



Petition to
Hon'ble Gujarat Electricity Regulatory Commission for
True-up of FY 2020-21

And
Aggregate Revenue Requirement
& Tariff Determination for FY 2022-23

of
MPSEZ Utilities Limited

Main Text & Formats

Submitted to:

Gujarat Electricity Regulatory Commission

Submitted by:

MPSEZ Utilities Limited

Ahmedabad

November 2021

**BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY
COMMISSION AT GANDHINAGAR**

Filing No. _____

Case No. _____

IN THE MATTER OF

Filing of Petition under section 62 of the Electricity Act, 2003 for True-up of FY 2020-21 and ARR & Tariff Determination for FY 2022-23 as per GERC (Multi Year Tariff) Regulations, 2016 along with other guidelines and directions issued by the GERC from time to time and under PART VII (Section 61 to 64) of the Electricity Act, 2003 read with the relevant Guidelines and Regulations

AND**IN THE MATTER OF**

Order in Suo-Motu Petition No. 1995 of 2021 about filling of application for determination of Aggregate Revenue Requirement (ARR) and tariff for FY 2022-23 by the Hon'ble Commission

AND**IN THE MATTER OF**

MPSEZ Utilities Limited
(Formerly known as MPSEZ Utilities Private Limited)
Adani Corporate House, Shantigram,
Nr. Vaishno Devi Circle, S. G. Highway, Khodiyar,
Ahmedabad - 382 421



.....PETITIONER

THE PETITIONER RESPECTFULLY SUBMITS AS UNDER:

MPSEZ Utilities Limited, hereinafter referred to as the Petitioner, files the petition for True-up of FY 2020-21 and ARR & Tariff determination for FY 2022-23.

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION	9
Company Profile	9
Background to Multi Year Tariff filing	9
Overall approach for present filing	10
Petition structure	10
CHAPTER 2: EXECUTIVE SUMMARY	12
True up for FY 2020-21	12
Sharing of gains and losses for FY 2020-21	12
Aggregate Revenue Requirement (ARR) for FY 2022-23	13
Revenue from existing tariff and gap analysis	14
Tariff proposal for FY 2022-23	14
Prayers	14
CHAPTER 3: TRUE UP FOR FY 2020-21	16
Energy sales	16
Distribution loss	17
Energy requirement and energy balance	17
Fixed cost	18
Operation and Maintenance expense	19
Capital Expenditure	19
Depreciation	21
Interest expense on loan	21
Interest on security deposit	22
Interest on working capital	23
Return on Equity	23
Contingency reserve	24
Income tax	24
Non-tariff income	24
Summary of the ARR for FY 2020-21	24
CHAPTER 4: SHARING OF GAINS AND LOSSES FOR FY 2020-21	26
Sharing of gains and losses	26
Gap for FY 2020-21	28
CHAPTER 5: AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23	30
Background	30
Energy Sale	30
Projection of number of consumers	31
Distribution Losses	31
Energy Balance	32
Power Purchase Cost	33
Operation and Maintenance (O&M) Expenses	34
Capital Expenditure, Capitalization and Source of Funding	34
Depreciation	37
Interest and Finance Expenses	37
Interest on Debt / Loan	37

Interest on Security Deposit	38
Interest on Working Capital	38
Return on Equity	39
Contingency Reserves	39
Income Tax	39
Non-Tariff Income	40
Aggregate Revenue Requirement	40
CHAPTER 6: REVENUE FROM EXISTING TARIFF & GAP ANALYSIS	41
Gap Analysis	41
CHAPTER 7: TARIFF PROPOSAL FOR FY 2022-23	42
Total revenue gap for FY 2022-23	42
Tariff philosophy	42
CHAPTER 8: WIRE BUSINESS AND RETAIL SUPPLY BUSINESS	43
Wheeling charges	44
Cross Subsidy surcharge	45
CHAPTER 9: FUEL AND POWER PURCHASE PRICE ADJUSTMENT	47
FPPPA Formula	47
CHAPTER 10: COMPLINACE OF DIRECTIVE	48
Existing Directive:	48
Fresh Directive:	48
CHAPTER 11: PRAYERS	50
Prayers	50
ANNEXURE –I TARIFF SCHEDULE FOR FY 2022-23	53
ANNEXURE –II TARIFF FILING FORMS	67

