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

Commission's analysis

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

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

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

(MUs)

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

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

5.3 Distribution Losses

Petitioner's submission

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

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

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

(%)

Particulars	GIFT PCL Petition
Distribution Losses	3.21%

Commission's analysis

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

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

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

(%)

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

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

5.4 Energy Balance

Petitioner's submission

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

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

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

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

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

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

(MUs)

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

Commission's analysis

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

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

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

(MUs)

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

5.5 Energy Availability and Power Purchase Cost

Petitioner's submission

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

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

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

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

Renewable Power Purchase Obligation (RPO)

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

Table 5-8: RPO for FY 2021-22

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

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

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

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

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

(Rs. Crore)

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

Commission's analysis

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

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

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

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

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

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

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

(MUs)

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

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

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

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

(Rs. Crore)

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

5.6 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

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

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

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

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

(Rs. Crore)

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

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

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

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

- **Connectivity charges**

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

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

- **Power Distribution Arrangement for various consumers**

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

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

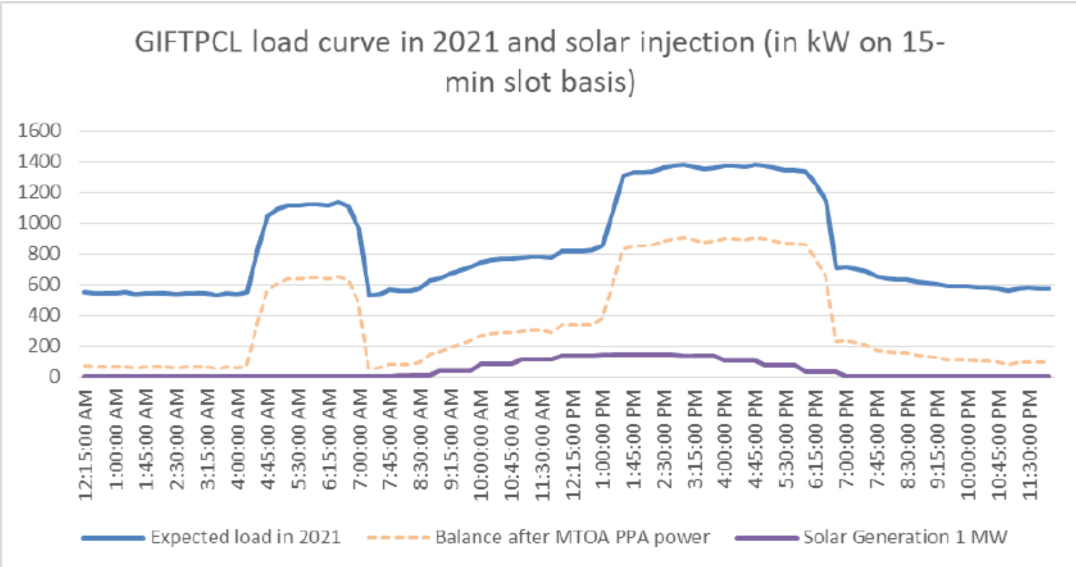
  In Block-53, new buildings are being developed and different builders have initiated the work and the same is in advance stage. As per the response received from such developers, the Petitioner has to lay the necessary distribution network. The extension of distribution network in Block-53 for new buildings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

- **Substation for Block 41**

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

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

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



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

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

(Rs. Crores)

Particulars	FY 2021-22
Capital Expenditure	11.19
Capitalisation	18.03

Commission's analysis

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

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

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

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

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

(Rs. Crore)

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

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

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

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

(Rs. Crore)

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

5.7 Operations and Maintenance Expenses

Petitioner's submission

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

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

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

(Rs. Crore)

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

Commission's analysis

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

"86.2 Operation and Maintenance expenses:

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

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

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

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

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

(Rs. Crore)

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

5.8 Depreciation

Petitioner's submission

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

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

(Rs. Crore)

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

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

Commission's analysis

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

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

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

(Rs. Crore)

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

5.9 Interest and Finance Charges

Petitioner's submission

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

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

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

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

(Rs. Crore)

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

Commission's analysis

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

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

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

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

(Rs. Crore)

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

5.10 Interest on Security Deposit

Petitioner's submission

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

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

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

(Rs. Crore)

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

Commission's analysis

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

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

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

(Rs. Crore)

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

5.11 Interest on Working Capital

Petitioner's submission

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

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

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

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

(Rs. Crore)

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

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

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

Commission's analysis

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

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

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

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

(Rs. Crore)

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

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

5.12 Return on Equity

Petitioner's submission

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

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

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

(Rs. Crore)

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

Commission's analysis

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

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

(Rs. Crore)

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

5.13 Income Tax

Petitioner's submission

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

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

(Rs. Crore)

Particulars	GIFT PCL Petition
Income Tax	0.00

Commission's analysis

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

5.14 Contingency Reserve

Petitioner's submission

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

Commission's analysis

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

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

(Rs. Crore)

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

5.15 Non-Tariff Income

Petitioner's submission

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

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

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

(Rs. Crore)

Particulars	GIFT PCL Petition
Non-Tariff Income	0.53

Commission's analysis

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

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

(Rs. Crore)

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

5.16 ARR for FY 2021-22

Petitioner's submission

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

Table 5.33:ARR projected for FY 2021-22

(Rs. Crore)

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

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

Commission's analysis

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

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

(Rs. Crore)

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

6 Determination of Tariff for FY 2021-22

5.1 Introduction

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

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

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

Petitioner's submission

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

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

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

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

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

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

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

(Rs. Crore)

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

Commission's analysis

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

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

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

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

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

(Rs. Crore)

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

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