

Provision for bad debts	-
Contingency Reserve	-
Total Revenue Expenditure	287.62
Return on Equity Capital	4.18
Income Tax	4.25
Revenue Expenditure	296.05
Less: Non-Tariff Income	-
Aggregate Revenue Requirement	296.05

Revenue from existing tariff and gap analysis

- 2.17 The projected revenue for FY 2022-23 at existing tariff, works out to be Rs. 296.98 Cr. (561.69 MUs X Rs. 5.29 per unit) against projected ARR of Rs. 296.05 Cr. worked out based on GERC (Multi Year Tariff) Regulations, 2016.
- 2.18 The Petitioner has considered consolidated revenue gap of Rs.4.74 Cr. for FY 2020-21.
- 2.19 The Petitioner has considered carrying cost of Rs. 0.28 Cr. for FY 2021-22 and FY 2022-23 on revenue gap of Rs. 1.96 Cr. at a simple interest rate of 7.07% worked out based on weighted average rate of 1 year SBI MCLR for FY 2020-21, in accordance with GERC (MYT) Regulations, 2016.
- 2.20 Accordingly, estimated revenue gap for FY 2022-23 would be Rs. 4.10 Cr. as below:

Table 5: Revenue gap / (Surplus) with existing tariff for FY 2022-23

(Rs. Cr.)	
Particulars	FY 2022-23
Estimated ARR for FY 2022-23	296.05
Add: Consolidated Revenue gap for FY 2020-21	1.96
Add: Consolidated Carrying Cost up to FY 2020-21	2.78
Add: Carrying cost on consolidated gap of FY 2020-21 for FY 2021-22 & FY 2022-23	0.28
Estimated Revenue from existing tariff for FY 2022-23	296.98
Revenue Gap / (Surplus) for FY 2022-23	4.10

Tariff proposal for FY 2022-23

- 2.21 The Consolidated Revenue Gap for FY 2020-21 is Rs. 4.74 Cr.
- 2.22 The Projected Revenue gap of FY 2022-23 with existing tariff for projected sales of 561.69 MUs, including Consolidated Revenue Gap of FY 2020-21 with carrying cost for 2 years i.e. FY 2021-22 & FY 2022-23, would be Rs. 4.10 Cr.
- 2.23 In view of the above, the Petitioner proposes to continue with existing tariff.

Prayers

- 2.24 The present Petition is submitted to the Hon'ble Commission for truing up of ARR for FY 2020-21 and ARR & tariff determination for FY 2022-23. The Petitioner respectfully prays that the Hon'ble Commission may be pleased to:

- a) Admit Petition for truing up of ARR for FY 2020-21 and ARR & tariff determination for FY 2022-23
- b) Approve sharing of gains / losses as proposed by the Petitioner for FY 2020-21
- c) Approve consolidated revenue gap of FY 2020-21 along with carrying cost
- d) Approve the estimates and gap of FY 2022-23
- e) Approve wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2022
- f) Approve cross subsidy surcharge filed by the Petitioner
- g) Approve Tariff schedule as proposed by the Petitioner
- h) Allow additions / alterations / changes and modifications to the application at a future date
- i) Allow any other relief, order or direction, which Hon'ble Commission deems fit to be issued
- j) Condone any inadvertent omissions / errors / shortcomings and permit the Petitioner to add / change / modify / alter this filing and make further submissions as may be required at a future date.

CHAPTER 3: TRUE UP FOR FY 2020-21

- 3.1 This section outlines the performance of the Petitioner for FY 2020-21.
- 3.2 The Petitioner in its Multi Year Tariff Petition for 3rd control period in view of GERC (MYT) Regulations, 2016 had submitted projections for FY 2020-21. Based on projections, ARR for FY 2020-21 was approved by Hon'ble Commission vide its Tariff Order dated 31.03.2017.
- 3.3 The Petitioner in its Mid-Term Review 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 MTR order dated 30.07.2019.
- 3.4 In line with the provisions of the GERC (MYT) Regulations, 2016, the Petitioner hereby submits true up for FY 2020-21 comparing actual audited expenses vis-à-vis approved expenses as per Tariff Order dated 30.07.2019.
- 3.5 The True up of FY 2020-21 has been computed as per the GERC (MYT) Regulations, 2016.

Energy sales

- 3.6 The Petitioner would like to submit that the Sales projections were based on the information available from the existing and prospective customers on the date of submission of Multi Year Tariff Petition, which was approved by the Hon'ble Commission vide its Order dated 31.03.2017.
- 3.7 The Petitioner would like to submit that the Sales projections were revised based on the information available from existing and prospective customers on the date of submission of Mid-Term Review Tariff Petition, which was approved by the Hon'ble Commission vide its Order dated 30.07.2019.
- 3.8 The actual sales registered was 363.33 MUs as against projections of 376.52 MUs for FY 2020-21. The deviation in energy sales was mainly because of variation in demand of the customers.
- 3.9 Due to overall economic slowdown in view of pandemic situation, the growth in the demand and sales was lower than what we had projected. Thus, actual energy sales during FY 2020-21 was lower than the energy sales projected in Mid-Term Review Tariff Petition.
- 3.10 The deviation in energy sales was mainly because of less demand of customers. Therefore, the Petitioner requests the Hon'ble Commission to approve actual sales for truing up as shown below:

Table 6: Actual Energy Sales for FY 2020-21

(In MUs)

Particulars	FY 2020-21	
	Approved	Actual
HT Category		
HTMD-I (Commercial)	178.94	168.78
HTMD-I (Industrial)	187.75	185.30
HTMD-II	0.22	-
HTMD-III	5.18	4.94

HTMD-IV	1.06	1.37
HTMD-EV Charging Station	-	-
Low Voltage Category		
Residential	-	-
Commercial (Non Demand)	0.01	0.00
Commercial (Demand)	2.58	2.30
Industrial (Non Demand)	-	-
Industrial (Demand)	0.33	0.05
Street Lights	0.38	0.41
Temporary	0.05	0.18
LT-EV Charging Stations	-	-
Total Sale	376.52	363.33

Distribution loss

3.11 In FY 2020-21, the actual distribution losses were 3.25% against projected distribution losses of 4.00% approved by Hon'ble Commission. The deviation in actual distribution losses from approved value is as below:

Table 7: Distribution Loss for FY 2020-21

(In %)

Particulars	FY 2020-21	
	Approved	Actual
Distribution loss	4.00%	3.25 %

3.12 The Hon'ble Commission has classified Distribution loss as controllable as per Regulation 22.2 (c) of MYT Regulations, 2016. The distribution losses are lower as compared to that has been approved by the Hon'ble Commission as the network is yet not optimally utilized, considering the same the Petitioner requests Hon'ble Commission to treat this as uncontrollable.

Energy requirement and energy balance

3.13 Actual energy requirement is based on actual energy sales and T&D loss as below:

Table 8: Summary of Energy Requirement for FY 2020-21

Particulars	FY 2020-21	
	Approved	Actual
Energy sales (MUs)	376.52	363.33
Distribution losses (%)	4.00%	3.25%
Distribution losses (MUs)	15.69	12.21
Energy requirement after distribution losses (MUs)	392.21	375.54
Transmission losses (%)	1.20%	0.46%
Transmission losses (MUs)	4.75	1.72
Energy Requirement (MUs)	396.96	377.26

3.14 The Petitioner requests to approve Net Energy of 377.26 MUs required for sales to retail consumers in FY 2020-21.

3.15 The source-wise energy purchased by the Petitioner during FY 2020-21 is as below:

Table 9: Source-wise Energy Purchase for FY 2020-21

(In MUs)

Particulars	FY 2020-21	
	Approved	Actual
Long Term Contract	305.68	290.42
Bilateral and others	29.16	45.79
RPO – Solar	26.79	-
RPO – Wind	35.33	41.05
RPO – Others	-	-
Total	396.96	377.26

Power purchase cost

3.16 The Hon'ble Commission has classified power purchase cost as uncontrollable as per Regulation 22.1 (c) of GERC (MYT) Regulations, 2016. Thus, the Power purchase cost is as an uncontrollable item. The actual power purchase for the FY 2020-21 is provided in the table below and compared with the power purchase approved by the Hon'ble GERC vide Tariff Order dated 30.07.2019.

