

3.12.5. **A&G Expenses:** The actual A&G expenses for FY 2020-21 were Rs. 129.90 Crores. As per the provisions of the GERC MYT Regulations, 2016, A&G expenses are categorised as controllable expenses.

3.12.6. O&M expenses are controllable in nature, under Regulation 22.2 of GERC MYT Regulations, 2016. However, as per the methodology adopted by the Hon'ble Commission, the variance in the O&M expenses as approved in MYT Order and the normative O&M expense as per actual performance during the year is considered as uncontrollable and variation in the normative O&M expenses and actual as per audited accounts is considered as controllable. The O&M expenses and gains / (losses) considered in the Truing up for FY 2020-21 are summarized in Table below:

**TABLE 17 : GAINS/ (LOSSES) FROM O&M EXPENSES**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Revised Normative)	FY 2020-21 (Actuals)	Rs in Crores	
					Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	O&M Cost	1,882.18	1,893.94	1,451.84	511.70	(81.36)

Note: The Uncontrollable loss comprises of difference of Approved and Revised Normative O&M expenses i.e. (Rs. 1882.18 Crore – Rs. 1893.94 Crore = Rs. (11.76) Crore plus 7<sup>th</sup> pay impact of Rs. (69.60) Crore.

### 3.13. DEPRECIATION FOR FY 2020-21

3.13.1. The Hon'ble Commission in the MYT Order dated 31<sup>st</sup> March, 2017 has observed the following:

*“In case of Depreciation, Regulation 39 of the GERC MYT Regulations, 2016 provides that:*

*Depreciation shall be computed annually based on the straight line method at the rates specified in the Annexure I to these Regulations.*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets:*

*Provided further that for a Generating Company or a Transmission Licensee or SLDC or a Distribution Licensee formed as a result of a Transfer Scheme, the depreciation on assets transferred under the Transfer Scheme shall be charged as per rates specified in these Regulations for a period of 12 years from the date of the Transfer Scheme, and thereafter depreciation will be spread over the balance useful life of the assets:*

*.....”*

*The petitioner came into existence through Transfer Scheme of the State Government effective from 1st April 2005 and the period of 12 years is getting completed on 31.03.2017. Accordingly, the petitioner is required to consider depreciation for the FY 2017-18 in accordance with the MYT Regulations, 2016 as stated above. The Commission will consider and allow depreciation charges for FY 2020-21 in accordance with the MYT Regulations, 2016.”*

3.13.2. Accordingly, GETCO has calculated the Depreciation for FY 2020-21 in accordance with the provisions of the GERC MYT Regulations, 2016 and the aforementioned directives of the Hon'ble Commission.

3.13.3. The addition to GFA has been considered based on capitalisation considered for FY 2020-21.

3.13.4. The actual depreciation for FY 2020-21 works out to be Rs. 1,189.71 Crores. The Weighted Average Rate of Depreciation, works out to be 4.18% which is less than 4.87%, rate approved by the Hon'ble Commission for FY 2020-21 as shown in the table below:

**TABLE 18 : DEPRECIATION FOR FY 2020-21**

Sr. No.	Particulars	Rs. in Crores		
		FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Gross Block in Beginning of the year	26,629	27,524	
2	Additions during the Year (Net)	2,388	1,831	
3	Gross Block in Closing of the year	29,017	29,355	
4	Average Gross Block for the year	27,823	28,439	
5	<b>Average Rate of Depreciation</b>	<b>4.87%</b>	<b>4.18%</b>	
6	<b>Total Depreciation claimed for FY 2019-20</b>	<b>1,355.67</b>	<b>1,189.71</b>	<b>165.96</b>

3.13.5. The variation in the amount of depreciation as per the actual cost incurred by GETCO in FY 2020-21 against the amount approved by the Hon'ble Commission is considered as gain/ (loss) on account of uncontrollable factor and has been appropriately treated as indicated in below tables.

**TABLE 19 : GAIN/ (LOSSES) FROM DEPRECIATION**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Rs. in Crores	
				Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Depreciation	1,355.67	1,189.71		165.96

### 3.14. INTEREST & FINANCE CHARGES FOR FY 2020-21

3.14.1. The closing loan approved in the True up Order for FY 2019-20 dated 30<sup>th</sup> March, 2021 is considered as the opening loan for FY 2020-21. The debt component of the Capitalisation during the year net of grants is considered at the debt-equity ratio of 70-30.

