

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**



CASE NO.

**Filing of Petition for True Up for FY 2020-21 and
Determination of Aggregate Revenue Requirement
&
Tariff of FY 2022-23**

**Under
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 Section 64) of the Electricity Act, 2003 read with the relevant Guidelines**

Filed by:-

Uttar Gujarat Vij Company Ltd.

Regd. & Corporate Office: Uttar Gujarat Vij Company Ltd., Visnagar Road, Mehsana - 384001



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GANDHINAGAR

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AND

IN THE MATTER OF

Uttar Gujarat Vij Company Limited,
Regd. & Corporate office,
Visnagar Road, Mehsana - 384001

PETITIONER

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007

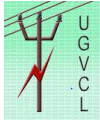
CO-PETITIONER

THE PETITIONER ABOVE NAMED RESPECTFULLY SUBMITS

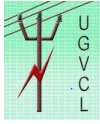


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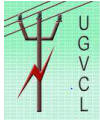


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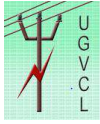
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ABBREVIATIONS

| | |
|-----------------------|---|
| ARR | Aggregate Revenue Requirement |
| DGVCL | Dakshin Gujarat Vij Company Limited |
| EA 2003 | The Electricity Act 2003 |
| FPPPA | Fuel and Power Purchase Price Adjustment |
| FY | Financial Year |
| GEB | Erstwhile Gujarat Electricity Board |
| GERC | Gujarat Electricity Regulatory Commission |
| MYT Regulations, 2016 | GERC (Multi Year Tariff) Regulations, 2016 |
| GETCO | Gujarat Energy Transmission Corporation Limited |
| GoG | Government of Gujarat |
| Gol | Government of India |
| GSECL | Gujarat State Electricity Corporation Limited |
| GUVNL | Gujarat Urja Vikas Nigam Limited |
| kV | Kilo Volt |
| kVA | Kilo Volt Ampere |
| kVAh | Kilo Volt Ampere Hour |
| kWh or “Unit” | Kilo Watt Hour |
| MCLR | Marginal Cost of Funds based Lending Rate |
| MGVCL | Madhya Gujarat Vij Company Limited |
| MTR | Mid-Term Review |
| MU | Million Units (Million kWh) |
| MVA | Mega Volt Ampere |
| MW | Mega Watt |
| MYT | Multi Year Tariff |
| O&M | Operation & Maintenance |
| PGVCL | Paschim Gujarat Vij Company Limited |
| UGVCL | Uttar Gujarat Vij Company Limited |



SECTION 1. INTRODUCTION

1.1. PREAMBLE

1.1.1. This section presents the background and reasons for filing this Petition.

1.2. INTRODUCTION

1.2.1 The Government of Gujarat (hereinafter referred to as “GoG”) notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after called as “Act”) in May 2003 for the reorganization of the entire power sector in the State of Gujarat.

1.2.2 Pursuant to the above, Government of Gujarat in their letter vide GO / 19th August 2003 had directed the erstwhile Gujarat Electricity Board (GEB) to form four Distribution Companies (Discoms) based on geographical location of the circles. Accordingly, the four distribution companies had been incorporated with the Registrar of Companies (RoC) on 15th September 2003. Uttar Gujarat Vij Company Limited (UGVCL) is one of the distribution companies engaged in distribution of electricity in the north zone area of Gujarat.

1.2.3 The UGVCL obtained its Certificate of Commencement of Business on the 15th October, 2003. However, the company did not commence its commercial operations during the financial year ending 31st March, 2005. The Company has started its commercial function w.e.f. 1st April 2005.

1.2.4 The Gujarat Electricity Regulatory Commission (hereinafter referred to as “GERC” or “the Hon’ble Commission”), an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998 and is currently under purview of the Electricity Act, 2003 (EA 2003). GERC is vested with the authority of regulating the power sector in the State inter alia including determination of Tariff for electricity consumers.