List of Tables

Table 1: Trued up ARR for FY 2020-21.....	12
Table 2: Net Revenue Gap / (Surplus) for FY 2020-21	13
Table 3: Consolidated Revenue Gap for FY 2020-21	13
Table 4: Total ARR for the FY 2022-23.....	13
Table 5: Revenue gap / (Surplus) with existing tariff for FY 2022-23	14
Table 6: Actual Energy Sales for FY 2020-21	16
Table 7: Distribution Loss for FY 2020-21	17
Table 8: Summary of Energy Requirement for FY 2020-21	17
Table 9: Source-wise Energy Purchase for FY 2020-21.....	18
Table 10: Power purchase cost for FY 2020-21.....	18
Table 11: Operation and Maintenance expenses for FY 2020-21	19
Table 12: Details of CWIP for 2020-21.....	20
Table 13: Capitalization for FY 2020-21	20
Table 14: Capital Expenditure, Capitalization and Funding of CAPEX for Truing up for FY 2020-21	21
Table 15: Fixed assets & depreciations for FY 2020-21	21
Table 16: Depreciation for FY 2020-21.....	21
Table 17: Normative borrowings and interest on loan for FY 2020-21.....	22
Table 18: Interest on security deposit for FY 2020-21	22
Table 19: Interest on working capital for FY 2020-21	23
Table 20: Return on Equity for FY 2020-21	23
Table 21: Contingency reserves for FY 2020-21	24
Table 22: Income tax for FY 2020-21	24
Table 23: Non-tariff income for FY 2020-21.....	24
Table 24: Summary of Aggregate Revenue Requirement for FY 2020-21	25
Table 25: Controllable & uncontrollable variations for FY 2020-21.....	27
Table 26: Sharing of gains & losses for FY 2020-21.....	28
Table 27: Trued up ARR for FY 2020-21	28

Table 28: Net revenue gap / (surplus) for FY 2020-21	28
Table 29: Consolidated Revenue gap for FY 2020-21	29
Table 30: Energy Sales for FY 2022-23	30
Table 31: Projections of Consumer for FY 2022-23	31
Table 32: Projections of Distribution Losses for FY 2022-23	32
Table 33: Summary of Energy Balance for FY 2022-23	32
Table 34: Source-wise Energy Procurement for FY 2022-23	33
Table 35: Source-wise Power Purchase for FY 2022-23	33
Table 36: O&M Costs for FY 2022-23	34
Table 37: Capital Expenditure for FY 2022-23	35
Table 38: Proposed Scheme-wise Capitalization for FY 2022-23	36
Table 39: Capital Expenditure and Capitalization for FY 2022-23	36
Table 40: Funding of Capitalization for FY 2022-23	37
Table 41: Depreciation for FY 2022-23	37
Table 42: Interest on Loan for FY 2022-23	38
Table 43: Interest Expenses on Security Deposit for FY 2022-23	38
Table 44: Interest on Working Capital for FY 2022-23	39
Table 45: Return on Equity for FY 2022-23	39
Table 46: Contingency Reserve for FY 2022-23	39
Table 47: Income Tax for FY 2022-23	40
Table 48: Non-Tariff Income for FY 2022-23	40
Table 49: Summary of Aggregate Revenue Requirement for FY 2022-23	40
Table 50: Revenue Gap / (Surplus) at existing tariff for FY 2022-23	41
Table 51: Allocation matrix for segregation to wheeling & retail supply	43
Table 52: ARR for Wire business of MUL supply area for FY 2022-23	43
Table 53: Voltage level wise GFA Ratio	44
Table 54: Peak Demand contribution	44
Table 55: Wheeling charges for FY 2022-23	45

Table 56: Proposed Wheeling Losses of FY 2022-23	45
Table 57: Cross subsidy surcharge of FY 2022-23	46

