7 Compliance of Directives

6.1 Existing Directives

The Commission had issued following directives in the Tariff Order dated 09th October, 2020 in Case no. 1851 of 2020 and its compliance as filed by the Petitioner is follows:

Directive 1: Loss Reduction Road Map

In view of projected high losses for the relatively smaller network of GIFT PCL, the Commission directed the Petitioner to examine the reasons for such high distribution losses. The Petitioner was further directed to get its distribution system studied so that appropriate loss reduction trajectory could be fixed. The Petitioner was directed to furnish a report along with segregation of actual losses into transmission, sub-transmission, HT-LT losses separately. The Petitioner is redirected to submit this information positively before the commencement of the next Control Period, so that the loss reduction trajectory can be stipulated in the next MYT order.

Compliance: The petitioner has submitted the information on actual distribution loss of FY 2019-20 in this Petition along with historical distribution loss reduction information. The energy loss at 66 kV, 33 kV and 11 kV level was presented in the format attached with this Petition. As directed by Commission, the Petitioner will submit the actual loss of current financial year before the commencement of the next Control Period in its next Petition.

Commission's Comments

The Commission has noted the submission of the Petitioner.

Directive 2: Power Purchase Strategy (Planning)

GIFT PCL was directed to streamline the power purchase functions and finalize long-term/ medium-term contracts for power purchase through competitive bidding immediately in order to minimize its future power purchase cost. The Petitioner was directed to create a five-year power purchase plan taking into account the sales envisaged by the Petitioner and the various power sources available. The Petitioner submitted that it has appointed PTC to streamline the power purchase in order to reduce the input energy price. The Commission redirects the Petitioner to again keep a check on their power purchase strategy and create a five-year power purchase plan taking into account the sales envisaged by the Petitioner and the various power sources available and submit the same along with the next tariff Petition.

Compliance: The Petitioner has already working to reduce the power purchase cost. It may be noted that due to certain initiatives taken by the Petitioner the power purchase is reduced significantly. At present the average power purchase cost is of below Rs 4.75 per unit. The initiatives taken by the Petitioner is given below.

- The Petitioner has appointed PTC India Ltd for power purchase planning.
- The Petitioner has exited from the PPA with UGVCL (first as consumer and then under PPA with UGVCL). Under PPA route also the Petitioner had to pay high fixed charges as per the PPA norm.
- Executed PPA for the power availability through MTOA from PTC India. This has helped the Petitioner to get continuous power with optimal cost.
- After considering the power through MTOA, the Petitioner is procuring variable power through exchange. The Petitioner is continuously bidding in power exchange on Day Ahead basis at optimal rate.
- The Petitioner is planning to continue the present arrangement of getting power through MTOA and remaining through power exchange. As presented earlier, the Petitioner is also planning to install 1 MW solar power project. After the solar power installation, the power requirement from power exchange will be reduced significantly.

At the time of next MYT Control period, the Petitioner will present the detailed power planning for next five-year period according to its projected sales and distribution loss trajectory. The detailed five-year power planning will be presented in the next Petition.

Commission's Comments

The Commission has noted the submission of the Petitioner. The Petitioner should endeavour procuring power directly by enhancing internal capabilities which will help in reducing outsourcing cost and unnecessary burden to the consumers.

Directive 3: Interest Cost Reduction

The Commission feels that GIFT PCL has incurred high cost debt and there is a scope for replacing the said high cost debt with low cost debt so as to benefit the consumers. Therefore, GIFT PCL is directed to negotiate with the lenders for reduction in the rate of interest on the borrowings. GIFTPCL shall furnish half-yearly progress report about the action taken and results thereof.

Compliance: The Petitioner has replaced the existing debt with new debt so as to benefit the consumers as per the direction of Commission. The Petitioner has discussed with lenders to negotiate for reduction in the rate of interest on the borrowings. The current rate of interest after negotiation is 7% for which supporting letter for the lender is attached as Annexure 4 as part of replies to datagaps. The Petitioner has paid the existing lender and get refinance from Gujrat State Financial Services Ltd (GSFS) as unsecured loan. GSFS is a Government NBFC which has offered the loan at 7%. This will surely reduce the interest burden.