1.2.5 Determination of Tariff for supply of Electricity’ is one of the important functions of the State Electricity Regulatory Commission as provided in the Section 86 of the EA 2003. The Act provides that:-

“Section 86 (Functions of State Commission): --- (1) The State Commission shall discharge the following functions, namely: -

(a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

1.2.6 Further, the EA 2003 also provides that-

“Section 61 (Tariff regulations):

The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the”

- 1.2.7 The Hon’ble Commission notified the Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016 (“GERC MYT Regulations, 2016”). Based on the petition filed by UGVCL, the Hon’ble Commission issued MYT order on 31st March, 2017 for determining the ARR for the Third Control Period i.e. FY 2016-17 to FY 2020-21 in line with provisions outlined in the GERC MYT Regulations, 2016. The GERC MYT Regulations, 2016 notified on 29th March, 2016 were in force till 31st March, 2021.
- 1.2.8 The Hon’ble Commission had initiated the process of framing the new MYT Regulations for the Fourth Control Period of FY 2021-22 to FY 2025-26 by issuing Public Notice dated 10th August, 2020 and invited comments/suggestions on the draft MYT Regulations from the stakeholders. However, subsequently the Commission vide its Suo-Motu Order No. 07 of 2020 dated 22 December, 2020 deferred the notification of the Regulations by one year and directed the Licensees / utilities to file the tariff application for the FY 2021-22 based on the principles and methodologies as provided in the GERC MYT Regulations, 2016.
- 1.2.9 Similarly, the Hon’ble Commission vide its Order in Suo Motu Petition No. 1995 of 2021 dated 24th September, 2021 directed generating companies, licensees and utilities to file their tariff applications for approval of true-up for FY 2020- 21 and for determination of Annual ARR and Tariff for FY 2022-23 on or before 30th November, 2021 based on the principles and methodologies as provided in the GERC MYT Regulations, 2016.
- 1.2.10 Also, the FY 2020-21 is completed and annual accounts of UGVCL are also audited, UGVCL is required to file its Petition for True-up of FY 2020-21 in accordance with GERC MYT Regulations, 2016, to the Hon’ble Commission for its approval.
- 1.2.11 Accordingly, UGVCL is filing present Petition for the True up of FY 2020-21 and determination of Aggregate Revenue Requirement & Tariff for FY 2022-23 to the Hon’ble Commission.



SECTION 2. EXECUTIVE SUMMARY

2.1. PREAMBLE

2.1.1. This section highlights the summary of the Petition for True Up for FY 2020-21 and ARR & Tariff for FY 2022-23.

2.2. TRUE UP OF FY 2020-21

- 2.2.1 UGVCL has worked out its actual Aggregate Revenue Requirement (ARR) for FY 2020-21 based on the audited accounts, provisions of the GERC MYT Regulations, 2016 and the principles adopted by the Hon’ble Commission in its previous Orders.
- 2.2.2 The actual expenses have been compared against those approved for FY 2020-21 in the MTR Order for ARR of FY 2019-20 to FY 2020-21 dated 24th April, 2019. The detailed comparison of various cost components with the values approved by the Hon’ble Commission has been presented in the next Chapter on True up of FY 2020-21. A summary of the actual ARR for Truing-up of FY 2020-21 compared with the approved ARR for FY 2020-21 is presented in the table given below:

TABLE 1 : TRUE UP FOR FY 2020-21

| Rs. in Crores | | | | |
|---------------|---|--------------------------|------------------------|-----------|
| Sr. No. | Particulars | FY 2020-21 (Approved) | FY 2020-21 (Actual) | Deviation |
| 1 | Cost of Power Purchase | 11,843.65 | 10,949.27 | 894.38 |
| 2 | Operation & Maintenance Expenses | 751.74 | 690.00 | 61.73 |
| 2.1 | Employee Cost | 643.75 | 583.45 | 60.30 |
| 2.2 | Repair & Maintenance | 72.50 | 101.48 | (28.98) |
| 2.3 | Administration & General Charges | 117.24 | 92.60 | 24.64 |
| 2.4 | Other Expenses Capitalised | (81.76) | (87.53) | 5.77 |
| 3 | Depreciation | 273.65 | 367.01 | (93.36) |
| 4 | Interest & Finance Charges | 173.91 | 124.32 | 49.59 |
| 5 | Interest on Working Capital | - | - | - |
| 6 | Provision for Bad Debts | 0.31 | 0.04 | 0.27 |
| 7 | Sub-Total [1 to 6] | 13,043.26 | 12,130.65 | 912.60 |
| 8 | Return on Equity | 231.86 | 235.45 | (3.59) |
| 9 | Provision for Tax / Tax Paid | 14.38 | 21.07 | (6.69) |
| 10 | Total Expenditure (7 to 9) | 13,289.50 | 12,387.17 | 902.32 |
| 11 | Less: Non-Tariff Income | 138.68 | (54.48) | 193.16 |
| 12 | Aggregate Revenue Requirement (10 - 11) | 13,150.82 | 12,441.66 | 709.16 |

2.2.3 In line with the provisions of the GERC MYT Regulations, 2016, UGVCL has computed the gains and losses on account of controllable and uncontrollable parameters and its proposed sharing mechanism.