List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
APSEZL	Adani Ports and Special Economic Zone Ltd
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
3 rd Control Period	FY 2016-17 to FY 2020-21
Cr.	Crores
EA	Electricity Act, 2003
EHV	Extra High Voltage
F & A	Finance and Accounts
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Assets
HT	High Tension
HTMD	High Tension Maximum Demand
kV	Kilo Volt
kVA	Kilo-Volt Amperes
kW	Kilo-Watt
kWh	Kilo-Watt Hour
LF	Load Factor
LT	Low Tension
MAT	Minimum Alternate Tax
MD	Maximum Demand
MUL	MPSEZ Utilities Limited
MU	Million Units (Million kWh)
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
O&M	Operation & Maintenance
R&M	Repairs & Maintenance
RoE	Return on Equity
SBAR	State Bank Advance Rate
SBI	State Bank of India
SEZ	Special Economic Zone
T&D	Transmission & Distribution
UI	Unscheduled Interchange
u.p.f	Unity Power Factor
w.e.f	With effect from
YoY	Year on Year

CHAPTER 1: INTRODUCTION

Company Profile

- 1.1 **MPSEZ Utilities Limited (MUL)** is a 100 % subsidiary company of Adani Ports and Special Economic Zone Limited (APSEZL) and a Co-Developer to provide infrastructure facilities for Mundra SEZ area. The Petitioner was incorporated primarily to cater the infrastructure and utility services to the area of Mundra Port and Special Economic Zone in District Kutch, Gujarat. The Company's services encompass to develop, maintain and provide infrastructure facilities, utilities and services in the entire SEZ including but not limited to water and waste management, telecom and transportation services, Distribution of Power and Natural Gas or any other forms of energy.
- 1.2 Ministry of Commerce and Industry, Government of India issued notification dated 3.3.2010, applicable to all Special Economic Zones notified under sub-section (1) of section 4 of the Special Economic Zones Act, 2005, wherein Developer of a Special Economic Zone shall be deemed to be a licensee from the date of notification of such Special Economic Zone.
- 1.3 The Petitioner obtained the status of deemed Distribution Licensee vide Govt. of India notification dated 03.03.2010 which was also endorsed by Hon'ble GERC vide order no GERC / Legal / 2010 / 0609 dated 26.04.2010 for distribution of electricity in Mundra SEZ area, Kutch, Gujarat.
- 1.4 The Hon'ble Commission has issued Distribution Licence No. 6 of 2016 to MPSEZ Utilities Private Limited in pursuance to order dated 17.08.2015 in Suo-Motu Petition 1446/2014.
- 1.5 Ministry of Commerce and Industry, Department of Commerce, Government of India, vide Notification No. 3029(E) dated 21.9.2016 has consolidated the Special Economic Zones mentioned in various notifications and re-notifies the same.
- 1.6 Accordingly, Hon'ble Commission has amended the Distribution Licence No. 6 of 2016 of MPSEZ Utilities Private Limited vide order dated 03.11.2017 in petition no. 1633 of 2017.

Background to Multi Year Tariff filing

- 1.7 The Hon'ble Commission has notified the Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulation 2016 on 29.03.2016 effective from 01.04.2016, in exercise of the power conferred under sub-section (2) of section 181 read with section 36, Section 181 (2) read with section 61 and 62 of Electricity Act, 2003.
- 1.8 In accordance with GERC (Multi Year Tariff) Regulation 2011 & GERC (Multi Year Tariff) Regulation 2016, the Petitioner had filed the petition for (i) true-up of FY 2015-16, (ii) tariff determination for FY 2017-18 and (iii) approval for Multi Year Aggregate Revenue Requirement for the 3rd Control Period from FY 2016-17 to 2020-21.
- 1.9 The Hon'ble Commission had issued Tariff Order dated 31.03.2017 in petition no. 1631 of 2016 for Truing up for FY 2015-16, Final ARR for FY 2016-17, Multi-Year ARR for FY 2016-17 to 2020-21 and Determination of Tariff for FY 2017-18.

- 1.10 The Hon'ble Commission had issued Tariff Order dated 30.07.2019 in petition no. 1772 of 2018 for Truing up for FY 2017-18, Mid-Term Review of FY 2019-20 & FY 2020-21 and Determination of Tariff for FY 2019-20.
- 1.11 Further, the Hon'ble Commission has issued Suo-Motu order dated 24.09.2021 about filling of annual ARR for FY 2022-23 and application for determination of tariff for FY 2022-23 based on the principals and methodology as provided in the GERC (Multi Year Tariff) Regulations, 2016 and directed to file application / Petition for the determination of Annual ARR for FY 2022-23 and proposal for determination of tariff for FY 2022-23 on or before 30.11.2021.
- 1.12 In line with the provisions of Act and Regulations issued by the Hon'ble Commission along with the other guidelines and directions issued by the GERC from time to time, MUL is filling Petition for True-up of FY 2020-21 and ARR & Tariff Determination for FY 2022-23 to the Hon'ble Commission for approval.