Commission's Comments

The Commission has noted the submission of the Petitioner.

Directive 4: O&M Cost Reduction

The Commission feels that GIFT PCL is incurring higher O&M costs per unit Sales as compared to the other licensees in the state. There is a scope to reduce the same and directs GIFT PCL to streamline the process and keep an eye on the O&M expenses to be incurred.

Compliance: The Petitioner is taking various initiatives to reduce the O&M costs. The Petitioner managing the distribution business with minimal staff and therefore employee cost is optimal. The same staff structure can be continued in future also where the sales will increase. For R&M expenses, the contract has been outsourced and selection is taking place through following competitive bidding mode only. It is expected to get optimum rate after the bidding process. Therefore, it is expected that the R&M expenditure will be optimized as it will be discovered through bidding only.

Commission's Comment

The Commission has noted the submission of the Petitioner. A discussed in the paragraph 4.7, the Commission has observed that GIFT PCL has adopted practise of outsourcing all the business activities such as power portfolio management, maintenance service (24X7), AMC of all equipment, routine testing of all protection system and equipment, regulatory consultancy services etc. In view of the above, the Petitioner is directed to reduce reliance on outsourcing and optimize the O&M Cost.

Directive 5: Business Strategy Plan

The Commission as already elaborated in the previous chapters, feels that there was serious error in judgment for the projections and business scenarios in GIFT city area. Also, at present the whole nation is impacted due to the Covid-19 pandemic and the same will have repercussions in the future. Considering all these facts, the Commission directs the Petitioner to carry out a pragmatic and a calibrated study in order to ascertain assumptions and projections that are more realistic for the submissions of the next control period.

Compliance: The sales and power purchase for FY 2021-22 is considered after considering the present situation as well as expected load to be connected during ensuring year. The Petitioner has discussed in details with the developers to get a realistic input in this regard. After detailed analysis, the sale for ensuring year has been projected. Considering the post-lockdown period scenario, the Petitioner will get more clear picture before next control period and will submit the next MYT tariff petition accordingly after considering that time's situation.

Commission's Comments

The Commission has noted the submission of the Petitioner. Considering the wide variation in sales (projected vis-à-vis actual), the Petitioner is directed to adopt more realistic approach for projection of sale during next MYT Control Period.

Directive 6: Stand-alone Loan Details

The Petitioner has submitted the loan details of consortium term loan facility that has been taken out by its holding company, GIFT City Co. Ltd. (GIFT CL) as a whole. The Petitioner is directed to submit the Allocation Mechanism for segregation of stand-alone loan details for GIFT PCL separately along with loan details of GIFT CL in the future tariff petitions.

Compliance: The Petitioner has elaborated about its actual loan details in the true-up chapter. As mentioned, presently, GSFS has extended unsecured credit facility to GIFTCL. The refinancing of loan helps the Petitioner to reducing the interest rate.

Estimated interest rate as per present arrangement as projected for FY 2021-22 is also presented.

Commission's Comments

The Commission has noted the submission of the Petitioner.

6.2 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 should come up with separate Detailed Project Report along with next Petition for Commission's approval.

Directive 3: 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 Petitioner requested the Commission to approve the base FPPPA, as per the present FPPPA of UGVCL, as followed for GIFTPCL in the previous tariff orders. The base Power Purchase cost for the Petitioner is proposed as **Rs. 4.36 per kWh**, as projected under power purchase cost, and the base FPPPA charge is **Rs. 1.81 per kWh** as per the present UGVCL FPPPA.

Commission's View

As the Commission has decided that the UGVCL's tariff approved in the Commission's Tariff Order dated 31st March, 2021 shall be the maximum ceiling for retail supply in the GIFT City, the base FPPPA charges for UGVCL, i.e., Rs. 1.80/kWh, shall also be applicable to the consumers of GIFT PCL. The FPPPA approved by the Commission for UGVCL from time to time during FY 2021-22, shall also be applicable for GIFT PCL.

The information regarding FPPPA recovery and the FPPPA charges shall be kept on the website of GIFT PCL.

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 for distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has examined the submission of the GIFT PCL 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

The Petitioner has allocated the total ARR to wire and retail supply business based on the allocation matrix specified by the Commission for segregation of Expenses between Distribution Wires Business & Retail Supply Business, as given in Regulations 87 of the GERC (MYT) Regulations, 2016. The allocation of ARR into wheeling and retail supply of electricity for FY 2021-22 is given as below:

Table 9.1: Allocation of ARR between Wheeling and Retail Supply as claimed by the Petitioner 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, GIFT PCL segregated total ARR of GIFT PCL supply area into ARR for wire and retail supply business as shown below:

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

(Rs. Crore)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	-	13.35
2	**O&M Expenses**	**2.80**	**1.18**
2.1	Employee Expenses	1.04	0.69
2.2	Administration and General Expenses	0.33	0.33
2.3	Repairs and Maintenance Expenses	1.43	0.16
3	Depreciation	5.60	0.62
4	Interest on Long Term Loan Capital	3.69	0.41
5	Interest on WC and security deposit	0.04	0.33
6	Provision for Bad Debts	-	-
7	Contingency Reserve	0.83	0.00
8	Income Tax	-	-
9	Return on Equity	4.60	0.51
10	Less: Non-Tariff Income	0.05	0.48
11	**ARR**	**17.50**	**15.94**

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	Wire 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

No.	Particulars	Wire business	Retail Supply Business
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	-	11.95
2	Operation & Maintenance Expenses	0.57	0.24
2.1	Employee Expenses	0.21	0.14
2.2	A&G Expenses	0.07	0.07
2.3	R&M Expenses	0.29	0.03
3	Depreciation	1.60	0.18
4	Interest & Finance charges	0.77	0.09
6	Interest on Working Capital	-	-
7	Interest on Security Deposit	0.03	0.28
8	Contribution to contingency reserves	0.14	-
9	**Total Revenue expenditure**	3.69	12.97
10	Return on Equity Capital	1.12	0.12
11	Income Tax	-	-
12	**Aggregate Revenue Requirement**	4.81	13.09
13	Less: Non-Tariff Income	0.05	0.48
14	**Aggregate Revenue Requirement**	**4.76**	**12.62**

The above allocation of ARR is used for determination of wheeling charges for FY 2021-22.

9.2 Determination of Wheeling Charges

Petitioner's submission

The Petitioner has computed the voltage wise wheeling charges based on the allocation of ARR of distribution wire business, in accordance with the GERC (MYT) Regulations, 2016.

Distribution wires are identified as carrier of electricity from generating station or transmission network to consumer point. Ideally 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. Whereas consumers connected to the higher voltages would not be utilizing the services of the lower voltage and hence would not be required to contribute to the lower voltages cost recovery.

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 Petitioner has divided the GFA in the ratio of 94.6%:5.4% among HT level and LT Voltage level to arrive voltage level wise Wheeling Charges. 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 demand.

The system peak demand for the Petitioner's Supply Area has been considered in the ratio of 58%:42% as per average peak demand contributed by HT and LT consumers.

The Petitioner has calculated the wheeling charges in terms of Rs./kWh. 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 charges determined in terms of Rs./kWh has been tabulated below:

Table 9.5: Wheeling Charges proposed by GIFT PCL for FY 2021-22

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	16.55

LT Voltage Level	0.95
Total ARR	**17.50**
Second Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	9.60
LT Voltage Level	7.90
Total ARR	**17.50**
Wheeling Charges in (Rs./kWh)	
HT Voltage Level	4.13
LT Voltage Level	2.67

The Petitioner has proposed 3.21% wheeling Losses in addition to the wheeling charges as mentioned in above Table.

Commission's analysis

The Commission, in Order to compute the wheeling charges and cross subsidy surcharges, has considered the allocation matrix between the wires and retail supply business as per the GERC (MYT) Regulations, 2016.

For the calculation of wheeling charges, the ARR for wheeling business is apportioned in the ratio of actual HT assets to LT assets which is 94.53%:5.57%, as submitted by the Petitioner.

The contribution of HT and LT categories to the system peak demand as submitted by the Petitioner is 58% and 42%, respectively. These ratios are considered for further segregation of ARR based on system peak demand.

To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charge is determined as shown below:

Table 9.6: Wheeling Charges as approved for GIFT PCL for FY 2021-22

Particulars	
First level of segregation of ARR in Rs. Crore	
HT Voltage	4.50
LT Voltage	0.26
Total	4.76
Second level of segregation of ARR in Rs. Crore	
HT Voltage	2.61
LT Voltage	2.15
Total	4.76
Wheeling Charges in Rs./kWh	
HT Voltage	1.11
LT Voltage	3.53

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

The Open Access consumer will also have to bear the wheeling Losses of 3.21% in addition to the wheeling charges.

9.3 Cross Subsidy Surcharge

Petitioner's submission

The Petitioner has submitted cross subsidy surcharge as per the following formula:

S = T- [C / (1 - L/100) + D + R]

Where:
S is the Cross Subsidy 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 wheeling charges applicable to relevant category

R is the per unit cost of carrying regulatory assets.

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

Table 9.7: Cross Subsidy Surcharge as proposed by GIFT PCL for FY 2021-22

Sr. No.	Particulars	HT Category
1	T - Tariff for HT Category (Rs./kWh)	7.13
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.36
3	D - Wheeling Charge (Rs./kWh)	4.22
4	L - Aggregate T&D Loss (%)	3.21%
5	R - per unit cost of carrying regulatory assets (Rs/kWh)	0.00
6	**S = Cross Subsidy Surcharge (Rs./kWh)**	**Negative**

Therefore, the Petitioner has not proposed any cross subsidy surcharge, as the same is negative.

Commission's analysis

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued 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 9.8: Cross Subsidy Surcharge as approved for GIFT PCL for FY 2021-22

Particulars	FY 2021-22
T- Tariff for HT category (Rs/kWh)	7.30
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	3.90
D - Wheeling Charges (Rs / kWh)	1.11
L - Aggregate T&D Loss (%)	3.21%
R - Per init cost of carrying regulatory assets (Rs/kWh)	-
S - Cross Subsidy Surcharge (Rs/kWh)	**2.16**

S = 7.30 – [3.90 / (1 – 3.21/100) + 1.11 + 0.00]

= 2.16 Rs./kWh

However, Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking Open Access. Accordingly, the leviable CSS from the consumers of the GIFT PCL seeking Open Access, for FY 2021-22 works out to Rs.1.46/kWh.

Accordingly, CSS for HT Category = 1.46 Rs. /kWh for FY 2021-22.

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10 Tariff Philosophy and Tariff Proposal

10.1 Overall Approach

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the GERC (MYT) Regulations, 2016 notified by the Commission.

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

This Chapter discusses GIFT PCL's Tariff proposal and details the Commission's final decision on the same.

10.2 GIFT PCL's Tariff Proposal for FY 2021-22

The Petitioner is following the Tariff schedule for the different category of consumers as per the existing Tariff Schedule of Uttar Gujarat Vij Company Ltd (UGVCL). The Petitioner was allowed to follow the UGVCL's tariff schedule in previous tariff orders as ceiling tariff. The same norm may be followed for FY 2021-22 also.

Additionally, to recover the past losses, the Petitioner has requested to introduce the appropriate regulatory chargers by the Commission to recover the same. The uncovered revenue gap (cumulative for past years) can be recognised as regulatory asset after considering the regulatory gap that can be recovered through regulatory charges during FY 2021-22. The Petitioner has requested the Commission to approve the above proposal. Otherwise, the Petitioner cannot recover its legitimate dues and will face great financial problem. Although, the Commission has derived the past years' gap and approved the same; the recovery mechanism was not mentioned in last year's tariff order of the Petitioner (Case No 1851 of 2020 dated 9/10/2020). Without recovery of the past losses, the Petitioner has no way to claim its legitimate dues. This is affecting the financial situation of the Petitioner.