2.2.4 The cost components have been segregated into controllable and uncontrollable factors as per the methodology outlined in Regulation 22 of the GERC MYT Regulations, 2016. Summary of the difference allocation to controllable & Uncontrollable factors is outlined as per the table below:

TABLE 2 : SUMMARY OF CONTROLLABLE AND UNCONTROLLABLE FACTORS FOR FY 2020-21

| Sr. No. | Particulars | FY 2020-21 (Approved) | FY 2020-21 (Actual) | Rs. in Crores | |
|---------|----------------------------------|--------------------------|------------------------|--|--|
| | | | | Gain/(Loss) due to Controllable Factors | Gain/(Loss) due to Uncontrollable Factors |
| 1 | Cost of Power Purchase | 11,843.65 | 10,949.27 | 326.51 | 567.87 |
| 2 | Operation & Maintenance Expenses | 751.73 | 690.00 | 55.96 | 5.77 |
| 2.1 | Employee Cost | 643.75 | 583.45 | 60.30 | - |
| 2.2 | Repair & Maintenance | 72.50 | 101.48 | (28.98) | - |
| 2.3 | Administration & General Charges | 117.24 | 92.60 | 24.64 | - |
| 2.4 | Other Expenses Capitalised | (81.76) | (87.53) | - | 5.77 |
| 3 | Depreciation | 273.65 | 367.01 | - | (93.36) |
| 4 | Interest & Finance Charges | 173.91 | 124.32 | - | 49.59 |
| 5 | Interest on Working Capital | - | - | - | - |
| 6 | Provision for Bad Debts | 0.31 | 0.04 | 0.27 | - |
| 7 | Return on Equity | 231.86 | 235.45 | - | (3.59) |
| 8 | Provision for Tax / Tax Paid | 14.38 | 21.07 | - | (6.69) |
| 9 | ARR (1 to 8) | 13,289.50 | 12,387.17 | 382.74 | 519.58 |
| 10 | Non - Tariff Income | 138.68 | (54.48) | - | 193.16 |
| 11 | Total ARR (9-10) | 13,150.82 | 12,441.66 | 382.74 | 326.42 |

2.2.5 As per the mechanism specified in the GERC MYT Regulation 2016, UGVCL proposes to pass on a sum of 1/3rd of total gain/(loss) on account of controllable factors i.e. Rs. 127.58 Crores and total gain/(loss) on account of uncontrollable factor i.e. Rs. 326.42 Crores to the consumers. Further, the Revenue (Gap) / Surplus approved by the Hon'ble Commission on True up of FY 2018-19 of Rs. 141.72 Crores is also considered. Adjusting these to the net Aggregate Revenue Requirement, UGVCL has arrived at the Revised Aggregate Revenue Requirement for FY 2020-21 at Rs. 12,555.11 Crores.

2.2.6 This revised Aggregate Revenue Requirement is compared against the actual income under various heads including revenue from existing tariff of Rs. 11,749.02 Crores, other consumer related income of Rs. 243.14 Crores, agriculture subsidies of Rs. 588.37 Crores and GUVNL profit allocation of Rs. 25.34 Crores, summing up to a total revenue of Rs. 12,605.88 Crores. Accordingly, total Revenue (Gap) / Surplus of UGVCL for FY 2020-21 after treatment of gain/(loss) due to controllable / uncontrollable factors is computed at Rs. 50.77 Crores as shown in the table below:



TABLE 3 : REVENUE (GAP) / SURPLUS FOR FY 2020-21

| | | Rs. in Crores |
|---------|--|------------------------|
| Sr. No. | Particulars | FY 2020-21 (Actual) |
| 1 | Aggregate Revenue Requirement originally approved for FY 2020-21 | 13,150.82 |
| 2 | Less: (Gap) / Surplus of FY 2018-19 | 141.72 |
| 3 | Less: Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer | 326.42 |
| 4 | Less: Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss) | 127.58 |
| 5 | Revised ARR for FY 2020-21 (1 - 2 - 3 - 4) | 12,555.11 |
| 6 | Revenue from Sale of Power | 11,749.02 |
| 7 | Other Income (Consumer related) | 243.14 |
| 8 | Total Revenue excluding Subsidy (6 + 7) | 11,992.16 |
| 9 | Agriculture Subsidy | 588.37 |
| 10 | GUVNL Profit / (Loss) Allocation | 25.34 |
| 11 | Total Revenue including Subsidy (8 + 9 + 10) | 12,605.88 |
| 12 | Revenue (Gap)/ Surplus after treating gains/(losses) due to Controllable/ Uncontrollable factors (11 - 5) | 50.77 |

2.3. DETERMINATION OF ARR & TARIFF FOR FY 2022-23

2.3.1. The Aggregate Revenue Requirement for FY 2022-23 as per the provisions of the GERC MYT Regulations, 2016 is projected as below:

TABLE 4 : PROJECTION OF ARR FOR FY 2022-23

| | | Rs. in Crores |
|---------|--|---------------------------|
| Sr. No. | Particulars | FY 2022-23 (Projected) |
| 1 | Cost of Power Purchase | 13,087.34 |
| 2 | Operation & Maintenance Expenses | 892.63 |
| 2.1 | Employee Cost | 726.01 |
| 2.2 | Repair & Maintenance | 97.05 |
| 2.3 | Administration & General Charges | 117.77 |
| 2.4 | RDSS Metering Opex | 64.32 |
| 2.5 | Other Expenses Capitalised | (112.53) |
| 3 | Depreciation | 429.63 |
| 4 | Interest & Finance Charges | 110.16 |
| 5 | Interest on Working Capital | - |
| 6 | Provision for Bad Debts | 0.04 |
| | | |
| 7 | Sub-Total [1 to 6] | 14,519.80 |
| | | |
| 8 | Return on Equity | 272.02 |
| 9 | Provision for Tax / Tax Paid | 21.07 |
| | | |
| 10 | Total Expenditure (7 to 9) | 14,812.89 |
| 11 | Less: Non-Tariff Income | 153.50 |
| 12 | Aggregate Revenue Requirement (10 - 11) | 14,659.39 |

2.3.2. UGVCL requests the Hon'ble Commission to approve Aggregate Revenue Requirement for FY 2022-23.

2.4. REVENUE (GAP) / SURPLUS FOR FY 2022-23

2.4.1. UGVCL has projected sales of 25,909 MU for FY 2022-23. Based on projected sales & existing retail tariff, revenue from sale of power works out to Rs. 8,997.37 Crore for FY 2022-23.

2.4.2. In the Order for True up for FY 2019-20 and Determination of Tariff for FY 2021-22 dated 31st March, 2021, the Hon'ble Commission has considered the base power purchase cost at Rs. 4.481/unit and base FPPPA at Rs. 1.80/unit. As per approved FPPPA formula, any increase in power purchase cost during the year, over and above base power purchase cost of Rs. 4.481/unit is to be recovered through FPPPA, over and above base FPPPA of Rs. 1.80/unit on quarterly basis. As per the projected ARR for FY 2022-23, the weighted average power purchase cost is worked out to Rs. 4.48/unit same as of FY 2021-22.

2.4.3. Thus, the change in power purchase cost is Nil for FY 2022-23 and accordingly there is no change in base FPPPA also. Therefore, estimated revenue from FPPPA for FY 2022-23 is considered at Rs. 1.80/unit (i.e. grossing up by approved losses), as shown below.

TABLE 5 : FPPPA COMPUTATION FOR FY 2022-23

| No. | Particulars | FY 2021-22 | 2022-23 |
|-----|--|-------------|-------------|
| 1 | Fixed Cost (Rs. Crore) | 11,592 | 13,005 |
| 2 | Variable Cost (Rs. Crore) | 27,106 | 28,435 |
| 3 | GETCO Cost (Rs. Crore) | 4,480 | 4,444 |
| 4 | GUVNL Cost (Rs. Crore) | 411 | 438 |
| 5 | PGCIL Charges (Rs. Crore) | 2,443 | 3,075 |
| 6 | SLDC Charges (Rs. Crore) | 21 | 23 |
| 7 | Total Power Purchase Cost (Rs. Crore) | 46,053 | 49,421 |
| 8 | Total Energy Requirement (MU) | 1,02,775 | 1,10,375 |
| 9 | Power Purchase Cost (Rs./kWh) | 4.48 | 4.48 |
| 10 | Increase in Power Purchase Cost (Rs./ kWh) | | - |
| 11 | Additional FPPPA Charges (Grossed up by Distribution Loss) (Rs./kWh) | | - |
| 12 | Existing FPPPA Charges (Rs./kWh) | | 1.80 |
| 13 | Revised FPPPA Charges (Rs./kWh) | | 1.80 |