Overall approach for present filing

- 1.13 The key aspects of the approach to the filing are as below:
- 1.14 As per Clause 1.2 & 1.4 of the GERC (Multi Year Tariff) Regulations, 2016, the Hon'ble Commission has specified that the MYT framework will be applicable from 1st April 2016 and the shall remain in force till 31st March 2021.
- 1.15 The present Petition has been filed before the Hon'ble Commission for (i) truing up of FY 2020-21 as per GERC (Multi Year Tariff) Regulations, 2016 and (ii) ARR & Tariff Determination for FY 2022-23 as per GERC (Multi Year Tariff) Regulations, 2016 in view of Suo-Motu order dated 24.09.2021 issued by Hon'ble Commission.
- 1.16 In line with the provisions of the MYT Regulations, 2016, the Petitioner has trued up ARR for FY 2020-21 considering the actual expenses vis-à-vis approved expenses and computed the gains & losses on account of controllable and uncontrollable parameters.
- 1.17 The Petitioner along with this Petition is also submitting the statutory formats with data & information to the extent available and would make available any additional data required by the Hon'ble Commission from time to time.
- 1.18 The Petitioner has proposed revision of tariff based on consolidated revenue gap as on FY 2020-21 and projected revenue gap as on FY 2022-23, considering projected ARR & projected revenue at existing tariff.

Petition structure

- 1.19 The Petitioner is submitting the Petition for truing-up of FY 2020-21 and ARR & tariff determination for FY 2022-23.
- 1.20 The true up of FY 2020-21 is based on actual audited accounts, which also includes all variation on account of controllable / uncontrollable factors and sharing of gains / losses as per the GERC (Multi Year Tariff) Regulations, 2016.
- 1.21 The Petition includes the following Chapters:
- a) Chapter 1: Contains Company's profile & Background of Multi-year Tariff filing

- b) Chapter 2: Contains the Executive Summary of the Petition and prayers to the Hon'ble Commission
- c) Chapter 3: Contains True up of FY 2020-21 and identification of controllable / uncontrollable factors
- d) Chapter 4: Covers sharing of gains and losses of FY 2020-21 based on the factors identified as controllable and uncontrollable
- e) Chapter 5: Covers Aggregate Revenue Requirement for FY 2022-23
- f) Chapter 6: Covers Revenue from existing tariff & Gap analysis
- g) Chapter 7: Covers Tariff Proposal for FY 2022-23
- h) Chapter 8: Covers Wheeling and retail supply business
- i) Chapter 9: Covers the Fuel and Power Purchase Price Adjustment
- j) Chapter 10: Compliance of Directives
- k) Chapter 11: Covers the prayers to the Hon'ble Commission

CHAPTER 2: EXECUTIVE SUMMARY

- 2.1 As per the provisions of GERC (Multi Year Tariff) Regulations, 2016, the Petitioner is filing this petition before Hon'ble Commission for approval of
- (a) True up of ARR for FY 2020-21 and sharing of gains / losses on account of controllable / un-controllable factors
 - (b) Determination of ARR for FY 2022-23
 - (c) Determination of gap / surplus for FY 2022-23
 - (d) Determination of tariff for FY 2022-23

