**Table 2-4: Estimated Revenue (Gap)/Surplus for FY 2022-23 (Rs. Crore)**

| Sr. No. | Particulars | 2022-23 (Projected) |
|---|---|---|
| 1 | Aggregate Revenue Requirement | 7,540.70 |
| 2 | Less: Revenue Gap from True up of FY 2020-21 | (72.36) |
| **3** | **Total Aggregate Revenue Requirement** | **7,613.06** |
| 4 | Revenue with Existing Tariff | 5,256.58 |
| 5 | FPPPA Charges @ Rs.1.80/Unit | 2,064.50 |
| 6 | Other Income (Consumer related) | 144.80 |
| 7 | Agriculture Subsidy | 77.31 |
| **8** | **Total Revenue including Subsidy (4 to 7)** | **7,543.18** |
| **9** | **Revenue (Gap)/Surplus (8-3)*** | **(69.87)** |

*__Note__: MGVCL in data gaps reply, has revised ‘Revenue (Gap)/Surplus’ to Rs.79.65 Crore.

## 2.6 Proposed Changes in the Tariff Structure for FY 2022-23

MGVCL submitted that the consolidated Revenue (Gap)/Surplus for all four distribution companies is Rs. (568) Crore, which can be met through efficiency improvement measures. In view of the above, the distribution companies have not proposed any increase in tariff rates or any modifications in current tariff structure for FY 2022-23.

## 2.7 Request of MGVCL

1. To admit this Petition seeking True up of FY 2020-21, Aggregate Revenue Requirement for FY 2022-23 and Tariff Proposal for FY 2022-23.
2. To approve the True up for FY 2020-21 and allow sharing of gains/ (losses) with the Consumers as per sharing mechanism prescribed in the GERC MYT Regulations, 2016.
3. To allow recovery of Revenue (Gap) / Surplus of FY 2020-21 as part of Tariff determination for FY 2022-23.
4. To approve Aggregate Revenue Requirement for FY 2022-23 as submitted by the Petitioner.
5. To consider approved True up parameters & ARR of GSECL, GETCO and SLDC while finalizing Tariff of the Petitioner.

6. Pass suitable orders for implementation of Tariff Proposal for FY 2022-23 for making it applicable from 1st April, 2022 onwards.
7. To grant any other relief as the Hon'ble Commission may consider appropriate.
8. The Petitioner craves leave of the Hon'ble Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
9. Pass any other Order as the Hon’ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

# 3 Brief Outline of objections raised, response from MGVCL and Commission's view

## 3.1 Public Response to the Petition

In response to the Public Notice inviting objections/ suggestions on the petitions filed by DISCOMs for Truing up of FY 2020-21 and determination of tariff for FY 2022-23 from the stakeholders, a number of stakeholders filed their objections/suggestions in writing and also participated in the Public Hearing. Further, some of the objections are general in nature and some are specific to the proposals submitted by the petitioner. It is also noted that many of the objections/suggestions are common to all the four DISCOMs and some are specific to the concerned DISCOM. The objections/suggestions connected with the current petition are segregated into two groups, viz., common to all DISCOMs and specific to the concerned DISCOM. The Commission has addressed the objections/ suggestions issue-wise rather than objector-wise.

These objections/suggestions, the response from the petitioner, and the views of the Commission are dealt with hereunder:

## 3.2 Suggestions/ Objections common to all DISCOMs

**Issue No. 1: Lack of Transparency and Undisclosed Crucial Information**

The objector submitted that the petitions filed by the petitioner lack transparency, as crucial information relevant for True-up of FY 2020-21 and tariff determination process is not disclosed. Further, the petitioners have also failed to comply with directions issued by the Commission in the previous Tariff Order. Since, the Tariff is common for all State DISCOMs, consolidated formats for all 4 DISOCMs should be given.

When any person purchases the copy of the petition from petitioner, CD of MS Excel format should be given for analysis of data. It is requested to fix the minimum font size for documents to be provided to the respondents and to be submitted to the Commission by petitioners and respondents because petitioners provide data in such small fonts that it cannot be read easily.

Article 19 of the Indian Constitution provides the right to be informed. DISCOMs and GUVNL should be directed to provide all data, PPAs, etc. on their website for easy downloading. The Tariff schedule part should also be provided in Gujarati language.

The objector submitted that petitioners have knowingly avoided to give consolidated tariff formats for all four Companies together like category-wise sales, revenue in terms of absolute amount and per unit basis, etc. along with the petitions. In case consolidated tariff format is provided, it would be possible for the general public to verify and analyse the consolidated gap/ surplus position claimed by the petitioners.

**Response of the Petitioners**

The petition has been filed following the principles, methodology and norms of the EA 2003 and GERC (MYT) Regulations, 2016. The information as required under the GERC (MYT) Regulations is duly provided along with the petition. Further, other relevant information is also available on petitioner's website.

**Commission's view**

The petition for true-up of FY 2020-21 and determination of ARR and tariff for FY 2022-23 has been filed by the petitioner in accordance with the Suo-Motu Order of the Commission in this regard dated 24th September, 2021. The Commission has ensured that the petitions have been filed as per the principles laid down by the Commission in the GERC (MYT) Regulations, 2016. Further, information submitted subsequently by the petitioner is also made available to the stakeholders on the website of the DISCOMs.

**Issue No. 2: Agricultural Sales and Revenue**

The respondent submitted that the sales and revenue projected for FY 2022-23 have not followed the pattern of actual sales and revenue for FY 2020-21. It is submitted that for unmetered agricultural consumer category, the consumption is considered on the basis of hours of power supply irrespective of use by individual consumer as compared to the power supplied to metered agricultural consumers.

DISCOMs have installed 100% DTC metering and hence, it is possible to evaluate the actual consumption for AG dominant feeder. If at all no such exercise is made, the expense of DTC metering for AG dominant feeder is a burden to other non-subsidized category.

It is submitted that energy sales of unmetered Agriculture consumers do not correspond to the sales of metered Agriculture consumers. Also, revenue from Agriculture category shown in petition does not tally with RIMS Report. There is huge difference in Average Cost of Supply (ACoS) of AG category and revenue realised from this category.

The petitioner has submitted that the government provides subsidy for tariff compensation/FPPPA for metered and unmetered category. The agricultural subsidy is to be paid in advance, however, it was submitted in the past that the same is yet to be received from the Government. Also, subsidy to AG Consumer should be given on per unit basis and directly to consumers' bank account.

**Response of the Petitioners**

DISCOMs have submitted that sales of metered AG consumers are affected due to theft/ malpractice. In case of unmetered consumers, there is no incentive for energy conservation. As regards the assessment of unmetered Agriculture consumers, the norms of 1700 Units/HP/Annum is derived on the detailed study assessment undertaken by Expert Committee, namely, Dr P.K. Misra Committee, wherein the Committee has analysed consumption patterns and consumption parameters in detail, and recommended the assessment of 1700 per HP per Annum for unmetered agricultural connections in a scientific manner. Also, study was undertaken by TERI for assessing the consumption of unmetered Agriculture consumers. Therefore, there is no justification to raise any issue with regard to the normative consumption assessment considered for un-metered agriculture consumers.

The average realization from almost all categories for FY 2020-21 is within ± 20% of the ACoS except Railways and Agriculture category. In case of Agricultural consumers, as per the decision of the Government of Gujarat, the FPPPA charges payable by Agriculture consumers are not recovered from the consumers but is being compensated by the State Government as a subsidy support to agriculture consumers.

The FPPPA subsidy received from the State Government has been duly considered in the revenue from sale of power for respective category of consumers, both in Annual Accounts and also in the True up petition.

Further, the tariff for Unmetered category is always higher than Metered category so as to incentivize the Unmetered category for installation of Meter.

**Commission's view**

The response of the petitioners is noted.

**Issue No. 3: Distribution losses**

The objector submitted that the data submitted by the petitioners is not correct. The data needs to be verified by the Commission based on the energy supplied by GETCO at periphery of the State DISCOMs and data of Energy sold at Distribution Transformer level of these four DISCOMs for the year to ascertain the actual level of losses.

In case of DGVCL, losses are still high for even Urban feeders whereas, in case of PGVCL, no details are provided. Therefore, it is necessary to segregate the sales booked between actual metered units and assessed units, mainly for agriculture consumers to ascertain the losses. The Commission should compare the consumption registered in the DT Meters installed for Agriculture consumers with assessed units booked in the sales, which is necessary to ascertain the actual level of losses.

DISCOMs should be directed to submit details of consumption registered in express agriculture feeder and compare it with assessed consumption on the same feeder.

It is submitted that except PGVCL, all three DISCOMs have proposed higher Distribution losses for FY 2022-23 compared to actual loss level achieved during FY 2020-21. The objective of EA 2003 and GERC (MYT) Regulations, 2016 is to improve the performance efficiency of DISCOMs on year-on-year basis and to pass on the benefits of cost reduction on account of improved efficiency to the consumers. Therefore, the Commission is requested to not allow distribution losses claimed by UGVCL, MGVCL and DGVCL. The Commission should approve the losses as per actual losses of FY 2020-21 while approving power purchase cost for FY 2022-23.

The objector submitted that as per the Tariff Policy and MYT framework and principles, the trajectory should be given for the distribution losses. Distribution loss is a controllable factor. The Commission is requested to set the trajectory of controllable and uncontrollable factors on the basis of the best levels achieved by DISCOMs in the past years so that tariff can be reduced and efficiency can be brought into the system.

**Response of the Petitioners**

As regards assessment of unmetered agriculture category, the normative consumption as approved by the Commission for FY 2020-21 is considered.

For reduction of distribution losses by the DISCOM, various activities are planned, such as:

- Maintenance and replacement of conductor and cables with proper size;
- Providing amorphous transformers and load balancing activities and relocating the distribution transformer in load centre;
- Bifurcating all feeders as per system requirement;
- Removal of joints in lines / cables;
- Releasing of new AG connections preferably with HVDS to reduce LT line losses, etc.

For reduction of commercial losses, following activities are undertaken:

- Vigilance activities and regular checking drives to curb the power theft;
- Providing Aerial Bunch Conductor /insulated conductor / XLPE cable and armoured cables to eliminate power theft by direct hooking;
- Replacing services having joints, provide meters outside at the entrance of premises;
- Replacing electromechanical meters by static meters;
- Replacing faulty/burnt meters and making all installation pilferage proof;
- Consumption monitoring specifically for high value consumers.

The efforts for reduction of distribution losses will be continued and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss levels go further down.

Distribution Loss of Agriculture category is highly influenced by the amount and spells of rainfall, etc. However, with the continuous efforts and expeditious release of new connections, the loss of agriculture category has also reduced. Moreover, during FY 2020-21, many of the activities could not be performed due to COVID-19 pandemic and consumption mix has also changed and, therefore, not much reduction in distribution loss is achieved.

As regards projected distribution losses for FY 2022-23, it is submitted that the Distribution losses of FY 2020-21 are abnormal on account of meter reading / energy accounting issues due to outbreak of COVID-19 pandemic at the end of financial year. Therefore, realistic approach has been considered for estimating distribution losses for FY 2022-23.

**Commission's view**

The Commission has noted the efforts made by the petitioners. However, loss reduction activity being continuous, sustained and concerted efforts should be made to reduce the losses in coming years also. The Commission has allowed the distribution losses based on approved sales for FY 2020-21.

As regards distribution losses for FY 2022-23, the Commission noted that DGVCL, UGVCL and MGVCL have proposed Distribution Losses for FY 2022-23 higher than actual Losses of FY 2020-21 citing probability of increase in Open Access sales, increasing trend of Losses in Urban and JGY categories on account of affected financial health post lock down era, day time power supply to AG consumers under SKY scheme and more than 8 hours of Power supply to AG consumers on account of delayed/poor monsoon. Also, Distribution losses projected by DISCOMs are higher than Distribution losses approved for FY 2021-22. Considering the actual distribution losses incurred during past years with respect to the approved distribution losses, and the capital investments being made regularly by DISCOMs, the Commission does not find any rationale in allowing distribution losses higher than that approved for FY 2021-22. The Commission has approved distribution loss for FY 2022-23 same as approved for FY 2021-22, except for UGVCL where distribution loss of 7.00% has been allowed.

**Issue No. 4: Accounting for Dumped Energy**

The respondent has submitted that inadvertent flow of energy is inevitable phenomena on account of the Open Access consumers and other energy suppliers who are deviating from the schedule of use of consumption. Such dumped energy on account of inadvertent flow is also one of the sources of power supply at no cost. Therefore, the Commission should ensure that such energy is also accounted and not be considered for showing the efficiency in reduction of loss.

**Response of the Petitioners**

The petitioner has submitted that the "Overall Distribution loss" are worked out based on input energy recorded in the "Energy Meters" provided at "Feeder Level" (i.e., energy input in the system) and energy recorded in the "Consumers Meter" which includes all types of energy transaction due to wheeling of power under Open Access. Further, energy accounting for wheeled energy under Open Access and treatment for surplus energy is carried out in accordance with applicable Orders / Regulations of the Commission.

**Commission's view**

The Commission has noted the response of the petitioners. Difference of energy scheduled and drawn by the Open Access consumers is an inadvertent flow into the infinite grid.

**Issue No. 5: Power Purchase Cost of FY 2020-21**

It is submitted that the cost of power purchase should be reduced as the Fixed and Variable charges of each generator/power supplier is prefixed and the purchase amount has also increased while the energy sales has been reduced by 7058 MUs. According to approved power purchase cost per unit, power purchase cost should have reduced by Rs.36,809 Crore, however, it has increased by Rs.37,809 Crore for FY 2020-21.

In the True up petition, power purchase cost should be worked out for each DISCOM based on BST rate approved in the MTR Order.

- **Variation in Power purchase cost as per FPPPA submission and as per Annual account**

The petitioners have claimed higher amount of power purchase expenses by Rs. 948 Crore in their FPPPA claims for FY 2020-21. It is requested that thorough examination of power purchase expenses of petitioners' vis-a-vis power purchase expenses claimed as part of FPPPA submission should be done by the Commission. Therefore, the Commission is requested to consider recovery of carrying cost for the additional amount of Rs. 948 Crore recovered by the petitioners through FPPPA.

- **Discrepancies in the Power Purchase Cost claimed in the petitions and Power Purchase cost as per Annual Accounts**

The power purchase cost for FY 2020-21 is reduced by amount of Rs. 2015 Crore being provision made during FY 2020-21.

Power purchase provisions during FY 2020-21 as stated in the Accounts is Rs. 2622 Crore instead of Rs. 2015 Crore shown in the petitions. Therefore, the Commission is requested to reduce the power purchase cost by Rs. 2622 Crore for FY 2020-21 instead of Rs. 2015 Crore.

- **Purchase of power from short term market and levy of Additional Surcharge:**

The stand of GUVNL is that they have stranded generating capacity (surplus capacity) and therefore, there is a need to levy Additional Surcharge from open access consumers. Contrary to this, the power purchase cost details submitted by the petitioners clearly indicates that they have purchased huge quantum of power from the short-term market. DISCOMs are procuring power from short term market hence, there is no stranded capacity and hence, there should not be any Additional Surcharge to be levied. The Commission is requested to take serious note of this and restrain the DISCOMs from recovering Additional Surcharge.

- **Bulk Supply Tariff (BST) rate in True up petition**

The Commission has approved the Bulk Supply Tariff (BST) and its working mechanism for allocation of power purchase cost incurred by Co-petitioner among the petitioners. As per the petition, no detail is given as to how the total power purchase cost incurred by GUVNL is allocated to the petitioner companies. As per UGVCL petition, the power purchase cost for UGVCL for FY 2020-21 is Rs. 10949 Crore for 25819 MUs. The methodology to calculate the BST rate is not clear.

- **DSM payments and UI Units**

It is submitted that for UGVCL, there was net deviation of 714 MUs for FY 2020-21, which constitutes around 3% of schedule. Further, the amount received towards DSM charges is Rs. 158.57 Crore, i.e., Rs. 2.22/unit and average power purchase cost is around Rs. 4.24 per unit. So, loss of Rs. 2.02/unit, which amounts to Rs. 144 Crore for UGVCL only. For PGVCL, DSM receivable rate is Rs. 2.02/unit (Rs. 637 MUs at Rs. 137 Crore). In case of MGVCL and DGVCL, the DSM Charges are net payable at Rs. 3.26/unit and Rs. 4.80/unit, respectively.

It is requested to consider appropriate treatment in true-up of FY 2020-21 on account of loss of revenue due to issues in demand forecasting and scheduling of power.

- **Increase in Tariff due to FPPPA Charges**

It is submitted that for FY 2020-21, the approved FPPPA charges was Rs. 1.59/Unit as against which the actual FPPPA charges went as high as Rs. 2.00/Unit (in Quarter-1), that is increase in charges by Rs. 0.41/Unit, which is higher by around 26%. It is requested to revise the existing norms and practice of allowing FPPPA charges without involvement of consumers. Accordingly, the objector requested the Commission to allow consumer participation in case there is need for significant increase in FPPPA charges.

- **True up of GUVNL Expenses**

Information was sought in regard to the true up expenses and revenue of GUVNL.

**Response of the Petitioners**

The power purchase cost for FY 2020-21 was approved by the Commission in the MTR Order dated 24th April, 2019, which was based on actual power purchase cost of FY 2016-17. Increase in Power Purchase Cost during FY 2020-21 was on account of uncontrollable factors such as increase in fuel cost, change in generation mix and increase in sales quantum, etc.

Point wise reply to other objections is as below:

- **Variation in power purchase cost as per FPPPA submission and as per Annual account**

As per the directive of the Commission, FPPPA is claimed based on actual payment made during respective quarter whereas Annual Accounts are prepared on accrual basis as per the Indian Accounting Standards (IND- AS), which includes undischarged liabilities or provisions.

- **Discrepancies in the power purchase cost claimed in the petitions and Power Purchase cost as per Annual Account**

The provision for amount of Rs. 2015 Crore is related to payment liability as per the Judgment of the Hon’ble Supreme Court and the amount is provided on best estimation basis as the liability is yet to be quantified by lower court/forum.

- **Purchase of power from short term market and levy of Additional Surcharge:**

It is submitted that levy of Additional Surcharge and purchase of power from short-term market are entirely independent aspects. The Additional Surcharge is levied as per the formula approved by the Commission and after demonstrating the stranded power purchase cost. Procurement from short-term market is to optimise the power purchase cost. Stranded Capacity is due to consumers sourcing power from other sources.

- **BST rate in True up petition**

The Commission has approved the BST mechanism in the MYT/MTR orders. Thus, power purchase cost incurred by GUVNL for FY 2020-21 is allocated to individual DISCOM accordingly.

- **DSM payments and UI Units**

The rate of DSM/ UI units varies time to time as it is linked with the frequency, therefore, rates paid / received under DSM cannot be compared with the average power purchase cost of the Company. DSM mechanism is for creating discipline. DSM charges are payable as well as receivable. The petitioners are making all the efforts to optimize the DSM/ UI liabilities.

- **Increase in Tariff due to FPPPA Charges**

As per the provisions of the Tariff Policy, any increase in the Power Purchase cost vis-a-vis power purchase cost approved by the Commission in the DISCOM's ARR/ MYT petition, is to be recovered from consumers through FPPPA charges on quarterly basis.

There has been increase in power purchase cost during FY 2020-21 on account of uncontrollable factors such as increase in fuel cost / power purchase rate and change in generation mix.

- **True up of GUVNL Expenses**

Pursuant to restructuring of the erstwhile Gujarat Electricity Board, the function of bulk purchase of power on behalf of four DISOCMs is carried out by GUVNL. As per the MTR order, GUVNL is entitled to claim trading margin of Rs. 0.04 / Unit.

However, GUVNL has instead of claiming any trading margin, allocated less power purchase cost to the tune of Rs. 433 Crore to DISCOMs for FY 2020-21.

**Commission's view**

The response of the petitioners is noted. The details and the reasons have been provided as mentioned above. The power purchase cost for FY 2020-21 was approved by the Commission in the MTR Order dated 24th April, 2019.

In reply to queries, DISCOMs have provided the reconciliation for Power Purchase Cost as claimed in the petition with the Power Purchase Cost as submitted under

FPPPA and Additional Surcharge submission to the Commission as detailed in the relevant para of the Order. The Commission has found the reconciliation submitted by DISCOMs in order. As regards variation on actual power purchase cost for FY 2020-21, the Commission has examined the prudence of power purchase cost in accordance with MYT Regulations, 2016. The analysis of the Commission on power purchase cost for FY 2020-21 is discussed in the subsequent chapters of this Order.

**Issue No. 6: Power Purchase Cost for FY 2022-23**

The objector submitted that the petitioners will be in power deficit position during FY 2022-23 and accordingly, have proposed to purchase significant quantum of energy from short-term sources. The purchase of power from Power Exchange is shown as 6166 Mus whereas from short-term-bilateral, it is 2000 Mus. Therefore, the total short-term purchase is shown as 8166 Mus, which is 8% of the total energy requirement and no detail of bilateral sources is provided for purchase of 2000 MUs by the petitioners for FY 2022-23 specifically when such huge quantum is proposed to be purchased without long-term tie-up.

It is requested that the Commission may approve purchase of 8166 MUs from Power Exchange and bilateral short-term sources with a specific condition that henceforth, the petitioners will not be entitled for levy of Additional Surcharge for Open Access consumers for FY 2022-23.

The objector submitted that as per the petitions, the power purchase cost for FY 2021-22 would be on lower side by Rs.0.33/unit as compared to actual power purchase cost of FY 2020-21. However, no information has been given to justify the same. Power purchase cost for FY 2022-23 is projected as 4.48/unit whereas it is 4.81/unit for FY 2020-21. Thus, lower power purchase cost is projected for FY 2022-23 to recover the actual power purchase cost through FPPPA without public hearing.

**Response of the Petitioners**

Estimation of purchase of power through short-term arrangement for FY 2022-23 is based on present market condition with an objective to economize overall power purchase cost specifically to minimise the costlier power purchase from gas-based power stations. The petitioners already have power purchase arrangement on long-term basis having fixed cost payment liabilities.

As regards the power purchase cost, the scenario for FY 2020-21 is entirely different compared to estimated scenario for FY 2022- 23 in terms of generation mix, availability of power stations, energy balance, demand and supply scenario and is not comparable. Therefore, it is not appropriate to compare the per unit power purchase cost of FY 2020-21 and estimated power purchase cost of FY 2022-23.

**Commission's view**

As regards short-term power purchase for FY 2022-23, the Commission has noted that DISCOMs have proposed to purchase 8166 MUs of energy through Power Exchange. The Commission has deducted the unmet RPO purchased from GTAM from the power proposed to be purchased from the Power Exchange. The net power purchase from Power Exchange is worked out to be 4366 MUs for FY 2022-23, which is around the same level as in FY 2020-21. The detailed analysis undertaken by the Commission for approval of power purchase cost for FY 2020-21 and FY 2022-23 has been provided in relevant paras of this Order.

**Issue No. 7: RPO**

Petitioner has projected shortfall of approximately 2000 MUs in non-solar segment. DISCOMs have the option to fulfil their existing RPO obligations as well as future RPO targets by procuring RE power from short-term market through Green-DAM and Green-TAM products available at IEX platform.

**Response of the Petitioners**

DISCOMs have tied up required RE capacity to meet RPO. DISCOMs are eligible as per the Commission's Order to claim RE attribute of wheeling of RE power by consumers for captive / third-party consumption who are not claiming RE attributes and consumption of rooftop solar consumers. Considering this, as such no shortfall in RPO is estimated for FY 2022-23.

**Commission's view**

The Commission has approved the procurement of RE power for meeting RPO target for FY 2022-23 and computed unmet RPO of 1800 MUs. For the purpose of the ARR for FY 2022-23, the Commission has considered unmet RPO to be purchased from GTAM at Rs. 4.02 per kWh. However, the DISCOMs should endeavour to purchase the balance RE power to meet the RPO target for FY 2022-23 from the cheapest sources available.

**Issue No. 8: Exemption from requirement of Undertaking for Consumers participating in RTM, GTAM and GDAM**

As per the Intra-State Open Access Regulations, 2011, a consumer seeking Inter-State short-term Open Access, shall require the consent of Distribution Licensee and SLDC, before giving its consent to the RLDC. It is submitted that since the aforementioned undertaking precludes the consumers from taking advantages of RTM/GTAM, the consumers are denied the option to avail cost effective conventional/RE power.

It is required to revisit the provision related to 24 hours scheduling enforced through Undertaking while seeking Open Access. The Commission is requested to exempt the requirement of Undertaking for consumers participating in these Exchange market segments.

**Response of the Petitioners**

The petitioner submitted that the procurement of power by the consumer under open access is governed as per Open Access Regulations and Orders.

**Commission's view**

The Commission has noted the suggestion of the objector. However, the issue raised is not relevant for the present Tariff proceeding.

**Issue No. 9: GSECL's old aged Power Stations**

It is submitted that the over-aged power stations, which are running at very low PLF should be discarded and its equity should not be allowed. All R&M expenses and establishment expenses should be reduced by GSECL/GUVNL so as to reduce power purchase cost.

The reduction in dispatch of one-third of available MUs give rise to average cost of (Units of GSCEL) as high as Rs.8.07 per unit for FY 2022-23, which is more than double as compared to overall average cost of Rs.3.76 per unit.

**Response of the Petitioners**

The petitioner has submitted that the estimation of power purchase for FY 2022-23 is completed following the Merit Order Dispatch principle wherein cheaper source of power is scheduled first and so on till the energy requirement is met except for must-run stations and gas-based stations.

As regards GSECL's power projects, utilization level is lower on account of comparatively higher variable cost of generation (Rs. 2.82 / unit) as compared to NTPC stations having variable cost of generation of around Rs. 2.09/unit and other stations. GSECL Stations are important to handle variable RE Sources and due to limitations in the inter-State transmission lines.

**Commission's view**

The Commission has noted the response of the petitioners.

**Issue No. 10: FPPPA Charges**

There is exorbitant increase in FPPPA charges after issuance of Tariff Order. In calculation of FPPPA, the weighted average of the approved level of Transmission and Distribution losses (%) and the Distribution losses reported by the DISCOMs plays an important role. The FPPPA was worked out as Rs 2.40/ Unit for October-December 2021, however, the Commission's approval was required only for more than 10 paise increase, as per the directions of the Commission. Hence, immediate rise of 10 paise was imposed by the DISCOMs.

The base FPPPA was revised vide the Tariff Order dated 31$^{st}$ March, 2020. The base FPPPA for FY 2020-21 was approved as Rs.1.59/unit (1.61-0.02). For FY 2021-22, the base FPPPA was approved as Rs.1.80/unit (Rs.1.59/unit +Rs 0.21/unit).

Therefore, the Commission is requested that the correct evaluation of losses may be first undertaken. Till then, this increase of Base FPPPA rate to Rs. 1.80/ unit should not be allowed as requested by the petitioners for any quarter of FY 2021-22 or for FY 2022-23.

**Response of the Petitioners**

The FPPPA charges are towards adjustment due to increase or decrease in actual power purchase cost during the year vis-a-vis power purchase cost approved by the

Commission. Since, FPPPA is an adjustment charge towards variation in power purchase cost due to various uncontrollable factors, it may increase or decrease based on variation in actual power purchase cost.

As regards the average Power Purchase cost for FY 2022-23, it has been worked out to Rs. 4.48 per unit and, therefore, FPPPA revenue is estimated separately considering base FPPPA of Rs 1.80/Unit. Any increase in power purchase cost during FY 2022-23 over base power purchase cost will be recovered as incremental FPPPA over base FPPPA of Rs.1.80 /Unit.

**Commission's view**

The Commission has approved the base Power Purchase cost for the DISCOMs as Rs. 4.57/kWh for FY 2022-23. The Commission has also approved the Base FPPPA as Rs.1.90/kWh for FY 2022-23. As explained by the petitioners, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the Base FPPPA charges. Detailed clarification has been provided in past years Tariff Orders and also in the relevant Chapter of this Order.

**Issue No. 11: Proposed Addition of 520 MW Capacity during FY 2022- 23**

The Additional Surcharge is levied on six-monthly basis and stranded capacity forms the basis for determination of Additional Surcharge. Proposed addition of 520 MW (6371 MUs) thermal capacity may lead to increase in the stranded capacity and thereby fixed cost payable by the Open Access Consumers by way of Additional Surcharge.

**Response of the Petitioners**

Capacity addition of 520 MW is anticipated during FY 2022-23 from capacity tied-up with NTPC. The proposed capacity addition will be helpful to meet the base load requirement of the State and to economize overall power purchase cost.

**Commission's view**

The Commission has noted the response of the petitioners.

**Issue No. 12: Capital expenditure approved vis-à-vis actual**

DISCOMs have incurred more Capex compared to Capex approved by the Commission. Information was sought about the Capital expenditure and variation in the capital cost of the petitioners. In many projects, CAPEX is incurred without any approval in the MTR Order.

The objector submitted that DISCOMs have made extensive capital investment. However, they have not provided the details of cost benefit analysis as to how consumers are going to be benefited, details of cost of supply, voltage wise cost of supply, etc. in their respective tariff petitions. It seems that just to increase the fixed cost in terms of ROE, DISCOMs are undertaking CAPEX. The commercial principle does not allow any capital investment when it is not going to help in increasing the sale, increasing the profit, reducing the cost/tariff. The Commission is requested to call for the details of capital investment, cost benefit analysis, cost of supply and voltage wise cost of supply, etc., and also provide the same to the stakeholders.

**Response of the Petitioners**

Expenditure is incurred through own resources, financial assistance from the Central or State Government through different schemes, or consumer contribution, etc.

The scheme-wise deviation and justification for the Capital expenditure has already been discussed in the petition. CAPEX is incurred to meet the USO and Renovation and Replacement of old distribution network, bifurcation of feeders, installation / augmentation or Distribution Transformers, replacements of meters, etc.

**Commission's view**

The Commission has approved the Capital Expenditure and Capitalisation in the truing up for FY 2020-21 after due prudence check, as discussed in the relevant Chapter of this Order.

**Issue No. 13: Consumer Contribution in Capital Expenditure**

The objector submitted that the consumer pays for new and additional load as per the estimate served to him. Particularly in implementation of Regulation 4.95 of the Supply Code, the Regulations are not followed and estimates are served as for a new consumer when threshold limit of load changes and supply is to be given at higher voltages. Here the existing load is ignored and the new demand load is considered as fresh connection and entire load is treated as new connection. In processing, the pro-rata charges are made applicable to entire load and existing contracted load in the system is not considered.

In spite of the instruction given by the Commission not to issue any Circular without concurrence of the Commission, the Circulars have been issued and turned down by the Ombudsman in his various orders.

The Distribution capacity is 67,740 MVA for 1917 no. of S/s. The maximum demand (MD) has reached 18,393 MW in March 2021 including load of Torrent (AECO and SECO) of about 2,279 MW. Hence, it can be said that 16,114 MW (18,393-2,279) of DISCOMs load has reached which is 1/4$^{th}$ the installed capacity. Therefore, justification of charging the pro-rata charges on each kVA is not justifiable. The Commission is requested to look into it and prudence check is to be exercised on verification of non-tariff income earned by serving estimate beyond scope of Regulations.

**Response of the Petitioners**

The Tariff petition is prepared based on principles laid down in the GERC (MYT) Regulations, 2016. A certain percentage of total amount of Consumer Contribution and capital grants outstanding are prudently written back every year and is considered as Non-Tariff Income in the petition. Thus, treatment for consumer contribution and capital grant is appropriately done in the petition on year-on-year basis, in line with prevailing Regulations. Pro-rata charges are recovered by GETCO towards development of required upfront network for catering the power requirement.

**Commission's view**

The response of the petitioners is self-explanatory.

**Issue No. 14: O&M Expenses**

The Objector submitted that there is an increase in R&M expenses in respect of all four petitioner Companies without any justification. The amount of Rs. 43.34 Crore is shown under the head 'Other Administration and General Expenses' in UGVCL petition. This is similar in the case of all DISCOMs.

The objector submitted that the claim of O&M expenses of Rs. 3792.43 Crore by the petitioners for FY 2022-23 is higher by Rs. 238.46 Crore as compared to eligible O&M expenses of Rs. 3553.97 Crore as per GERC (MYT) Regulations, 2016.

**Response of the Petitioners**

O&M expenses include expenses towards Employee Cost, A&G Charges and R&M Charges.

The five-year CAGR of MGVCL in term of number of consumers is 3.19% and in terms of Connected Load is 6.70%. During the last five years, MGVCL has spent more than Rs. 1500 Crore and in FY 2020-21, MGVCL spent Rs. 297.03 Crore towards capital expenditure under various heads.

The five-year CAGR of DGVCL in term of number of consumers is 4.24% and in terms of Connected Load is 7.68%. During the last five years, DGVCL has spent more than Rs. 600 Crore and in FY 2020-21, DGVCL spent Rs. 706.87 Crore towards capital expenditure under various heads.

The five-year CAGR of PGVCL in term of number of consumers is 3.70% and in terms of Connected Load is 8.35%. During the last five years, PGVCL has spent more than Rs. 7500 Crore and in FY 2020-21, PGVCL spent Rs. 1167.72 Crore towards capital expenditure under various heads.

The five-year CAGR of UGVCL in terms of numbers of consumers is @ 3.77% and in terms of Connected Load is 8.10%. During the last five years, the Company spent more than Rs. 3000 Crore and in FY 2020-21, UGVCL spent Rs. 651.29 Crore towards capital expenditure under various heads. UGVCL has also adopted High Voltage Distribution System (HVDS) for releasing new agricultural connections.

DISCOMs have also adopted High Voltage Distribution System (HVDS) for releasing new agricultural connections since 2009-10.

Therefore, all these activities necessitate corresponding increase in employee and A&G expenses. DISCOMs makes all the efforts for reduction of Distribution losses endeavours to achieve the Loss reduction trajectory as approved by the Commission, which besides others increases the R&M expenses. Further, the O&M expenses have been estimated as per the GERC (MYT) Regulations, 2016.

**Commission's view**

O&M expenses are approved in the truing up for FY 2020-21 after prudence check, in accordance with relevant provisions of the GERC (MYT) Regulations, 2016, as detailed in the relevant Chapter of this Order. Further, the Commission has approved O&M expenses for FY 2022-23 following the methodology prescribed under the GERC (MYT) Regulations, 2016, as detailed in the relevant Chapter of this Order.

**Issue No. 15: Depreciation**

The total Capex approved for the petitioners was Rs 3261 Crore against which actual claim is Rs. 2775 Crore for FY 2020-21, which results in reduction in Capex of Rs. 486 Crore. However, there is no corresponding reduction in the claim towards depreciation. However, instead of decrease in depreciation claim on account of reduction in CAPEX, there is an increase in depreciation to the tune of Rs.197 Crore.

As per Regulation 39.2 (b) of the GERC (MYT) Regulations, 2016, differential treatment is required for claiming depreciation in case of the assets transferred under the Transfer Scheme. The petitioners have not provided information regarding whether differential treatment for claiming depreciation in case of assets transferred under Transfer Scheme is given as per the mandate of Regulations or not.

Therefore, the Commission is requested to direct the petitioners to provide statement of assets transferred under Transfer Scheme, 2004 and give depreciation treatment for these assets in terms of Regulation 39.2 (b) and to provide complete details of effective date of Transfer Scheme, value of assets transferred, assets which have completed 12 years from Transfer Scheme, etc.

All Companies are taking depreciation in consideration of ARR and recovering it from consumers. They are also taking rebate of depreciation in Income Tax, therefore, it should be rationalized or removed from ARR.

**Response of the Petitioners**

Depreciation is claimed as per the norms followed by Company every year and as per the provisions of GERC (MYT) Regulations, 2016.

**Commission's view**

Depreciation is approved in the truing up for FY 2020-21 after prudence check, in accordance with relevant provisions of the GERC (MYT) Regulations, 2016, as detailed in the relevant Chapter of this Order.

**Issue No. 16: Interest on Working Capital**

The Objector submitted that the interest on working capital should not be granted because the amount accumulated on account of depreciation is being used as working capital. Moreover, when fixed cost to the generator is given, it includes the working capital and the interest thereon. The gas-based generators are not able to generate the energy because of high price of gas and therefore, the amount on account of fuel purchase and stock of two months of fuel is not kept by the generator, therefore, it should not be recovered twice from the consumers.

**Response of the Petitioners**

Petitioners have not submitted any response.

**Commission's view**

As the petitioners have huge amount of Security Deposit with them, which they use for working capital requirement, the net working capital requirement works out to be negative and accordingly, IoWC is approved as NIL by the Commission for FY 2020-21 and for FY 2022-23 as detailed in the relevant Chapter of this Order.

**Issue No. 17: Return on Equity**

Recently, the rate of interest is reduced by all banks, so ROE should be reduced to decrease the burden on consumers. Erstwhile Gujarat Electricity Board and all Companies are collecting ROE since last 70 years. They had recovered their equity two times during said period. New equity added during last 25 years should only be considered for calculations in ARR.

The objector submitted that ROE should be linked with performance of DISCOMs. In view of Section 61(d) of the Act and Gujarat Electricity Industry (Re-organization and Regulations) Act, the Commission is required to examine the question of applicability of reasonable return on equity as per the provisions of Schedule VI of the 1948 Act in the light of the decision of the Apex Court in case of CESE Vs. WBERC and to weigh the same vis-à-vis the efficiency, economical use of resources, good performance, etc. and the interest of the consumers.

Return is 14% on equity plus income tax on it. Considering the current scenario in the competitive market, it should be compared with the consumers' business return and bank's rate on deposits and savings. ROE should be linked with the performance of the licensee rather than the fixed rate of 14% in order to achieve the objectives of MYT framework.

**Response of the Petitioners**

There is no response submitted by the petitioners.

**Commission's view**

ROE has been approved in the truing up for FY 2020-21 after prudence check, in accordance with relevant provisions of the GERC (MYT) Regulations, 2016, as detailed in the relevant Chapter of this Order.

**Issue No. 18: Non-Tariff Income**

The objector has submitted that as per the provision of GERC (MYT) Regulations, 2016, the total ARR is to be reduced by Non-Tariff Income to arrive at net ARR to be recovered through tariff. In the MTR Order dated 24th April, 2019, the Commission had approved Non-Tariff Income of Rs. 688 Crore against which the four petitioner companies have considered Non-Tariff Income of Rs. (355) Crore.

It is submitted that instead of considering actual non-tariff income of Rs. 774.45 Crore (as mentioned in Books of Accounts) for reduction of ARR of FY 2020-21, the additional amount of Rs. 355.34 Crore is sought to be recovered through ARR of FY 2020-21. Thus, net increase sought in ARR is Rs. 1129.79 Crore.

As per the Tariff petition, the treatment for reversal of Grant and Consumer Contribution and consequent restatement of Non-Tariff Income from FY 2016-17 was given in the accounts of FY 2019-20. The petitioners have not provided the reason as to why the impact of the same was not claimed in the respective petitions for True up of FY 2019-20 itself and the same is now claimed in the petitions for True up of FY 2020-21.

Referring to the audit para, till now consumer contribution was not properly accounted in Non-Tariff Income and ROE was claimed. There is no provision in the GERC (MYT) Regulations, 2016 to consider revenue/expenditure of previous years.

Therefore, the Commission is requested to consider Non-Tariff Income of Rs. 774.45 Crore as per the Books of Account for FY 2020-21 for adjusting ARR of FY 2020-21 and also not allow the additional claim of Rs. 355.34 Crore made in present petitions.

**Response of the Petitioners**

Petitioners have submitted that the reversal of deferred income towards grants and consumer contribution has been necessitated in order to comply with the provisions of IND-AS and the same has been claimed in the petition appropriately in line with the treatment given in the Books of Accounts for FY 2020-21. Further, proper justification along with necessary working has already been provided in the petition for deviation.

**Commission's view**

The Commission has approved NTI in the truing up for FY 2020-21 after prudence check, in accordance with relevant provisions of the GERC (MYT) Regulations, 2016, and after detailed analysis of the issue of reversal of deferred income towards grants and consumer contribution, as detailed in the relevant Chapter of this Order.

**Issue No. 19: Revenue Deficit for FY 2020-21**

The petitioners during the tariff determination of FY 2020-21 had submitted that consolidated resultant revenue gap for all four Distribution Companies is Rs. 881.53 Crore. However, the Commission had approved consolidated gap of Rs. 639.39 Crore and Rs. 490 Crore was considered passed through in FPPPA of FY 2019-20. Remaining Rs. 149 Crore was proposed to be met through efficiency improvement measures. In view of the above, the distribution companies had not proposed any increase in tariff rates.

The objector submitted that based on truing up of FY 2020-21, there is consolidated revenue gap of around Rs. 567.76 Crore. The Commission is requested to verify and confirm whether the gap figure of Rs. 639.39 Crore is after efficiency measures or the performance has deteriorated and in turn, it has resulted into loss or whether State Distribution Companies are indulging in manipulating the figures to artificially lower gap and then claiming the gap in truing up subsequently.

The Commission is further requested to clarify that the Distribution Companies are not entitled to claim the gaps, which have already been forgone.

**Response of the Petitioners**

The Petitioners submitted that based on methodology prescribed in the GERC (MYT) Regulations, 2016, the Company has classified various heads of expenses as Controllable and Uncontrollable. Accordingly, expenses are dealt with for arriving at Revenue Gap for FY 2020-21.

**Commission's view**

The Commission has approved Revenue (Gap)/Surplus in the truing up for FY 2020-21 after prudence check, in accordance with relevant provisions of the GERC (MYT) Regulations, 2016, as detailed in the relevant Chapter of this Order.

**Issue No. 20: Past Revenue Gap**

The objector submitted that the past revenue gap should not be allowed to be recovered since the new consumers of the licensee who have not used the electricity cannot be held responsible for the past dues of the licensee and vice versa the consumers who have used the electricity and ceased to be consumers of licensee are benefited leaving their financial liability on the new consumers along with the other consumers.

**Response of the Petitioners**

Petitioners have not submitted any response.

**Commission's view**

The Commission while approving the revenue (Gap)/Surplus for FY 2020-21 has considered the past revenue (Gap)/Surplus for FY 2018-19 approved in the earlier Tariff Order as discussed in the relevant section of this Order. The electricity business is an ongoing business, and the regulatory framework allows truing up of the revenue surplus/gap to be passed on in the ensuing year.

**Issue No. 21: Mismanagement in Power Purchase**

The objector submitted that GSECL has filed petition for truing up of FY 2020-21 and tariff for FY 2022-23 wherein it has stated that Gujarat is power surplus State and it has to back down its plants and operate its plants on reserve shutdown mode. On other side GUVNL has been issuing tender after tender for procurement of power from private generators on RTC basis at higher rates while backing down State-based generation.

GUVNL is procuring power from market when they have surplus power and fixed cost of such excess capacity is being borne by the consumers of the State. GUVNL has been purchasing power from Power Exchange at sky high rates of Rs. 20 per kWh for months.

Therefore, the Commission is requested to take serious note of GUVNL's mismanagement of power purchase. The Commission is further requested to study the procedure adopted by GUVNL for power purchase frequently violating Merit Order Dispatch as mandated by the Commission.

**Response of the Petitioners**

The Petitioners submitted that the incidental scenario of power purchase up to Rs. 20 per kWh from Power Exchange is related to the unprecedented and unforeseen power shortage scenario experienced in the country during brief period in September to October 2021. The increase in market price of power was on account of various factors like increase price of imported coal, sudden increase in price of gas in international market, issues related to availability of domestic coal coupled with increase in power demand mainly in agricultural sector on account of delayed rain, etc.

It is submitted that as per the directives of the Commission, the power is procured following the Merit Order Principles under which cheaper generation is availed first followed by the next till the entire demand is met.

**Commission's view**

The Commission has noted the response of the petitioners.

**Issue No. 22: Misleading power supply position for FY 2022-23**

The objector submitted that the petitioners have considered 41,896 MUs from the Central Sector, 12,649 MUs from Coastal Gujarat Power Co. Ltd., 8,410 MUs from Adani Power Ltd., and 7008 MUs from Essar Power. Regarding Coastal Gujarat, Adani Power and Essar Power, these generators are not supplying power to GUVNL as per terms and conditions of the PPA and neither is GUVNL taking any action for the same. The Commission is requested to direct GUVNL to provide supporting documents regarding increased off-take proposed from the Central Sector generation.

It is submitted that GUVNL is purchasing tied-up power from Adani at exorbitant rate having energy charge of Rs. 6.50 per unit without any approval while Coastal Gujarat is supplying power at Rs. 4.50 per unit. GUVNL has signed Supplementary PPA despite rejection for any compensation by the Hon'ble Supreme Court at the cost of the consumers and now Adani is dictating to purchase even at the rate above the Supplementary PPA and GUVNL is purchasing the same.

It is submitted that Adani is not supplying power either as per original PPA or supplementary PPA, however, GUVNL has allowed same party to participate in medium-term bidding despite the Commission conferring power to reject the bids of such defaulters. The Commission is requested to call for detailed reply from GUVNL / State Government and verify the matter.

**Response of the Petitioners**

Petitioners submitted that to meet power requirement of the four DISCOMs, GUVNL has tied-up power on long-term basis from various sources, viz.:

(i) Generating Plants of GSECL;
(ii) Central Sector Power Plants - NTPC, NPC and SSNNL;
(iii) Renewable sources of power - Solar, Wind, Other RE Sources;
(iv) IPP's;
(v) Power tied up through competitive bidding, etc.

It is submitted that to optimize the power purchase cost, comprehensive Merit Order Dispatch (MOD) has been worked out to determine the dispatch required from tied-up generating capacities. The dispatch from individual generating stations is worked out based on the merit order of the variable cost of each generating unit as follows:

- The NPC power plants, renewable and hydro plants have been considered as must run power plants;
- During merit order despatch, at least 5% availability of each plant has been considered to take care of the peak loads and peak season requirements;

- Availability of Thermal Stations has been considered at 85% / 80% as defined in the relevant Regulations (CERC / GERC) and performance in previous years;
- The Fixed and Variable Cost for existing GSECL, IPP, renewable and Central Sector plants are taken as per actual of FY 2020-21 as base power purchase cost;
- For Private IPPs, fixed and variable cost is considered based on likely cost as per PPAs.

**Commission's view**

The Commission has noted the response of the petitioners. The analysis of the Commission on power purchase cost for FY 2022-23 is discussed in the subsequent chapters of this Order.

**Issue No. 23: High Tariff for HT Consumers**

The objector has compiled and calculated average tariff for HT category vis-à-vis overall average tariff for four petitioners:

| FY 2020-21 | HT | | | All Categories | | |
|---|---|---|---|---|---|---|
| | MUs | Revenue (Rs. Crore) | Rate (Rs./Unit) | MUs | Revenue (Rs. Crore) | Rate (Rs./Unit) |
| DGVCL | 8494 | 6172 | 7.27 | 17566 | 11679 | 6.66 |
| MGVCL | 3706 | 2770 | 7.47 | 9933 | 6172 | 6.21 |
| PGVCL | 11495 | 8324 | 7.24 | 27914 | 16125 | 5.78 |
| UGVCL | 7303 | 5199 | 7.12 | 22824 | 11749 | 5.15 |
| **Total** | **30998** | **22465** | **7.25** | **78237** | **45742** | **5.85** |

The data shows that recovery from HT category as a percentage of total recovery is 124%, which was 120% during previous year. The objector has stated that even after 18 years after implementation of the Act, still there is alarming situation of cross-subsidization in the HT tariff and showing increasing trend, which is contrary to the objective of the Act.

Cross-subsidisation in Tariff is increased YoY. Also, the road map for reduction in cross-subsidy is not prepared. The Commission is requested to take note of the unsustainable level of cross subsidisation. The Commission should prepare a roadmap for reduction in cross subsidy as per the Act and bring down the cross subsidisation to 110% from the current level of 124%.

**Response of the Petitioners**

Petitioners submitted that the Tariff Policy mentions the need to have a rationalization of tariff to various consumer categories such that it is more aligned to the cost of supply and in a band of ± 20 % to the average cost of supply.

DISCOMs submitted that Agriculture category is being supplied only limited power per day of about 8 hours. The tariff rates are based on the economic situation of power consumers, that cannot be neglected as supplying power at affordable rates to all classes of consumers is a primary responsibility of a power utility. It is submitted that to ensure uniform tariff rates for all four State-owned Distribution Companies, differential bulk supply tariff mechanism is in place.

In case of HT category, many of the consumers do not draw power from the Company corresponding to their contract demand and utilize power from other sources through open access and therefore, the average realization from HT category is artificially higher. Cross subsidy level of HT consumers is 117.52% w.r.t. ACoS, and thus, within the limit prescribed in the Tariff Policy. The objector has calculated cross subsidy level w.r.t. ABR.

**Commission's view**

The average billing rate for most of the categories is within ± 20% range of the ACoS approved for FY 2022-23 in this Order.

**Issue No. 24: Tariff Rationalization**

The objector submitted that the Commission directed the petitioners to study the tariff slabs of major consumer categories in other leading / neighbouring States and explore options for further rationalization and reduction in number of slabs.

It is submitted that instead of complying with the above directive and proposing rationalization of tariff, the petitioners have stated that the DISCOMs will submit necessary modifications in tariff structure, if needed as and when MYT petition will be filed. The Commission is requested to rationalize the tariff particularly for Industrial / Commercial consumers on suo-moto basis.

**Response of the Petitioners**

Petitioners submitted that the Commission has extended the Control Period of the GERC (MYT) Regulations, 2016 till FY 2022-23. Further, no change is proposed by the petitioners in the present Tariff Schedule and Tariff Structure. The petitioners have categorically stated that Company may propose the rationalization / change in Tariff Schedule and Tariff Structure in the subsequent MYT filings.

**Commission's view**

The response of the DISCOMs is noted. The Commission has also dealt with the issue in Compliance to Directives in the relevant Chapter of this Order.

**Issue No. 25: Suggestions on Tariff Schedule for FY 2022-23**

At present there are four slabs in Residential tariff. This should be reduced to two slabs of up to 300 units and above 300 units and accordingly charges should be fixed to simplify the tariff structure. The Delhi Government is giving 200 units free electricity to every residential consumer. In recent elections in Punjab and UP, it is promised to give 300 units free to residential consumers and free electricity to Agriculture consumers.

At present, there is Agriculture tariff of 60 Paisa / unit and 80 Paisa / unit in Metered tariff and in Tatkal tariff category. It is requested to make the tariff uniform. As regards Agriculture PDC reconnection, it is requested to abolish Rs. 35 per HP charge recovered for the PDC period.

As regards BPL category, to prevent misuse of scheme, it is requested to fix the limit of connected load and maximum ceiling of unit consumption. If consumer exceeds the limit, it shall be converted to RGP category.

The objector submitted that the preamble of objective of the Act provides for protecting interest of consumers and rationalization of electricity tariff in a manner to eliminate cross subsidization in the tariff. However, even after more than 18 years from enactment of the Act, no due consideration has been given for rationalization of tariff by reducing cross subsidization in tariff structure as mandated in the Act. Since many years, the level of cross subsidization in the tariff is not reduced but on the contrary, it