2.4.4. The income under the head “Other Consumer Related Income” has been considered the same as of FY 2019-20. The Agriculture subsidy for FY 2022-23 has been projected on the basis of the projected Agricultural sales for FY 2022-23.

2.4.5. Based on the above projections, the total revenue of the company comprises of revenue from sale of power at existing tariff, FPPPA charges, other consumer related income and Agriculture Subsidy. Total revenue for FY 2022-23 is as shown below:

TABLE 6 : TOTAL PROJECTED REVENUE FOR FY 2022-23 AT EXISTING TARIFF

| Rs. in Crores | | |
|---------------|---|------------------------|
| Sr. No. | Particulars | FY 2022-23 (Projected) |
| 1 | Revenue with Existing Tariff | 8,997.37 |
| 2 | FPPPA Charges @ Rs. 1.80/ unit | 4,663.62 |
| 3 | Other Income (Consumer related) | 243.14 |
| 4 | Agriculture Subsidy | 547.98 |
| 5 | Total Revenue including subsidy (1 to 4) | 14,452.12 |

2.4.6. The Revenue (Gap) / Surplus of Rs. 50.77 Crores after true up exercise of FY 2020-21 is also considered for estimating Revenue (Gap) / Surplus for FY 2022-23.

2.4.7. Based on the above, the estimated Revenue (Gap) / Surplus for FY 2022-23 at existing tariff is as outlined in the table below:



TABLE 7 : ESTIMATED REVENUE (GAP) / SURPLUS FOR FY 2022-23 AT EXISTING TARIFF

| Rs. in Crores | | |
|---------------|--|---------------------------|
| Sr. No. | Particulars | FY 2022-23 (Projected) |
| 1 | Aggregate Revenue Requirement | 14,659.39 |
| 2 | Less: Revenue (Gap)/ Surplus from True up of FY 2020-21 | 50.77 |
| 3 | Total Aggregate Revenue Requirement | 14,608.62 |
| 4 | Revenue with Existing Tariff | 8,997.37 |
| 5 | FPPPA Charges @ Rs. 1.80/ unit | 4,663.62 |
| 6 | Other Income (Consumer related) | 243.14 |
| 7 | Agriculture Subsidy | 547.98 |
| 8 | Total Revenue including subsidy (4 to 7) | 14,452.12 |
| 9 | Revenue (Gap) / Surplus (8 - 3) | (156.50) |

2.4.8. The Hon'ble Commission is requested to approve the above-mentioned Revenue (Gap) / Surplus for FY 2022-23.

2.5. PROPOSED CHANGES IN THE TARIFF STRUCTURE FOR FY 2022-23

2.5.1. The consolidated resultant Revenue (Gap) / Surplus for all four distribution companies is Rs. (568) Crores which can be met through efficiency improvement measures.

2.5.2. In view of the above, the distribution companies have not proposed any increase in tariff rates or any modifications in current tariff structure.



SECTION 3. TRUE UP FOR FY 2020-21

3.1. PREAMBLE

- 3.1.1. This section outlines the performance of UGVCL for FY 2020-21. In line with the provisions of the GERC MYT Regulations, 2016, UGVCL hereby submits the True-Up Petition comparing the actual performance of UGVCL during FY 2020-21 with the forecast approved by the Hon'ble Commission vide MTR Order dated 24th April, 2019.

3.2. PRINCIPLES FOR TRUE UP FOR FY 2020-21

- 3.2.1. As per GERC MYT Regulations, 2016, the Hon'ble Commission is required to undertake the True-Up of the licensees for FY 2020-21 based on the comparison of the actual performance of the past year with the approved estimates for such year. Section 21.1 of the GERC MYT Regulations, 2016 is read as below:

“the Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations.”