3.14.2. In line with the approach adopted by the Hon'ble Commission and as prescribed by GERC MYT Regulations, 2016, repayment during the year has been considered equal to the depreciation for the financial year.

3.14.3. Based on the provisions of the GERC MYT Regulations, 2016, the weighted average rate of interest during the year for Truing up of FY 2020-21 is 6.95% as against 9.85% as approved by the Hon'ble Commission.

3.14.4. In line with past approval methodology of the Hon'ble Commission, the other charges which include loss on foreign exchange fluctuation, bank charge, commission etc are considered at actuals as per the audited accounts.

3.14.5. The value of interest and finance charges approved by the Hon'ble Commission and those actually incurred by GETCO for FY 2020-21 is shown as per the table below.

**TABLE 20 : INTEREST & FINANCE CHARGES FOR FY 2020-21**

Sr. No.	Particulars	Rs. in Crores		
		FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Opening Loans	6,223.13	7,213.59	
2	Loan Additions during the Year	1,448.19	979.17	
3	Repayment during the Year	1,355.67	1,189.71	
4	Closing Loans	6,315.65	7,003.04	
5	Average Loans	6,269.39	7,108.32	
6	<b>Interest on Loan</b>	<b>617.80</b>	<b>493.84</b>	
7	Other Charges	1.00	12.25	
8	<b>Total Interest &amp; Financial Charges</b>	<b>618.80</b>	<b>506.10</b>	<b>112.70</b>
9	<b>Weighted Average Rate of Interest on Loan</b>	<b>9.85%</b>	<b>6.95%</b>	

3.14.6. The variation on account of Interest & Finance charges is considered as Uncontrollable factor and accordingly, GETCO has compared actual expenses vis-à-vis the approved expenses and worked out deviation on account of uncontrollable factor. The same has been outlined in the tables given below:

**TABLE 21 : GAINS/ (LOSSES) FROM INTEREST & FINANCE CHARGES**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Rs. in Crores	
				Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest & Finance Charges	618.80	506.10		112.70

### 3.15. RETURN ON EQUITY FOR FY 2020-21

3.15.1. As per the GERC MYT Regulations, 2016, a return @ 14% on the equity base is considered as reasonable and allowed by the Hon'ble Commission. Accordingly, GETCO has computed the Return on Equity considering a rate of return at 14%.

3.15.2. For assessing actual return on equity for FY 2020-21, GETCO has considered the opening balance of equity of FY 2020-21 as the closing balance of equity of FY 2019-20 approved by the Commission in the True up Order dated 30<sup>th</sup> March, 2021 and additions during the year as already discussed in the above paragraphs have been considered. The return on equity for FY 2020-21 is as shown below:

**TABLE 22 : RETURN ON EQUITY FOR FY 2020-21**

Sr. No.	Particulars	Rs in Crores		
		FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Opening Equity Capital	6,925.52	6,904.82	
2	Equity Additions during the Year	620.66	419.64	
3	Closing Equity	7,546.18	7,324.46	
4	Average Equity	7,235.85	7,114.64	
5	Rate of Return on the Equity	14%	14%	
6	<b>Return on Equity</b>	<b>1,013.02</b>	<b>996.05</b>	<b>16.97</b>

3.15.3. The variation on account of return on equity is considered as Uncontrollable factor and accordingly, GETCO has compared actual expenses vis-à-vis the approved expenses and worked out deviation on account of uncontrollable factor. The same has been outlined in the tables given below:

**TABLE 23 : GAINS/ (LOSSES) FROM RETURN ON EQUITY**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Rs. in Crores
					Gain/(Loss) due to Uncontrollable Factor
1	Return on Equity	1,013.02	996.05		16.97

**3.16. INTEREST ON WORKING CAPITAL FOR FY 2020-21**

3.16.1. Working Capital is computed based on the norms provided in GERC MYT Regulations, 2016 by considering O&M expenses, receivables for 1 month and maintenance spares.

3.16.2. As per GERC MYT Regulations, 2016, GETCO has considered the weighted average of 1-year SBI MCLR for FY 2020-21 plus 250 basis points i.e. 9.57%. The comparison of actual value of interest on working capital based on above methodology and the value approved by the Hon'ble Commission is shown as per the table below.