True up for FY 2020-21

- 2.2 The Petitioner in its Multi Year Tariff Petition had submitted projections for FY 2016-17 to FY 2020-21. Based on these projections, ARR for FY 2020-21 was approved by the Hon'ble Commission vide its MYT order dated 31.03.2017.
- 2.3 The Petitioner in its MTR Petition had submitted revised projections for FY 2019-20 and FY 2020-21. Based on these revised projections, ARR for FY 2020-21 was approved by the Hon'ble Commission vide its order dated 30.07.2019.
- 2.4 The Petitioner in the present Petition is submitting details based on audited accounts for the purpose of truing up of FY 2020-21.
- 2.5 The Petitioner has trued up ARR for FY 2020-21 and computed gains & losses on account of controllable / uncontrollable parameters considering actual expenses vis-à-vis approved expenses as per provisions of GERC (MYT) Regulations, 2016.
- 2.6 The sales was 363.33 Million Units. The distribution losses were 3.25% against estimated losses of 4.00%. The actual transmission losses were 0.46% against estimated losses of 1.20%. Accordingly, energy balance has been furnished based on actual sales and T&D losses for FY 2020-21.
- 2.7 The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to the base rate & unscheduled interchange during the year, which is uncontrollable.
- 2.8 The fixed cost items such as O&M expenses, depreciation, Interest expense, return on equity and non-tariff income is trued-up based on the classification of controllable / uncontrollable factors for each item head, as may be applicable.

Sharing of gains and losses for FY 2020-21

- 2.9 The following is the summary of trued up ARR for FY 2020-21 to be recovered by the Petitioner after incorporating sharing of gains / losses.

Table 1: Trued up ARR for FY 2020-21

(Rs. Cr.)

Particulars		FY 2020-21
ARR approved in the Mid-Term Review Tariff order for FY 2020-21	(a)	182.73
Less : Gains / (losses) on account of controllable factors to be passed on to the consumers (1/3rd)	(b)	0.00
Less : Gains / (losses) on account of uncontrollable factors to be passed on to the consumers	(c)	(9.47)
ARR trued up of FY 2020-21	d=a-(b+c)	192.20

- 2.10 The trued up ARR for FY 2020-21 is Rs. 192.20 Cr. after sharing of gains & losses and the revenue from sales of power is Rs. 199.93 Cr. Thus, revenue surplus for FY 2020-21 works out to be Rs. 7.73 Cr. as below:

Table 2: Net Revenue Gap / (Surplus) for FY 2020-21**(Rs. Cr.)**

SN	Particulars	Approved	Actual
A	Aggregate Revenue Requirement	182.73	192.20
B	Less: revenue from sale of power	197.94	199.93
C	Net revenue gap / (surplus)	(15.21)	(7.73)

- 2.11 The Petitioner submits to approve ARR & revenue gap of FY 2020-21 as per the computation provided in above table.
- 2.12 The Hon'ble Commission in its Tariff Order dated 03.04.2020 has approved consolidated revenue gap of Rs. 9.69 Cr. for FY 2018-19 and the Hon'ble Commission has approved carrying cost of Rs. 1.15 Cr. on revenue gap for FY 2016-17 and Rs. 1.63 Cr. on revenue gap for FY 2018-19 as per GERC (MYT) Regulations, 2016.
- 2.13 In view of above, the consolidated revenue gap for FY 2020-21 is as below:

Table 3: Consolidated Revenue Gap for FY 2020-21**(Rs. Cr.)**

SN	Particulars	Actual
A	Net Revenue Gap / (Surplus) of FY 2020-21	(7.73)
B	Add: Approved Gap / (Surplus) for FY 2018-19	9.69
C	Add: Approved Carrying Cost for FY 2016-17	1.15
D	Add: carrying cost on revenue gap of FY 2018-19 for FY 2019-20 & FY 2020-21	1.63
E	Consolidated revenue gap / (Surplus) for FY 2020-21	4.74

- 2.14 The Petitioner submits to the Hon'ble Commission to approve consolidated revenue gap for FY 2020-21 as mentioned above.

Aggregate Revenue Requirement (ARR) for FY 2022-23

- 2.15 The Aggregate Revenue Requirement of Petitioner is computed based on the guidelines laid by the Hon'ble Commission in the GERC (Multi Year Tariff) Regulations, 2016 in view of Suo-Motu order dated 24.09.2021.
- 2.16 The Petitioner has estimated Aggregate Revenue Requirement for FY 2022-23 is tabulated as below:

Table 4: Total ARR for the FY 2022-23**(Rs. Cr.)**

Particulars	2022-23
Power Purchase Expenses	265.20
O&M Expenses	11.41
Depreciation	4.96
Interest and Finance Charges	3.56
Interest on Security Deposits	0.09
Interest on Working Capital	2.40