The Petitioner has submitted that such a huge gap is creating financial burden on the Petitioner and there is no appropriate mechanism to amortize such gap. The Petitioner has requested the Commission to create suitable mechanism to amortize such huge gap. Various State Electricity Regulatory Commission (SERCs) have taken measures like adjustment in tariff, regulatory surcharge imposition etc. to amortize the regulatory assets. The Petitioner prays to the Commission to kindly approve a similar mechanism in the tariff order for FY 2021-22, to amortize regulatory assets.

Maharashtra Electricity Regulatory Commission in its order in Case No. 34 of 2016 in the matter of Multi Year Tariff Order for RInfra-D for FY 2016-17 to FY 2019-20, had approved the similar mechanism. This had reference with recovery of regulatory assets approved in MYT order in case no. 9 of 2013. The relevant para is given below.

"…….As elaborated earlier, the actual amount of RA (regulatory asset) under-recovered is Rs. 2307.77 crore, as against a much higher amount of Rs. 3257.17 crore estimated by RInfra-D. Considering the amount involved, the Commission is of the view that it would be appropriate to recover this RA amount in the first 3 years of the Control Period, i.e., over FY 2016-17 to FY 2018-19, as was directed earlier, rather than increasing the period of recovery to 4 years with a substantial consequent increase in carrying cost. Hence, the Commission has allowed the recovery of the under-recovered RA of Rs. 2307.77 crore in 3 years, with associated carrying cost, which works out to annual recovery of Rs. 893.88 crore."

Similar approval was also considered in Tata Power – Distribution (Mumbai) for recovery of past dues in MERC Mid-Term Review Order for TPC-D for FY 2012-13 to FY 2015-16 (Case No 18 of 2015). The relevant paragraph is given below.

" …….Taking all these considerations into account, the Commission has decided to spread the recovery of the Regulatory Assets for TPC-D over the same four years as are remaining for RInfra-D's recovery, i.e., FY 2015-16 to FY 2018-19.

……

Hence, the Commission has computed the category-wise RAC such that the total RAC amount allowed to be recovered in FY 2015-16 is recovered only from the direct consumers of TPC-D, i.e., its wire-connected consumers. As a corollary, consumers changing over from RInfra-D to TPC-D will not have to *pay the RAC of TPC-D, but only that of RInfra-D. In this manner, the change-over consumer shall be required to pay the Fixed/Demand Charges, Energy Charges, Wheeling Charges, RAC, and CSS of any one Licensee, i.e., the Fixed/Demand Charges and Energy Charges of the Supply Licensee, and the Wheeling Charges, RAC, and CSS of the Wires Licensee. In other words, the consumer should not be required to pay the same charges twice.*

The category-wise RAC has been determined in proportion to the Energy Charges of the respective categories."

The Commission has also introduced such regulatory charge in case of Torrent Power Limited – Distribution. In order of Truing up for FY 2014-15, Approval of Provisional ARR for FY 2016-17 and Determination of Tariff for FY 2016-17 of TPL-D (Ahmedabad) in Case No. 1552 of 2015 dated 31/03/2016, the Commission has decided the following.

"…The Commission hereby decides to allow the recovery of Rs. 470.50 Crore as the "Regulatory Charge" at 45 Paise/unit from all the categories of consumers of TPL Ahmedabad, Gandhinagar and Surat during FY 2016-17. It is estimated that the full recovery will be completed by 31st March 2017. However, if due to variation in energy sales during FY 2016-17 the said recovery gets completed prior to 31st March 2017, TPL-D shall stop the recovery of "Regulatory Charge" from the consumers.

In order to make the recovery of the "Regulatory Charge" transparent, TPL-D is hereby directed to submit a statement of actual recovery of "Regulatory Charge" along with units sold on bi-monthly basis to the Commission duly certified by the Statutory Auditors and host the same on their website.'

Further, looking to the present downward trend in the fuel price, particularly gas price, the actual FPPPA of TPL-D is expected to reduce. Accordingly, TPL-D is hereby directed to restrict the recovery of FPPPA at ceiling limit of Rs. 1.35/unit during FY 2016-17.