- 3.2.2. In line with the provisions of GERC MYT Regulations, 2016, UGVCL has filed this Petition for True-Up for the year FY 2020-21. Information provided in the True-Up for FY 2020-21 is based on the audited actual performance and considering principles adopted by the Hon'ble Commission in its previous Orders. The actual performance has been compared with the approved numbers as per the MTR Order dated 24th April, 2019.
- 3.2.3. Accordingly, actual data for revised Aggregate Revenue Requirement, actual revenue and Revenue (Gap) / Surplus for FY 2020-21 are given in the following paragraphs of this chapter.
- 3.2.4. Further, for the purpose of True-Up of all the expense heads have been categorized into Controllable and Uncontrollable factors. A head-wise comparison has been made between the values approved by the Hon'ble Commission and the actual values for various expenditures for FY 2020-21.

3.3. CATEGORY WISE SALES

- 3.3.1. The actual category wise sales for FY 2020-21 were 22,821.76 MUs as against the approved sales of 24,583.98 MUs. The actual sales for FY 2020-21 are lower than approved sales due to Covid-19 pandemic situation has impacted business which has resulted in lower commercial and industrial activities.
- 3.3.2. The table below highlights the comparison of actual category wise sales of UGVCL against that approved by the Hon'ble Commission vide its MTR Order.

TABLE 8 : CATEGORY-WISE SALES

| Sr. No. | Particulars | Sales(MUs) | |
|----------|----------------------------|--------------------------|------------------------|
| | | FY 2020-21 (Approved) | FY 2020-21 (Actual) |
| A | LT Consumers | | |
| 1 | RGP | 2,593.69 | 2,658.04 |
| 2 | GLP | 54.05 | 84.94 |
| 3 | Non-RGP & LTMD | 2,169.80 | 1,908.50 |
| 4 | Public Water Works | 876.76 | 863.77 |
| 5 | Agriculture - Metered | 3,301.07 | 3,512.54 |
| 6 | Agriculture - Unmetered | 6,312.65 | 6,492.19 |
| 7 | Street Light | 58.34 | - |
| | LT Total (A) | 15,366.36 | 15,519.98 |
| B | HT Consumers | | |
| 8 | Industrial HT | 9,217.62 | 7,301.78 |
| 9 | Railway Traction | - | |
| | HT Total (A) | 9,217.62 | 7,301.78 |
| | Grand Total (A + B) | 24,583.98 | 22,821.76 |

3.4. DISTRIBUTION LOSSES

- 3.4.1. In FY 2020-21, the actual distribution losses were 6.76% as against the approved level of 9.60%. The table below highlights the comparison of actual distribution losses of UGVCL against that approved by the Hon'ble Commission vide its Tariff Order.

TABLE 9 : DISTRIBUTION LOSSES

| Sr. No. | Particulars | FY 2020-21 (Approved) | FY 2020-21 (Actual) |
|---------|---------------------|--------------------------|------------------------|
| 1 | Distribution Losses | 9.60% | 6.76% |

- 3.4.2. The GERC MYT Regulations, 2016 categorise the Distribution Losses as a controllable factor and accordingly any gain or loss on account of this would be shared with the consumers as per the provisions of the regulations.
- 3.4.3. UGVCL submits that it has achieved a significant reduction in distribution losses during FY 2020-21. The Hon'ble Commission had approved the distribution loss levels for UGVCL at 9.60% for FY 2020-21 and the actual loss achieved were 6.76% for FY 2020-21.
- 3.4.4. Since UGVCL has losses lower than those approved by the Hon'ble Commission, its impact has been discussed in the section relating to power purchase and the gains/(losses) have been captured there itself.

