimed
Energy Sales	365.69	327.16
Distribution Losses (%)	4.00%	3.81%
Distribution Losses (MU)	15.24	12.97
Energy Requirement	380.93	340.13
Transmission Losses (%)	1.20%	0.40%
Transmission Losses (MUs)	4.61	1.35
Total Energy Requirement	**385.55**	**341.48**

MUL requested the Commission to approve net energy of 341.48 MUs required for sales to retail consumers in FY 2019-20.

Commission's analysis

The actual Energy Requirement claimed by the Petitioner for FY 2019-20 has been verified by the Commission and also compared with the projected Energy Requirement as per the MTR Order dated 30th July, 2019. The Commission observed that there is a reduction in the Energy Requirement i.e. 341.48 MUs for FY 2019-20 as against 385.55 MUs approved in the MTR Order.

The actual Energy Requirement is lower than that approved in the MTR Order, due to lower actual Sales, Distribution Losses and Transmission Losses. In response of claiming 0.40% Transmission losses for FY 2019-20, the Petitioner replied that SLDC has considered transmission losses for energy injected by WTG of AREKAL in MUL's network. The actual Energy Requirement being the sum of Energy Sales and Transmission Losses & Distribution Losses, works out to 341.48 MUs for FY 2019-20.

The Commission accordingly approves the Energy Requirement of 341.48 MUs for Truing up of FY 2019-20 as given in the Table 4-6 below:

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

(MUs)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Energy Sales	365.69	327.16	327.16
Distribution Loss (%)	4.00%	3.81%	3.81%
Distribution Loss (MU)	15.24	12.97	12.97
Energy Requirement	380.93	340.13	340.13
Transmission Loss (%)	1.20%	0.40%	0.40%
Transmission Loss (MUs)	4.61	1.35	1.35
Total Energy Requirement	**385.55**	**341.48**	**341.48**

4.5 Energy Availability

Petitioner's submission

The Petitioner has submitted the source-wise energy purchased for FY 2019-20, as shown in the Table below:

Table 4-7: Energy Availability as claimed for FY 2019-20

(MUs)

Particular	Approved in the MTR Order	Actual Claimed
Long Term Contract	307.94	270.02
Bilateral and others	22.48	21.10
RPO – Solar	21.20	-
RPO – Wind	33.93	50.36
RPO – Others	-	-
Total	**385.55**	**341.48**

Commission's analysis

For satisfaction of its base load power requirement, MUL has entered into a Power Purchase Arrangement (PPA) with Adani Power Ltd. with contracted capacity of 50 MW for FY 2019-20, which has been approved by the Commission. In context of the said PPA, a deed of novation was made between MUL, APL and UPCL to supply power to the extent of 10 MW out of the total contracted capacity of 50 MW.

The balance Energy Requirement shown under the Bilateral sources has been met through Unscheduled Interchange (UI). The Commission has observed that MUL has purchase around 6% of power purchase requirement through UI. MUL should try to meet its power purchase requirement through long/short term sources as UI should not be treated as source of power unless exceptions. Further, MUL has purchased Solar RECs from the exchange.

The actual Energy Requirement claimed by the Petitioner for FY 2019-20 has been examined and verified by the Commission from power purchase bills. Considering the foregoing submission related to Energy Sales and Distribution Losses, the Commission approves the Energy Requirement as submitted by MUL. Further, most of the energy quantum has been procured through Adani Power Ltd, UDUPI Power Corporation Limited and wind energy from AREKAL in FY 2019-20.

The Commission, accordingly, approves the sources of power purchase and energy units purchased as shown in the table below:

Table 4-8: Energy Availability approved for FY 2019-20

(MUs)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Long Term Contract	307.94	270.02	270.02
Bilateral and Others	22.48	21.10	21.10
RPO - Solar	21.20	-	-
RPO - Wind	33.93	50.36	50.36
RPO - Others	-	-	-
Total	**385.55**	**341.48**	**341.48**

4.6 Power Purchase Cost

Petitioner's submission

MUL has submitted the following power purchase cost.

Table 4-9: Power Purchase Cost claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed
Long Term Contract	130.11	134.33
Bilateral and others	9.72	3.63
RPO – Solar	5.64	-
RPO – Wind	11.74	17.54
RPO – Others	-	-
Renewable Energy Certificates (RECs)	-	2.32
Other (Reactive, SLDC & Transmission Charges)	2.43	0.19
Net Power Purchase Cost	**159.64**	**158.02**

MUL has submitted the following justifications for the power purchase cost incurred:

- The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year which is uncontrollable.
- MUL has fulfilled its RPO for FY 2019-20 by purchasing Solar Renewable Energy Certificates (RECs) of Rs. 2.32 Crore.
- MUL has also made provision of Rs. 0.53 Crore and Rs. 0.40 Crore for shortfall of RPO during FY 2017-18 and FY 2019-20 respectively considering statutory

liability. However, MUL has not considered this cost for truing up of FY 2019-20 and the same shall be considered in the year in which it is actually spent.

MUL submitted that the Commission has classified power purchase cost as uncontrollable as per Regulation 22.1 (c) of the GERC (MYT) Regulations, 2016. Thus, the Power purchase cost is as an uncontrollable item.

Commission's analysis

The Commission has analysed the power purchase cost in detail in terms of various sources of power, energy units procured and source-wise cost.

The Commission reviewed the Audited Annual Accounts where the power purchase cost has been mentioned as Rs. 158.02 Crore after excluding rebate of Rs. (3.25) Crore on early payments of power from power purchase cost. In line with the MUL's submission and approach adopted in earlier Tariff Orders, the Commission has also not considered the provision of Rs. 0.53 Crore and Rs. 0.40 Crore for shortfall of RPO during FY 2017-18 and FY 2019-20 respectively, in the cost of FY 2019-20. The Commission had directed MUL to submit the power purchase bills as part of data gaps raised to MUL. In response to the Commission's query, the monthly source wise invoices under long term PPA were submitted by MUL and which were verified by the Commission.

For meeting any remaining base load requirement, the Petitioner has purchase from bilateral sources (UI) which is verified from the Audited Annual Accounts by the Commission. Other charges which include reactive and SLDC charges are also verified by the Commission from the Audited Annual Accounts.

As per Regulation 97.2 of the GERC (MYT) Regulations, 2016, prompt payment rebate has been considered as Non-Tariff Income and therefore, the same has been excluded from total power purchase cost.

MUL is meeting the overall RPO, however, there is a shortfall in solar power procurement and hence MUL has made provision in power purchase cost for meeting the shortfall in the purchase of REC. For fulfilling its RPO Obligations, MUL has purchased Solar RECs from the exchange. The REC invoices submitted by MUL were verified by the Commission. The Commission notes that MUL has incurred Rs. 2.32 Crore for the purchase of Solar RECs. The provision against shortfall in purchase of REC has not been considered by the Commission.

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

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

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Long Term Contract	130.11	134.33	134.33
Bilateral and Others	9.72	3.63	3.63
RPO - Solar	5.64	-	-
RPO - Wind	11.74	17.54	17.54
RPO - Others	-	-	-
Renewable Energy Certificates (RECs)	-	2.32	2.32
Other (Reactive, SLDC & Transmission Charges)	2.43	0.19	0.19
Net Power Purchase Cost	**159.64**	**158.02**	**158.02**

Considering the approved power purchase cost of Rs. 158.02 Crore for the approved energy procurement of 341.48 MUs, the per unit power purchase cost works out to Rs. 4.63/kWh.

As per the GERC (MYT) Regulations, 2016 variation in the price of fuel and/ or price of power purchase are uncontrollable factors. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

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

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase Cost	159.64	158.02	1.62	-	1.62

4.7 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

MUL has incurred gross capital expenditure of Rs 2.77 Crore as against the approved capital expenditure of Rs. 16.49 Crore for FY 2019-20 as per the MTR Order dated 30th July, 2019. The details of the Capital Work in Progress (CWIP) and the actual capital expenditure in FY 2019-20 is tabulated in the Table below:

Table 4-12: Details of CWIP for 2019-20

(Rs. Crore)

No.	Particulars	FY 2019-20
A	Opening CWIP	1.59
B	Closing CWIP	2.52
C	Gross Fixed Assets added	1.84
D	**Capex [C+(B-A)]**	**2.77**

MUL has further stated that it has capitalized Rs. 1.84 Crore as against the approved capitalization of Rs. 6.71 Crore and the details are provided in the Table below:

Table 4-13: Capitalisation claimed for FY 2019-20

(Rs. Crores)

Sr. No.	Particulars	FY 2019-20	
		Capitalization	
		Approved in the MTR Order	Actual claimed
A	**EHV (220 kV & 66 kV)**		
	EHV Transmission line	4.02	0.22
	EHV Transmission Cable	1.48	-
	EHV Substation	-	0.51
	Land Cost	-	-
	Civil Cost	-	0.31
	Total	**5.50**	**1.04**
B	**HT (33 kV & 11 kV) & NETWORK**		
	33 kV HT Cable Network	-	-
	11 kV HT Cable Network	0.46	-
	33 / 11 kV HT Substation	-	-
	Land Cost	-	-
	Civil Cost	-	-
	Total	**0.46**	**-**
C	**Others**		
	Automation & SCADA	-	0.11
	Testing and Measuring Equipment	0.69	0.35
	IT	-	-

Sr. No.	Particulars	FY 2019-20	
		Capitalization	
		Approved in the MTR Order	Actual claimed
	Meters & AMR	-	-
	Miscellaneous	0.06	0.33
	Buildings & other civil work	-	-
	Total	**0.74**	**0.79**
D	**Grand Total**	**6.71**	**1.84**

MUL has submitted the details of capitalization and funding for truing-up of FY 2019-20 as shown in Table below:

Table 4-14: Capitalization and Funding of Capex for Truing up for FY 2019-20

(Rs. Crores)

Particulars	FY 2019-20	
	Approved in the MTR Order	Actual claimed
Opening GFA	101.99	110.86
Addition to GFA	6.71	1.84
Deletion from GFA	-	-
Closing GFA	108.71	112.70
SLC	5.95	17.09
Capitalization for Debt: Equity	0.76	-
Normative Debt (70%)	0.53	-
Normative Equity (30%)	0.23	-

Commission's analysis

The Commission observed that the Petitioner has claimed capital expenditure of Rs. 2.77 Crore, as against Rs.16.49 Crore approved by the Commission in the MTR Order dated 30th July, 2019.

The Commission, based on the information available in the Audited Annual Accounts for FY 2019-20, has worked out the actual capital expenditure as Rs. 2.77 Crore based on the values for capital works in progress and gross fixed assets added during the year as shown in the Table below:

Table 4-15: Capex worked out by Commission for FY 2019-20

(Rs. Crore)

No.	Particulars	Values as per audited Accounts
A	Opening CWIP	1.59
B	Closing CWIP	2.52
C	Gross Fixed Assets added	1.84
D	**Capex [C+(B-A)]**	**2.77**

On a query from the Commission regarding low capitalization for FY 2019-20, the Petitioner submitted in its reply that the lower capitalization is due to deferred capital expenditure on account of slow development in SEZ area.

Further, the Commission accepts the contention that SLC used towards asset creation should be considered while computing the funding of capex which is in line with the approach followed for capital expenditure and capitalization. The Commission has considered Rs. 17.09 Crore as SLC for FY 2019-20 which is verified from the Audited Annual Accounts. Therefore, as the capitalisation in the year is Rs. 1.84 Crore, after accounting of SLC of FY 2019-20 of Rs. 17.09 Crore during the year, the Commission has accordingly arrived at a “Nil” net Capitalisation for funding. Remaining SLC of Rs. 15.25 Crore will be utilized to meet funding requirements for future period.

Considering the foregoing analysis, the Commission has approved the following capex, capitalization and funding of capex.