TPL-D is directed to incorporate a separate line item in the electricity bills of the consumers for effecting the recovery of "Regulatory Charge".

Considering the above judgements, it is clear that regulatory charges were introduced in several cases for recovery of regulatory asset. So, the Petitioner has requested the Commission to accord approval to tariff schedule proposed by the Petitioner for FY

2021-22, as per existing tariff schedule with introduction of appropriate regulatory surcharge. This will help the Petitioner to recover some of its past legitimate dues.

10.3 Commission's Analysis

The Commission notes that Petitioners licence area overlaps with the licence area of UGVCL. The second proviso to Section 62 (1) of the Electricity Act, 2003,specifies that:

> *"Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of Tariff for retail sale of electricity."*

Keeping in view the above well-established principles of legislation in determination of Tariff, the Commission believe that the whole course of this area of jurisprudence is that the functions of determination of tariff can be discharged fixing only maximum ceiling of tariff for retail sale of electricity on the basis of promoting competition among distribution licensees where two or more such licensees are in the business of distribution of electricity.

Further, it is observed that the Commission has been determining tariff in similar cases which falls under the situation envisaged under the proviso to Section 62(1) of the Electricity Act, 2003 for areas of distribution licensees like Aspen, TPL-Dahej and MUPL in accordance to the said principles of legislation. The Commission has been therefore, considering either maximum ceiling tariff as set for the principal licensee or setting the tariff which is lower than the retail supply tariff of the principal licensee for the second licensee.

It is to note that GIFT PCL is in process of network creation but the load growth of GIFT PCL is not as expected. The cost and ARR related to this infrastructure need to restore in future whenever sufficient network utilization level is achieved. Till that time, the Commission intends to continue with tariff rates at par with incumbent Distribution Licence i.e. UGVCL and resultant surplus of Rs. 9.86 Crore for the FY 2021-22 is allowed to retain with GIFT PCL in line with approach adopted in earlier Tariff Order for Truing up of FY 2018-19 and determination of Tariff for FY 2020-21 dated 9th October, 2020.

Accordingly, the Commission decides that the UGVCL's tariff approved in the Commission's Tariff Order dated 31st March, 2021 will be the maximum ceiling for retail supply in the GIFT City in accordance with the tariff schedule annexed to this Order.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for GIFT Power Company Limited (GIFT PCL) for FY 2021-22, as shown in the Table below:

ARR approved by the Commission for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	FY 2021-22
1	Power Purchase Expenses	11.95
2	Operation & Maintenance Expenses	0.82
3	Depreciation	1.78
4	Interest & Finance Charges	0.85
5	Return on Equity	1.24
6	Interest on Working Capital	-
7	Interest on Security Deposits	0.31
8	Income Tax	-
9	Contingency Reserve	0.14
10	**Aggregate Revenue Requirement**	**17.09**
11	Less: Non-Tariff Income	0.53
12	**Net Aggregate Revenue Requirement**	**16.56**

The retail supply tariffs for GIFT PCL for FY 2019-20 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/-
MEHUL M. GANDHI
Member

Sd/-
ANAND KUMAR
Chairman

Place: Gandhinagar
Date: 01/04/2021

11 ANNEXURE: TARIFF SCHEDULE

TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION, AND EXTRA HIGH TENSION

Effective from 1st April, 2021

General

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of GIFT PCL.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
6. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
7. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
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, kilo watt or kilo volt ampere (HP, kW, kVA) as the case may be. The fraction of less than 0.5 shall be rounded off to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
9. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
10. 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.
11. Contract Demand shall mean the maximum kW / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.

12. Fuel 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.
13. 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.
14. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and licensee shall be entitled to take any other action deemed necessary and authorized under the Act.
15. Delayed payment charges for all consumers:
    - No delayed payment charges shall be levied if the bill is paid within ten days from the date of billing (excluding date of billing).
    - Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.
    - For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1. RATE: RGP

This tariff is applicable to all services in the residential premises which are not covered under 'Rate: RGP (Rural)' Category.

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

1.1. FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(b)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers

(a)	Fixed Charges	Rs. 5/- per Month

PLUS

1.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	305 Paise per Unit
(b)	Next 50 Units	350 Paise per Unit
(c)	Next 150 Units	415 Paise per Unit
(d)	Above 250 Units	520 Paise per Unit

1.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION

FOR THE CONSUMERS BELOW POVERTY LINE (BPL) **

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

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

1.4. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above

2. RATE: RGP (RURAL)

This tariff will be applicable to all services for residential premises located in areas within Gram Panchayat as defined in the Gujarat Panchayats Act.

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

2.1. FIXED CHARGES

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(b)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers

Fixed Charges	Rs. 5/- per month

PLUS

2.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION: (OTHER THAN BPL CONSUMERS)

(a)	First 50 units	265 Paise per Unit
(b)	Next 50 Units	310 Paise per Unit
(c)	Next 150 units	375 Paise per Unit
(d)	Above 250 units	490 Paise per Unit

2.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

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

**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 sub-division office of the Distribution Licensee. The concessional tariff is only for 50 units per month.

2.4. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as defined in Gujarat Panchayat Act, entire consumption will be charged under this tariff.

3. <u>RATE: GLP</u>

This tariff is applicable to

(i) the educational institutes and other institutions registered with the Charity Commissioner or similarly placed authority designated by the Government of India for such intended purpose;

(ii) research and development laboratories;

(iii) Street Light*

(a)	Fixed charges	Rs. 70/- per Installation per Month
(b)	Energy charges	390 Paise per Unit

* Maintenance of street lighting conductor provided on the pole to connect the street light is to be carried out by Distribution Licensee. The consumer utilising electricity for street lighting purpose shall arrange for renewal, maintenance and replacement of lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956/ Rules issued by Central Electricity Authority (CEA) under the Electricity Act, 2003.

4. <u>RATE: NON-RGP</u>

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load up to and including 40 kW.

Consumer under this category may opt to be charged as per category – 'RATE: LTMD'

4.1. FIXED CHARGES PER MONTH

(a)	First 10 kW of connected load	Rs. 50/- per kW
(b)	For next 30 kW of connected load	Rs. 85/- per kW

PLUS

4.2. ENERGY CHARGES:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	435 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	465 Paise per Unit

4.3. MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

4.3.1. "Seasonal Consumers", shall mean a consumer who takes and uses power supply for ice factory, ice candy machines, ginning and pressing factory, oil mill, rice mill, huller, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fisheries industry), tapioca industries manufacturing starch, vegetable dehydration industries.

4.3.2. Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

4.3.3. The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer satisfying the eligibility criteria under sub-clause 4.3.1 above and complying with the provision stipulated under sub-clause 4.3.2 above shall be Rs. 1800 per annum per kW of the contracted load/ sanctioned load.

4.3.4. The units consumed during the off-season period shall be charged for at a flat rate of 480 Paise per unit.

4.3.5. The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads “Fixed Charges” and “Energy Charges”, shall be taken into account while determining the amount of short-fall payable towards the annual minimum bill as specified under sub-clause 4.3.3 above.

4.3.6. Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Distribution Licensee as Security Deposit and minimum bill calculated at the rate shown in para 4.3.3 with the Contracted Load/ Sanctioned Load of such consumer. If the Contracted Load/ Sanctioned Load is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry

5. RATE: LTMD

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load above 40 kW and up to 100 kW.

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

5.1. DEMAND CHARGE:

(a)	For billing demand up to the Contract demand		
	(i)	For first 40 kW of billing demand	Rs. 90/-per kW per month
	(ii)	Next 20 kW of billing demand	Rs. 130/-per kW per month
	(iii)	Above 60 kW of billing demand	Rs. 195/- per kW per month
(b)	For billing demand in excess of the contract demand		Rs. 265/- per kW

PLUS

5.2. ENERGY CHARGE:

For the entire consumption during the month	460 Paise per Unit

PLUS

5.3. REACTIVE ENERGY CHARGES:

For all the reactive units (kVARh) during the month	10 Paise per kVARh