3.17 The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year which is uncontrollable and hence needs to be allowed.

3.18 The Petitioner has also made provision against the shortfall of RPO of Rs. 0.32 Cr. for FY 2017-18 & FY 2019-20 and Rs. 0.32 Cr. for FY 2020-21 considering statutory liability. However, Petitioner has not considered this cost for trueing up of FY 2020-21 which shall be considered in the year during actual spent.

3.19 The Power Purchase cost incurred by the Petitioner for retail power supply business in license area during FY 2020-21 is as below:

Table 10: Power purchase cost for FY 2020-21

(Rs. Cr.)

Particulars	FY 2020-21	
	Approved	Actual
Long Term Contract	128.29	145.90
Bilateral & others	12.61	10.96
RPO – Solar	6.81	-
RPO – Wind	12.22	14.20
RPO – Others	-	-
Other (Reactive, SLDC & Transmission Charges)	2.65	0.24
Net Power Purchase Cost (Rs. in Cr.)	162.58	171.30

3.20 As mentioned above, the net power purchase cost comes to Rs. 171.30 Cr. for FY 2020-21. The Petitioner requests the Hon'ble Commission to approve the same.

Fixed cost

3.21 As outlined under the regulations, the fixed cost for the Petitioner has been determined under the following major heads:

- o Operation and Maintenance Expenses

- Depreciation
- Interest and Finance Charges
- Interest on Working Capital
- Income Tax
- Return on Equity

3.22 The head wise comparison has been made between the values approved by the Hon'ble Commission vide its order dated 30.07.2019 and the actual audited expenses of the Petitioner in FY 2020-21.

Operation and Maintenance expense

3.23 The actual total O&M expenses as per the audited accounts are Rs. 10.39 Cr. for FY 2020-21 compared to the approved expenses of Rs. 11.33 Cr.

Table 11: Operation and Maintenance expenses for FY 2020-21

(Rs. Cr.)

Particulars	FY 2020-21	
	Approved	Actual
Employee Expenses	3.57	2.79
R&M Expenses	1.93	1.62
A&G Expenses	5.84	5.97
Total O&M Expenses	11.33	10.39

3.24 The Petitioner requests Hon'ble Commission to approve O&M Expenses of Rs. 10.39 Cr. for FY 2020-21 as mentioned above.

3.25 The Petitioner has not considered the expenses of Rs. 0.21 Cr. under the head of Charity & Donations in the A&G expenses for truing up of FY 2020-21.

3.26 As per Regulation 22.2 (h) of GERC (MYT) Regulations, 2016, variation in Operation & Maintenance expenses are controllable. However, the Petitioner has considered O&M expenses as uncontrollable and request Hon'ble Commission to approve it as uncontrollable on account of following reasons.

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

Capital Expenditure

3.28 The Petitioner has undertaken gross capital expenditure of Rs. 1.47 Cr. against approved capital expenditure of Rs. 12.31 Cr. for FY 2020-21 as per MTR order dated 30.07.2019. The capital expenditure in FY 2020-21 is as below:

Table 12: Details of CWIP for 2020-21**(Rs. Cr.)**

Particulars	FY 2020-21
Opening CWIP (A)	2.52
Closing CWIP (B)	2.16
Gross Fixed Assets Added (C)	1.83
CAPEX [C+(B-A)]	1.47

3.29 The Petitioner has capitalized Rs. 1.83 Cr. against approved capitalization of Rs. 4.25 Cr. for FY 2020-21.

3.30 The actual capitalization in FY 2020-21 against approved in ARR by the Hon'ble Commission is as below:

Table 13: Capitalization for FY 2020-21**(Rs. Cr.)**

Sr. No	Particular	FY 2020-21	
		Approved	Actual
A	EHV (220 kV & 66 kV)		
	EHV transmission line	-	-
	EHV transmission cable	-	-
	EHV substation	3.23	-
	Land cost	-	-
	Civil cost	-	-
	Total	3.23	-
B	HT (33 kV & 11 kV) & NETWORK		
	33 kV HT cable network	-	-
	11 kV HT cable network	0.23	1.18
	33 / 11 kV HT substation	0.15	-
	Land cost	-	-
	Civil cost	-	-
	Total	0.38	1.18
C	Others		
	Automation & SCADA	0.29	0.48
	Testing and measuring equipment	-	0.13
	IT	0.19	-
	Meters & AMR	-	0.04
	Miscellaneous	-	-
	Buildings & other civil work	0.17	-
	Total	0.64	0.65
D	Grand Total	4.25	1.83

3.31 The Petitioner has computed capital expenditure, capitalization and funding for true-up of FY 2020-21 considering utilization of SLC as shown below:

Table 14: Capital Expenditure, Capitalization and Funding of CAPEX for Truing up for FY 2020-21

Particular	FY 2020-21 (Rs. Cr.)	
	Approved	Actual
Opening GFA	108.71	112.70
Addition to GFA	4.25	1.83
Deletion from GFA	-	-
Closing GFA	112.95	114.53
SLC Contribution	0.40	0.91
Capitalization for Debt:Equity	3.85	0.92
Normative Debt (70%)	2.69	0.64
Normative Equity (30%)	1.15	0.28

Depreciation

3.32 The computation of depreciation on the fixed assets is based on straight line method of computation as prescribed in the Regulations. The Depreciation rates considered are the rates as per GERC (Multi Year Tariff) Regulations, 2016. Accordingly, the depreciation for the FY 2020-21 is as below:

Table 15: Fixed assets & depreciations for FY 2020-21

Sr. No	Particular	FY 2020-21 (Rs. Cr.)	
		Approved	Actual
1	Gross block at the beginning of the year	108.71	112.70
2	Addition during the year	4.25	1.83
3	Gross block at the end of the year	112.95	114.53
4	Depreciation for the year	1.99	2.83

3.33 The amount of depreciation is higher than that approved by Hon'ble Commission due to higher net capitalization. The Petitioner has deducted amortization of service line contribution and accordingly, claimed depreciation of Rs. 2.83 Cr.

Table 16: Depreciation for FY 2020-21

Particular	FY 2020-21 (Rs. Cr.)	
	Approved	Actual
Depreciation	1.99	2.83

3.34 The Petitioner request the Hon'ble Commission to approve the depreciation of Rs. 2.83 Cr. for FY 2020-21 as mentioned above. The Petitioner requests the Hon'ble Commission to treat the variation in depreciation amount compared to the approved amount as uncontrollable.

Interest expense on loan

3.35 The Petitioner submits that the GERC (MYT) Regulations, 2016 provides for the calculation of interest expenses on normative basis considering the amount of depreciation of assets created as the amount of repayment.

3.36 The petitioner has calculated the interest expense on the basis of actual weighted average interest rate charged by the bank for previous loan portfolio as per GERC (MYT) Regulations, 2016 as there was no actual loan portfolio available

during FY 2020-21. The Petitioner has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20 which is approved by Hon'ble Commission in its order dated 01.04.2021.

3.37 In view of above, the interest on loan is calculated in Petition as per below:

Table 17: Normative borrowings and interest on loan for FY 2020-21
(Rs. Cr.)

Particular	FY 2020-21	
	Approved	Actual
Opening balance of Normative Loan	20.54	20.72
Less: Reduction of Normative Loan	-	-
Addition of Normative Loan	2.69	0.64
Repayment of Normative Loan	1.99	2.83
Closing balance of Normative Loan	21.25	18.53
Average balance of Normative Loans	20.89	19.63
Weighted Average Rate of Interest on Actual Loans (%)	10.25%	11.25%
Interest Expenses	2.14	2.21
Finance Charges	-	0.00
Total Interest & Finance Charges	2.14	2.21

3.38 The amount of interest on loan is higher than that approved by Hon'ble commission. The Petitioner requests to Hon'ble Commission to allow the interest on loan at actual rate of interest and treat the variation as uncontrollable as per Regulation 22.1 (f) of GERC (MYT) Regulations, 2016.

Interest on security deposit

3.39 The contribution to security deposit depends upon the addition of new consumers & their load growth from time to time as projected in ARR for FY 2020-21. However, the majority of the bulk consumers have opted for Bank Guaranty (BG) instead of cash deposit where security deposit is more than 25 lakh.

3.40 The Hon'ble Commission in its Mid-Term Review Tariff order dated 30.07.2019 has approved interest on security deposit for the petitioner at 6.25% on the average deposit for FY 2020-21.

3.41 As per RBI circular no. RBI/2019-20/190 dated 27.03.2020, the bank rate was 4.65%. Thus, the amount of interest on security deposit was paid to the consumer at bank rate applicable on 01.04.2020 as per table below:

Table 18: Interest on security deposit for FY 2020-21
(Rs. Cr.)

Particular	FY 2020-21	
	Approved	Actual
Amount held as Security deposits	1.76	3.12
Interest Rate (%)	6.25%	4.65%
Interest on Security Deposit	0.11	0.12

3.42 The Petitioner requests Hon'ble Commission to approve actual interest paid on consumer deposit and consider variation as uncontrollable.

Interest on working capital

- 3.43 The interest on working capital has been worked out in accordance with GERC (MYT) Regulations, 2016.
- 3.44 The interest on working capital has been computed by applying applicable interest rate on the requirement of working capital. The working capital computed as per GERC (MYT) Regulations, 2016 works out to be Rs. 18.65 Cr. which is more than the average security deposit amount of Rs. 3.12 Cr. The petitioner has considered interest on working capital at weighted average 1 year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2020-21 plus 250 basis points as per GERC (MYT) Regulations, 2016 and accordingly, interest on working capital has been considered @ 9.57% (7.07+2.50) for FY 2020-21 as below:

Table 19: Interest on working capital for FY 2020-21

(Rs. Cr.)

Particular	FY 2020-21	
	Approved	Actual
O&M Expense	0.94	0.87
Maintenance Spares	1.09	1.13
Receivables	15.23	16.66
Working Capital Requirement	17.26	18.65
Less: Average held as Security Deposit	1.76	3.12
Total Working Capital	15.49	15.53
Interest Rate (%)	10.65%	9.57%
Interest on working Capital	1.65	1.49

- 3.45 The Petitioner requests the Hon'ble Commission to approve the interest on working capital and consider variation as uncontrollable.

Return on Equity

- 3.46 The equity additions for FY 2020-21 have been determined based on the capital additions during the year. The equity additions in the year have been considered as 30% of the amount of net capitalization during the year.
- 3.47 The Return on equity has been computed by applying regulated return of 14% on the average of the opening and closing balance of the FY 2020-21 as per the Regulation 37 of GERC (MYT) Regulations, 2016.

Table 20: Return on Equity for FY 2020-21

(Rs. Cr.)

Particular	FY 2020-21	
	Approved	Actual
Regulatory Equity at the Beginning of the Year	21.32	21.64
Equity portion of Capitalization during the Year	1.15	0.28
Regulatory Equity at the end of the Year	22.47	21.92
Average Equity	21.90	21.78
Rate of RoE	14%	14%
Total Return on Equity	3.07	3.05

- 3.48 The Petitioner requests Hon'ble Commission to allow the same for the purpose of true up.

Contingency reserve

3.49 The Petitioner has not considered any amount towards contingency reserves as below:

Table 21: Contingency reserves for FY 2020-21**(Rs. Cr.)**

Particular	FY 2020-21	
	Approved	Actual
Contingency reserves	-	-

Income tax

3.50 The total income tax paid by the Petitioner for FY 2020-21 is Rs 4.25 Cr. and therefore, Petitioner requests Hon'ble Commission to consider income tax as tabulated below:

Table 22: Income tax for FY 2020-21**(Rs. Cr.)**

Particular	FY 2020-21	
	Approved	Actual
Income tax	2.77	4.25

3.51 The Petitioner requests Hon'ble Commission to consider variation in income tax and allow variation as uncontrollable for the purpose of true up.

Non-tariff income

3.52 The Hon'ble Commission had approved the non-tariff income of Rs. 2.92 Cr. in Mid-Term Review Tariff order dated 30.07.2019.

3.53 However, actual non-tariff income for FY 2020-21 is Rs. 3.44 Cr., which is considered for pass through as it is an uncontrollable item as below:

Table 23: Non-tariff income for FY 2020-21**(Rs. Cr.)**

Particular	FY 2020-21	
	Approved	Actual
Non-Tariff Income	2.92	3.44

3.54 The variation in Non-Tariff Income is on account of rebate on prompt payment availed for power procurement.

3.55 The Petitioner requests Hon'ble Commission to consider variation in non-tariff income and allow variation as uncontrollable for the purpose of true up.

Summary of the ARR for FY 2020-21

3.56 Based on above details of various components of ARR, the Petitioner summarizes Aggregate Revenue Requirement for FY 2020-21 in table below:

Table 24: Summary of Aggregate Revenue Requirement for FY 2020-21**(Rs. Cr.)**

Particular	FY 2020-21	
	Approved	Actual
Power Purchase Expenses	162.58	171.30
Operation & Maintenance Expenses	11.33	10.39
Depreciation	1.99	2.83
Interest & Finance Charges	2.14	2.21
Interest on Security Deposit	0.11	0.12
Interest on Working Capital	1.65	1.49
Bad Debts Written off	-	-
Contribution to Contingency Reserves	-	-
Total Revenue Expenditure	179.81	188.34
Return on Equity Capital	3.07	3.05
Income Tax	2.77	4.25
Aggregate Revenue Requirement	185.65	195.64
Less: Non-tariff income	2.92	3.44
Aggregate Revenue Requirement	182.73	192.20

3.57 The Petitioner requests Hon'ble Commission to approve actual ARR of Rs.192.20 Cr. for FY 2020-21 as submitted above.

CHAPTER 4: SHARING OF GAINS AND LOSSES FOR FY 2020-21

Sharing of gains and losses

4.1 The Regulation 23 & 24 of the GERC (Multi Year Tariff) Regulations, 2016 enumerates the mechanism for sharing of gains and losses on account of uncontrollable and controllable factors.

4.2 In case of uncontrollable factors, the gain and losses are entirely passed through as an adjustment in tariff. The relevant provision of the regulation is reproduced below:

"23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC 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 SLDC or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations."

4.3 In case of controllable factors, the gains and losses are shared between the licensee and the consumer in the form of tariff adjustment. The relevant provision of the regulation is provided in this section. Also the mechanism adopted in this Petition for sharing of gains & losses on account of controllable factors is as outlined in clause 24.1 & 24.2 of GERC (MYT) Regulations, 2016. The relevant clauses have been reiterated below for ready reference.

4.4 The mechanism for sharing of gains defined in clause 24.1 of MYT Regulation is as under:

24.1 "The approved aggregate gain to the Generating Company or Transmission Licensee or SLDC 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 utilised at the discretion of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee."

4.5 The mechanism for sharing of loss defined in clause 24.2 of MYT Regulation is as under:

24.2 "The approved aggregate loss to the Generating Company or Transmission Licensee or SLDC 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 SLDC or Distribution Licensee. "