3.5. ENERGY REQUIREMENT AND ENERGY BALANCE

- 3.5.1. The gross energy requirement of UGVCL is given in the table below:

TABLE 10 : ENERGY REQUIREMENT AND ENERGY BALANCE

| Energy Balance | | | | |
|----------------|---|------------|------------------------|----------------------|
| S.No. | Particulars | Unit | FY 2020-21 Approved | FY 2020-21 Actual |
| 1 | Energy Sales | MUs | 24,583.98 | 22,821.76 |
| 2 | Distribution Losses | MUs | 2,610.69 | 1,653.60 |
| | | % | 9.60% | 6.76% |
| 3 | Energy Requirement | MUs | 27,194.67 | 24,475.36 |
| 4 | Less: Local Power Purchase by Discom | MUs | | 106.37 |
| 5 | Power Purchase at T<>D periphery from GUVNL | MUs | 27,194.67 | 24,368.99 |
| 6 | Transmission Losses | MUs | 1,089.00 | 883.85 |
| | | % | 3.85% | 3.50% |
| 7 | Total Energy to be input to Transmission System | MUs | 28,283.67 | 25,252.84 |
| 8 | Pooled Losses in PGCIL System | MUs | 396.26 | 460.05 |
| 9 | Add: Local Power Purchase by Discom | MUs | | 106.37 |
| 10 | Total Energy Requirement | MUs | 28,679.93 | 25,819.26 |

3.5.2. The gross energy requirement for sale to the consumers in FY 2020-21 was 25,819.26 MUs as compared to 28,679.93 MUs as approved by the Hon'ble Commission.

3.6. POWER PURCHASE COST

3.6.1. The company has been currently allocated share of generation capacities as per the scheme worked out by GUVNL. In order to minimize power purchase cost, GUVNL adopts the Merit Order Despatch principles for despatching power from the generating stations based on the demand and accordingly power gets allocated to UGVCL.

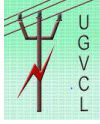
3.6.2. The actual power purchase from GUVNL is different from allocation because the demand from UGVCL is not constant and it varies from time to time.

3.6.3. The total power purchase cost of UGVCL for FY 2020-21 consists of the basic power purchase cost, transmission charges payable to GETCO and PGCIL, SLDC charges and the DISCOM's share of GUVNL cost.

3.6.4. As directed by the Hon'ble Commission in Tariff Order dated 31st March, 2021, details of yearly DSM, Additional DSM, Sign deviation charge details of DSM charges paid and earned including penalty levied on/ collected is as under:

TABLE 11: DETAILS OF YEARLY DEVIATION SETTLEMENT MECHANISM

| MONTH | SCHEDULE | DRAWL | BASIC UI | CAP UI | ADDITIONAL UI | SIGN VIOLATION | ADJUSTED UI |
|--------|-----------|-----------|---------------|--------------|------------------|-------------------|---------------|
| | IN MWH | | UI IN Rs. | | | | |
| Apr-20 | 20,71,666 | 20,30,154 | -9,03,91,122 | 87,27,481 | 27,80,037 | - | -9,36,98,645 |
| May-20 | 24,28,420 | 23,84,500 | -9,87,97,657 | 3,68,30,098 | 58,89,707 | - | -7,29,69,736 |
| Jun-20 | 20,94,758 | 20,47,329 | -9,95,87,214 | 4,27,95,265 | 1,35,04,416 | - | -6,89,75,072 |
| Jul-20 | 21,07,303 | 20,43,654 | -15,30,59,919 | 8,06,65,348 | 1,51,29,927 | - | -12,68,35,843 |
| Aug-20 | 17,41,083 | 16,51,527 | -24,89,73,301 | 11,61,19,366 | 45,68,154 | - | -20,77,31,823 |
| Sep-20 | 19,89,362 | 19,18,396 | -18,56,73,225 | 4,80,23,780 | 39,72,731 | - | -17,06,92,368 |
| Oct-20 | 24,45,530 | 23,83,649 | -15,36,89,978 | 4,89,31,291 | 27,40,578 | - | -14,87,04,022 |
| Nov-20 | 22,62,519 | 22,05,565 | -14,71,43,265 | 4,70,51,269 | 29,13,919 | - | -14,30,66,426 |
| Dec-20 | 25,51,971 | 25,09,334 | -8,22,24,139 | 4,75,53,421 | 1,26,90,897 | - | -5,64,64,027 |
| Jan-21 | 25,87,025 | 25,26,212 | -16,50,02,394 | 7,68,27,117 | 1,18,66,621 | - | -14,25,12,800 |
| Feb-21 | 23,17,205 | 22,73,998 | -12,15,54,066 | 4,85,38,909 | 78,56,984 | - | -10,72,47,974 |
| Mar-21 | 27,21,929 | 26,30,068 | -29,98,08,363 | 11,80,88,809 | 69,84,091 | - | -24,68,03,473 |



| MONTH | SCHEDULE | DRAWL | BASIC UI | CAP UI | ADDITIONAL UI | SIGN VIOLATION | ADJUSTED UI |
|-------|-------------|-------------|-----------------|--------------|---------------|----------------|-----------------|
| | IN MWH | | UI IN Rs. | | | | |
| TOTAL | 2,73,18,770 | 2,66,04,386 | -1,84,59,04,643 | 72,01,52,154 | 9,08,98,062 | - | -1,58,57,02,209 |

3.6.5. UGVCL in its Petition for True-up of FY 2019-20 considered liabilities for the payment towards the power purchase cost to the generating companies under various PPAs are due as per the judgements of the various courts in various litigations and the payment may arise subsequently as part of Power Purchase Cost based on the final outcome in legal cases. The Hon'ble Commission in its earlier Tariff Order have ruled that additional payment liability to be allowed once it gets materialised and paid to the beneficiaries in subsequent years based on the prudence check and verification from audited accounts. Accordingly, in line with approach taken by the Hon'ble Commission, provisions were reduced from power purchase cost for each Discom in ratio of their actual power purchase cost.

3.6.6. In line with the approach adopted by the Hon'ble Commission, Discom has allocated provisions made during FY 2020-21 of Rs. 2015 Crore to Discom in ratio of actual power purchase cost and reduced from power purchase cost. Allocation of provisions to Discom is as under:

TABLE 12: ALLOCATION OF PROVISIONS OF POWER PURCHASE COST TO DISCOM

| Rs in Crores | | | | | |
|--|--------|--------|--------|--------|----------|
| Particulars | DGVCL | MGVCL | PGVCL | UGVCL | Total |
| Power Purchase | 11,198 | 5,495 | 14,829 | 11,487 | 43,010 |
| Allocation of provisions made in Power Purchase Cost | 524.64 | 257.44 | 694.74 | 538.18 | 2,015.00 |

3.6.7. Discom would like to submit that as stated by the Hon'ble Commission in its last Tariff Order, Discom reserves its right of claim of provisions made in power purchase cost as and when it is paid to beneficiaries in the subsequent years.

3.6.8. Based on the same, the comparison of the approved and the actual cost of power purchase are as shown below:

TABLE 13: NET POWER PURCHASE COST

| | | Rs in Crores | |
|---------|--|--------------------------|------------------------|
| Sr. No. | Particulars | FY 2020-21 (Approved) | FY 2020-21 (Actual) |
| A | Cost | | |
| 1 | Power Purchased from GUVNL | | 11,595.23 |
| 2 | Power purchase from Windfarm | | 11.46 |
| 3 | Power Purchased from Solar | | 35.66 |
| 4 | DSM Charges Payable | | |
| 5 | SLDC Charges | | 3.68 |
| | Total Cost | | 11,646.02 |
| B | Less: Income | | |
| 1 | Allocation of provisions made in Power Purchase Cost | | 538.18 |
| 2 | DSM Income Receivable | | 158.57 |
| | Net Power Purchase Cost | 11,843.65 | 10,949.27 |

- 3.6.9. The variation in the approved and the actual power purchase expenses is on account of various reasons including change in approved cost of power, change in quantum of power purchased, changes in the transmission charges payable etc.
- 3.6.10. The quantum of power purchase depends upon the sales during the year as well as the losses in the system. The actual distribution losses in UGVCL distribution network have been lower than the approved level as also the sales and hence, the quantum of power purchased was lower than the approved quantum of power required.
- 3.6.11. As per the GERC MYT Regulations, 2016, the Hon'ble Commission has categorised the variation in the price of fuel and/or price of power purchase according to the FPPPA formula approved by the Hon'ble Commission as an uncontrollable factor. Further, the Hon'ble Commission has also identified the variation in the number or mix of consumers or quantity of electricity sold to consumers as an uncontrollable factor. Thus, the variation in the above factors affects the power purchase expenses and results into either a loss or gain. Accordingly, any gain or loss on this account is to be entirely passed on to the consumers as per the methodology approved by the Hon'ble Commission.
- 3.6.12. In addition to the above, there is an incidence of lower power purchase cost on account of the lower Distribution losses as compared to the Distribution losses approved by the Hon'ble Commission. These gains have resulted in lower power purchase expenses as the quantum of power required to be purchased to meet the same level of demand would be lower hence resulting in the gains as explained below: