

CHAPTER 1: INTRODUCTION

1.1 COMPANY PROFILE

GIFT Power Company Ltd (GIFT PCL) is a 100% subsidiary company of Gujarat International Finance Tec-city Company Limited (GIFTCL) incorporated under the provisions of the Companies Act 1956 having its office at EPS Building No 49A, Block 49, Zone 4, Gyan Marg, GIFT City, Gandhinagar – 382355.

Government of Gujarat through its Undertaking had set up Gujarat International Finance Tec-City Company Ltd. (GIFT CL), for orchestrating GIFT City including design, development, financing, operation and maintenance of the same.

Gujarat International Finance Tec-City (GIFT City) is a project of national importance and India's First International Financial Service Centre located in proximity between Ahmedabad and Gandhinagar. GIFT City is an emerging global financial and IT services hub, a first of its kind in India, designed to be at or above par with globally benchmarked business districts. It is supported by state-of-the-art infrastructure encompassing all basic urban infrastructure elements along with an excellent external connectivity.

The Petitioner is a distribution licensee for the supply of electricity in the GIFT City area. The Hon'ble Gujarat Electricity Regulatory Commission (hereinafter referred as "Commission") granted the license of distribution of electricity vide order dated 6/3/2013 in License Application No 1/2012 to GIFT Power Company Ltd. The Petitioner was incorporated primarily to cater the power requirement of GIFT City which includes both Special Economic Zone and DTA zone in GIFT City, Gandhinagar, Gujarat.

GIFT is a planned and integrated development that will comprise of over 100 vertical buildings with total Built-up area (BUA) potential of approximately 62 mn. sq. ft. of which 67% will be Commercial, 22% Residential and 11% Social (Hospitals, schools etc.).

Hon'ble Commission issued certified copies of approved electricity distribution license no. 1 along with approved map of license area vide its letter No GERC/Legal/2013/ 721 dated 2/04/2013 which consist different conditions to be fulfilled by the petitioner which includes following the provisions of Electricity Acts, Rules framed under it and Regulations framed by the Hon'ble commission.



GIFT PCL is mandated to provide power supply in the licensed area of 886 acres in GIFT city. GIFT City has many premier financial institutions like international stock exchange (India INX, NSE IFSC), International Banks, and International Financial Service Units. Uninterrupted and Quality power supply is primary need of all the customers in the city. GIFT PCL has developed very efficient and smart network for smooth operation of the city.

1.2 BACKGROUND OF THE PETITION

The Hon'ble Commission has notified the Gujarat Electricity Regulatory Commission (Multi Year tariff) Regulations, 2016 effective from 29/03/2016 for the 3RD Control period from FY 2016-17 to F.Y. 2020-21. It laid down principles of Aggregate Revenue Requirements (ARR) and Multi Year Tariff (MYT) filing for the Control Period.

The First Petition was filed by the Petitioner in FY 2018-19 for approval of Aggregate Revenue Requirement for F.Y. 2018-19 and Determination of Retail Supply Tariff for F.Y. 2018-19. The Tariff Order (Case No. 1710 of 2018) was issued by the Commission on 03/12/2018.

Subsequently as per the directives of Hon'ble Commission, the Petitioner has filed next Petition for Approval of ARR for FY 2019-20 and FY 2020-21 and Determination of Retail Supply Tariff for F.Y. 2019-20. The Tariff Order in this regard (Case No. 1777 of 2019) was issued by the Commission on 31/07/2019.

The Petitioner has filed next Petition for Approval of True-up for FY 2018-19 along with Finalization of Accounts for FY 2013-14 to FY 2017-18 and Determination of Retail Supply Tariff for F.Y. 2020-21. The Tariff Order in this regard (Case No. 1851 of 2020) was issued by the Commission on 09/10/2020.

The Petitioner has filed a Review Petition for the Tariff Order dated 9th October-2021 issued for Case No. 1851 of 2020, on 5th December-2020 and the same was registered as Case No. 1916 of 2020. Till date, regulatory proceedings for the Review Petition has not been carried out.

The Petitioner has filed the last Petition for True-up for FY 2019-20 along with Approval of ARR and Determination of Retail Supply Tariff for F.Y. 2020-21. The Tariff Order along with Dissenting Order for Case No.1942 of 2021 was communicated by the Commission by e-mail on 06/07/2021.

The data and information to the extent available with the Petitioner is submitted along with the present petition and the Petitioner would make available any additional data/ information as directed by the Hon'ble Commission from time to time.



1.3 APPROACH FOR FILING THE PETITION

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 shall be remain in force till 31st March 2021. The process for framing the MYT Regulations for new Control Period of FY 2021-22 to FY 2025-26 was initiated by Hon'ble Commission by issuing public notice dated 10.08.2020. However due to the pandemic situation in the State, the process related to framing of the MYT Regulations was delayed. The Hon'ble Commission proposed to defer the 5-year control period for new MYT Regulations for one year and continue with existing regulations for FY 2020-21. Through its Order in Suo-Motu Petition No. 1995 of 2021 dated 24.09.2021, the Hon'ble Commission has again deferred the next MYT Control period by another one year. Also, Hon'ble Commission has directed all licensees to file the Tariff Petition based on principles and methodology as provided in the GERC (Multi- Year Tariff) Regulations, 2016 on or before 30th November-2021.

The present Petition has been filed before the Commission for (i) True-up of FY 2020-21 and for (ii) Determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2022-23 as per the GERC (Multi Year Tariff) Regulations, 2016.

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. Also, the Petitioner has prepared the ARR for FY 2022-23 as per relevant provisions given under GERC MYT Regulations, 2016.

It is to be noted that the Petitioner has filed a Review Petition on 7th December-2020 before Hon'ble Commission, for reviewing certain aspects of the Tariff Order passed on 9th October-2020 in the matter of true-up for FY 2018-19 along with finalization of account for FY 2013-14 to FY 2017-18 and determination of Retail Supply Tariff for F.Y. 2020-21. The Petitioner has sought review on approach adopted by Hon'ble Commission for Capitalization of assets and erroneously disallowance of O&M Expenses from FY 2013-14 to FY 2018-19 based on benchmarking approach. In view of the above, the Petitioner have claimed additional recovery of ARR to the tune of Rs. 46.45 Crores till FY 2018-19. The same is tabulated below:



True up of FY 2020-21 and Tariff for FY 2022-23

Sr. No	Particulars	Value (Rs. Crs)
1	Additional O&M expenses to be approved for FY 2013-14 to FY 2017-18	7.68
2	Additional O&M expenses to be approved for FY 2018-19 (<i>no sharing of gains/loss to be applied</i>)	2.36
3	Additional Financing costs (Depreciation, Interest on Loan, ROE and Contribution to Contingency reserve) due to capitalisation to be considered as per audited accounts for FY 2013-14 to FY 2017-18	24.36
4	Additional Financing costs (Depreciation, Interest on Loan, ROE and Contribution to Contingency reserve) due to capitalisation to be considered as per audited accounts 2018-19 (<i>before sharing of gains/ loss for FY18-19</i>)	12.05
5	Total Additional recovery	46.45

Despite filing of Review Petition, the Hon'ble Commission (Majority Order) have again adopted the same benchmarking methodology during True-up of FY 2019-20. The Additional Recovery of ARR to the tune of 16.50 Crores for FY 2019-20. The same has been tabulated below:

Sr. No	Particulars	Value (Rs. Crs)
1	Additional O&M expenses to be approved for FY 2019-20 (<i>no sharing of gains/loss to be applied</i>) (<i>incl. PTC Fixed Cost</i>)	3.14
4	Additional Financing costs (Depreciation, Interest on Loan, ROE and Contribution to Contingency reserve) due to capitalisation to be considered as per audited accounts 2019-20 (<i>before sharing of gains/ loss for FY 19-20</i>)	13.36
5	Total Additional recovery for FY 2019-20	16.50

Considering the actual GFA at the end of FY 2019-20, the Petitioner has calculated the GFA for FY 2020-21.

The Petitioner along with this Petition is also submitting the statutory formats with data & information to an extent available and would make available any additional data required by the Commission from time to time.

1.4 STRUCTURE OF PETITION

The Petitioner is submitting the present Petition for Truing-up of FY 2020-21, Determination of ARR and Tariff for FY 2022-23. 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.



The Petition includes the following Chapters:

- a)** Chapter-1: Contains Petitioner's Company Profile and Background of present petition
- b)** Chapter-2: Contains Executive Summary of the Petition and Prayers to the Hon'ble Commission
- c)** Chapter-3: Covers True up of FY 2020-21 and identification of controllable / uncontrollable factors for FY 2020-21, sharing of gains and losses of FY 2020-21 based on the factors identified as controllable and uncontrollable
- d)** Chapter-4: Covers determination of ARR of FY 2022-23, Revenue from existing tariff and Gap Analysis for FY 2022-23
- e)** Chapter-5: Covers the Wheeling Charges and Cross Subsidy Surcharge
- f)** Chapter-6: Contains the Fuel and Power Purchase Price Adjustment (FPPPA) Charges
- g)** Chapter-7: Contains Compliance of Directives
- h)** Chapter-8: Contains Tariff Philosophy and Tariff Proposal for 2022-23
- i)** Chapter-9: Covers Prayers to the Hon'ble Commission
- j)** Annexure - A: Tariff Schedule



CHAPTER 2: EXECUTIVE SUMMARY

As per the provisions of the GERC (Multi-year Tariff) Regulations, 2016 the Petitioner is filing this Petition before Hon'ble Commission for True up of FY 2020-21 and Tariff Determination for FY 2022-23.

2.1 TRUE-UP OF FY 2020-21

According to GERC (MYT) Regulations, 2016, the Petitioner in its Multi Year Tariff Petition for fourth year of 3rd control period had submitted projections for FY 2020-21. Based on submission of the Petitioner, ARR for FY 2020-21 was approved by Hon'ble Commission vide its Tariff Order dated 31/07/2019. In line with the provisions of the GERC (MYT) Regulations, 2016, the Petitioner submits True up for FY 2020-21 comparing actual audited expenses vis-à-vis approved expenses as per Tariff Order issued by Hon'ble Commission.

Particulars	Approved	Actual	Difference	Gains/ (Losses) due to Controllab	Gains/ (Losses) due to Un- Controllab
Power Purchase Expenses	19.78	7.98	11.80		11.89
Operation & Maintenance Expenses	2.00	3.79	(1.79)		(1.79)
Depreciation	4.56	5.70	(1.14)		(1.14)
Interest & Finance Charges	5.82	4.70	1.12		1.12
Return on Equity	2.82	4.70	(1.88)		(1.88)
Interest on Working Capital	0.00	0.00	0.00		0.00
Interest on Security Deposits	0.42	0.55	(0.13)		(0.13)
Income Tax	0	0.00	0.00		0.00
Contingency Reserve	0.45	0.00	0.45		0.45
Less: Non-Tariff Income	0.35	0.94	(0.59)		(0.59)
Total Aggregate Revenue Requirement	35.50	26.49	9.01		9.01

The GFA at the starting of FY 2020-21 has been considered as per actual GFA of the Petitioner at the end of FY 2019-20.

Based on the MYT provisions the Petition has calculated the revised ARR after considering the pass-through expenses as below.

Particulars	Legend	Actual Claimed
ARR as per MYT order	A	35.50
Gains/(Losses) due to Uncontrollable Factors	B	9.01
Gains/(Losses) due to Controllable Factors	C	
Pass through as Tariff	D = -(1/3 of c + b)	(9.01)
Trued up ARR	E = a + d	26.49



Particulars	Legend	Actual Claimed
Revenue	F	15.43
Gap/(Surplus) for FY 2020-21	G = e-f	11.06

2.2 ARR, GAP ANALYSIS AND TARIFF PROPOSAL FOR FY 2022-23

The Table given below summary of the Aggregate Revenue Requirement, as projected by the Petitioner for FY 2022-23 in this petition is given below.

Particulars	2022-23
Power Purchase Expenses	18.01
O&M Expenses	5.19
Depreciation	6.21
Interest and Finance Charges	3.69
Interest on security deposit	0.30
Interest on Working Capital	0.00
Provision for bad debts	0.00
Contingency Reserve	0.70
Income Tax	0.00
Return on Equity @ 14%	5.11
Less: Non-Tariff Income	1.13
Total Aggregate Revenue Requirement	38.08

The revenue gap as per estimated revenue for FY 2022-23 is given below:

Particulars	Amount (Rs. Cr.)
ARR	38.08
Revenue from tariff	31.53
Revenue Gap / (Surplus)	6.55

The Petitioner is requesting to introduce appropriate regulatory charges for recovering of the above gap. These charges will help to recover its legitimate cost in ensuring years.

2.3 PRAYERS

The present Petition is submitted to Hon'ble Commission for True-up of FY 2020-21, Determination of Aggregate Revenue Requirement and Tariff for FY 2022-23. The Petitioner respectfully prays to Hon'ble Commission may be pleased to:

- To condone the delay, if any, occur in filing of the present petition;
- Admit the Petition for True-up for FY 2020-21, Determination of Aggregate Revenue Requirement and for FY 2022-23;
- Approve the Cumulative Gap / Surplus as requested after True-up of FY 2020-21;

- d) Approve introduction of appropriate regulatory charges to recover the gap in ensuring year;
- e) Approve the aggregate revenue requirement for FY 2022-23;
- f) Approve base FPPPA and base power purchase cost as proposed by the Petitioner;
- g) Approve Wheeling ARR and corresponding charges for wheeling of power;
- h) Approve Cross Subsidy Surcharges, if any;
- i) Approve Tariff Schedule as proposed by the Petitioner;
- j) Allow additions/ alterations/ changes modifications to the application at a future date;
- k) Allow any other relief, order or direction, which the Hon'ble Commission deems fit to be issued;
- l) 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

This Chapter deals with the actual performance of the Petitioner and actual expenditure and revenue related to FY 2020-21. According to GERC (MYT) Regulations, 2016, the Petitioner in its Multi Year Tariff Petition for fourth year of 3rd control period had submitted projections for FY 2020-21. Based on submission of the Petitioner, ARR for FY 2020-21 was approved by Hon'ble Commission vide its Tariff Order dated 31/07/2019. Subsequently the Commission has true-up the expenses for FY 2019-20 and determined the tariff for FY 2020-21 vide its Tariff order dated 09.10.2020. 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 issued by Hon'ble Commission (Audited Accounts of FY 2020-21 is attached as **Annexure- 1**). Each item of annual revenue requirement and revenue earned by the petitioner with the approved tariff are elaborated in subsequent paragraphs.

3.1. ENERGY SALES

The Petitioner would like to submit that the sales projections made at the time of ARR Petition were based on the historical sales data available with the Petitioner for different categories of consumers on the date of submission of Multi Year Tariff Petition. The same was approved by the Commission. The actual sales for FY 2020-21 were 20.53 MUs as against approval of 45.04 MUs for FY 2020-21. The deviation in energy sales is mainly because of the prevailing pandemic situation in FY 2020-21 and energy sales have been severally affected due to COVID-19 related pandemic. Government authorities have announced lockdown from March, 2020. In the licensee area, most of the consumers are commercial customers involved in service sector. During FY 2020-21, most of the commercial establishments were operating from home as companies has adopted work from home policy. Various developers have allotted land in the licensee area, but development was slow and not as per the projection made. The completion period of projects is extending. The variation of energy sales i.e. lower than approved figure in each consumer category signifies that projected growth was not materialized. Even sales under temporary supply were lower than approved, as construction activities were not up to the mark.

Therefore, considering the above facts, the Petitioner requests Hon'ble Commission to approve actual sales while truing up as shown in the table below:

Table 1 Actual and Approved Energy Sales for FY 2020-21 (MUs)

Consumer Category	Approved energy sales	Actual energy sales
RGP	0.54	0.18
Non RGP	2.75	1.12
LTMD	19.76	2.65
GLP	0.44	0.33
Street Light (SL) *	0.81	0.21
Temporary	2.37	0.59

Consumer Category	Approved energy sales	Actual energy sales
HTP I	17.61	15.14
HTP III	0.77	0.31
Total	45.04	20.53

* As per GERC Tariff Order, SL Category has been merged with GLP Category from October-2020.

3.2. DISTRIBUTION LOSS AND ENERGY BALANCE

The Petitioner has created basic infrastructure to provide power connectivity to its customers in SEZ and NON-SEZ area which is spread over a land parcel of 886 acres. The Petitioner has considered N-1 network redundancy at all levels for higher power reliability and availability to end consumers in the Distribution License Area.

In FY 2020-21, the actual distribution losses were just 3.21% against approved distribution losses of 5.50%, which is significantly lower if compared with previous year figure. The deviation in actual distribution loss from approved losses is tabulated below:

Table 2 Actual and Approved Distribution Loss and Energy Balance for FY 2020-21

Consumer Category	Approved	Actual
Energy Sales (MU)	45.04	20.54
Distribution Losses (%)	5.50%	3.21%
Distribution Losses (MU)	2.62	0.68
Energy Requirement (MU)	47.67	21.22

The petitioner would like to bring to the notice of Hon'ble Commission that **the licensee is succeeded in bringing down the actual distribution losses from 6.37% in FY 2016-17 to 3.21% in FY 2020-21** as shown in table below:

Table 3 Reduction in distribution loss achieved over the years

Financial Year	Input Units at GIFT PCL periphery (MU)	Units sold (MU)	Losses (%)
2016-17 (actual)	9.10	8.52	6.37%
2017-18 (actual)	15.45	14.49	5.97%
2018-19 (actual)	18.48	17.45	5.56%
2019-20 (actual)	22.24	21.53	3.21%
2020-21	21.21	20.54	3.21%