Table 4-16: Capital Expenditure, Capitalization and Funding of Capex approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Capex	16.49	2.77	2.77
Capitalization	6.71	1.84	1.84
Less: SLC	5.95	17.09	17.09
Balance Capitalization	0.76	-	-
Normative Debt (70%)	0.53	-	-
Normative Equity (30%)	0.23	-	-
Carry forward SLC	-	15.25	15.25

Thus, the Commission approves a Capex of Rs. 2.77 Crore and net Capitalization as NIL after considering utilisation of part of SLC (Rs. 17.09 Crore), for Truing up for FY 2019-20.

4.8 Operations and Maintenance Expenses

Petitioner's submission

The Operations and Maintenance Expenses comprise of the Employee cost, Administration & General Expenses and Repairs and Maintenance expenditure. The actual Operations and Maintenance Expenses as per the Audited Annual Accounts are Rs. 9.77 Crore for FY 2019-20 compared to the approved expenses of Rs. 10.72 Crore details of which as furnished by MUL are given in the Table below:

Table 4-17: Operation and Maintenance Expenses claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed
Employee Expenses	3.37	2.58
R&M Expenses	1.82	1.79
A&G Expenses	5.52	5.41
Operation and Maintenance Expenses	**10.72**	**9.77**

MUL has submitted that it has not considered the expenses of Rs. 0.15 Crore under the head of Charity & Donations in the A&G expenses for truing up of FY 2019-20.

As per Regulation 22.2 (h) of the GERC (MYT) Regulations, 2016, variation in Operation & Maintenance expenses are controllable. However, MUL has submitted that it has considered O&M expenses as uncontrollable and has requested the Commission to approve it as uncontrollable on account of reasons given below.

MUL has submitted that O&M expenses depend upon addition of new sub-stations and distribution system with development of SEZ area and addition of new SEZ units. Moreover, there are various challenges related to R&M of electrical network / system in coastal area like saline weather condition for system exposed to air and high water table for network below ground level. These are uncontrollable factors which lead to deviations in O&M expenses.

Commission's analysis

The Commission has verified the O&M Expenses from the Audited Annual Accounts. MUL has incurred Employee Expenses of Rs. 2.58 Crore, A&G expenses of Rs.5.41 Crore. The Commission observes that MUL has excluded an amount of Rs. 0.14

Crore which pertains to Charity & donations from the A&G Expenses. The Commission has also noted that due to change in accounting method, rent expenses of Rs. 0.17 Crore were booked as Balance Sheet item which was earlier part of A&G expenses and hence the same has been approved as part of A&G expenses. The Commission also verified the R&M Expenses of Rs.1.79 Crore from the Audited Annual Accounts and found the same at par with what is claimed by the Petitioner. Accordingly, the Commission approves the following O&M Expenses.

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

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Employee Expenses	3.37	2.58	2.58
R&M Expenses	1.82	1.79	1.79
A&G Expenses	5.52	5.41	5.41
Operation and Maintenance Expenses	**10.72**	**9.77**	**9.77**

The Commission approves O&M Expenses of Rs. 9.77 Crore for Truing up for FY 2019-20.

Further, as per the GERC (MYT) Regulations, 2016, the variation in O&M Expenses is to be considered as controllable except the change in law and wage revision. However, in line with the judgement of the Hon'ble APTEL in Appeal No. 256 of 2016 dated 09th May, 2019 in the matter related to TPL-D (Dahej), the Commission decides to accept MUL's submission that O&M Expenses should be considered as uncontrollable along the lines of Distribution Losses, as the SEZ is yet to stabilize its operations.

Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

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

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
O&M Expenses	10.72	9.77	0.94	-	0.94

4.9 Depreciation

Petitioner's submission

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

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

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed
Gross block at the beginning of the Year	101.99	110.86
Addition during the Year	6.71	1.84
Gross block at the end of the Year	108.71	112.70
Depreciation	**1.92**	**3.47**

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

MUL has deducted amortization of service line contribution and accordingly, claimed depreciation of Rs. 3.47 Crore. MUL has requested the Commission to treat the variation in depreciation amount compared to the approved amount as uncontrollable.

Commission's analysis

The Commission has considered the opening balance of GFA for FY 2019-20 equal to the closing balance of GFA for FY 2018-19 as approved by the Commission in the Order in Petition No. 1850 of 2019 dated 3rd April, 2020.

The Commission has verified the depreciation from the Audited Annual Accounts for FY 2019-20. The Commission has also noted that due to change in accounting method, depreciation on lease landhold of Rs. 0.33 Crore were booked as Balance Sheet item which was earlier part of depreciation expenses and hence the same has been approved as part of depreciation expenses. Depreciation expenses as per Audited Annual Account is Rs. 5.60 Crore. It is observed that depreciation of Rs. 2.13 Crore is booked for the assets created through SLC in the Audited Annual Accounts and hence has not been considered by the Commission. Hence, depreciation as per

Audited Annual Accounts is Rs 3.47 Crore after excluding the depreciation against assets created through SLC.

The Commission approves Depreciation of Rs. 3.47 Crore for the purpose of Truing up of FY 2019-20 as shown below:

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

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Gross Block at the beginning of the year	101.99	110.86	110.86
Addition during the year	6.71	1.84	1.84
Gross Block at the end of the year	108.71	112.70	112.70
Depreciation	**1.92**	**3.47**	**3.47**

The deviation of Rs. 1.55 Crore is considered as uncontrollable Loss, as the depreciation is dependent on capitalisation.

Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

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

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	1.92	3.47	(1.55)	-	(1.55)

4.10 Interest and Finance Charges

Petitioner's submission

MUL submitted that it has calculated the Interest Expenses based on the actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. It is further submitted that it has availed a term loan for the period of 5 Year and has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20.

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

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

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed
Opening Loans	21.93	24.19
Less: Reduction of Normative Loan	-	-
Addition of Normative Loan	0.53	-
Repayment of Normative Loan	1.92	3.47
Closing Loan	20.54	20.72
Average Loan	21.24	22.45
Rate of Interest (%)	10.25%	11.25%
Interest Expenses	**2.18**	**2.53**
Finance Charges	-	0.04
Total Interest and Finance Charges	**2.18**	**2.57**

Commission's analysis

The Commission has verified the normative loan opening value with the normative closing loan value approved in Truing up for FY 2018-19. The loan addition has been considered as approved in the Table 4-16 of this Order. The repayment considered has been equated to net value of depreciation as per the provisions of the GERC (MYT) Regulations, 2016.

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 based on the actual loan portfolio during the year applicable to the Distribution Licensee shall be considered as the rate of interest.

Accordingly, the Commission had sought information of the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted in its response to the data gaps. The Commission has verified the Rate of Interest of 11.25% claimed by the Petitioner for the actual loan portfolio details submitted for FY 2019-20 and found it to be correct.

The bank and finance charges of Rs. 0.04 Crore have been verified by the Commission from the Audited Annual Accounts.

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

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

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Interest on Normative Loan			
Opening Loan	21.93	24.19	24.18
Addition of Loan due to Capitalisation during the Year	0.53	-	-
Less: Repayment	1.92	3.47	3.47
Closing Loan	20.54	20.72	20.72
Average Loan	21.24	22.45	22.45
Rate of Interest (%)	10.25%	11.25%	11.25%
Interest Expenses	**2.18**	**2.53**	**2.53**
Bank & Finance Charges	-	**0.04**	**0.04**
Total Interest & Finance Charges	**2.18**	**2.57**	**2.56**

The Commission approves Interest and Finance Charges at Rs. 2.56 Crore for Truing up for FY 2019-20.

As noted in the preceding section, the Commission is of the view that the parameters which affect interest and finance charges should be treated as uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

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

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest & Finance Charges	2.18	2.56	(0.38)	-	(0.38)

4.11 Interest on Security Deposit

Petitioner's submission

MUL has submitted that the contribution to security deposit depends upon the addition of new consumers & their load growth from time to time as projected in ARR Petition for FY 2019-20. Moreover, the bulk consumers opt to give Bank Guarantee (BG) instead of cash deposit in case of amount of security deposit more than Rs. 25 Lakh.

MUL further submitted that as per RBI circular no. RBI/2018-19/17 dated 7th February, 2019, the bank rate was 6.50%. Thus, the amount of interest on security deposit was paid to the consumers at bank rate applicable on 1st April, 2019 as per the Table below:

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

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed
Amount held as Security Deposit	1.76	2.59
Interest Rate (%)	6.25%	6.50%
Interest on Security Deposit	**0.11**	**0.15**

MUL requested the Commission to approve the actual interest paid on consumer security deposit and consider the variation as uncontrollable.

Commission's analysis

The Commission has verified the opening and closing values of security deposit i.e. Rs. 2.33 Crore and Rs. 2.86 Crore respectively, leading to an average deposit value of Rs. 2.59 Crore during FY 2019-20 from the Audited Annual Accounts. Further, the actual interest on security deposit paid as per Audited Annual Accounts is found to be Rs. 0.15 Crore, i.e. same as claimed by MUL. Accordingly, the Commission approves this value as per actuals.

Table 4-27: Interest on Security Deposit approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Average Security Deposit	1.76	2.59	2.59
Interest on Security Deposit	**0.11**	**0.15**	**0.15**

The Commission approves Interest on Security Deposit at Rs. 0.15 Crore for Truing up for FY 2019-20.

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

Table 4-28: Gains / (Losses) on account of Interest on Security Deposit for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Security Deposit	0.11	0.15	(0.04)	-	(0.04)

4.12 Interest on Working Capital

Petitioner's submission

The Interest on Working Capital is computed as per the GERC (MYT) Regulations, 2016, as provided in the Table below:

Table 4-29: Interest on Working Capital claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed
Working Capital Requirement		
O&M Expenses	0.89	0.81
Maintenance Spares	1.02	1.11
Receivables	14.92	14.65
Working Capital Requirement	**16.83**	**16.58**
Less: Average Security Deposit held	1.76	2.59
Total Working Capital	**15.06**	**13.98**
Interest Rate (%)	10.65%	10.66%
Interest on Working Capital	**1.60**	**1.49**

The working capital computed as per the GERC (MYT) Regulations, 2016 works out to be Rs. 16.58 Crore which is more than the average security deposit amount of Rs. 2.59 Crore. MUL has considered interest on working capital at weighted average 1-year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2019-20 plus 250 basis points as per the GERC (MYT) Regulations, 2016 and accordingly, interest on working capital has been considered @ 10.66% (8.16% + 2.50%) for FY 2019-20.

Commission's analysis

The Commission has reviewed the working capital requirement considering the component wise values approved in preceding sections.

Regarding the rate of interest on working capital, the Commission vide notification no. 7 of 2016 dated 2nd December, 2016 has amended its Regulation 40.4 (b) of the GERC (MYT) Regulations, 2016 as given under:

"Interest shall be allowed at a rate equal to the State Bank Base Rate (SBBR) / 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable as on 1st April of the financial year in which the petition is filed plus 250 basis points:

Provided that at the time of Truing up for any year, interest on working capital shall be allowed at a rate equal to the weighted average State Bank Base Rate (SBBR) / 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable prevailing during the financial year plus 250 basis points."

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

Table 4-30: Interest on Working Capital approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Working Capital Requirement			
O&M Expenses	0.89	0.81	0.81
Maintenance Spares	1.02	1.11	1.11
Receivables	14.92	14.65	14.65
Working Capital Requirement	**16.83**	**16.58**	**16.58**
Less: Average Security Deposit held	1.76	2.59	2.59
Total Working Capital	**15.06**	**13.98**	**13.98**
Interest Rate (%)	10.65%	10.66%	10.66%
Interest on Working Capital	**1.60**	**1.49**	**1.49**

The Commission approves Interest on Working Capital at Rs. 1.49 Crore for Truing up for FY 2019-20.

The Commission considers the Interest on Working Capital as uncontrollable, since the components forming part of the working capital are mostly uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-31: Gains / (Losses) on account of Interest on Working Capital for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Working Capital	1.60	1.49	0.11	-	0.11

4.13 Return on Equity

Petitioner's submission

The equity addition for FY 2019-20 has been considered as 30% of the amount of net capitalization (excluding SLC) during the year. The Return on Equity (RoE) has been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2019-20 as per Regulation 37 of the GERC (MYT) Regulations, 2016, as shown in the Table below:

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

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual Claimed
Opening Equity	21.09	21.64
Equity portion of Capitalization during the Year	0.23	-
Closing Balance of Equity	21.32	21.64
Average Equity	21.20	21.64
Rate of RoE	14%	14%
Return on Equity	**2.97**	**3.03**

The Petitioner requested the Commission to allow the same for the purpose of True-up.

Commission's analysis

The closing equity approved in the Order dated 3rd April, 2020 in Case No. 1850 of 2019 for the FY 2018-19 has been considered as the opening equity for FY 2019-20. The addition of equity during FY 2019-20 is considered as approved in the Table 4-16 of this Order. The rate of return on Equity is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

The Commission approves return on equity as given in the Table below:

Table 4-33: Return on Equity approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Opening Equity	21.09	21.64	21.64
Addition to Equity	0.23	-	-
Closing Equity	21.32	21.64	21.64
Average Equity	21.20	21.64	21.64
RoE at 14%	**2.97**	**3.03**	**3.03**

The Commission approves Return on Equity at Rs. 3.03 Crore for Truing up for FY 2019-20.

The Commission is of the view that Return on Equity depends on the amount of capitalisation during the financial year and that the parameters affecting the capitalisation are uncontrollable in nature, as noted in preceding sections. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

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

Table 4-34: Gains / (Losses) on account of Return on Equity for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	2.97	3.03	(0.06)	-	(0.06)

4.14 Income Tax

Petitioner's submission

MUL has submitted that it has paid Rs. 1.59 Crore income tax for FY 2019-20. Accordingly, it has claimed Rs.1.59 Crore against Rs. 2.77 Crore approved in the MTR Order as shown in the Table below:

Table 4-35: Income Tax claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual Claimed
Income Tax	2.77	1.59

The Petitioner has requested the Commission to consider variation in Income Tax and allow variation as uncontrollable for the purpose of Truing up.

Commission's analysis

The Commission has verified the Income Tax claim of Rs. 1.59 Crore from the Audited Annual Accounts and from the copy of challans and ITR 6 which has been submitted by Petitioner in Data gap replies.

The Commission also directed MUL to confirm whether any refund of Income Tax has been received during FY 2019-20. MUL has clarified that till date it has not received any refund of Income Tax.

Accordingly, the Commission approves Income Tax at Rs. 1.59 Crore for Truing up of FY 2019-20 as shown below:

Table 4-36: Income Tax approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Income Tax	2.77	1.59	1.59

As per the GERC (MYT) Regulations, 2016 variation in the taxes on income is an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-37: Gains / (Losses) on account of Income Tax for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Income Tax	2.77	1.59	1.18	-	1.18

4.15 Contingency Reserve

Petitioner's submission

MUL has submitted that it has not contributed to the contingency reserve during FY 2019-20 against Nil value approved in the MTR Order. Accordingly, it has not claimed any amount under this head.

Commission's analysis

The Commission approves contribution to contingency reserve as Nil for Truing up of FY 2019-20.

4.16 Non-Tariff Income

Petitioner's submission

MUL has submitted that the Commission had approved the Non-Tariff Income of Rs. 2.90 Crore in the MTR Order dated 30th July, 2019. However, the actual Non-Tariff Income for FY 2019-20 is Rs. 3.27 Crore, as shown in the Table below:

Table 4-38: Non-Tariff Income claimed for FY 2019-20

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual Claimed
Non-Tariff Income	2.90	3.27

MUL submitted that the variation in Non-Tariff Income is on account of consideration of rebate on prompt payment. MUL requested the Commission to allow the variation in Non-Tariff Income as uncontrollable for the purpose of True-up.

Commission's analysis

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 observed that MUL has considered the Non-Tariff Income as Rs. 3.27 Crore comprising Rebate of Rs. 3.25 Crore and Miscellaneous Receipts of Rs. 0.02 Crore.

With regards to Commission's query on Miscellaneous Income head in Audited Annual Accounts, the Petitioner has clarified that Miscellaneous Income mainly covers delayed payment charges against payment of electricity bill amounting to Rs. 1.80 Crore which has been excluded by the Petitioner from the Non-Tariff Income.

Accordingly, the Commission approves Non-Tariff Income of Rs. 3.27 Crore for Truing up for FY 2019-20 as shown below:

Table 4-39: Non-Tariff Income approved for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
Non Tariff Income	2.90	3.27	3.27

The Commission considers variation in the Non-Tariff Income as an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-40: Gains / (Losses) on account of Non-Tariff Income for FY 2019-20

(Rs. Crore)

Particulars	Approved in MTR Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non Tariff income	2.90	3.27	(0.37)	-	(0.37)

4.17 Revenue from Sale of Power to Consumers

Petitioner's submission

MUL has claimed a revenue of Rs. 175.85 Crore from sale of power to consumers in FY 2019-20.

Commission's analysis

The Commission observes that the revenue as per Audited Annual Accounts is Rs. 175.85 Crore.

Accordingly, the Commission approves Revenue of Rs. 175.85 Crore from sale of power to consumers for Truing up of FY 2019-20.

4.18 Summary of Aggregate Revenue Requirement and Sharing of Gains/ Losses

Petitioner's submission

MUL has submitted the comparison of various ARR items and computed the Gains/ Losses due to controllable and uncontrollable factors as summarized below:

Table 4-41: Controllable & Uncontrollable Variations as claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2019-20)				
		Approved in the MTR Order	Actual Claimed	Over (+) / under (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	159.64	158.02	1.62	-	1.62
2	Operation & Maintenance Expenses	10.72	9.77	0.94	-	0.94
3	Depreciation	1.92	3.47	(1.55)	-	(1.55)
4	Interest & Finance Charges	2.18	2.57	(0.39)	-	(0.39)
5	Interest on Security Deposit	0.11	0.15	(0.04)	-	(0.04)
6	Interest on Working Capital	1.60	1.49	0.11	-	0.11
7	Bad Debts Written Off	-	-	-	-	-
8	Contribution to Contingency Reserves	-	-	-	-	-
9	Return on Equity	2.97	3.03	(0.06)	-	(0.06)
10	Income Tax	2.77	1.59	1.18	-	1.18
11	Less: Non-Tariff Income	2.90	3.27	(0.37)	-	(0.37)
12	**Aggregate Revenue Requirement**	**179.01**	**176.81**	**2.20**	**-**	**2.20**

MUL has identified all the expenditure heads under controllable and uncontrollable categories. The Gains / (Losses) that arise as a result of True up of FY 2019-20 for MUL shall be suitably passed through the tariff as per mechanism specified by the Commission. The variation in the power purchase cost from approved ARR is on account of variation in sales and variation in actual cost. Any variation on account of power procurement cost is treated as uncontrollable. The variation in O&M Expenses is treated as uncontrollable. The variations in RoE, interest on loan and depreciation on account of variation in capitalization are to be treated as uncontrollable. The variations in non-tariff income have been treated as uncontrollable.

Based on the above, the sharing of Gains and Losses due to controllable & uncontrollable factors is summarized below.

Table 4-42: Sharing of Gains & Losses as claimed for FY 2019-20

(Rs. Crore)

Particulars	Pass through by Adjustment of Tariff	To be Retained/ Absorbed	Total
Controllable Gain	-	-	-
Uncontrollable Gain	2.20	-	2.20
Total	**2.20**	**-**	**2.20**

As per the above Table, total Gains of Rs. 2.20 Crore shall be passed through to the consumers. Following is the summary of Trued-up ARR of 2019-20 to be recovered by MUL after incorporation of sharing of Gains / Losses:

Table 4-43: Trued-up ARR as claimed for FY 2019-20

(Rs. Crore)

Sr. No.	Particular	Actual Claimed
1	**Approved as per the MTR Order (A)**	**179.01**
2	Less: Gain on account of Controllable Factor to be passed on to the Consumers (1/3) (B)	-
3	Less: Gain on account of Un-controllable Factor to be passed on to the Consumers (C)	2.20
4	**Trued-up ARR for FY 2019-20, D= (A-B-C)**	**176.81**

Commission's analysis

The Commission reviewed the performance of MUL under Regulation 21 of the GERC (MYT) Regulations, 2016 with reference to the Audited Annual Accounts of FY 2019-20. The Commission has computed the sharing of Gains and Losses for FY 2019-20 based on the Truing up for each of the components discussed in the preceding paragraphs. The comparison of the ARR approved for FY 2019-20 in the MTR Order dated 30th July, 2019 and that approved in accordance with the GERC (MYT) Regulations, 2016 in the present Order along with the resultant gains / (losses) are given in the Table below:

Table 4-44: ARR approved for FY 2019-20 along with impact of Controllable/ Uncontrollable factors

(Rs. Crore)

Sr. No.	Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up	Deviation	Controllable (Gain/(Loss)	Uncontrollable (Gain/(Loss)
1	Power Purchase Expenses	159.64	158.02	158.02	1.62	-	1.62
2	Operation & Maintenance Expenses	10.72	9.77	9.77	0.94	-	0.94
3	Depreciation	1.92	3.47	3.47	(1.55)	-	(1.55)
4	Interest & Finance charges	2.18	2.57	2.56	(0.38)	-	(0.38)
5	Interest on Security Deposit	0.11	0.15	0.15	(0.04)	-	(0.04)
6	Interest on Working Capital	1.60	1.49	1.49	0.11	-	0.11
7	Contribution to Contingency Reserves	-	-	-	-	-	-
8	**Total Revenue expenditure**	**176.17**	**175.47**	**175.47**	**0.70**	**-**	**0.70**
9	Return on Equity Capital	2.97	3.03	3.03	(0.06)	-	(0.06)
10	Income Tax	2.77	1.59	1.59	1.18	-	1.18
11	**Aggregate Revenue Requirement**	**181.91**	**180.09**	**180.09**	**1.82**	**-**	**1.82**
12	Less: Non-Tariff Income	2.90	3.27	3.27	(0.37)	-	(0.37)
13	**Aggregate Revenue Requirement**	**179.01**	**176.81**	**176.81**	**2.20**	**-**	**2.20**

Regulations 23 and 24 of the GERC (MYT) Regulations, 2016 specify the mechanism for sharing of gains and losses on account of uncontrollable and controllable factors.

In case of uncontrollable factors, the gains and losses are entirely passed through as an adjustment in tariff, whereas in case of controllable factors, the gains and losses are shared between the Licensee and consumers in the form of tariff adjustment.

Summary of Trued-up ARR of FY 2019-20 to be recovered by MUL after incorporation of sharing of Gains/ Losses is detailed in the Table below:

Table 4-45: Trued-up ARR approved for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Approved in Truing up
A	Approved as per the MTR Order (A)	179.01
B	Less: Gain on account of controllable factor to be passed on to the consumers (1/3) (B)	-
C	Less: Gain on account of Un-controllable factor to be passed on to the consumers (C)	2.20
D	**Trued-up ARR fortrued up of FY 2019-20, D= (A-B-C)**	**176.81**

4.19 Net revenue Gap / (Surplus)

Petitioner's submission

MUL has submitted that the trued-up ARR for FY 2019-10 is Rs. 176.81 Crore after sharing of gains and losses for FY 2019-20 and the revenue from sales of power is Rs. 175.85 Crore. Thus, revenue gap for FY 2019-20 works out to Rs. 0.96 Crore as tabulated below:

Table 4-46: Net revenue gap/(surplus) as claimed by MUL

(Rs. Crore)

Sr. No.	Particular	Approved in the MTR Order	Actual Claimed
A	Aggregate Revenue Requirement	179.01	176.81
B	Less: Revenue from sale of power	191.95	175.85
C	**Net Revenue gap / (surplus) for FY 2019-20**	**(12.94)**	**0.96**

MUL has considered the revenue gap of Rs. 5.42 Crore for FY 2015-16 which had been approved by the Commission in its Tariff Order in Case No. 1631 of 2016 dated 31st March, 2017 without considering carrying cost on revenue gap. The Commission in its Tariff Order in Case No. 1772 of 2018 dated 30th July, 2019 has also approved revenue gap of Rs. 2.01 Crore for FY 2017-18 and carrying cost of Rs. 0.32 Crore on this revenue gap as per THE GERC (MYT) Regulations, 2016. Accordingly, the Petitioner has requested the Commission to allow carrying cost of Rs. 1.26 Crore on revenue gap of FY 2015-16 as well on similar principle adopted for FY 2017-18. The Petitioner also submitted that it has used accumulated earnings of Return on Equity (RoE) against revenue gap to fulfil its obligation as a power distributor during FY 2016-17 & FY 2017-18 and therefore, requested the Commission to allow carrying cost on approved revenue gap for FY 2015-16.

The Table below summarizes the trued-up ARR, revenue from Sale of Power, resultant Gap / (Surplus), carrying cost and consolidated Gap / (Surplus) for FY 2019-20.

Table 4-47: Consolidated Revenue Gap claimed for FY 2019-20

(Rs. Crore)

Particulars	Actual Claimed
Net Revenue Gap / (Surplus) of FY 2019-20	0.96
Add: Approved consolidated Gap/(Surplus) for FY 2017-18	2.01
Add: Approved Carrying Cost on revenue gap of FY 2017-18 for FY 2018-19 and FY 2019-20	0.32
Add: carrying cost on revenue gap of FY 2015-16 for FY 2016-17 & FY 2017-18	1.26
Consolidated Revenue Gap for FY 2019-20	**4.55**

Commission's analysis

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

Table 4-48: Approved Revenue Gap / (Surplus) for FY 2019-20

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed	Approved in Truing up
1	Annual Revenue Requirement (Trued up)	176.81	176.81
2	Revenue from sale of Power	175.85	175.85
3	**Net Revenue Gap / (Surplus) (2-1)**	**0.96**	**0.96**

MUL has considered the carrying cost on the revenue gap of Rs. 5.42 Crore for FY 2015-16 which has been approved by the Commission in its Tariff Order dated 31st

March, 2017 without considering carrying cost on revenue gap. The Commission in its Tariff Order dated 31st July, 2019 has approved revenue gap of Rs. 2.01 Crore for FY 2017-18 along with the carrying cost of Rs. 0.32 Crore on this revenue gap as per the GERC (MYT) Regulations, 2016. The Petitioner has requested the Commission to allow carrying cost of Rs. 1.26 Crore on revenue gap of FY 2015-16 on similar principle.

The Commission had not allowed the carrying cost in the past as the Petitioner had not submitted any documentary evidence to substantiate the incurrence of Carrying Cost on the Revenue Gap of previous years. However, the Hon'ble APTEL in its judgement in Appeal No. 248 of 2017, Appeal No. 249 of 2017 and Appeal No. 345 of 2017 in the matter of Torrent Power Limited v/s Gujarat Electricity Regulatory Commission had directed the Commission to allow the carrying cost on the revenue gap for the deferred periods which has been a result of legitimate expenditure in the true-up to the Distribution Company after verifying all the expenses/revenue as per the Audited Annual Accounts against the approved one. The Commission has also passed consequential Orders in this matter.

Accordingly, considering the above judgement of the Hon'ble APTEL, the Commission hereby approves carrying cost Rs. 1.26 Crore on revenue gap of FY 2015-16.

Accordingly, the workings of the consolidated Revenue Gap for FY 2019-20 approved by the Commission is shown below:

Table 4-49: Approved Consolidated Revenue Gap / (Surplus) for FY 2019-20

(Rs. Crore)

Particulars	Actual Claimed	Approved in Truing up
Net Revenue Gap / (Surplus) of FY 2019-20	0.96	0.96
Add: Approved Consolidated Gap/(Surplus) for FY 2017-18	2.01	2.01
Add: Approved Carrying Cost on revenue gap of FY2017-18 for FY 2018-19 and FY 2019-20	0.32	0.32
Add: carrying cost on revenue gap of FY 2015-16 for FY 2016-17 & FY 2017-18	1.26	1.26
Consolidated revenue Gap for FY 2019-20	**4.55**	**4.55**

Accordingly, the Commission approves the consolidated Revenue Gap after Truing up of FY 2019-20 of Rs. 4.55 Crore. This Trued-up Gap is considered by the Commission for determination of Tariff for FY 2021-22.

The Commission has dealt with carrying cost for FY 2019-20 in the next Chapter while deciding Tariff for FY 2021-22.

5 Determination of ARR for FY 2021-22

5.1 Introduction

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

The Commission has issued Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020 about applicability of the GERC (MYT) Regulations, 2016 for filing application / Petition for the determination of Annual ARR for FY 2021-22 and proposal for determination of tariff for FY 2021-22.

MUL has accordingly submitted that it has worked out the estimated ARR for FY 2021-22 based on the GERC (MYT) Regulations, 2016 in line with the directions of the Commission in the Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020.

5.2 Energy Sales

Petitioner's submission

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

MUL has submitted that the license area is being developed for setting up an industrial hub by the Developer of Mundra SEZ. The Mundra SEZ is still in the development phase as the new industries and associated necessary infrastructure would likely to take place gradually based on overall economic conditions. Hence, it would be very difficult to carry out the Demand and Sales projection more accurately and precisely for this area.

MUL has considered the projections given by industrial & commercial units, who already have set up in the SEZ area. These projections are based on the details captured from respective consumers. MUL has endeavoured its best to work out projections of energy sales and also collected inputs from developer of Mundra SEZ for projections. The sales projections for FY 2021-22 are as follow:

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

(MUs)

Particulars	MUL Petition
HT Category	
HTMD-I (Commercial)	176.59
HTMD-I (Industrial)	216.95
HTMD-II	-
HTMD-III	6.39
HTMD-IV	1.30
HTMD-EV Charging Station	-
Low Voltage Category	
Residential	-
Commercial (Non Demand)	-
Commercial (Demand)	2.24
Industrial (Non Demand)	-
Industrial (Demand)	0.05
Street Lights	0.39
Temporary	-
LT-EV Charging Stations	-
Total Sale	**403.91**

As regards with the number of consumers, MUL has submitted that the consumer category mainly served by the Petitioner in Mundra SEZ area would be predominantly industrial and commercial bulk consumer of HTMD-I category. The consumer base of other categories would be negligible.

Based on inputs collected from developer of Mundra SEZ about prospective clients and details of plots allotted so far in Mundra SEZ area, the projections of consumer have been worked out. The summery is as under:

Table 5-2: No. of Consumers projected for FY 2021-22

Particulars	MUL Petition (Nos.)
HT Category	
HTMD-I (Commercial)	21
HTMD-I (Industrial)	20
HTMD-II	-
HTMD-III	1
HTMD-IV	2
HTMD-EV Charging Station	-
Low Voltage Category	
Residential	-
Commercial (Non Demand)	-

Particulars	MUL Petition (Nos.)
Commercial (Demand)	27
Industrial (Non Demand)	-
Industrial (Demand)	1
Street Lights	7
Temporary	-
LT-EV Charging Stations	-
Total Sale	**79**

Commission's analysis

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

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

(Mus)

Particulars	MUL Petition	Approved in this Order
Energy Sales	403.91	403.91

Any variation in the actual energy sales will be considered during the truing up for respective year.

5.3 Distribution Losses

Petitioner's submission

MUL has projected distribution losses of 4.00% for the FY 2021-22.

MUL has submitted that it has created basic infrastructure to provide power connectivity to its consumers in SEZ area. MUL has considered N-1 transformation redundancy at all level for higher power reliability and availability to end consumers in the Zone as specified in Distribution Code.

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

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

Particulars	MUL Petition
Distribution Losses	4.00%

Commission's analysis

The Petitioner has considered the Distribution Losses of 4.00% for FY 2021-22. With regards to the Commission's query regarding projecting higher distribution losses when the Petitioner has already achieved distribution loss level of 3.81% in FY 2019-20, the Petitioner submitted that MUL has considered N-1 transformation redundancy at all level for higher power reliability and availability to end consumer in the zone as specified in Distribution Code. Moreover, the zone is still facing difficulty to develop the area cognitively and some of the network will still not be optimally utilised. However, it is difficult to project actual technical losses in advance at this stage and therefore it has considered 4.00% distribution losses. The actual losses based on reduction of technical losses on account of optimal network usage will be considered during truing up.

The Commission notes the submission of MUL. However, considering that MUL has already managed to bring down distribution losses to 3.81% i.e. below the approved loss levels of 4.00%, it would not be appropriate to approve loss trajectory at higher level. MUL should strive to at least maintain the Distribution Losses at the level achieved in FY 2019-20 if not improve it. The actual losses achieved by MUL will anyways be subject to the prudence check at the time of truing up of FY 2021-22. Accordingly, the Commission approves 3.81% distribution losses for the FY 2021-22 as detailed in the Table below:

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

Particulars	MUL Petition	Approved in this Order
Distribution Losses	4.00%	3.81%

5.4 Energy Balance

Petitioner's submission

MUL has submitted that the projection of Energy Balance for the FY 2021-22 is based on projection of Energy Sales and projected distribution & transmission losses.

Since, MUL is directly connected to APMuL bus through dedicated transmission line and hence NIL transmission losses have been considered. Similarly, in case of LTPPA with UPCL, the delivery of power is at MUL's bus and therefore, no transmission losses have been considered.

MUL has further submitted that the renewable power requirement to fulfil Non-Solar RPO, MUL has LTPPA with AREKAL. The WTGs under LTPPA with AREKAL are directly connected with the distribution network of Petitioner and therefore, no transmission losses have been considered.

For the renewable power requirement to fulfil Solar RPO, MUL has considered procurement of solar energy through IEX for shortfall RPO and therefore, applicable transmission losses have been considered.

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

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

(MUs)

Particulars	MUL Petition
Energy Sales	403.91
Distribution Losses (%)	4.00%
Distribution Losses (MU)	16.83
Energy Requirement	420.74
Transmission Losses (%)	0.18%
Transmission Losses (MUs)	0.74
Total Energy Requirement	**421.49**

Commission's analysis

In response to the Commission's query for projecting transmission loss of 0.18% during FY 2021-22, the Petitioner submitted that MUL has proposed to procure Solar Power in small quantum to fulfil its RPO obligation through short term market through the IEX Green Market and therefore 0.18% transmission losses have been considered. Accordingly, the Commission approves Transmission Losses of 0.18% for FY 2021-22.

Based on the energy sales approved in Table 5-3, Distribution Losses approved in Table 5-5, and Transmission Losses of 0.18%, the Commission has computed the estimated energy requirement for MUL for FY 2021-22 in the Table below:

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

(MUs)

Particulars	MUL Petition	Approved in this Order
Energy Sales	403.91	403.91
Distribution Loss (%)	4.00%	3.81%
Distribution Loss (MU)	16.83	16.02
Energy Requirement	420.74	419.93
Transmission Loss (%)	0.18%	0.18%
Transmission Loss (MUs)	0.74	0.74
Total Energy Requirement	**421.49**	**420.67**

5.5 Energy Availability and Power Purchase Cost

Petitioner's submission

MUL has projected power requirement, which shall be procured for retail supply business during FY 2021-22. MUL has worked out the quantum of power procurement based on projected sale of power to its customers and projected T&D losses.

MUL has considered the source-wise energy procurement based on estimated sales during FY 2021-22. The estimated source-wise energy procurement is as below:

Table 5-8: Source-wise Energy Procurement projected for FY 2021-22

(In MUs)

Particulars	MUL Petition
Long Term Contract	364.80
Bilateral and others	-
RPO – Solar	12.79
RPO – Wind	43.90
RPO – Others	-
Net Power Purchase Cost	**421.49**

MUL has submitted that it has considered procurement of power through its Thermal LTPPAs and Wind LTPPA for FY 2021-22.

MUL has considered solar power from its captive solar rooftop plants. MUL is also using the solar attributes of its consumers, who have installed captive solar rooftop plants to meet the solar RPO. MUL has also considered purchase of solar power from green market through IEX to fulfil its RPO.

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

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

Table 5-9: Source-wise Power Purchase projected for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition
Long Term Contract	167.54
Bilateral and others	-
RPO – Solar	3.85
RPO – Wind	15.19
RPO – Others	-
RECs	-
Other (Reactive, SLDC & Transmission Charges)	0.77
Total Cost	**187.35**

Commission's analysis

The Commission has considered the full available contracted capacity under the APL PPA for meeting load requirement. The Commission has considered purchase of aforesaid renewable power in accordance with the RPO target notified by the Commission through the GERC (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018.

The Commission has considered pro-rata reduction in power purchase from different sources (Long-term, Wind and Solar) as there is difference in power purchase requirement estimated by MUL and approved by the Commission.

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

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

(MUs)

Particulars	MUL Petition	Approved in this Order
Long Term Contract	364.80	364.10
Bilateral and Others	-	-
RPO - Solar	12.79	12.76
RPO - Wind	43.90	43.81
RPO - Others	-	-
Total	**421.49**	**420.67**

In response to the Commission's query, the Petitioner has submitted the LT PPAs and the details of calculation of power purchase in data gap replies. Source-wise power purchase cost, the Commission has considered the estimated rate of Rs. 4.60/kWh as per the LT PPA with APL for APL-LT. For RPO Wind, the Commission has considered the rate of Rs. 3.46/kWh as per PPA and projected by MUL. For RPO Solar, the Commission has considered rate of Rs. 3.01/kWh proposed by MUL.

Accordingly, the Commission approves the estimated power purchase cost based on approved energy requirement as follows:

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

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Long Term Contract	167.54	167.32
Bilateral and Others	-	-
RPO - Solar	3.85	3.85
RPO - Wind	15.19	15.16
RPO - Others	-	-
Renewable Energy Certificates (RECs)	-	-
Other (Reactive, SLDC & Transmission Charges)	0.77	0.77
Net Power Purchase Cost	**187.35**	**187.09**

5.6 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

MUL has submitted that the availability of qualitative and reliable power supply to the unit holders is the most important element for successful development of Mundra SEZ. The Investors prefer to set up their continuance process industry in SEZ area if they get uninterrupted qualitative power supply.

MUL has planned to established state of art distribution network along with build-in redundancies to ensure uninterrupted qualitative power supply to the unit holders in Mundra SEZ.

MUL has submitted that it has endeavoured its best to estimate CAPEX for FY 2021-22 based on principles set in Distribution Code.

MUL has considered following assumptions for projecting the CAPEX during FY 2021-22:

- The hybrid i.e. combination of overhead line and underground cable has been considered for EHV network at 66 KV level.
- The indoor type sub-station has been considered for HV S/s of 11 KV Level.
- The underground cables have been considered for HV and LV Network.
- The EHV network shall be ready to serve infrastructure to cater power supply in SEZ area.
- The HV/LV network shall be laid on need basis for last mile connectivity.
- The costs of material and services have been considered as per existing rates (without any taxes and duties), no escalation factor has been considered.
- The CAPEX is proposed to be funded with a debt equity ratio of 70:30.

MUL has planned to undertake capital investments for development of power distribution infrastructure to meet power requirement of its consumers.

MUL has projected addition of few retail consumers during FY 2021-22 and it is expected that consumer base would reach to 79 nos. with arithmetic sum of contracted demand up to 82 MVA.

MUL has considered Ring Main Unit automation associated with HV network, which will improve reliability index of HV network. The system eliminates manual intervention to find out faulty section and its isolation.

MUL has considered augmentation of 66 KV Ring Network between MRSs – MITAP S/s – MPT S/s – South Basin GIS – LNG GIS.

MUL has considered captive solar plant under rooftop policy which will be used to fulfil its obligation to supply power to its consumers and also its RPO compliance.

MUL has also considered addition of HV and LV network for last mile connectivity for the new consumers.

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

Table 5-12: Capital Expenditure projected for FY 2021-22

(Rs. Crore)

	Particulars	MUL Petition
A	EHV (220 kV & 66 kV)	
	EHV Transmission line	**18.03**
	EHV Transmission Cable	**1.70**
	EHV Substation	**-**
	Land Cost	**-**
	Civil Cost	**3.85**
	Total	**23.59**
B	HT (33 kV & 11 kV) & NETWORK	
	33 kV HT Cable Network	
	11 kV HT Cable Network	**0.73**
	33 / 11 kV HT Substation	
	Land Cost	
	Civil Cost	
	Total	**0.73**
C	Others	
	Automation & SCADA	**1.04**
	Testing and Measuring Equipment	
	IT	
	Meters & AMR	
	Miscellaneous	**2.32**
	Buildings & other civil work	
	Total	**3.36**
D	Grand Total	**27.68**

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

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

(Rs. Crores)

Sr. No.	Particulars	Project Title	MUL Petition
1	HT/LT Network	Power Connectivity & common Network for	0.18

Sr. No.	Particulars	Project Title	MUL Petition
		consumers	
2	HT/LT Network	Power Connectivity & common Network for consumers	0.54
3	Miscellaneous	Solar Generation Plant for Captive Use	2.32
4	Automation & SCADA	Automation of Power Distribution Network	2.09
5	EHV Network	66KV Transmission Line	14.85
6	EHV Network	66KV Transmission Line	8.74
Total			**28.72**

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

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

(Rs. Crores)

Particulars	MUL Petition
Capital Expenditure	27.68
Capitalisation	28.72

MUL has proposed to fund part of the Capitalization for FY 2021-22 from unutilized/recovered SLC and balance through normative debt: equity in the ratio of 70:30. The funding of capitalization as projected by the Petitioner as per below table:

Table 5-15: Funding of projected Capitalization for FY 2021-22

(Rs. Crores)

Particulars	MUL Petition
Opening GFA	116.95
Addition to GFA	28.72
Deletion from GFA	-
Closing GFA	145.67
Surplus SLC of FY 2019-20	15.25
SLC of FY 2021-22	1.69
Capitalization for Debt: Equity	11.79
Normative Debt (70%)	8.25
Normative Equity (30%)	3.54

Commission's analysis

The Petitioner has furnished the scheme-wise justification for the capital expenditure projection for FY 2021-22. The Commission has sought the details of DPR for the proposed captive solar plant. The Petitioner submitted the details of estimation for the proposed captive solar plant under rooftop policy in response to the Commission's query.

The Commission notes that the Petitioner has not provided sufficient details relating to the effective cost of generation cost from the proposed solar generation plant. The Petitioner has also not justified how the option of solar generation identified by the Petitioner is better as compared to other options available to the Petitioner for procuring Solar Power including the cost implication of the consumers. Considering that the cost of solar generation in the markets has been significantly dropping over a period of time, an attempt has to be made by the Petitioner to explore other options in the market. It is important to note that recently the Commission has adopted solar tariff of Rs. 1.99/ kWh discovered through competitive bidding process carried out by GUVNL through the quantum of Solar Power was high as compared to proposed capacity by MUL. The Petitioner must also justify how the option of self-solar generation is economically better for the consumers. Considering the lack of information and necessary justification by the Petitioner, the Commission hereby disallows the claim of Rs. 2.32 Crore on account of proposed scheme of solar generation plant for Captive Use for FY 2021-22. The Petitioner is at liberty to approach the Commission in the future with adequate information regarding the project including the effective cost of generation and other alternatives explored while finalising the option.

Accordingly, the Commission approves Rs. 25.36 Crore Capital Expenditure for FY 2021-22.

The Petitioner has submitted the proposed scheme-wise Capitalization for FY 2021-22 based on which the Commission has approved Capitalization of Rs. 26.40 Crore FY 2021-22.

Table 5-16: Capex worked out by Commission for FY 2021-22

(Rs. Crore)

No.	Particulars	MUL Petition	Approved in this Order
A	Capital expenditure	27.68	25.36
B	Capitalization	28.72	26.40

The Commission has considered the approved closing GFA for FY 2019-20 of Rs. 112.70 Crore as approved in this Order and the addition of assets of Rs. 4.25 Crore in FY 2020-21 as approved in the MTR Order dated 30th July, 2019 for working out the closing GFA for FY 2020-21. Accordingly, the closing balance of GFA for FY 2020-21 thus worked out has been considered as opening balance of GFA for FY 2021-22. The Capitalization for FY 2021-22 is partly funded from unutilized / recovered SLC and the balance has been considered as funded by Debt : Equity in the ratio of 70:30.

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

Table 5-17: Capital Expenditure, Capitalization and Funding of Capex approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Opening GFA	116.95	116.95
Addition to GFA	28.72	26.40
Deletion from GFA	-	-
Closing GFA	145.67	143.35
Financing of Capitalisation		
Total Funding requirement (Capitalisation)	**28.72**	**26.40**
Surplus SLC of FY 2019-20	15.25	15.25
SLC contribution of FY 2021-22	1.69	1.69
Funding requirement through Debt: Equity	**11.79**	**9.46**
Normative Debt (70%)	8.25	6.62
Normative Equity (30%)	3.54	2.84

5.7 Operations and Maintenance Expenses

Petitioner's submission

MUL has considered escalation of 5.72% as per the GERC (MYT) Regulations, 2016 on O&M expenses approved for FY 2020-21 by the Commission vide its order dated 31.07.2019 to derive O&M expenses for FY 2021-22.

MUL has submitted that the license area of the MUL is still in the development phase as the new industries and associated necessary infrastructure would likely to take place gradually and also the license area is falling under the saline atmosphere, therefore actual O&M expenses may vary from the projections given below. Therefore, MUL has requested the Commission to approve the actual O&M expenses at the time of True-up.

Table 5-18: Operation and Maintenance Cost projected for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition
Employee Expenses	3.77
R&M Expenses	2.04
A&G Expenses	6.17
Operation and Maintenance Expenses	**11.99**

Commission's analysis

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

"86.2 Operation and Maintenance expenses:

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

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

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

FY 2018-19 ending 31st March 2019 and escalated year on year to arrive at the allowable O&M expenses for FY 2021-22.

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

Table 5-19: Operation and Maintenance Expenses approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Employee Expenses	3.77	3.00
R&M Expenses	2.04	1.51
A&G Expenses	6.17	5.71
Operation and Maintenance Expenses	**11.99**	**10.22**

5.8 Depreciation

Petitioner's submission

MUL has submitted the following details related to fixed assets and depreciation for FY 2021-22.

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

(Rs. Crore)

Particulars	MUL Petition
Opening Gross block	116.95
Closing Gross block	145.67
Depreciation	**3.22**

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

Commission's analysis

The Commission has considered the approved capitalisation during the year and the opening GFA for the FY 2021-22 for calculation of depreciation. The Commission has noted that average depreciation rate for FY 2019-20 worked out to 3.10%. The Commission has observed that MUL has worked out average depreciation rate of 2.45% for FY 2021-22 by applying the GERC depreciation rates which seems reasonable. Accordingly, the Commission has computed the depreciation for FY 2021-22 on average GFA for the year.

Accordingly, the Commission approves Depreciation of Rs. 3.22 Crore for FY 2021-22 as shown below:

Table 5-21: Depreciation approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Gross Block at the beginning of the year	116.95	116.95
Addition during the year	28.72	26.40
Gross Block at the end of the year	145.67	143.35
Depreciation	**3.22**	**3.19**

5.9 Interest and Finance Charges

Petitioner's submission

MUL submitted that it has calculated the Interest Expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. MUL has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20 and same has been considered for FY 2021-22 as per the GERC (MYT) Regulations, 2016.

MUL has considered the debt-equity in 70:30 ratio indicated in the GERC (MYT) Regulations, 2016 excluding the capitalisation funded through unutilized/recovered Service Line Contribution (SLC).

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

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

(Rs. Crore)

Particulars	MUL Petition
Opening Loans	20.54
Less: Reduction of Normative Loan	-
Addition of Normative Loan	8.25
Repayment of Normative Loan	3.22
Closing Loan	25.57
Average Loan	23.06
Rate of Interest (%)	11.25%
Interest Expenses	**2.59**
Finance Charges	-
Total Interest and Finance Charges	**2.59**

Commission's analysis

The Commission has considered the closing balance of Normative Loan of Rs. 20.72 Crore for FY 2019-20 as approved in this Order and the addition of Normative Loan of Rs. 2.69 Crore and repayment of Normative Loan of Rs. 1.99 Crore which is equal to depreciation of FY 2020-21 as approved by the Commission in the MTR Order dated 30th July, 2019. This is in variation to the approach adopted by the Petitioner in its submission wherein it has re-calculated the depreciation for FY 2020-21 for the computation of closing balance of Normative Loan for FY 2020-21. Accordingly, the closing balance of Normative Loan for FY 2020-21 thus worked out by the Commission has been considered as opening balance of Normative Loan for FY 2021-22.

The loan addition as worked out in earlier section and repayment equivalent to depreciation as approved for FY 2021-22 have been considered. As regards to the weighted average rate of interest, MUL has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20 as approved by the Commission and same has been considered by the Commission for FY 2021-22 as per the provisions of the GERC (MYT) Regulations, 2016. The Commission feels that MUL is raising debt at high rates than prevailing in the market/ raised by other utilities and hence there is a scope for improvement. MUL is directed to raise debt in optimal manner so as to benefit the consumers. MUL shall furnish half-yearly progress report about the action taken and results thereof.

Accordingly, the Commission approves the Interest and Finance Charges as shown in the Table below:

Table 5-23: Interest and Finance Charges approved up for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Interest on Normative Loan		
Opening Loan	20.54	21.42
Addition of Loan due to Capitalisation during the Year	8.25	6.62
Less: Repayment	3.22	3.19
Closing Loan	25.57	24.85
Average Loan	23.06	23.13
Rate of Interest (%)	11.25%	11.25%
Interest Expenses	**2.59**	**2.60**
Bank & Finance Charges	-	-
Total Interest & Finance Charges	**2.59**	**2.60**

5.10 Interest on Security Deposit

Petitioner's submission

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

MUL has computed the interest expenses on proposed security deposit for FY 2021-22 as per the bank rate of 6.50% considered for FY 2019-20 as per the GERC (MYT) Regulations, 2016 as tabulated below:

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

(Rs. Crore)

Particulars	MUL Petition
Amount held as Security Deposit	2.18
Interest Rate (%)	6.50%
Interest on Security Deposit	**0.14**

Commission's analysis

The Commission has accepted the amount of consumer security deposits projected by the Petitioner for FY 2021-22 as Petitioner is in better position to estimate the amount held as security deposit as many consumers are providing security deposit in

Bank Guarantee form. The Commission has considered the RBI Bank Rate on 1st April, 2020 @ 4.65% per annum.

Accordingly, the Commission approves the Interest on Security Deposit as shown in the Table below:

Table 5-25: Interest on Security Deposit approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Average Deposit	2.18	2.18
Interest Rate (%)	6.50%	4.65%
Interest on Security Deposit	**0.14**	**0.10**

5.11 Interest on Working Capital

Petitioner's submission

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

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

The Interest on Working Capital is computed as per the GERC (MYT) Regulations, 2016, as provided in the Table below:

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

(Rs. Crore)

Particulars	MUL Petition
Working Capital Requirement	
O&M Expenses	1.00
Maintenance Spares	1.17
Receivables	17.18
Working Capital Requirement	**19.35**
Less: Average held as Security Deposit	2.18
Total Working Capital	**17.17**
Interest Rate (%)	10.66%
Interest on Working Capital	**1.83**

MUL has considered interest on working capital at weighted average 1-year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2019-20 plus 250 basis points as per the GERC (MYT) Regulations, 2016 and accordingly, interest on working capital has been considered @ 10.66% (8.16+2.50) for FY 2021-22.

Commission's analysis

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

The Commission has noted that MUL has considered revenue from sale of power at existing tariff for calculation of working capital requirement. The Commission has considered approved Aggregate Revenue Requirement for calculation of working capital requirement. The rate of interest on working capital has been considered as 10.25% considering SBI MCLR as on 01.04.2020 (7.75 % plus 250 basis points) as per the GERC (MYT) Regulations, 2016. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2016.

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

Table 5-27: Interest on Working Capital approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Working Capital Requirement		
O&M Expenses	1.00	0.85
Maintenance Spares	1.17	1.17
Receivables	17.18	17.22
Working Capital Requirement	**19.35**	**19.24**
Less: Average held as Security Deposit	2.18	2.18
Total Working Capital	**17.17**	**17.06**
Interest Rate (%)	10.66%	10.25%
Interest on Working Capital	**1.83**	**1.75**

5.12 Return on Equity

Petitioner's submission

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

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

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

(Rs. Crore)

Particulars	MUL Petition
Opening Equity	22.80
Equity portion of Capitalization during the Year	3.54
Closing Balance of Equity	26.33
Average Equity	24.57
Rate of RoE	14%
Return on Equity	**3.44**

Commission's analysis

The Commission has considered the closing balance of Equity of Rs. 21.64 Crore for FY 2019-20 as approved in this Order and the addition of Equity of Rs. 1.15 Crore for FY 2020-21 as approved in the MTR Order dated 30th July, 2019 for computing the closing balance if Equity for FY 2020-21. Accordingly, the closing balance of Equity for FY 2020-21 thus worked out has been considered as opening balance of Normative Loan for FY 2021-22. The equity addition for FY 2021-22 has been considered as approved in this Order. The rate of return is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 5-29: Return on Equity approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Opening Equity	22.80	22.79
Addition to Equity	3.54	2.84
Closing Equity	26.33	25.63
Average Equity	24.57	24.21
RoE at 14%	**3.44**	**3.39**

5.13 Income Tax

Petitioner's submission

MUL has submitted that it has paid Rs. 1.59 Crore income tax for FY 2019-20. Accordingly, it has been considered as projected income tax during FY 2021-22 which is tabulated below:

Table 5-30: Income Tax projected for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition
Income Tax	1.59

Commission's analysis

The Commission has approved Income Tax claim of Rs. 1.59 Crore for FY 2021-22 in line with the actual income tax paid by MUL and as approved by the Commission for FY 2019-20 in accordance with the provisions of the GERC (MYT) Regulations, 2016. Any variation in Income Tax actually paid and approved shall be considered based on the documentary evidence at the time of truing Up for FY 2021-22 in accordance with Regulation 41.2 of the GERC (MYT) Regulations, 2016.

Accordingly, the Commission approves Income Tax at Rs. 1.59 Crore for FY 2021-22 as shown below:

Table 5-31: Income Tax approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Income Tax	1.59	1.59

5.14 Contingency Reserve

Petitioner's submission

MUL has submitted that it has not considered any contingency reserve during FY 2021-22.

Commission's analysis

The Commission approves contribution to contingency reserve at Nil for FY 2021-22.

5.15 Non-Tariff Income

Petitioner's submission

MUL has submitted that it has projected amount of Non-Tariff income considering projected rebate amount to be availed by the Petitioner for making payments to the generators in accordance with the GERC (MYT) Regulations, 2016.

MUL has worked out the Non-Tariff income for FY 2021-22 is as under:

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

(Rs. Crore)

Particulars	MUL Petition
Non-Tariff Income	3.35

Commission's analysis

With regards to the Commission's query of methodology adopted for arriving at rebate amount for the estimation of Non-Tariff income, the Petitioner submitted the details of rebate which is on account of early payment of power purchase bill and has considered as Non-Tariff Income.

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

Table 5-33: Non-Tariff Income approved for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Non Tariff Income	3.35	3.35

5.16 Aggregate Revenue Requirement

Petitioner's submission

MUL has submitted the ARR for FY 2021-22 based on above as under:

Table 5-34: Summary of Aggregate Revenue Requirement projected for FY 2021-22

(Rs. Crore)

	Particulars	MUL Petition
1	Power Purchase Expenses	187.35
2	Operation & Maintenance Expenses	11.99
3	Depreciation	3.22
4	Interest & Finance Charges	2.59
5	Interest on Security Deposit	0.14
6	Interest on Working Capital	1.83
7	Bad Debts Written Off	-
8	Contribution to Contingency Reserves	-
9	Return on Equity	3.44
10	Income Tax	1.59
11	Less: Non-Tariff Income	3.35
12	**Aggregate Revenue Requirement**	**208.81**

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

Commission's analysis

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

Table 5-35: ARR approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	MUL Petition	Approved in this Order
1	Power Purchase Expenses	187.35	187.09
2	Operation & Maintenance Expenses	11.99	10.22
3	Depreciation	3.22	3.19
4	Interest & Finance charges	2.59	2.60
5	Interest on Security Deposit	0.14	0.10
6	Interest on Working Capital	1.83	1.75
7	Bad debts Written Off	-	-
8	Contribution to Contingency Reserves	-	-
9	**Total Revenue expenditure**	**207.13**	**204.96**
10	Return on Equity Capital	3.44	3.39
11	Income Tax	1.59	1.59
12	**Aggregate Revenue Requirement**	**212.16**	**209.94**
13	Less: Non-Tariff Income	3.35	3.35
14	**Aggregate Revenue Requirement**	**208.81**	**206.59**

6 Determination of Tariff for FY 2021-22

6.1 Introduction

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

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

6.2 Gap/(Surplus)

Petitioner's submission

MUL has submitted that the projected revenue for FY 2021-22 at existing tariff, works out to be Rs. 206.22 Crore against projected ARR of Rs. 208.81 Crore. The consolidated revenue gap of FY 2019-20 is Rs. 4.55 Crore.

In view of the above, the revenue gap for FY 2021-22, considering consolidated revenue gap of FY 2019-20 along with carrying cost on revenue gap of FY 2019-20 for FY 2020-21 & FY 2021-22, has mentioned in the below table:

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

(Rs. Crore)

Sr. No.	Particulars	MUL Petition
1	ARR for FY 2021-22	208.81
2	Add: Consolidated Revenue Gap for FY 2019-20	2.97
3	Add: Consolidated Carrying Cost up to FY 2019-20	1.58
4	Add: Carrying Cost on Revenue Gap of FY 2019-20 for FY 2020-21 and FY 2021-22	0.48
5	**Estimated Revenue from existing tariff for FY 2021-22**	206.22
6	**Revenue Gap / (Surplus) in FY 2021-22**	**7.63**

Commission's analysis

The GERC (MYT) Regulations, 2016 prescribe that the carrying cost to be allowed on the amount of revenue gap or revenue surplus for the period from the date on which such (Gap) / Surplus has become due, calculated on the simple interest basis at the weightage average SBI Base Rate for the relevant year, subject to prudence check and submission of documentary evidence for having incurred for carrying cost in the year during which revenue Gap/(Surplus) remains.

The carrying cost is to be allowed principally only on the actual Gap/(Surplus) of a particular year during the True-up and it should not be compounded, which ultimately leads to increase in burden on the consumers. Hence, the Commission has allowed carrying cost at the weighted average SBI Base Rate on the outstanding actual Gap/(Surplus) of Truing up of FY 2019-20 as per the GERC (MYT) Regulations, 2016.

The Commission has independently computed the Revenue for MUL for FY 2021-22 from projected category-wise sales and existing tariff. Accordingly, the workings of the consolidated Revenue Gap for FY 2021-22 approved by the Commission is shown below:

Table 6-2: Approved Consolidated Revenue Gap / (Surplus) for FY 2021-22

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Projected ARR of FY 2021-22	208.81	206.59
Add: Consolidated Revenue gap for FY 2019-20	2.97	2.97
Add: Consolidated Carrying Cost up to FY 2019-20	1.58	1.58
Add: Carrying cost on consolidated gap of FY 2019-20 for FY 2020-21& FY 2021-22	0.48	0.48
Estimated Revenue from existing tariff for FY 2021-22	206.22	206.22
Revenue Gap / (Surplus) for FY 2021-22	**7.63**	**5.40**

7 Compliance of Directives

7.1 Existing directives

The Commission had issued following directives in the Tariff Order dated 03.04.2020 in case no. 1850 of 2019 and its compliance as filed by the Petitioner is follows:

Directive No. 1: Interest Cost Reduction

The Hon'ble Commission had issued directives to the Petitioner in its Tariff Order dated 31.03.2017 in case no. 1631 of 2016 to reduce the interest rate. The status on compliance of directives was submitted to the Hon'ble Commission vide letter dated 29.11.2017. The Hon'ble Commission vide its Tariff Order dated 05.04.2018 in case no. 1694 of 2017 directed Petitioner to submit latest status. The Petitioner on compliance of directives was submitted to the Hon'ble Commission in its Petition for True-up for FY 2017-18, Mid-Term Review FY2019-20 & FY 2020-21 and Determination of Tariff for FY 2019-20. The Hon'ble Commission vide its Order dated 30.07.2019 in case no. 1772 of 2018 directed Petitioner to negotiate with the lenders for reduction in the rate of interest on borrowings. The Petitioner on compliance of directives was submitted to Hon'ble Commission in its Petition for True-up for FY 2018-19 and Determination of Tariff for FY 2020-21 in which the interest rate has been reduced from 11.65% (which has been approved by Hon'ble Commission) to 10.38% (at the end of FY 2018-19). The Hon'ble Commission vide its order 03.04.2020 in case no. 1850 of 2019 directed to renegotiation with lender for further reduction in the rate of interest on borrowing.

Compliance submitted by MUL

The Petitioner humbly submits that it has put in its best efforts and deliberated the matter with bank to reduce interest rate. However, the tenure of the aforesaid loan portfolio has been re-paid at the end of FY 2019-20.

Commission View:

The Commission has noted the submission. The Commission feels that MUL has incurred high cost debt in the past and there is scope for improvement while raising debt for future period. MUL shall furnish report about the action taken and results thereof for any new debt raised.

Directive No.2: Load Flow for Validation of Capital Expenditure and Capitalization

The GERC Regulations allows the CAPEX to be passed through in tariff as and when the assets are put to use, after prudence check. Accordingly, the Petitioner is directed to keep a proper record of all the assets which is approved for capitalization during the years along with the necessary details, including date of commissioning / testing, date of loading (maximum and minimum during the period), time and cost overrun with respect to the approved projections. The above details have to be submitted along with the next tariff / true-up petition.

Compliance submitted by MUL

The Petitioner humbly submits that there is no major capital expenditure and capitalization during FY 2019-20, the details of same are available in Form No. F4.3 and F4.1 respectively.

Commission View:

The Commission has noted the submission.

7.2 Fresh directives

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

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

Directive 2: Charging Infrastructure for Electric Vehicles

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

Directive 3: Time of Use Charges

The Petitioner is directed to carry out a study to implement Time of Use Charges leviable during Peak Demand period and that leviable during off peak Demand Period. The Petitioner is directed to submit the study report along with next Petition.

Directive 4: Green Tariff

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

8 Fuel and Power Purchase Price Adjustment

8.1 Fuel and Power Purchase Price Adjustment

The Commission, vide its Order in Case No. 1309/2013 and 1313/2013 dated 29.10.2013, 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 MUL applicable for a particular quarter or actual weighted average in Transmission and Distribution Losses (%) for four DISCOMs / GUVNL and MUL of the previous year for which true-up have been done by the Commission, whichever is lower.

8.2 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total power purchase cost for MUL including fixed cost, variable cost, etc. from the various sources for FY 2021-22 in this Order, as given in the Table below:

Table 8-1: Energy Requirement and Power Purchase Cost approved by the Commission for FY 2021-22

Year	Total Energy Requirement (MUs)	Approved Power Purchase Cost (Rs Crore)	Power Purchase Cost per unit (Rs/kWh)
FY 2021-22	420.67	187.09	4.45

As mentioned above the base Power Purchase cost for MUL is **Rs. 4.45 per kWh** and the base FPPPA charge is NIL.

MUL may claim difference between actual power purchase cost and base power purchase cost approved in the Table above as per the approved FPPPA formula mentioned above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on the website of MUL.

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.

9 Wheeling Charges and Cross Subsidy Surcharge

9.1 Wheeling Charges

Regulation 91 of the GERC (MYT) Regulations, 2016, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has reviewed submission of MUL in this regard and accordingly determined the wheeling charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) open access consumers.

Petitioner's submission

MUL has allocated the total ARR expenditure of MUL to wire and retail supply business considering the following allocation matrix:

Table 9-1: Allocation Matrix for segregation to Wires and Retail Supply Business projected for FY 2021-22

(%)

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

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

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

(Rs. Crore)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	-	187.35
2	**O&M Expenses**	**7.19**	**4.80**
2.1	Employee Expenses	2.26	1.51
2.2	Administration and General Expenses	3.09	3.09
2.3	Repairs and Maintenance Expenses	1.84	0.20
3	Depreciation	2.90	0.32
4	Interest on Long Term Loan Capital	2.33	0.26
5	Interest on Security Deposit	0.01	0.13
6	Interest on Working Capital	0.18	1.65
7	Provision for Bad Debts	-	-
8	Contingency Reserve	-	-
9	Income Tax	1.43	0.16
10	**Revenue Expenditure**	**14.05**	**194.67**
11	Return on Equity	3.10	0.34
12	Less: Non-Tariff Income	0.34	3.02
13	**ARR**	**16.81**	**192.00**

a. ARR of Wire Business: Rs. 16.81 Crore

b. ARR of Retail Supply Business: Rs. 192.00 Crore

The above segregated ARR has been considered to determine the Wheeling Charges.

Commission's analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix for allocation of the costs between the wires and retail supply business as per the GERC (MYT) Regulations, 2016. The allocation matrix and the basis of allocation of various cost components of the ARR as per the GERC (MYT) Regulations, 2016 are shown below:

Table 9-3: Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2016

(%)

No.	Particulars	Wires business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40

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

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

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

(Rs. Crore)

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	-	187.09
2	Operation & Maintenance Expenses	6.01	4.21
2.1	Employee Expenses	1.7999	1.2000
2.2	A&G Expenses	2.8546	2.8546
2.3	R&M Expenses	1.3583	0.1509
3	Depreciation	2.87	0.32
4	Interest & Finance charges	2.34	0.26
5	Interest on Security Deposit	0.01	0.09
6	Interest on Working Capital	0.17	1.57
7	**Total Revenue expenditure**	11.41	193.54
8	Return on Equity Capital	3.05	0.34
9	Income Tax	1.43	0.16
10	**Aggregate Revenue Requirement**	15.90	194.04
11	Less: Non-Tariff Income	0.34	3.02
12	**Aggregate Revenue Requirement**	**15.56**	**191.03**

9.2 Determination of Wheeling Charges

Petitioner's submission

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

The GFA of the Petitioner at the end of year FY 2019-20 is Rs. 112.70 Crore. MUL has segregated GFA of FY 2019-20 among HT level (11 kV and above) and LT Voltage level to arrive voltage level wise Wheeling charges.

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

a) Apportioning the ARR of wheeling business to HT and LT voltage level;
b) Apportioning the ARR of the HT voltage level again between HT & LT voltage level

The consumer's demand & consumption is more at 11 kV and above, while there are very few at LT level in the license area of Petitioner. Hence, the GFA segregated at 11 kV and above is 99.1%, whereas it is only 0.9 % at LT Level which is shown in the below table:

Table 9-5: Voltage level wise GFA Ratio

Particular	GFA (Rs. In Crore)	GFA (%)
HT level (11 KV & Above)	111.72	99.1%
LT level	0.99	0.9%
Total	**112.70**	**100.0%**

It is submitted by MUL that:

- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.
- The expected system peak demand for MUL for FY 2021-22 was 81.72 MVA. The contract demand of HT and LT consumers is 76.75 MVA & 1.33 MVA respectively for the year 2019-20. Hence, 98% of the contract demand of HT consumers contributes to the system peak demand. The total demand of HT

consumers contributing to the system peak is computed as 80.32 MVA during FY 2021-22.

Table 9-6: Peak Demand Contribution

Particulars	Peak Demand (MVA)	Peak Demand (%)
System peak demand	81.72	100%
HT consumer	80.32	98%
LT consumer	1.40	2%

- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined has been tabulated below:

Table 9-7: Wheeling Charges projected for FY 2021-22

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	16.53
LT Voltage	0.29
Total	16.81
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	16.24
LT Voltage	0.57
Total	16.81
Wheeling Charges in Rs. / kWh	
HT Voltage	**0.40**
LT Voltage	**2.12**

MUL has proposed wheeling losses for FY 2021-22 as mentioned in below table, which has been approved by the Commission for FY 2021-22.

Table 9-8: Wheeling Losses projected for FY 2021-22

(%)

Particulars	Wheeling Losses
HT Category	3.00%
LT Category	7.00%

The above allocations of ARR are used for determination of wheeling charges for FY 2021-22.

Commission's analysis

The Commission has determined the ARR of the Wires Business for FY 2021-22 in earlier Section, as Rs. 15.57 Crore. The ARR is first apportioned between the HT and LT Voltage level in the ratio of 98:2, based on the respective contract demands. MUL has submitted that HT consumers contribute to 98% of the system peak demand, hence, the HT ARR is further apportioned in the ratio of 98:2.

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.

Based on the above, the wheeling charges are approved as given in the Table below:

Table 9-9: Wheeling Charges as approved for FY 2021-22

Particulars	
First level of segregation of ARR in Rs. Crore	
HT Voltage	15.30
LT Voltage	0.27
Total	15.56
Second level of segregation of ARR in Rs. Crore	
HT Voltage	15.03
LT Voltage	0.53
Total	15.56
Wheeling Charges in Rs./kWh	
HT Voltage	**0.37**
LT Voltage	**1.97**

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

Table 9-10: Wheeling Losses of FY 2021-22 as approved by the Commission

Particulars	Wheeling Losses
HT Category	3.00%
LT Category	7.00%

9.3 Cross Subsidy Surcharge

Petitioner's submission

MUL has submitted that it has computed the cross subsidy surcharge based on the formula used by the Commission in its Order dated 30.07.2019, as shown below:

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;

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

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

R is the per unit cost of carrying regulatory asset

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

Table 9-11: Cross subsidy surcharge projected for FY 2021-22

(Rs. /kWh)

No.	Particulars	HT Category
1	T – Tariff for HT category	5.20
2	C - PPC : Average cost of power Purchase	4.45
3	D- Wheeling charges for HT category	0.40
4	L – Loss for HT category (%)	3.00%
5	**S= Cross subsidy surcharge**	**0.21**

Commission's analysis

The APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued the National Tariff Policy, 2016. According to this policy, the formula for Cross Subsidy Surcharge is as under:

S = T – [C / (1 - L/100) + D + R]

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

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

R is the per unit cost of carrying regulatory assets

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

Table 9-12: Cross Subsidy Surcharge approved for FY 2021-22

(Rs./kWh)

Particulars	FY 2021-22
T- Tariff for HT category (Rs/kWh)	5.20
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	4.45
D - Wheeling Charges (Rs / kWh)	0.37
L - Aggregate T&D Loss (%)	3.00%
S - Cross Subsidy Surcharge (Rs/kWh)	0.24

S = 5.20 – [4.45/(1-3/100) + 0.37 + 0.00]

= 0.24 Rs/kWh

Thus, Cross Subsidy Surcharge as per Tariff Policy, 2016 works out to Rs. 0.24/unit.

10 Tariff Philosophy and Tariff Proposals

10.1 Introduction

The Commission is guided by the provisions of the EA, 2003, the National Electricity Policy, the Tariff Policy and the GERC (MYT) Regulations, 2016 notified by the Commission.

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

This Chapter discusses MUL's tariff proposal and changes suggested in tariff structure and provides the Commission's final decision on the same.

10.2 MUL's Tariff Proposal

MUL has submitted that based on estimated sales from FY 2021-22 would be 403.91 MUs. The projected ARR for FY 2021-22 would be Rs. 208.81 Crore. The revenue gap and carrying cost of previous year as on FY 2021-22 comes to Rs. 5.04 Crore. Thus, the total projected ARR for FY 2021-22 would be Rs. 213.85 Crore. The estimated revenue at existing tariff would be Rs. 206.22 Crore (403.91 MUs x Rs. 5.11/Unit). Thus, the final revenue gap of FY 2021-22 will be Rs. 7.63 Crore.

In view of above scenario, MUL has proposed to increase energy charges for all category of consumers by Rs. 0.10/Unit for FY 2021-22. The revised sales rate will be Rs. 5.20/Unit.

The additional recovery due to increase of energy charges for all the category of consumers by Rs. 0.10/Unit would be nearly Rs. 4.04 Crore against projected revenue gap of Rs. 7.63 Crore for FY 2021-22. The actual shortfall will be considered at the time of true-up for FY 2021-22.

The Petitioner has submitted to add the one more category for Railway Traction in its license area considering development of Mundra SEZ.

The Petitioner has requested the Commission to approve the proposed tariff and addition of category as Railway Traction.

10.3 Commission's analysis

As discussed in the previous sections, the Commission has approved a cumulative Revenue Gap of Rs. 5.40 Crore. The Commission has approved the proposed increase in energy charges for all category of consumers by Rs. 0.10/Unit for FY 2021-22. The revised sales rate will be Rs. 5.20/Unit.

The actual shortfall will be considered at the time of true-up for FY 2021-22.

Introduction of Railway Traction Tariff

The Commission has decided to introduce a category as Railway Traction in line with proposal of MUL and has approved the proposed Tariff.

11 COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Limited (MUL) for FY 2021-22, as shown in the Table below:

(Rs. Crore)

Particulars	Approved in this Order
Power Purchase Cost	187.09
O&M Expenses	10.22
Depreciation	3.19
Interest on Loans and Finance Charges	2.60
Interest on Security Deposits	0.10
Interest on Working Capital	1.75
Return on Equity	3.39
Contribution to Contingency Reserves	-
Income Tax	1.59
Less: Non-Tariff Income	3.35
ARR	**206.59**

The retail supply tariffs for MUL for FY 2021-22 determined by the Commission are annexed to this Order. This Order shall come into force with effect from 1st April, 2021. The rate shall be applicable for the electricity consumption from 1st April, 2021 onwards.

Sd/-	Sd/-	Sd/-
S. R. PANDEY	**MEHUL M. GANDHI**	**ANAND KUMAR**
Member	Member	Chairman

Place: Gandhinagar

Date: 01/04/2021

12 ANNEXURE: TARIFF SCHEDULE

Tariff Schedule for license area of MPSEZ Utilities Limited (MUL)

Effective from 1st April, 2021

General Conditions

1. This tariff schedule is applicable to all the consumers of MUL in License area of Mundra SEZ.

2. All these tariffs for power supply are applicable to only one point of supply.

3. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.

4. 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.

5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 except Meter Charges, will continue to apply.

6. The charges specified in the tariff are on monthly basis, MUL shall adjust the rates according to billing period applicable to consumer.

7. 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.

8. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo -Watt (HP or kW) as the case may be.

9. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.

11. Contract Demand shall mean the maximum KVA for the supply which MUL undertakes to provide facilities to the consumer from time to time.

12. For computation of Fixed Charges, they will be computed on 85 % of Contract Demand at Unity Power Factor or Actual whichever is higher on monthly basis.

13. Maximum Demand in a month means the highest value of average KVA delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

14. 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. The levy of penal charge is in addition to other rights of MPSEZ Utilities Limited under the provisions of the EA, 2003 and Regulations notified there under.

15. 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.

16. The fuel cost and power purchase price adjustment charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.

17. These rates are exclusive of Electricity Duty, Tax on sale of electricity, Customs Duty, 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 in which are payable by consumers, in addition to the charges levied as per the tariff.

18. 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 EA, 2003 and MUL shall be entitled to take any other action deemed necessary and authorized under the Act.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

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

1. RATE: Residential

This tariff is applicable to services for lights, fans and domestic appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in residential premises.

1.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 45 per month per installation

For BPL household consumers*

Fixed Charges	Rs. 5 per month per installation

1.2. ENERGY CHARGE

(i)	First 250 units consumed per month	330 Paisa per Unit
(ii)	Remaining units consumed per month	380 Paisa per Unit

For BPL household consumers*

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

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

1.3. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. RATE: Commercial (Non Demand)

This tariff is applicable to services for lights, fans and appliances for heating, cooling cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, up to 6 kVA of connected load.

2.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2. ENERGY CHARGE

(i)	First 150 units consumed per month	380 Paisa per Unit
(ii)	Remaining units consumed per month	405 Paisa per Unit

2.3. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

This tariff is applicable to lights, fans and appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, having connected load of 6 kVA and above.

3.1. FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contract Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paisa per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paisa per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

3.2 ENERGY CHARGE

A flat rate of	280 Paisa per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

3.4. MINIMUM BILL

Payment of fixed charges as specified in 3.1 above.

4. <u>RATE: Industrial (Non Demand)</u>

This tariff is applicable up to 6 kVA of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958).

4.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per installation

4.2. ENERGY CHARGE

(i)	First 150 units consumed per month	355 Paisa per Unit

(ii)	Remaining units consumed per month	380 Paisa per Unit

4.3. MINIMUM BILL

Payment of fixed charges as specified in 4.1 above.

5. RATE: Industrial (Demand)

This tariff is applicable to 6 KVA and above of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958), water works and pumping services operated by Local Authorities.

5.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paisa per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paisa per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

5.2 ENERGY CHARGE

A flat rate of	280 Paisa per Unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

For each 1% improvement in the Power Factor from	Rebate of

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

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

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

5.4. MINIMUM BILL

Payment of fixed charges as specified in 5.1 above.

6. RATE: Street Lights

Applicable to lighting systems for illumination of public roads.

6.1. ENERGY CHARGE

A flat rate of	330 Paise per Unit

7. RATE: Temporary

This tariff is applicable to installations for temporary requirement of electricity supply. A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

7.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand.

7.2 ENERGY CHARGE

A flat rate of	355 Paise per unit

7.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing Period exceeds 90%

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

B) Where the average Power Factor during the Billing Period is below 90%

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

7.4. MINIMUM BILL

Payment of fixed charges as specified in 7.1 above.

8. 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. Residential, Commercial, Industrial, etc.

8.1 FIXED CHARGE

Rs. 25 per month per installation

PLUS

8.2 ENERGY CHARGE

Energy Charge	315 Paise per Unit

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

(11000 VOLTS AND ABOVE - THREE PHASE, 50 HERTZ)

9. RATE: HTMD - 1

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT categories.

9.1 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor or one hundred kVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

b. Contract demand above 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100% load factor	110 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

a. Contract demand up to 500 kVA

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

b. Contract demand above 500 kVA

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA.

9.2 ENERGY CHARGE

For entire consumption during the month	
Up to 500 kVA of the contract demand	320 Paise per unit
Above 500 kVA of the contract demand	360 Paise per unit

9.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing Period exceeds 90%

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

B) Where the average Power Factor during the Billing Period is below 90%

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

9.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

9.5. MINIMUM BILL

Payment of fixed charges as specified in 9.1 above.

10. <u>RATE: HTMD -II</u>

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above 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

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f or Actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	100 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA

10.2 ENERGY CHARGE

A flat rate of	455 Paise per unit

10.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing Period exceeds 90%

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

B) Where the average Power Factor during the Billing Period is below 90%

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

10.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

10.5. MINIMUM BILL

Payment of fixed charges as specified in 10.1 above.

11. RATE: HTMD – III

This tariff is applicable for supply of energy to High Tension consumers, contracting for maximum demand of 100 kVA and above, for residential purposes and availing supply at single point by a Co-operative Group Housing Society for making electricity available to the members of Co-operative Society in the same premises.

11.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	75 Paise per Unit

B) For billing demand in excess of the contract demand

Computed on billing demand in excess of contract demand on monthly basis at 100% Load Factor	125 Paise per Unit

NOTE: The billing demand shall be highest of the following:

i. Actual maximum demand at monthly average p.f. established during the month OR
ii. Eighty – five percent of the contract demand at u.p.f OR
iii. One hundred kVA at u.p.f.

11.2 ENERGY CHARGE

A flat rate of	280 Paise per unit

11.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the Billing Period exceeds 90%

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

B) Where the average power factor during the Billing Period is below 90%

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

11.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

11.5 MINIMUM BILL

Payment of fixed charges as specified in 11.1 above.

12. RATE: HTMD - IV

This tariff shall be applicable for supply of energy to HT consumers contracting for 100 kVA and above, requiring power supply for Water Works and Sewerage pumping stations run by Local Authorities / Developer / Co-developer.

12.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	75 Paise per Unit

B) For billing demand in excess of the contract demand

Computed on billing demand in excess of contract demand on monthly basis at 100% Load Factor	125 Paise per Unit

NOTE: The billing demand shall be highest of the following:

i. Actual maximum demand at monthly average p.f. established during the month OR
ii. Eighty – five percent of the contract demand at u.p.f OR
iii. One hundred kVA at u.p.f.

12.2 ENERGY CHARGE

A flat rate of	280 Paise per unit

12.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the Billing Period exceeds 90%

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

B) Where the average power factor during the Billing Period is below 90%

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

12.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

12.5 MINIMUM BILL

Payment of fixed charges as specified in 12.1 above.

13. RATE: HT - Electric Vehicle (EV) Charging Stations

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

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. HTMD-I, HTMD-II, HTMD-III & HTMD-IV.

13.1 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

13.2 ENERGY CHARGE

Energy Charge	310 Paise per Unit

14 RATE: Railway Traction

This tariff shall be applicable for supply to Railway Traction at 66 kV and above.

14.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

For billing demand up to and including the contract demand	Rs. 180 per kVA per month

B) For billing demand in excess of the contract demand

For billing demand in excess of contract demand	Rs. 425 per kVA per month

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

Normal Demand Charges will also apply in case of bunching of trains. However, discoms shall charge excess demand charges while raising the bills and Railway have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains of provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 14.1 (B).

14.2 ENERGY CHARGE

For all unit consumed during the month	500 Paise per unit

14.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the Billing Period exceeds 90%

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

B) Where the average power factor during the Billing Period is below 90%

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

14.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

14.5 MINIMUM BILL

Payment of fixed charges as specified in 14.1 above.