**TABLE 24 : INTEREST ON WORKING CAPITAL FOR FY 2020-21**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Rs in Crores
				Deviation
1	O & M expenses (1 Month)	156.85	120.99	
2	Maintenance Spares (1% of GFA)	266.29	275.24	
3	Receivables (1 Month)	375.11	364.10	
4	<b>Total Working Capital</b>	<b>798.25</b>	<b>760.33</b>	
5	Rate of Interest on Working Capital	11.70%	9.57%	
6	<b>Interest on Working Capital</b>	<b>93.39</b>	<b>72.76</b>	<b>20.63</b>

3.16.3. The deviation between approved and actual interest on working capital has been considered as an uncontrollable factor.

**TABLE 25 : GAINS/ (LOSSES) ON INTEREST ON WORKING CAPITAL**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Rs. in Crores
					Gain/(Loss) due to Uncontrollable Factor
1	Interest on Working Capital	93.39	72.76		20.63

**3.17. EXPENSES CAPITALIZED FOR FY 2020-21**

3.17.1. The expense capitalized has been approved at Rs. 194.13 Crore for FY 2020-21. GETCO has incurred an expense of Rs. 213.84 Crore.

3.17.2. The comparison of approved expenses capitalized by the Hon'ble Commission for the FY 2020-21 with the actual values is shown below:

**TABLE 26 : GAINS/ (LOSSES) ON EXPENSE CAPITALIZED**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Rs. in Crores
					Gain/(Loss) due to Uncontrollable Factor
1	Expenses capitalized	194.13	213.84		(19.71)

3.17.3. The Hon'ble Commission is hereby requested to approve the expenses capitalized for the FY 2020-21.

### 3.18. INCOME TAX FOR FY 2020-21

3.18.1. GETCO's provision of tax for FY 2020-21 is Rs. 329.88 Crores (after excluding Income Tax of Rs. 2.13 Crore pertaining to SLDC from the consolidated tax of Rs. 332.01 Crore).

**TABLE 27 : INCOME TAX FOR FY 2020-21**

Rs. in Crores				
Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Provision for Tax	64.62	329.88	(265.26)

3.18.2. The comparison of tax against the tax approved by the Hon'ble Commission is shown below and the variation between these values is considered uncontrollable.

**TABLE 28: GAINS/ (LOSSES) ON INCOME TAX**

Rs. in Crores					
Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Provision for Tax	64.62	329.88		(265.26)

### 3.19. INCENTIVE ON TRANSMISSION AVAILABILITY

3.19.1. GETCO has achieved an availability of 99.47% for its transmission network during FY 2020-21 certified by SLDC as against targeted availability of 98.50%.

3.19.2. Regulation 73 of the GERC MYT Regulations, 2016 provides that the transmission licensee shall be entitled to an incentive for increase in annual availability beyond the target availability.

3.19.3. GETCO has computed the incentive on higher availability based on the target availability of 98.50% and the same is presented in the table given below. The incentive is calculated on Aggregate Revenue Requirement.

**TABLE 29 : INCENTIVE FOR HIGHER AVAILABILITY**

Sr. No.	Particulars	FY 2020-21
1	Target Availability as per MYT Regulations (%)	98.50%
2	Actual Availability (%)	99.47%
3	Annual Transmission Charges	4,369.24
4	<b>Incentive for Transmission System Availability</b>	<b>43.03</b>

**TABLE 30 : GAINS/ (LOSSES) ON INCENTIVE**

Rs. in Crores					
Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Incentive for Transmission System Availabil	-	43.03		(43.03)

### 3.20. REVENUE FROM NON-TARIFF INCOME

3.20.1. Non-Tariff Income includes income from investments, income from sale of scrap, parallel operation charges, and reactive energy charges, O&M charges for dedicated lines and supervision charges of deposit work as approved by Commission.

- 3.20.2. The variation of actual Non-Tariff income from the approved value is due to the treatment of EAC Opinion (Expert Advisory Committee of Institute of Chartered Accountants of India) on deferred income adopted by GETCO and other state owned utilities in Gujarat.
- 3.20.3. It is to mention that in January 2015, Ministry of Corporate Affairs ('MCA') issued the road map for implementation of Indian Accounting Standards ('Ind AS') (as converged with the International Financial Reporting Standards ('IFRS')) for certain specified class of companies other than Banking Companies, Insurance Companies and Non-Banking Finance Companies ('NBFCs'). As per the road map, Ind AS are applicable in a phased manner on a mandatory basis for the accounting periods beginning on or after April 01, 2016, with comparatives for the periods ending March 31, 2016, or thereafter and is applicable to following companies;
- Companies whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of Rs. 500 crore or more.
  - Companies having net worth of Rs. 500 crore or more other than those covered above.
- 3.20.4. Holding, subsidiary, joint venture or associate companies of companies covered above.
- 3.20.5. As GETCO has Net Worth more than Rs. 500 Crore, Ind AS as notified by MCA on February 16, 2015 was applicable to GETCO.
- 3.20.6. As per the provisions of Ind AS, the company has to recognize grants in proportion of the depreciation expense. Further, deferred income is to be recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Accordingly in order to comply with the mandatory provisions of Ind As and in order to align the method of offering deferred income with the depreciation, GETCO has to revise its method and offer deferred income @ 5.28 % Straight Line Method (SLM) for the first 12 years and then over remaining useful life as against depreciation rate @ 5.28% SLM for first 12 years and then spread over 23 years (35 years life less first 12 years) as approved by Hon'ble GERC for Plant & Machinery and Transmission Lines in MYT regulations.
- 3.20.7. C&AG has scrutinized and observed during the Supplementary Audit of GETCO for FY 2016-17 that the excess income (Deferred Income offered @ 10% WDV (from FY 2005-06 to FY 2010-11) and @ 11.75% WDV (from FY 2010-11 to FY 2015-16) as against depreciation rate of 3.60% SLM (from FY 2005-06 to FY 2008-09) and @ 5.28% SLM (FY 2009-10 to FY 2015-16) offered in earlier years shall be debited to General Reserve and Surplus and not to P&L Account. Finally, C&AG while conducting the Supplementary Audit of GETCO for FY 2019-20, insisted GETCO to seek an opinion from Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India for accounting of the aforesaid excess income offered in early years which works out to Rs 424.17 crores.
- 3.20.8. Accordingly, as per the insistence of C&AG and as per the opinion of EAC, GETCO has to finally debit the amount of Rs. 417.60 crores from the Opening Reserve and Surplus and Deferred Tax Liability of 1.4.2019 and credit to the balance of Government Grant & Consumer Contribution of 1.4.2019. Further for FY 2019-20 the amount of Rs. 6.57 crores have been reduced from the deferred income and the same is credited to the balance of Government Grant & Consumer Contribution of



31.3.2020. This whole accounting procedure for accounting excess income offered of Rs. 424.17 crores (Rs. 417.60 crores + Rs. 6.57 crores) is done as per the insistence of C&AG, requirement of Ind-AS (Indianize version of IFRS) and as per the opinion of EAC.

3.20.9. It is to state that only while giving Ind AS mandatory effect, it comes out that GETCO has been offering excess deferred income (as Non-Tariff Income Deductions) for all these years and has offered excess deferred income (non-tariff income) to the tune of Rs. 424.17 crores in tariff determination/Truing Up exercise of those years.

3.20.10. GETCO therefore request Hon'ble GERC to kindly allow to recover Rs. 424.17 crore of excess deferred income offered during FY 2005-06 to 2019-20 by reducing Rs. 424.17 crores from non-tariff income of FY 2020-21 in Tariff determination/Truing Up as this excess income amount has already been fully passed by GETCO to its transmission beneficiaries in the form of passing higher non-tariff income at the time of truing up and tariff determination at respective years.

3.20.11. The accounting entries which has been passed in FY 2019-20 and FY 2020-21 for such prior period error/adjustments are shown in the Table Below:

**Table 31 : Deferred Income Claim Calculation**

Sr. No.	Particular	Original Accounts (FY 2019-20)	Restated Accounts (FY 2019-20)	Difference
1	Opening balance of Government Grants & Subsidies towards Cost of Capital Assets	404.32	592.10	187.78
1 (A)	Grant Addition	15.00	15.00	-
2	Opening balance of Consumer Contribution towards Capital Assets	1,399.87	1,629.69	229.83
2 (A)	CC Addition	347.49	347.49	-
3 (A)	Grant transferred to P&L	(55.26)	(51.94)	3.31
3 (B)	CC transferred to P&L	(137.92)	(134.67)	3.25
3	Deferred Income towards Government Grants/ Subsidies and Consumer Contribution towards Cost of Capital Assets [3= 3(A) +3(B)]	(193.18)	(186.61)	6.56
4	Closing balance of Govt. Grants & Subsidies towards Cost of Capital Assets [4=1+1(A)+3(A)]	364.07	555.16	191.09
5	Closing balance of Consumer Contribution towards Capital Assets [5=2+2(A)+3(B)]	1,609.43	1,842.51	233.08
6	<b>Total Reversal of Grant &amp; Consumer Contribution</b>	1,973.50	2,397.67	424.17

3.20.12. Hence, GETCO has reduced Rs. 424.17 as Reversal of Grant and Consumer Contribution from Non-Tariff income of Rs. 494.48 Crore earned during FY 2020-21 and net Non-Tariff income is considered for claim.

3.20.13. Accordingly, GETCO has considered Rs. 70.31 Crores as Non-tariff Income for the FY 2020-21 in comparison to the approved values of Rs. 331.37 Crores as shown in the table below:

**TABLE 32 : REVENUE FROM NON-TARIFF INCOME**

Sr. No.	Particulars	Rs. in Crores		
		FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Net Non-Tariff Income	331.37	70.31	261.06

3.20.14. The break-up of Non-Tariff Income under different elements is as shown in the following table:

**TABLE 33: BRERAK UP OF NON-TARIFF INCOME**

Sr. No.	Particulars	Rs. in Crores
		FY 2020-21 Actual
1	Parallel Operation Charge	72.87
2	Other Interest (Net)	3.57
3	Interest Income from Fixed Deposits	0.17
4	Interest from Banks (other than on Fixed Deposits).	10.43
5	Income from Trading -Stores, Scrap etc.	12.40
6	Penalties received from suppliers and contractors	64.11
7	Income towards Govt. Grants/ Subsidies towards cost of capital assets (Deferred amount)	205.27
8	Miscellaneous Receipts	8.41
9	Gain on Foreign exchange fluctuation	10.35
10	Misc. Charges from Consumers	9.81
11	Reactive Charges Income	27.27
12	Operation & Maitenance charges	41.64
13	Supervision Income from execution of Deposit work	25.46
14	Gain on sale of Fixed Assets (Net of Loss)	1.38
15	Grant for energy conservation	1.34
16	Less: Reversal of Grant & Consumer Contribution	424.17
17	<b>Net Non-Tariff Income</b>	<b>70.31</b>

3.20.15. The variation in the approved and actual Non-tariff Income is considered an uncontrollable factor.

**TABLE 34 : TREATMENT OF NON -TARIFF INCOME**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Rs in Crores	
				Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Non tariff income	331.37	70.31		261.06

**3.21. AGGREGATE REVENUE REQUIREMENT FOR FY 2020-21**

3.21.1. Based on above expenses, table below summarizes actual Aggregate Revenue Requirement for FY 2020-21 for GETCO in comparison with values approved by the Hon'ble Commission.



**TABLE 35 : AGGREGATE REVENUE REQUIREMENT FOR FY 2020-21**

Sr. No.	Particulars	Rs. in Crores		
		FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Operation & Maintenance Expenses	1,882.18	1,451.84	430.34
2	Depreciation	1,355.67	1,189.71	165.96
3	Interest & Finance Charges	618.80	506.10	112.70
4	Interest on Working Capital	93.39	72.76	20.63
5	Return on Equity	1,013.02	996.05	16.97
6	<b>Total Fixed Costs</b>	<b>4,963.06</b>	<b>4,216.46</b>	<b>746.60</b>
7	Add: Provision for Tax	64.62	329.88	(265.26)
8	<b>Total Transmission Charges</b>	<b>5,027.68</b>	<b>4,546.35</b>	<b>481.33</b>
9	Less: Expenses capitalized	194.13	213.84	(19.71)
10	Less: Non-Tariff Income	331.37	70.31	261.06
11	Add: Incentive for target availability	-	43.03	(43.03)
12	<b>Aggregate Revenue Requirement</b>	<b>4,502.18</b>	<b>4,305.22</b>	<b>196.96</b>

### 3.22. SHARING OF GAINS & LOSSES

- 3.22.1. GERC MYT Regulations, 2016, specifies the mechanism for treatment of Gains and Losses on account of Uncontrollable and Controllable expenses. The methodology approved by the Hon'ble Commission for sharing of such gains/ losses is as follows.

*“23. Mechanism for pass through of gains or losses on account of uncontrollable factors”*

*23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Generating Company or Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.*

*23.2 The Generating Company or Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the prescribed format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.*

*23.3 Nothing contained in this Regulation 23 shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase, which shall be dealt with as specified by the Commission from time to time.*

*24 Mechanism for sharing of gains or losses on account of controllable factors:*

*24.1 The approved aggregate gain to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:*

*(a) One-third of the amount of such gain shall be passed on as a rebate in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6;*

*(b) The balance amount, which will amount to two-thirds of such gain, may be utilized at the discretion of the Generating Company or Transmission Licensee or Distribution Licensee.*

*24.2 The approved aggregate loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:*

*(a) One-third of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6 and*

*(b) The balance amount of loss, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or Distribution Licensee.”*

3.22.2. As indicated above, GETCO has identified various expenditure heads under controllable and uncontrollable categories. The gain/ losses arising as a result of True Up for FY 2020-21 for GETCO shall be suitably passed through the Tariff as per mechanism specified by the Hon’ble Commission.

3.22.3. Table below summarizes total gain/ (loss) to GETCO during FY 2020-21 on account of controllable & uncontrollable factors.

**TABLE 36 : NET GAINS/ (LOSSES) FOR FY 2020-21**

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Rs. in Crores	
				Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Operation & Maintenance Expenses	1,882.18	1,451.84	511.70	(81.36)
2	Depreciation	1,355.67	1,189.71		165.96
3	Interest & Finance Charges	618.80	506.10		112.70
4	Interest on Working Capital	93.39	72.76		20.63
5	Return on Equity	1,013.02	996.05		16.97
<b>6</b>	<b>ARR (1 to 5)</b>	<b>4,963.06</b>	<b>4,216.46</b>	<b>511.70</b>	<b>234.89</b>
7	Add: Provision for Tax	64.62	329.88		(265.26)
8	Less : Non-Tariff Income	331.37	70.31		261.06
9	Add: Incentive for target availability	-	43.03		(43.03)
10	Less: Expenses capitalized	194.13	213.84		(19.71)
<b>11</b>	<b>Total ARR</b>	<b>4,502.18</b>	<b>4,305.22</b>	<b>511.70</b>	<b>(314.74)</b>
<b>12</b>	<b>Net Gains / Losses on account of Controllable/ Uncontrollable factor</b>			<b>511.70</b>	<b>(314.74)</b>
<b>13</b>	<b>Gain on account of Controllable factor to be passed on to Consumer (1/3 x Sr. No. 12)</b>			<b>170.57</b>	
<b>14</b>	<b>Losses on account of Uncontrollable factor to be passed on to Consumer</b>				<b>(314.74)</b>

3.22.4. The above table summarizes the net gains/ (losses) on account controllable/ uncontrollable factors. GETCO incurred a gain/ (losses) of Rs. 511.70 Crores on account of controllable factors and Rs. (314.74) Crores on account of Uncontrollable factors for FY 2020-21.

3.22.5. As per mechanism specified in the GERC MYT Regulations, 2016, GETCO proposes to pass on 1/3<sup>rd</sup> of total gain/ (losses) on account of controllable factors i.e. Rs. 170.57 Crores and total gain/ (losses) on account of uncontrollable factor i.e. Rs. (314.74) Crores to the consumers.

### 3.23. REVENUE (GAP) / SURPLUS FOR FY 2020-21

3.23.1. As stated in earlier section, GETCO has computed the head wise controllable/uncontrollable gains/ (losses) for FY 2020-21. The Revenue (Gap) / Surplus has been computed based on the above factors against the costs approved by the Hon’ble Commission for the FY 2020-21. Accordingly, the Revenue (Gap) / Surplus for FY 2020-21 has been worked out to be Rs. (144.18) Crores on account of Uncontrollable factors, Controllable factors (1/3rd of total gains/ (losses)).

3.23.2. Table below summarizes Revenue (Gap) / Surplus obtained after treating gains and losses from controllable and uncontrollable factor for FY 2020-21: