GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2018-19 & FY 2019-20,

and

Determination of ARR & Tariff for FY 2021-22

Deendayal Port Trust

(DPT)

Case No. 1968 of 2021

04 September, 2021

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सत्यमेव जयते

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(GERC)

GANDHINAGAR

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CONTENTS

List of Tables

ABBREVIATIONS

A&G	Administrative and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CUF	Capacity Utilization Factor
DISCOM	Distribution Company
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Asset
HT	High Tension
IEX	Indian Energy Exchange
IoWC	Interest on Working Capital
kV	kilo Volt
kVA	kilo Volt Ampere
kWh	kilo Watt hour
LT	Low Tension
MUs	Million Units
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
RPO	Renewable Purchase Obligation
R&M	Repairs and Maintenance
SIPC	Smart Industrial Port City
SLDC	State Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1968 of 2021

Date of Order: 04 September, 2021

CORAM

Shri Mehul M. Gandhi, Member

Shri S. R. Pandey, Member

ORDER

1 Background and Brief History

1.1 Background

Deendayal Port Trust (formerly Kandla Port Trust) (hereinafter referred to as "DPT" or the "Petitioner"), a Distribution Licensee since 1956, has filed Petitions under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as the GERC (MYT) Regulations, 2016), for the True up of FY 2018-19 and FY 2019-20 and Determination of ARR & Tariff for FY 2021-22, on 30th March, 2021.

Gujarat Electricity Regulatory Commission notified the GERC (MYT) Regulations, 2016 on 29th March, 2016 which is applicable for Determination of Tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising of Truing up for FY 2018-19 and FY 2019-20 and determination of ARR & Tariff for the ensuing year, to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The ensuing year in the present case is FY 2021-22, however, the present GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 is in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for new Control Period of FY 2021-22 to FY 2025-26 by issuing public notice dated 10th August, 2020, the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2020 dated 22nd December, 2020 deferred the 5- year control period for new MYT Regulations for one year and decided to consider the next control period from FY 2022-23 to FY 2026-27. Accordingly, all the concerned utilities and licensees were directed to file annual ARR for FY 2021-22 and application for determination of tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016.

After technical validation of the petition, it was registered on 05 May, 2021 as Case No.1968/2021 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.2 Deendayal Port Trust

The Petitioner is one of the major ports in India under Government of India and Ministry of Shipping. The Deendayal Port is located on the Gulf of Kutch on the north-western coast of India and is the largest port of India by volume of cargo handled.

The licence for supply of electricity was granted to DPT by the Chief Commissioner of Kutch under the Indian Electricity Act, 1910. Consequent to the enactment of the Electricity Act, 2003 (EA 2003), DPT has become a deemed Distribution Licensee under the EA 2003 and is required to file Petition before the Commission under Section 62 of the EA 2003 for determination of tariff. The distribution system of DPT comprises one 66 kV Substation fed by double circuit overhead lines from GETCO 220 kV Substation at Anjar and fifteen 11 kV Substations in the licence area. In addition, DPT has constructed 3 numbers of 2 MW wind turbines and started consuming power from them from FY 2017-18. DPT had a Contract Demand with Paschim Gujarat Vij Company Limited (PGVCL) of 4900 kVA from July 1, 2014 to March 31, 2015, which was reduced to 4100 kVA from April 1, 2015 till July 31, 2018. DPT reduced the said Contract Demand to 2500 kVA w.e.f. August 01, 2018, as it started consuming power from the 6 MW captive wind power plant.

1.3 Background for the past Petitions

The Petitioner had filed its first Petition under the MYT framework for the Control Period from FY 2011-12 to FY 2015-16 on 7th December, 2010, in accordance with the GERC (MYT) Regulations, 2011. The Commission issued the MYT Order on 18th August, 2011, in which the Commission approved the ARR for each year from FY 2011-12 to FY 2015-16.

The Commission did not approve the truing up for FY 2011-12, FY 2012-13, FY 2013-14 and FY 2014-15 based on the respective Petitions filed by DPT, in the absence of separate audited accounts for the Distribution Licence business. Since, the Distribution Licence business is under a regulated regime, DPT was directed to maintain separate accounts, duly audited by auditors, for the electricity distribution business and develop the Balance Sheet and Profit & Loss Statement for the distribution business.

The Petitioner filed a Petition on February 1, 2017 for the Truing up of FY 2015-16, determination of ARR for the Control Period from FY 2016-17 to FY 2020-21, and determination of tariff for FY 2017-18. In its Order dated June 30, 2017, the Commission dismissed the Petition on the grounds of error in calculations, data gaps and inconsistencies.

The Commission directed the Petitioner to re-submit the Petition complete in all respects as per the GERC (MYT) Regulations, 2011 and 2016 and comply with the statutory requirements, based on the separate accounts of the electricity distribution business.

The Petitioner filed the Petitions for Truing up for the period from FY 2011-12 to FY 2015-16 (Case No. 1810 of 2019), approval of MYT ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18, and Determination of Tariff for FY 2019-20 (Case No. 1811 of 2019) along with a separate Petition of condonation of delay (Case No. 1812 of 2019) as the Petitioner was unable to re-submit the Tariff Petitions in the time frame prescribed under the applicable GERC (MYT) Regulations. The Commission, vide Order dated 27.09.2019 in Case No. 1812 of 2019 decided to condone the delay in filing the Tariff Petitions. The Commission issued the Order on 29th September, 2020, in which the Commission approved the Truing up for FY 2011-12 to FY 2015-16, Approval of Multi Year ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18 and Determination of Tariff for FY 2020-21.

1.4 Background of the present Petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the Truing up for previous year's Expenses and Revenue based on Audited Annual Accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual Determination Tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year within the Control Period, based on the approved forecast and result of the Truing up exercise.

The Commission has issued Suo-Motu order No. 7 of 2020 dated 22nd December, 2020 directing the Licensees to file their Application / Petition for determining the annual ARR for FY 2021-22 and proposal for determination of Tariff for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016 on or before 8 January, 2021.

DPT has filed the present Petition on 30 March, 2021. The Petition filed by DPT covers the Truing up of FY 2018-19 & FY 2019-20 and ARR & Tariff determination for FY 2021-22 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

1.5 Registration of the Current Petitions and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2018-19 and FY 2019-20 and determination of ARR & Tariff for FY 2021-22 on 30 March, 2021. After technical validation of the petition, it was registered on 05 May, 2021 (1968/2021) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, DPT was directed to publish its tariff application in the newspapers to ensure public participation. Accordingly, Public Notices were published by the Petitioner for inviting objections/ suggestions from stakeholders on the Tariff Petition in the following newspapers:

Table 1-1: List of Newspapers (Public notice issued by the Petitioner)

Sl. No.	Name of Newspaper	Language	Date of Publication
1	Divya Bhaskar	Gujarati	05.06.2021
2	The Times of India	English	05.06.2021

The Petitioner also placed the Public Notice and the Petitions on its website (www.deendayalport.gov.in) for inviting objections and suggestions from interested parties and stakeholders.

The Commission also placed the Petitions and additional details received from the Petitioner on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission has not received any objections / suggestions on the Petition till the last submission date of 22 June, 2021. Hence, no public hearing was conducted.

1.6 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for “Truing up” of the previous year and determination of Tariff for the ensuing year.

As per Clause 1.2 & 1.4 of the GERC (MYT) Regulations, 2016, the Commission has specified that the MYT framework will be applicable from 1st April, 2016 and shall be remain in force till 31st March, 2021.

DPT has approached the Commission with the present Petition for “Truing up” of FY 2018-19 and FY 2019-20 and determination of ARR & Tariff for FY 2021-22. DPT has also submitted the final Audited Annual Accounts for FY 2018-19 & FY 2019-20.

In this Order, the Commission has considered the “Truing up” for FY 2018-19 and FY 2019-20, as per the provisions of the GERC (MYT) Regulations, 2016. The ARR & Tariff determination for FY 2021-22 has also been carried out as per the provisions of the GERC (MYT) Regulations, 2016 as per the directions issued by the Commission vide Suo-Motu Order dated 22nd December, 2020.

The Commission has undertaken “Truing up” for FY 2018-19 and FY 2019-20, based on the submissions of the Petitioner and as per the information available in the Audited Annual Accounts. The Commission has undertaken the computation of Gains and Losses for FY 2018-19 and FY 2019-20, based on the approved vis-à-vis actual expenses.

While Truing up for FY 2018-19 and FY 2019-20, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing up for FY 2018-19 and FY 2019-20 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of ARR & Tariff for FY 2021-22 have been carried out as per the principles and methodology specified in the GERC (MYT) Regulations, 2016 in line with the directions of the Commission vide its Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020. Truing up for FY 2018-19 & FY 2019-20 shall be carried out based on the principles and methodology adopted in the GERC (MYT) Regulations, 2016.

1.7 Contents of this Order

The Order is divided into **nine Chapters** as detailed under: -

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the Public Hearing Process and the Approach adopted for this Order.
2. The **Second Chapter** outlines the summary of DPT's Petition.
3. The **Third Chapter** deals with Truing up for FY 2018-19 and FY 2019-20.
4. The **Fourth Chapter** deals with the Determination of ARR for FY 2021-22.
5. The **Fifth Chapter** deals with the Determination of Tariff for FY 2021-22.
6. The **Sixth Chapter** deals with the Compliance of Directives.
7. The **Seventh Chapter** deals with FPPPA charges.
8. The **Eighth Chapter** deals with Determination of the Wheeling Charges and Cross-Subsidy Surcharge.
9. The **Ninth Chapter** deals with the Tariff Philosophy and Tariff Proposal.

2 Summary of DPT's Petition

2.1 Introduction

This Chapter deals with highlights of the Petition as submitted by DPT for Truing up for FY 2018-19 and 2019-20 and determination of ARR & Tariff for FY 2021-22.

2.2 True-up for FY 2018-19 and FY 2019-20

A summary of the proposed ARR for Truing-up for FY 2018-19 and FY 2019-20 compared with the provisionally approved ARR for FY 2018-19 and FY 2019-20 in the "Multi Year Tariff" (MYT) Order dated 29th September, 2020 is presented in the Table below along with the item-wise Gain/ Loss computations as submitted by DPT:

Table 2-1: True-up Proposed for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19			
		Approved in the MYT Order	Actual Claimed	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	859.74	799.14	-	60.60
2	Operation & Maintenance Expenses	308.91	388.09	(79.18)	-
2.1	Employee Cost	-	66.14		-
2.2	Repair & Maintenance Cost	-	137.76		-
2.3	Administration & General Charges	-	184.19		-
3	Depreciation	233.36	233.36	-	-
4	Interest & Finance Charges	-	-	-	-
5	Interest on Security Deposit	-	6.52	-	(6.52)
6	Interest on Working Capital	-	6.97	-	(6.97)
7	Return on Equity	189.98	191.85	(1.87)	-
8	Income Tax	-	-	-	-
9	**Aggregate Revenue Requirement**	1591.99	1625.94	(81.05)	47.10
10	Less: Non-Tariff Income	21.59	19.92	-	1.67
11	**Net ARR**	**1570.40**	**1606.02**	**(81.05)**	**45.43**

Table 2-2: True-up Proposed for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	FY 2019-20			
		Approved in the MYT Order	Actual Claimed	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	1162.29	974.13	-	188.16
2	Operation & Maintenance Expenses	326.58	343.85	(17.27)	-
2.1	Employee Cost	-	57.27		-
2.2	Repair & Maintenance Cost	-	160.05		-
2.3	Administration & General Charges	-	126.53		-
3	Depreciation	234.89	233.36	1.53	-
4	Interest & Finance Charges	-	-	-	-
5	Interest on Security Deposit	-	6.80	-	(6.80)
6	Interest on Working Capital	-	7.25	-	(7.25)
7	Return on Equity	191.20	193.72	(2.52)	-
8	Income Tax	-	-	-	-
9	**Aggregate Revenue Requirement**	1914.96	1759.12	(18.27)	175.63
10	Less: Non-Tariff Income	21.59	20.75	-	0.84
11	**Net ARR**	**1893.37**	**1738.37**	**(18.27)**	**173.27**

2.3 Revenue Gap/ (Surplus) for FY 2018-19 and FY 2019-20

DPT has proposed to pass on a sum of 1/3rd of total gain/(loss) on account of controllable factors and full pass through of the uncontrollable factors as per the mechanism specified in the GERC (MYT) Regulation, 2016. Adjusting these to the net Aggregate Revenue Requirement, DPT has arrived at the Revised Aggregate Revenue Requirement from FY 2018-19 and FY 2019-20.

The Table below summarizes the proposed ARR claimed by DPT for Truing up of FY 2018-19 and FY 2019-20.

Table 2-3: Revenue Gap/ (Surplus) claimed by DPT for FY 2018-19 and FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	FY 2018-19	FY 2019-20
		Actual Claimed	Actual Claimed
1	ARR originally approved	1591.99	1914.96
2	Gain/(Loss) due to Uncontrollable Factors to be passed on to Consumer	45.43	173.27

Sr. No	Particulars	FY 2018-19	FY 2019-20
		Actual Claimed	Actual Claimed
3	Gain/(Loss) due to Controllable Factor to be passed on to Consumer	(27.02)	(6.09)
4	**Revised ARR**	**1573.58**	**1747.78**
5	Revenue from Sale of Power	1034.03	1105.22
6	Other Income	19.92	20.75
7	**Total Revenue**	**1053.94**	**1125.97**
8	**Revenue Gap/(Surplus)**	**519.63**	**621.81**

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2021-22

DPT has also sought approval for Aggregate Revenue Requirement for FY 2021-22 as per GERC (MYT) Regulations, 2016 in line with the Commission's direction issued vide Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020. DPT has submitted the Aggregate Revenue Requirement as under:

Table 2-4: Aggregate Revenue Requirement projected by DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2021-22
1	Power Purchase Expenses	1308.69
2	O&M Expenses	284.31
2.1	Employee Cost	64.01
2.2	Repair & Maintenance Cost	178.89
2.3	Administration & General Charges	41.42
3	Depreciation	263.26
4	Interest & Finance Charges	1.47
5	Interest on Working Capital	9.05
6	Interest on Security Deposit	5.88
7	**Total Revenue Expenditure**	**1,872.66**
8	Return on Equity	217.51
9	Income Tax	-
10	**Aggregate Revenue Requirement**	**2,090.17**

2.4.1 Revenue Gap/(Surplus) for FY 2021-22

Based on the projected ARR for FY 2021-22 given in the Table above, the estimated Revenue Gap projected by DPT for FY 2021-22 at existing tariff, is shown in the following Table:

Table 2-5: Estimated Revenue Gap/(Surplus) of DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2021-22
1	**Aggregate Revenue Requirement**	**2,090.17**
2	Revenue with Existing Tariff	1,942.44
3	Other Income	20.75
4	Revenue from FPPPA Charges	-
5	**Total Revenue**	**1,963.19**
6	**Revenue Gap**	**126.98**

2.4.2 Projected Revenue Gap/(Surplus) for FY 2021-22 at Proposed Tariff

DPT has submitted that in accordance with revenue gap for FY 2021-22 as calculated in above table along with revenue gap as arrived during True-up for FY 2019-20 at Rs. 621.81 lakh, DPT would require tariff increase of ~38% for closing the resultant gap. However increasing tariff by such a huge jump would not only cause a tariff shock to consumers but would also lead to DPT power becoming un-competitive with tariff offered to PGVCL and resultant migration of consumers.

Keeping in view, development of Smart Industrial Port City (SIPC), Kandla, and expected increase in operational load and acquisition of HT consumers in FY 2021-22, DPT is expecting to achieve much higher sales figures in coming years starting from FY 2021-22. This would lead to fixed charges such as depreciation, O&M Expense, RoE etc being apportioned in higher quantum of sale for their recovery leading to lower average cost of supply. At the same time DPT is trying to optimize its power purchase cost and the same has already started yielding results. In H1 FY 2020-21 the actual average power purchase cost of DPT stands at Rs 4.18/kWh which is significantly lower than value of power purchase rate in FY 2019-20 which was Rs. 6.61/kWh.

Further, DPT has mentioned that these two factors would lead to reduction in revenue gap of future years and may also lead to revenue surplus at the same existing tariff. Hence DPT has not proposed any significant increase in tariff for FY 2021-22. However, in order to reduce volatility in revenue from power business due to variations in energy sales, DPT has proposed slight increase in fixed charges and has proposed them to make them equal to existing fixed charge charged by PGVCL as per its approved tariff.

The Petitioner has computed the revenue gap, by keeping energy charges same as that of existing tariff and increasing fixed charges in DPT's tariffs to become at par with those approved for PGVCL.

The ARR of FY 2021-22 at revised tariff has been considered at Rs. 2,090.86 Lakh which is slightly higher than ARR as earlier provided due to increase in receivables at revised tariff, which in turn would enhance Interest on Working Capital which is part of ARR.

Based on projected sales & retail tariff, revenue from sale of power works out to Rs. 2,043.87 lakh for FY 2021-22. The estimated Revenue Gap for FY 2021-22 at Proposed Tariff, is shown in the following Table:

Table 2-6: Estimated Revenue Gap/(Surplus) of DPT for FY 2021-22 (Rs. Lakh)

Particulars	FY 2021-22
ARR of FY 2021-22	2,090.86
Revenue from Sales	2,064.62
Revenue Gap/(Surplus)	26.24

2.4.3 Proposed Tariff Changes

In order the meet the revenue gap at existing tariff for FY 2021-22, the following are proposed by the Petitioner:

- Increase in the fixed charges and bringing them at par with existing PGVCL tariff;
- Removal of concession provided during night hours.
- Bringing EHV rebate in line with that offered by PGVCL in its existing tariff

The Petitioner has proposed to undertake various performance and efficiency improvement measures, by incurring adequate capital expenditure, to decrease its cost of supply and to meet increased energy requirement on back of increase in sales.

The Petitioner is expecting to facilitate higher amount of electricity sales considering the development of SIPC, increase in operational load and acquisition of bulk HT consumers. In the proposed scenario and in order to be competitive, the Petitioner also proposes to offer rebates to some consumer categories in order to maximise its revenue. The same is being proposed under Regulation 94.4 of GERC (MYT) Regulations, 2016.

The Petitioner, according to 94.4 of GERC (MYT) Regulations, 2016, has also proposed to provide details of such rebates to the Commission every quarter and further submits that the impact of such rebates shall not be passed on to the consumers in any form.

2.5 DPT's Prayers to the Commission

DPT has made the following prayers to the Commission:

1. Condone the delay in filing of this Petition.
2. Admit this Petition seeking approval of True Up of DPT's ARR for FY 2018-19 to FY 2019-20 and determination of ARR and Tariff for FY 2021-22.
3. True-up ARR of FY 2018-19 and FY 2019-20 as per provisions of GERC (MYT) Regulations 2016 and approve variation in approved ARR due to various controllable and uncontrollable factors.
4. Approve ARR for FY 2021-22 as per GERC (MYT) Regulations, 2016.
5. Approve the total Revenue Gap for FY 2019-20 and FY 2021-22 as given in the Petition.
6. To approve the terms and conditions of Tariff for FY 2021-22 and various other matters as proposed in this petition and proposed changes therein.
7. Pass suitable orders for implementation of proposed Tariff for FY 2021-22 for making it applicable from 1st April 2021 onwards.
8. The Petitioner craves leave of the Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
9. To grant any other relief/pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

3 Truing up for FY 2018-19 to FY 2019-20

3.1 Introduction

This Chapter deals with the Truing up for FY 2018-19 to FY 2019-20

The expenses and revenue of DPT for FY 2018-19 and FY 2019-20 presented for true-up are based on the principles adopted by the Commission as per the GERC (MYT) Regulations, 2016. The ARR so arrived has been compared with that approved by the Commission vide its Order dated 29th September, 2020.

3.2 Energy Sales to Consumers

Petitioner's Submission

The Petitioner had submitted actual data of FY 2018-19 as per provisional accounts of FY 2018-19 which was approved as such by the Commission in its Order dated 29th September, 2020 for consideration in ARR of FY 2018-19. DPT has submitted that there has been only slight change in the sales data for FY 2018-19 after audit by statutory auditor. Actual sales in FY 2018-19 were 128.64 LUs which are 1.5 LUs less than approved value.

DPT in its Petition dated 6th June, 2019 regarding determination of MYT ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18, and Determination of Tariff for FY 2019-20 (Case No. 1811 of 2019) had projected quantum jump in sales to its consumers as it envisaged that a large quantum of operational load (in HT category) would be added in to its system with the development of Smart Industrial Port City (SIPC) at Kandla. However, DPT has submitted that there has been delay in coming of the load and now it is expected that the load would fructify phase-wise in FY 2021-22.

Accordingly, DPT has submitted that the actual sales in FY 2019-20 was only 134.46 LUs as compared to 229.49 LUs as approved by the Commission in its Order dated 29th September, 2020. Most of the shortfall in the sales was attributable to HT category (90 MUs out of total shortfall of 95 MUs as compared to approved value). Further there was also shortfall in sales to streetlight consumers by 6 LUs as compared to approved value owing to use of energy efficient LED bulbs.

The figures for actual sales vis-à-vis the approved sales for FY 2018-19 and FY 2019-20 is provided below:

For FY 2018-19: The actual category wise sales for FY 2018-19 were 128.64 LUs as against the approved sales of 130.14 LUs.

For FY 2019-20: The actual category wise sales for FY 2019-20 were 134.46 LUs as against the approved sales of 229.48 LUs.

DPT has submitted the comparison of actual category wise sales of DPT against that approved by the Commission vide its Multi Year Tariff Order in the Table below:

Table 3-1: Energy Sales for FY 2018-19 to FY 2019-20 as submitted by DPT (LUs)

Category	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
RGP	5.77	5.74	5.43	5.53
NRGP	22.58	21.20	23.62	20.75
LTMD	26.31	26.84	27.63	30.86
Streetlights	15.18	12.68	15.94	9.14
Temporary	5.10	5.06	4.17	5.32
HT	55.20	57.12	152.70	62.87
Total Sales	**130.14**	**128.64**	**229.48**	**134.46**

Commission's Analysis

The actual category-wise energy sales as submitted by the Petitioner for FY 2018-19 is near to approved in the MYT Order as it was based on provisional data and FY 2019-20, it is lower than that approved in the MYT Order. The Commission noted that the lower actual HT sales in comparison to approved during FY 2019-20 is due to delay in development of Smart Industrial Port City (SIPC) at Kandla and now it is expected that the load would fructify phase-wise in FY 2021-22. The Commission takes serious note of this variation of more than 40% in sales estimation and directs DPT to estimate sales prudently in future.

The Commission in its data gaps has asked to provide the basis for calculation of Energy Sales for FY 2018-19 and FY 2019-20 in absence of substantial and sufficient metering infrastructure. In response to the Commission's query, DPT stated that most of the revenue based consumers are being billed based on their actual electricity consumption. The major consumption of DPT (Port) is at highly motive Cranes, lighting (High Mast & Lattice Towers), Office Buildings and Water Pumps. For its billing DPT has executed time to time load surveys and these have been done according to the running hours and efficiency of the motors.

DPT further mentioned that DPT has already completed 80-85% of the metering work. However, due to resurgence in cases of COVID-19 cases from March, 2021 onwards, DPT could not complete the remaining metering work. DPT would again resume the metering work once the present situation is subsided and complete the remaining work at the earliest.

Considering that the ‘actual’ category-wise sales are not actual sales, as they are not metered sales but assessed/allocated sales, the Commission is unable to true-up the actual category-wise sales as reported by the Petitioner. True-up of sales and hence, ARR shall be possible only after sales data based on actual meter reading is made available by the Petitioner. However, for lack of any other data, the Commission has considered the sales data submitted by the Petitioner for FY 2018-19 & FY 2019-20. Further, the sales for FY 2019-20 have been considered as the base values for projection of sales for FY 2021-22.

3.3 Distribution Losses

Petitioner’s Submission

The Commission had approved the distribution loss levels for DPT at 5.00% for FY 2018-19 and FY 2019-20 respectively.

As per GERC Order dated 29th September, 2020, in order to calculate actual distribution loss DPT has submitted that it has taken steps for providing 100% metering to all consumers in its area of supply and in this regard, procurement process has already been initiated; tendering for procurement of meters is being done through a government portal (GEM). However there has been slight delay in metering work due to lock down situation for COVID-19. As of date 100% of meters have been purchased and 80% have been installed (Detailed report has been placed at chapter regarding compliance of directives). DPT is confident of completing the meter installation process by end of April, 2021. Once metering work is completed, DPT would be in a position to submit authentic data regarding Distribution loss to the Commission.

In the present Petition, DPT has considered approved value of distribution loss i.e at 5.00% for FY 2018-19 and FY 2019-20.

DPT has submitted the comparison of distribution losses of DPT against that approved by the Commission vide its Order dated 29th September, 2020.

Table 3-2: Distribution Losses for FY 2018-19 to FY 2019-20 submitted by DPT (%)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Distribution Losses	5.00%	5.00%	5.00%	5.00%

Commission's Analysis

In the MYT Order, the Commission had approved Distribution Loss of 5.00% for FY 2018-19 & FY 2019-20, respectively.

As stated earlier, the 'actual' category-wise sales are not actual sales, as they are not metered sales but assessed/allocated sales. As a result, the Distribution Losses reported by DPT for this period are also not actual, as they are not based on the difference between the energy injected into the system and the energy sold. Therefore, DPT has considered approved value of distribution loss of 5.00% for FY 2018-19 & FY 2019-20, respectively.

In view of the above, the Commission is unable to true-up the Distribution Losses as reported by the Petitioner. True-up of Distribution Losses shall be possible only after sales data based on actual meter reading is made available by the Petitioner. However, for lack of any other data, the Commission has considered the Distribution Losses of 5.00% as submitted by the Petitioner for FY 2018-19 & FY 2019-20. It is a fact that in absence of sufficient and substantial metering infrastructure, Distribution losses stated by DPT are not possible to verify by the Commission. Further, the Distribution Loss for FY 2019-20 have been considered as the base values for approval of Distribution Losses for FY 2021-22. Once the meters are installed and actual metered sales data is made available, the Commission will approve the Distribution Losses for the ensuing years.

3.4 Energy Requirement

Petitioner's Submission

The Petitioner has calculated the total energy requirement by grossing up of actual energy sales with the normative distribution losses. The actual energy requirement of DPT for FY 2019-20 is significantly lower than that approved by the Commission in the Multi-Year Tariff Order dated 29th September, 2020 owing to reduction in sales as compared to approved value.

For FY 2018-19: The gross energy requirement for subsequent sale to the consumers for FY 2018-19 is 135.41 LUs which is same as value being submitted for FY 2018-19 in True-up.

For FY 2019-20: The gross energy requirement for subsequent sale to the consumers for FY 2019-20 is 141.54 LUs as compared to 241.56 LUs as approved by the Commission.

Table 3-3: Energy Requirement for FY 2018-19 and FY 2019-20 as submitted by DPT (LUs)

Sr. No.	Particulars	FY 2018-19		FY 2019-20	
		Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
1	Energy Sales	128.64	128.64	229.48	134.46
2	Distribution Losses (%)	5.00%	5.00%	5.00%	5.00%
3	Distribution Losses	6.77	6.77	12.08	7.08
4	**Total Energy Requirement**	**135.41**	**135.41**	**241.56**	**141.54**

Commission's Analysis

The actual energy requirement as reported by the Petitioner for FY 2018-19 is same as approved in the MYT Order dated 29th September, 2020. The actual energy requirement as reported by the Petitioner for FY 2019-20 is lower than that approved in the MYT Order due to lower sales reported by the Petitioner.

In data gaps the Commission has sought clarification regarding difference in power availability (14.03 MU and 14.74 MU) and total energy requirement (135.41 LUs and 141.54 LUs) for FY 2018-19 and FY 2019-20. In its reply DPT has submitted that difference in value of energy availability and energy requirement is transmission losses in FY 2018-19 and FY 2019-20, which are 0.49 MUs and 0.59 MUs, respectively.

As stated earlier, the 'actual' category-wise sales reported by the Petitioner for FY 2018-19 & FY 2019-20 are not actual sales, as they are not metered sales but assessed/allocated sales and not possible to verify. As a result, the Distribution Losses reported by DPT for this period are also not actual, as they are not based on the difference between the energy injected into the system and the energy sold.

In view of the above, the Commission has not trued-up the sales and Distribution Losses as reported by the Petitioner. As a result, the energy requirement for these years has also not been done. True-up of the energy requirement shall be possible only after sales data based on actual meter reading and Distribution Losses are made available by the Petitioner. However, for lack of any other data, the Commission has considered the sales submitted by the Petitioner for FY 2018-19 & FY 2019-20. The energy requirement for FY 2018-19 & FY 2019-20 has been computed by grossing up the sales with the Distribution Losses and Transmission Losses as shown in the Table below:

Table 3-4: Energy Requirement for FY 2018-19 & FY 2019-20 as considered by the Commission (LUs)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Considered	Approved in MYT Order	Actual Claimed	Considered
Energy Sales	128.64	128.64	128.64	229.48	134.46	134.46
Distribution Loss (%)*	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Distribution Loss (LU)	6.77	6.77	6.77	12.08	7.08	7.08
Energy Requirement	135.41	135.41	135.41	241.56	141.54	141.54
Transmission Loss (LU)	-	4.91	4.91	-	5.84	5.84
Total Energy Requirement	**135.41**	**140.32**	**140.32**	**241.56**	**147.38**	**147.38**

* In absence of sufficient and substential metering infrastructure, Distribution losses stated by DPT are not possible to verify by the Commission.

3.5 Power Purchase Cost

Petitioner's Submission

DPT has submitted that it had a contract demand of 4900 kVA, from 1st July, 2014 to 31st March, 2015. From 1st April 2015, DPT had reduced its contract demand from 4900 kVA to 4100 kVA. DPT has further reduced its contract demand from 4100 kVA to 2500 kVA w.e.f.1st August 2018, as it has started taking the electricity from its wind power plant.

Further from H2 FY 2019-20 onwards DPT has also started drawing power from Power Exchange (IEX) for further optimising its power procurement costs

With the implementation of intra-state ABT in April 2010, DPT started submitting the demand to SLDC from FY 2011-12 onwards based on which billing was done by PGVCL, while the UI payments on surplus energy were made by the concerned beneficiary.

DPT has submitted that the difference in power purchase cost of FY 2018-19 is broadly on the account of less energy purchased from wind power plant and reduced outgo for SLDC charges/power purchase duty and UI charges.

The difference in power purchase cost of FY 2019-20 is broadly on reduced energy requirement on ground of significantly reduced sales as against the approved figure. There was also reduction in generation from wind power plant (114.36 LUs vis-à-vis approved 146.56 LUs) and significantly reduced offtake from Power Exchange (6.69 LUs vis-à-vis approved 90.28 LUs). However, there was more power offtake from PGVCL against the approved figure (30.87 LUs vis-à-vis approved 4.72 LUs). PGVCL in FY 2019-20 also billed congestion charge of ~Rs 1.2 crore for previous years. These factors led to increase in power purchase cost from PGVCL to Rs. 4.65 crore from approved value of Rs. 2.08 crore.

Table 3-5: Power Purchase Cost for FY 2018-19 and FY 2019-20 as submitted by DPT (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Power Purchase from PGVCL	366.44	366.44	207.90	465.27
Power Purchase from wind	305.89	274.94	468.99	365.94
Power Purchase Duty	187.41	58.51	97.80	63.26
SLDC Charges		0.07		0.26
UI Charges/ DSM Charges		99.18		54.28
Power Purchase from IEX	-	-	387.59	25.14
Net Power Purchase Cost	**859.74**	**799.14**	**859.74**	**974.13**

DPT has submitted that it is not considered any loss or gain resulting from distribution losses, as it is under the process of providing 100% metering to all consumers in its area of supply and in this regard, procurement process and installation of meters have already been started and would be completed very soon.

DPT has requested the Commission to approve the gain/(losses) due to variation in the power purchase cost as uncontrollable factor would have to be passed on to the consumers as per the methodology approved by the Commission as shown in the Table Below:

Table 3-6: Gains/(loss) of Power Purchase Cost for FY 2018-19 and FY 2019-20 as submitted by DPT (Rs. Lakh)

Particulars	FY 2018-19				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Total Power Purchase Cost	859.74	799.14	60.60	-	60.60

Particulars	FY 2019-20				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Total Power Purchase Cost	1,162.29	974.13	188.16	-	188.16

Commission Analysis

DPT has submitted the actual power purchase cost incurred for FY 2018-19 & FY 2019-20, which is verified from the Audited Annual Accounts for the respective years.

It is observed that the actual power purchase cost, as reported by the Petitioner for FY 2019-20 is not matching with the Audited Annual Accounts. In reply to the Commission’s query in this regard, the Petitioner has clarified that the Power Purchase cost by DPT for FY 2019-20 as per audited account stand at Rs. 9.84 crore. However, the said amount also includes Rs 10 lakh which has been paid as license fees to GERC. However, DPT has excluded the amount of Rs. 10 lakh while submitting True-up Petition as it doesn't form part of power purchase cost as per the GERC (MYT) Regulations, 2016.

In response to clarifications sought by the Commission regarding the basis for the rate for purchase from the Wind Power project for FY 2018-19 & FY 2019-20, DPT submitted that the DPT's Project Division has commissioned the wind power project with a capacity of 6 MW and DPT's Electrical Division started consuming power from the same in FY 2017-18.

In FY 2017-18, DPT used to procure the power from wind power project at the rate of Rs. 4.20/kWh. Considering the developments in wind sector and corresponding reduction in prices of wind power, the purchase prices were reviewed again, and prices were reduced to Rs. 3.20/kWh with effect from 1st April, 2018 onwards and the same have been considered for FY 2018-19 and FY 2019-20.

The Commission had directed DPT to submit the power purchase bills as part of data gaps raised to DPT. In response to the Commission's query, the monthly source wise invoices under long term PPA were submitted by DPT and which were verified by the Commission.

The Commission has sought the clarification regarding for lower power purchase cost from exchange for FY 2019-20. DPT submitted the reasons for lower quantum of power purchase and further lower cost of power purchase from Power Exchange are:

1) The average MCP of power exchange in FY 2019-20 had been Rs. 3 per unit which comes to landed cost at ~Rs. 3.90; on the other hand, captive wind power costs to Rs. 3.20 per unit. Thus, it was considered prudent to purchase from captive wind plant.

2) The generation from 6 MW Wind Power Plant (Green Power) was able to fulfil the demand.

The accounted rate of Wind Power is lower than rate considered by the Commission for FY 2017-18 i.e., Rs. 3.46/kWh. The Commission has approved the rate of Rs. 3.20/kWh for FY 2018-19 & FY 2019-20 respectively, in line with the submission of Petitioner.

It is further observed that the Petitioner has included Government Electricity Duty in the power purchase cost for the period from FY 2018-19 & FY 2019-20, for the power purchase from PGVCL. However, Electricity Duty is levied only on consumers and not on Distribution Licensees. It appears that the Petitioner has purchased power from PGVCL as a consumer, rather than Distribution Licensee, and paid Electricity Duty on such purchase of power. However, such Electricity Duty paid by the Petitioner cannot be passed on to the consumers of the Petitioner, as such Electricity Duty is not payable by the Distribution Licensee. The Commission notes that the electricity duty is not part of ARR determination and need to be collected from consumers and hence the same is not allowed as part of ARR of FY 2018-19 and FY 2019-20.

The Commission has observed that for FY 2018-19, DPT has submitted power purchase cost from PGVCL (Rs. 366.44 Lakh) which is net of interest earned on security deposit (Rs. 21.34 Lakh) for FY 2017-18. DPT has already passed on interest earned on security deposit from PGVCL for FY 2017-18 received in month of May, 2018 during Truing-up of FY 2017-18 as Non-Tariff Income. Hence, the Commission approves gross power purchase cost of Rs. 387.79 Lakh for purchase of power from PGVCL for FY 2018-19.

Though the quantum of sales and Distribution Losses have not been trued-up, as elaborated above, the actual quantum of power purchase from PGVCL is not disputed, as the Petitioner has actually purchased such quantum of power, which are based on meters installed by PGVCL, and also paid these amounts.

Hence, the Commission approves the power purchase cost for the period from FY 2018-19 & FY 2019-20, as shown in the Tables below:

Table 3-7: Power Purchase Cost for FY 2018-19 approved by the Commission

Particulars	Approved in MYT Order			Actual Claimed			Approved in Truing up		
	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)
Power Purchase from PGVCL	39.82	366.44	9.20	39.82	366.44	9.20	39.82	387.79	9.74
Power Purchase from wind	95.59	305.89	3.20	85.92	274.94	3.20	85.92	274.94	3.20
Power Purchase Duty					58.51			-	
SLDC Charges		187.41			0.07			0.07	
UI/DSM Charges				14.58	99.18	6.80	14.58	99.18	6.80
Net Power Purchase Cost	**135.41**	**859.74**	**6.35**	**140.32**	**799.14**	**5.70**	**140.32**	**761.98**	**5.43**

Table 3-8: Power Purchase Cost for FY 2019-20 approved by the Commission

Particulars	Approved in MYT Order			Actual Claimed			Approved in Truing up		
	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)
Power Purchase from PGVCL	4.72	207.90	44.05	30.87	465.27	15.07	30.87	465.27	15.07
Power Purchase from wind	146.56	468.99	3.20	114.36	365.94	3.20	114.36	365.94	3.20
Power Purchase Duty					63.26			-	
SLDC Charges		97.80			0.26			0.26	
UI/DSM Charges				(4.53)	54.28	(11.98)	(4.53)	54.28	(11.98)
Power Purchase from IEX	90.28	387.59	4.29	6.69	25.14		6.69	25.14	3.76
Net Power Purchase Cost	**241.56**	**1,162.29**	**4.81**	**147.38**	**974.13**	**6.61**	**147.38**	**910.87**	**6.18**

3.6 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission

The Petitioner has submitted that it has taken a very cautious approach for incurring capital expenditure, so as not to burden its consumers with higher tariffs and has made adequate capital expenditure for improvement of its distribution network. DPT has incurred Rs 89.13 Lakh capex for purchasing land against 'nil' capex amount approved for FY 2018-19. DPT has not incurred any capex in FY 2019-20 against approval of Rs 58 lakh in MYT Order dated 29th September, 2020.

The Petitioner has submitted the capital expenditure for FY 2018-19 and FY 2019-20 as summarised in the Tables below:

Table 3-9: Capital Expenditure submitted by DPT for FY 2018-19 and FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Capital Investment	**-**	**89.13**	**58.00**	-

The Petitioner has submitted the actual capitalisation and its funding for FY 2018-19 and FY 2019-20, as summarised in the Tables below:

Table 3-10: Capitalization submitted by DPT for FY 2018-19 and FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Capitalization	-	89.13	58.00	-
Debt@ 70%	-	62.39	40.60	-
Equity @ 30%	-	26.74	17.40	-

The Petitioner has stated that it has not taken any loans and used its own equity for managing the capital expenditure requirements, Hence, the actual capitalisation has been apportioned between debt and equity on normative basis in the ratio of 70:30, in accordance with the GERC (MYT) Regulations, 2016.

Commission's Analysis

The Petitioner has submitted that it has taken a very cautious approach for incurring capital expenditure, so as not to burden its consumers with higher tariffs and has made adequate capital expenditure for improvement of its distribution network. DPT has incurred Rs 89.13 Lakh capex for purchasing land against 'nil' capex amount approved for FY 2018-19. DPT has not incurred any capex in FY 2019-20 against approval of Rs 58 Lakh in MYT Order dated 29th September, 2020.

The Petitioner has submitted that the actual capitalisation has been equal to the actual capital expenditure undertaken for FY 2018-19 & FY 2019-20, respectively.

As per GERC (MYT) Regulation, 2016 assets put to use are only considered for capitalization. In view of the same, the Commission has sought justification for capitalizing Rs. 89.13 Lakhs (for purchase of land) for FY 2018-19 in its data gaps. DPT submitted that the referred land area is used for DPT distribution business. The land is used in the combination of sub stations, stock yard, Office Buildings, etc.

The Commission has noted the submission of DPT that the land is used in the combination of sub stations, stock yard, office building etc but DPT has not incurred any cost towards any of the components i.e. sub stations, stock yard, office building etc during FY 2018-19 as well as FY 2019-20. Hence, land purchased during FY 2018-19 is not put to use and capitalization of Rs. 89.13 Lakh is not allowed. It is to note that the Commission has not disallowed capital expenditure incurred for purchase of land and DPT can approach the Commission for consideration in the year in which it is actually put-to-use.

Table 3-11: Capitalization approved by the Commission for FY 2018-19 and FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
Capitalization	-	89.13	-	58.00	-	-
Normative Debt (70%)	-	62.39	-	40.60	-	-
Normative Equity (30%)	-	26.74	-	17.40	-	-

3.7 Operation and Maintenance (O&M) Expenses

Petitioner's Submission

The Petitioner has submitted that its O&M expenses comprise the following heads:

- Employee Expenses, comprising salaries and wages of only those expenses who are directly involved in the Distribution business;
- Repair & Maintenance (R&M) expenses, which are incurred towards the day-to-day upkeep of the distribution network for supplying reliable and quality power and reducing distribution losses;
- Administrative & General (A&G) expenses comprising of vehicle hiring cost, travelling expenses, telephone and other communication expenses, advertisement, consultant fees, licence fees, etc.

The Petitioner has claimed the actual O&M cost for FY 2018-19 and FY 2019-20, as shown in the following Tables:

Table 3-12: O&M Expenses submitted by DPT for FY 2018-19 and FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19		FY 2019-20	
		Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
1	Employee Expenses		66.14		57.27
2	Repair and Maintenance Expenses		137.76		160.05

Sr. No.	Particulars	FY 2018-19		FY 2019-20	
		Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
3	Administration and General Expenses		184.19		126.53
4	**Operation & Maintenance Expenses**	**308.91**	**388.09**	**326.58**	**343.85**

DPT has requested the Commission to approve O&M expenses for FY 2018-19 and FY 2019-20 and pass on the variation in the ARR as controllable factor as mentioned in Table below:

Table 3-13: Gains/(loss) of O&M Cost for FY 2018-19 and FY 2019-20 as submitted by DPT (Rs. Lakh)

Particulars	FY 2018-19				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Total O&M Expenses	308.91	388.09	(79.18)	(79.18)	-

Particulars	FY 2019-20				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Total O&M Expenses	326.58	343.85	(17.27)	(17.27)	-

Commission's Analysis

The Commission has verified the actual O&M expenses claimed by the Petitioner to be the same as the amounts reported in the Audited Annual Accounts. However, it is observed that there is significant increase in R&M expenses for FY 2019-20 over FY 2018-19. In reply to the

Commission's query in this regard, in FY 2018-19 the entire consultancy fees and charges were accounted as a part of A&G Expense.

However, in FY 2019-20, the consultancy fees and charges were bifurcated under two heads as per nature of work. The amount was bifurcated for (a) Metering & Billing which was classified as a part of R&M Expenses and remaining fees was classified under A&G Expenses. The mentioned addition to R&M Expenses is the reason for increase in R&M Expenses for FY 2019-20 over FY 2018-19.

The Commission has sought reasons for higher O&M Expenses for FY 2018-19. DPT submitted that the core business of DPT is to handle cargo and manage port operations. To promote production of economic product line and to increase national exports, DPT, as a distribution licensee, is supplying economic & reliable power to its HT & LT consumers in its licensed area. Since DPT doesn't have the adequate manpower and the resources required for the management of its distribution business, therefore DPT has engaged O&M Consultant, to bring in efficiency in distribution operations in FY 2018-19 which has increased O&M Expenses for FY 2018-19.

The Commission directs DPT to provide allocation principle adopted for segregation of O&M expenses related to power business from overall O&M expenses along with next Tariff Petition. The Commission also directs DPT to provide details of employee associated with power business and its cost allocation methodology along with next Tariff Petition.

The Commission approves the actual O&M expenses claimed by the Petitioner for FY 2018-19 & FY 2019-20 as shown in the Table below:

Table 3-14: O&M Expenses approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
Employee Expenses		66.14	66.14		57.27	57.27
R&M Expenses		137.76	137.76		160.05	160.05
A&G Expenses		184.19	184.19		126.53	126.53
Operation and Maintenance	**308.91**	**388.09**	**388.09**	**326.58**	**343.85**	**343.85**

3.8 Depreciation

Petitioner's Submission

The petitioner submitted the Depreciation calculated for FY 2018-19 and FY 2019-20 as per the below Tables:

Table 3-15: Depreciation submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Opening Gross Block	4,523.35	4,523.35	4,523.35	4,612.48
Addition During Year	-	89.13	58.00	-
Closing Gross Block	4,523.35	4,612.48	4,581.35	4,612.48
Depreciation for the year	**233.36**	**233.36**	**234.89**	**233.36**
Average Depreciation Rate	5.16%	5.11%	5.16%	5.06%

The Petitioner has submitted that the opening Gross Fixed Assets (GFA) of Rs. 4523.35 lakh have been established for FY 2018-19, based on the asset-wise details as per the segregated accounts for the Petitioner's Distribution business. The addition to GFA has been considered equal to the capitalisation during the respective year. The Petitioner has submitted that it has claimed depreciation on the opening GFA and assets added during the year, based on straight line method in accordance with the depreciation rates specified in the GERC (MYT) Regulations, 2016. Depreciation has been computed by applying the aforesaid category wise assets depreciation rates on the opening GFA and the asset capitalized estimated during the year.

The Commission directs DPT to provide asset register related to power business along with next tariff Petition.

DPT has requested the Commission to approve the depreciation cost for FY 2018-19 and FY 2019-20 as mentioned above and pass the variation in approved ARR as controllable factor as shown in the Table below:

Table 3-16: Gains/(loss) on account of Depreciation for FY 2018-19 & FY 2019-20 as submitted by DPT (Rs. Lakh)

Particulars	FY 2018-19				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Depreciation	233.36	233.36	-	-	-

Particulars	FY 2019-20				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Depreciation	234.89	233.36	1.53	1.53	

Commission's Analysis

The Commission has considered the opening balance of GFA for FY 2018-19 equal to the closing balance of GFA for FY 2017-18 as approved by the Commission in the MYT Order dated 29th September, 2020.

The Commission has verified the depreciation from the Audited Annual Accounts for FY 2018-19 & FY 2019-20 and found out that the depreciation for both the years is not matching with the Audited Annual Accounts. In the regard the Commission has raised the data gap. DPT submitted that the method for calculation of depreciation is different in accounts and submitted True up petition. In accounts, DPT has followed Major Port Trust's law to calculate depreciation and in True up petition, depreciation has been computed as per the norms and % rates as specified by the Commission under the relevant regulations.

The depreciation has been computed on the average of opening and closing GFA for each year in accordance with the rates specified in the GERC (MYT) Regulations, 2016 for the FY 2018-19 & FY 2019-20 as shown in the Table below:

Table 3-17: Depreciation approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
Gross Block at the beginning of the year	4523.35	4523.35	4,523.35	4523.35	4,612.48	4,523.35
Addition during the year	-	89.13	-	58.00	-	-
Gross Block at the end of the year	4523.35	4,612.48	4,523.35	4581.35	4,612.48	4,523.35
Depreciation	**233.36**	**233.36**	**233.36**	**234.89**	**233.36**	**233.36**
Average depreciation	**5.16%**	**5.11%**	**5.16%**	**5.16%**	**5.06%**	**5.16%**

3.9 Interest & Finance Expenses

Petitioner's Submission

The Petitioner has submitted that the entire capital expenditure since its inception has been self-funded through budgetary support, hence, in accordance with the applicable GERC (MYT) Regulations, 2016 the Petitioner has considered addition to GFA to be funded in the normative debt: equity ratio of 70:30. DPT has considered opening loan for FY 2018-19 as per closing loan approved by the Commission for FY 2017-18 in its Order dated 29th September, 2020. The loan repayment has been considered equal to the depreciation computed for the respective year.

The Petitioner has submitted the calculation of Interest & Finance Charges as per Regulation 38.5 of the GERC (MYT) Regulations, 2016 for FY 2018-19 and FY 2019-20 as shown in the Table below:

Table 3-18: Interest & Finance Charges submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Opening Loan	-	-	-	-
Loan Addition	-	62.39	40.60	-
Loan Repayment	233.36	233.36	234.89	233.36
Closing Loan	-	-	-	-
Average Loan	-	-	-	-
Total Interest	**-**	**-**	**-**	**-**

Average Interest Rate	-	-	-	-

The Petitioner has submitted that for FY 2018-19 and FY 2019-20 loan repayment which is equivalent to depreciation is also much more than debt added (70% of capitalization). Therefore, closing debt for FY 2018-19 and FY 2019-20 is also zero and effectively no interest cost has been considered for these FYs.

The Petitioner has further submitted that the actual and approved value of Interest and Finance Charges for FY 2018-19 and FY 2019-20 are both 'nil'. Hence there is no gain/loss on account of the same to be passed through.

Commission's Analysis

The Commission has considered the opening loan for FY 2018-19 as Nil same as the closing loan approved in the MYT Order. The closing loan for FY 2018-19 approved in this Order is considered as the opening loan for FY 2019-20.

As stated earlier, nil capitalization in FY 2018-19 & FY 2019-20 has been approved and hence there is nil debt and equity addition. As the opening loan amount is nil and no addition of loan for both the years, hence, interest expenses approved for FY 2018-19 & FY 2019-20 is Nil.

The computation of interest expenses approved by the Commission for the period from FY 2018-19 & FY 2019-20, respectively is shown in the Tables below:

Table 3-19: Interest expenses approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MTR Order	Actual Claimed	Approved in Truing up	Approved in MTR Order	Actual Claimed	Approved in Truing up
Interest on Normative Loan						
Opening Loan	-	-	-	-	-	-
Addition of Loan due to Capitalisation during the	-	62.39	-	40.60	-	-
Less: Repayment	233.36	233.36	-	234.89	233.36	-
Closing Loan	-	-	-	-	-	-
Average Loan	-	-	-	-	-	-
Rate of Interest (%)						
Interest Expenses	-	-	-	-	-	-

3.10 Interest on Working Capital

Petitioner's Submission

DPT has calculated working capital requirement on actual value of these components in accordance with regulations 40.4 (a) and 40.5 (a). Further in accordance with regulations 40.4 (b) and 40.5 (b) DPT has calculated weighted average State Bank Base Rate (SBBR) prevailing during both the financial year and added 250 basis points to arrive at interest rate to be considered on Working Capital.

The Petitioner has submitted the calculation of normative Interest on Working Capital (IoWC) for FY 2018-19 & FY 2019-20, in accordance with the applicable GERC (MYT) Regulations, as shown in the following Tables:

Table 3-20: Interest on Working Capital submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
O&M Expenses	-	32.34	-	28.65
Maintenance Spares	-	45.23	-	46.12
Receivables	-	87.83	-	93.83
Less: Consumer Security Deposit	-	104.39	-	104.59
Total Working Capital	**-**	**61.01**	**-**	**64.02**
Interest Rate	10.65%	11.43%	10.65%	11.33%
Interest on Working Capital	**-**	**6.97**	**-**	**7.25**

DPT has mentioned that in its Order dated 29th September, 2020 the Commission has not allowed Interest on Working Capital on following grounds:

- 70% of the sales are captive to the Petitioner and are unmetered, with the remaining 30% also being supplied through non-working meters.
- There is no entry of actual IoWC incurred by the Petitioner, as the business and its cash flows are managed by the parent organisation

- Working capital requirement for other State Discoms are negative due to a large holding of Security Deposit

DPT has submitted that it is working in direction to remove these deficiencies and requested the Commission to allow components of working capital and interest on working capital as per Trued-up value and allow variation from approved figure as uncontrollable factor in order to allow full pass through of Interest of Working Capital in True-up. Accordingly, DPT has considered deviation in the actual vis-à-vis the approved expenses towards interest on working capital as uncontrollable:

Table 3-21 Gains/(Loss) on account of Interest on Working Capital submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Interest on Working Capital	-	6.97	(6.97)	-	(6.97)

Particulars	FY 2019-20				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Interest on Working Capital	-	7.25	(7.25)	-	(7.25)

Commission's Analysis

The Commission has reviewed the working capital requirement considering the component wise values approved in preceding sections.

Regarding the rate of interest on working capital, the Commission vide notification no. 7 of 2016 dated 2nd December, 2016 has amended its Regulation 40.4 (b) of the GERC (MYT) Regulations, 2016 as given under:

> *"Interest shall be allowed at a rate equal to the State Bank Base Rate (SBBR) / 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate*

(MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable as on 1st April of the financial year in which the petition is filed plus 250 basis points:

Provided that at the time of Truing up for any year, interest on working capital shall be allowed at a rate equal to the weighted average State Bank Base Rate (SBBR) / 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable prevailing during the financial year plus 250 basis points."

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.39% and 8.16% prevailing during the FY 2018-19 and FY 2019-20 respectively plus 250 basis points. Accordingly, the rate of interest on working capital is worked out to 10.89% and 10.66% for FY 2018-19 and FY 2019-20 respectively.

Table 3-22: Interest on Working Capital approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
Working Capital Requirement						
O&M Expenses	-	32.34	32.34	-	28.65	28.65
Maintenance Spares	-	45.23	45.23	-	46.12	46.12
Receivables	-	87.83	87.83	-	93.83	93.83
Working Capital Requirement	-	**165.40**	**165.40**	-	**168.60**	**168.60**
Less: Average held as Security Deposit	-	104.39	104.39	-	104.59	104.59
Total Working Capital	-	**61.01**	**61.01**	-	**64.01**	**64.01**
Interest Rate (%)	10.65%	11.43%	10.89%	10.65%	11.33%	10.66%
Interest on Working Capital	-	**6.97**	**6.64**	**-**	**7.25**	**6.82**

3.11 Interest on Security Deposit

Petitioner's Submission

DPT has stated that in its Order dated 29th September, 2020, the Commission while approving interest on security deposit has stated following

"There is no evidence that the Petitioner has paid interest on Consumer Security Deposit, as

the same is not reflected in the Audited Accounts. Hence, the Commission has not considered Interest on Consumer Security Deposit as an expense for the period from FY 2018-19 to FY 2020-21. The same shall be considered based on actuals at the time of truing up for the respective years, based on the Audited Accounts and in accordance with the provisions of the GERC (MYT) Regulations, 2016"

Accordingly, DPT has submitted the interest on security deposit as per its audited accounts of FY 2018-19 and FY 2019-20. The security deposit held by DPT as on 31st March, 2019 was Rs. 104.39 Lakh which increased to Rs. 104.59 lakh as on 31st March, 2020. As per section 47 (4) of Electricity Act 2003, the distribution licensee shall pay interest equivalent to the bank rate or more as may be specified by the concerned SERC. DPT has considered the interest payable per annum at the bank rate applicable for the concerned year from FY 2018-19 and FY 2019-20.

The Petitioner has submitted the Interest on Security Deposit for FY 2018-19 & FY 2019-20 as shown in the following Tables:

Table 3-23 Interest on Security Deposit submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Consumer Security Deposit	-	104.39	-	104.59
Interest Rate (%)	6.50%	6.25%	6.50%	6.50%
Interest on Security Deposit	**-**	**6.52**	**-**	**6.80**

DPT has requested the Commission to approve the Interest on security deposit as discussed above and pass on the variation as uncontrollable factor as per GERC (MYT) Regulations, 2016.

Commission's Analysis

The Commission has analysed the data submitted by the Petitioner. There is no evidence that the Petitioner has paid interest on Consumer Security Deposit, as the same is not reflected in the Audited Annual Accounts. Hence, the Commission has not considered Interest on

Consumer Security Deposit as an expense in the true-up for FY 2018-19 & FY 2019-20, respectively.

With reference to collection of security deposit from Consumers and payment of interest on the same, the Commission directs DPT to comply with provisions of GERC Security Deposit Regulations, 2005 and amendments therein.

3.12 Return on Equity

Petitioner's Submission

DPT has considered closing equity balance of FY 2017-18 approved as per MYT Order dated 29th September, 2020 as opening equity balance for FY 2018-19. Further additional capitalisation in 2018-19 and FY 2019-20 have been funded with normative 70:30 debt-equity ratio as per GERC (MYT) Regulations, 2016.

Accordingly, DPT has computed the Return on Equity considering a rate of return at 14% as per regulation 37.1 of GERC (MYT) Regulations, 2016 as shown below:

Table 3-24: Return on Equity submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20	
	Approved in the MYT Order	Actual claimed	Approved in the MYT Order	Actual claimed
Opening Equity Capital	1357.00	1357.00	1357.00	1383.74
Equity Addition during the Year	-	26.74	17.40	-
Closing Equity	1357.00	1383.74	1374.40	1383.74
Average Equity	1357.00	1370.37	1365.70	1383.74
Rate of Return on the Equity	14%	14%	14%	14%
Return on Equity	**189.98**	**191.85**	**191.20**	**193.72**

DPT has requested the Commission to approve the Return on equity for FY 2018-19 and FY 2019-20 and pass on the variation as Controllable factor as provided below.

Table 3-25: Gain/(loss) on account of Return on Equity submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Return on Equity	189.98	191.85	(1.87)	(1.87)	-

Particulars	FY 2019-20				
	Approved in the MYT Order	Actual claimed	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Return on Equity	191.20	193.72	(2.52)	(2.52)	-

Commission's Analysis

The Commission had considered the opening equity for FY 2018-19 same as the closing equity for FY 2017-18 approved in the MYT Order. The opening equity for FY 2019-20 is considered same as the closing equity for FY 2018-19 approved in this Order.

As stated earlier, nil capitalization in FY 2018-19 & FY 2019-20 has been approved and hence there is nil debt and equity addition. The rate of RoE has been considered as 14% for FY 2018-19 & FY 2019-20 in accordance with the applicable GERC (MYT) Regulations, 2016. The RoE has been computed on the average equity in each year, in accordance with the applicable the GERC (MYT) Regulations, 2016, as shown in the Tables below:

Table 3-26: RoE approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
Opening Equity	1357.00	1357.00	1357.00	1357.00	1,383.74	1,357.00
Addition to Equity	-	26.74	-	17.40	-	-
Closing Equity	1,357.00	1,383.74	1,357.00	1,374.40	1,383.74	1,357.00
Average Equity	1,357.00	1,370.37	1,357.00	1,365.70	1,383.74	1,357.00
RoE at 14%	**189.98**	**191.85**	**189.98**	**191.20**	**193.72**	**189.98**

3.13 Income Tax

Petitioner's Submission

The Petitioner has submitted that the actual Income Tax for the period from FY 2018-19 & FY 2019-20 has been Nil and has hence, not been considered.

Commission's Analysis

As the actual Income Tax for the period from FY 2018-19 & FY 2019-20 has been Nil, the Commission has considered Nil Income Tax for this period.

3.14 Non-Tariff Income (NTI)

Petitioner's Submission

The Petitioner has submitted the Non-Tariff Income for FY 2018-19 & FY 2019-20 as Other Income and has considered under total revenue for FY 2018-19 & FY 2019-20.

Commission's Analysis

The Commission has considered other income as Non-Tariff Income for FY 2018-19 & FY 2019-20. The Commission has verified the actual Non-Tariff Income from the Audited Annual Accounts, and accepted the Non-Tariff Income for FY 2018-19 & FY 2019-20, respectively as shown in the Table Below:

Table 3-27: Non-Tariff Income approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19			FY 2019-20		
	Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
Non- Tariff Income	21.59	19.92	19.92	21.59	20.75	20.75

3.15 Revenue from Sale of Power

Petitioner's Submission

The Petitioner has included revenue from sale of power and other income as revenue component. Other income includes interest on security deposit with PGVCL and meter connection charges. The break-up for FY 2018-19 and FY 2019-20 is shown in the Table Below:

Table 3-28: Revenue submitted by DPT for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20
	Actual Claimed	Actual Claimed
Revenue from Sale of Power	1034.03	1105.22
Other Income	19.92	20.75
Total Revenue	**1053.94**	**1125.97**

Commission's Analysis

As mentioned above, the Commission has considered other income as part of Non-Tariff Income. The Commission has verified the actual revenue from sale of power from the Audited Annual Accounts for FY 20118-19 & FY 2019-20, respectively, as submitted by the Petitioner.

The Commission notes that major consumption of DPT (Port) is at highly motive Cranes, lighting (High Mast & Lattice Towers), Office Buildings and Water Pumps and for its billing DPT has executed time to time load surveys and these have been done according to the running hours and efficiency of the motors. In absence of actual sales data due to insufficient metering infrastructure, it is not possible to verify whether revenue shown in annual account are billed in compliance with tariff schedule issued by the Commission.

3.16 Summary of ARR for FY 2018-19 & FY 2019-20 and Sharing of Gains/ Losses

Petitioner's Submission

Based on the above analysis, the Petitioner has submitted the Aggregate Revenue Requirement (ARR) for the period from FY 2018-19 & FY 2019-20.

Based on the methodology prescribed in the GERC (MYT) Regulations, 2016, DPT has classified various heads of expenses as Controllable & Uncontrollable.

The following Table summarizes net gain/ (loss) to DPT for FY 2018-19 and FY 2019-20 on account of controllable & uncontrollable factors:

Table 3-29: Controllable & Uncontrollable Variations submitted by DPT for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19			
		Approved in the MYT Order	Actual Claimed	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	859.74	799.14	-	60.60
2	Operation & Maintenance Expenses	308.91	388.09	(79.18)	-
3	Depreciation	233.36	233.36	-	-
4	Interest & Finance Charges	-	-	-	-
5	Interest on Security Deposit	-	6.52	-	(6.52)
6	Interest on Working Capital	-	6.97	-	(6.97)
7	Return on Equity	189.98	191.85	(1.87)	-
8	Income Tax	-	-	-	-
9	**Aggregate Revenue Requirement**	1591.99	1625.94	(81.05)	47.10
10	Less: Non-Tariff Income	21.59	19.92	-	1.67
11	**Net ARR**	**1570.40**	**1606.02**	**(81.05)**	**45.43**

Table 3-30: Controllable & Uncontrollable Variations submitted by DPT for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	FY 2019-20			
		Approved in the MYT Order	Actual Claimed	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	1162.29	974.13	-	188.16
2	Operation & Maintenance Expenses	326.58	343.85	(17.27)	-
2.1	Employee Cost	-	57.27		-
2.2	Repair & Maintenance Cost	-	160.05		-
2.3	Administration & General Charges	-	126.53		-
3	Depreciation	234.89	233.36	1.53	-
4	Interest & Finance Charges	-	-	-	-
5	Interest on Security Deposit	-	6.80	-	(6.80)
6	Interest on Working Capital	-	7.25	-	(7.25)
7	Return on Equity	191.20	193.72	(2.52)	-
8	Income Tax	-	-	-	-
9	**Aggregate Revenue Requirement**	1914.96	1759.12	(18.27)	175.63
10	Less: Non-Tariff Income	21.59	20.75	-	0.84
11	**Net ARR**	**1893.37**	**1738.37**	**(18.27)**	**173.27**

Commission's Analysis

The ARR approved by the Commission for FY 2018-19 & FY 2019-20, based on the individual components of the ARR as discussed in the earlier paragraphs, is shown in the Tables below:

Table 3-31: ARR approved by the Commission for FY 2018-19 & FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19			FY 2019-20		
		Approved in MYT Order	Actual Claimed	Approved in Truing up	Approved in MYT Order	Actual Claimed	Approved in Truing up
1	Power Purchase Expenses	859.74	799.14	761.98	1,162.29	974.13	910.87
2	Operation & Maintenance Expenses	308.91	388.09	388.09	326.58	343.85	343.85
2.1	Employee Cost		66.14	66.14		57.27	57.27
2.2	R&M Cost		137.76	137.76		160.05	160.05
2.3	A&G Cost		184.19	184.19		126.53	126.53
3	Depreciation	233.36	233.36	233.36	234.89	233.36	233.36
4	Interest & Finance charges	-	-	-	-	-	-
5	Interest on Security Deposit	-	6.52	-	-	6.80	-
6	Interest on Working Capital	-	6.97	6.64	-	7.25	6.82
7	**Total Revenue expenditure**	**1,402.01**	**1,434.08**	**1,390.07**	**1,723.76**	**1,565.39**	**1,494.91**
8	Return on Equity Capital	189.98	191.85	189.98	191.20	193.72	189.98
9	**Aggregate Revenue Requirement**	**1,591.99**	**1,625.93**	**1,580.05**	**1,914.96**	**1,759.11**	**1,684.89**
10	Less: Non-Tariff Income	21.59	19.92	19.92	21.59	20.75	20.75
11	**Aggregate Revenue Requirement**	**1,570.40**	**1,606.01**	**1,560.13**	**1,893.37**	**1,738.36**	**1,664.14**

3.17 Revenue Gap/ (Surplus)

DPT has proposed to pass on a sum of 1/3rd of total gain/(loss) on account of controllable factors and full pass through of the uncontrollable factors as per the mechanism specified in the GERC (MYT) Regulation, 2016. Adjusting these to the net Aggregate Revenue Requirement, DPT has arrived at the Revised Aggregate Revenue Requirement from FY 2018-19 and FY 2019-20

This revised Aggregate Revenue Requirement is compared against the revised income under various heads including revenue from sale of power and other income.

Accordingly, the Petitioner has submitted the Revenue Gap/(Surplus) for the period from FY 2018-19 & FY 2019-20, after considering the sharing of Gains/(Losses) due to controllable and uncontrollable factors, as shown in the Tables below:

Table 3-32: Revenue Gap/(Surplus) claimed by DPT for FY 2018-19 to FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	FY 2018-19	FY 2019-20
		Actual Claimed	Actual Claimed
1	ARR originally approved	1591.99	1914.96
2	Gain/(Loss) due to Uncontrollable Factors to be passed on to Consumer	45.43	173.27
3	Gain/(Loss) due to Controllable Factor to be passed on to Consumer	(27.02)	(6.09)
4	**Revised ARR**	**1573.58**	**1747.78**
5	Revenue from Sale of Power	1034.03	1105.22
6	Other Income	19.92	20.75
7	Total Revenue	1053.94	1125.97
8	**Revenue Gap/(Surplus)**	**519.63**	**621.81**

Commission's Analysis

The Commission in its Tariff Order dated 29th September 2020 stated that Revenue Gap for FY 2018-19 would not be considered. The relevant part of the Tariff Order dated 29th September, 2020 is reproduced here below:

"Further, as stated earlier, while granting repeated extensions to the Petitioner for filing the true-up Petitions, the Commission has clarified that no Revenue Gap would be considered till FY 2018-19."

Further, the Petitioner has not claimed Revenue Gap/ (Surplus) for FY 2018-19 to be passed on in the ensuing year and hence the Commission has not computed the Revenue Gap/(Surplus) for FY 2018-19.

The Commission notes that during FY 2019-20, major consumption of DPT (Port) is at highly motive Cranes, lighting (High Mast & Lattice Towers), Office Buildings and Water Pumps and for its billing, DPT has executed time to time load surveys and these have been done according to the running hours and efficiency of the motors. In absence of sufficient and significant metering infrastructure, it is not possible to verify correct sales and qua revenue as claimed by the Petitioner.

The Commission also notes that the Petitioner has not been filing quarterly FPPPA submission despite of directives in the previous tariff order. The Commission feels that had the Petitioner adhered to the mechanism of FPPPA set out in the previous tariff order, the Petitioner could have adequately recovered the revenue to meet its ARR requirements.

Accordingly, the Commission has decided not to compute the Revenue Gap/(Surplus) for the FY 2019-20. However, the Commission has carried out component-wise analysis based on the data submitted by DPT to form the base values to be considered for projecting the ARR for the future years.

4 Determination of ARR for FY 2021-22

4.1 Introduction

This Chapter deals with the determination of ARR for FY 2021-22.

The Commission has issued Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020 about applicability of GERC (MYT) Regulations, 2016 for filing application / Petition for the determination of Annual ARR for FY 2021-22 and proposal for determination of tariff for FY 2021-22.

DPT has accordingly submitted that it has worked out the estimated ARR for FY 2021-22 based on GERC (MYT) Regulations, 2016 in line with the directions of the Commission in the Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020.

4.2 Energy Sales

Petitioner's Submission

The Petitioner has estimated the number of consumers, connected load and sales for various consumer categories primarily based on the Compounded Annual Growth Rate (CAGR) trends during the last few years.

The Petitioner has submitted that wherever the trend has seemed unreasonable or unsustainable, the growth factors have been adjusted to arrive at more realistic projections. DPT has applied CAGR rate thus considered on estimated sales of FY 2020-21 which in turn have been arrived on basis of actual sales achieved in H1 period.

The category-wise growth rates/assumptions considered by the Petitioner for projecting the sales, number of consumers, and connected load for FY 2021-22 are shown in the Table below:

Table 4-1: Category-wise Growth Rates/Assumptions considered by DPT

Sr No	Consumer Category	Sales	Number of Consumers	Connected Load	Remarks
1	RGP	-3.17%	-12.27%	-13.63%	5-year CAGR
2	NRGP	6.81%	-0.28%	-4.19%	5-year CAGR for sales, consumers and connected

Sr No	Consumer Category	Sales	Number of Consumers	Connected Load	Remarks
					load, due to consumer shifting
3	LTMD	5.00%	*	*	Subjective assumption, based on reduction in number of consumers
4	Street Lights	5.00%	*	*	Nominal subjective growth rate, in absence of past data
5	Temporary	-21.38	2.99%	-3.54%	2-year CAGR
6	HT	9.25%	6.90%	6.17%	2-year CAGR for Sales and connected load, Subjective assumption, based on projected addition in number of consumers

The category-wise energy sales, number of consumers and connected load projected by the Petitioner are shown in the Table below:

Table 4-2: Energy Sales, Number of Consumers and Connected Load projected for FY 2021-22 as submitted by DPT

Sr. No.	Consumer Category	Sales (MUs)	No. of Consumers	Connected Load
1	RGP	5.31	438	797.23
2	NRGP	24.15	209	1052.99
3	LTMD	37.06	18	1347.00
4	Street Lights	10.92	5	255.00
5	Temporary	2.46	72	425.37
6	HT	183.98	13	10,846.64
7	**Total**	**263.87**	**755**	**14,724.23**

Commission's Analysis

The Commission has noted the category-wise sales projected by the Petitioner for FY 2021-22. The Petitioner has projected a steep rise in the sales of HT category from 62.87 LUs in FY 2019-20 to 183.98 LUs in FY 2021-22.

As detailed in the True-up Chapter, the 'actual' category-wise sales reported in previous years are not based on actual meter reading but are assessed/ allocated sales.

The Commission is of the view that the Licensee is in the best position to judge the sales growth, especially in this case, on account of the expected addition of new consumers having large loads. Hence, the Commission approves the category-wise sales as projected by the Petitioner, as shown in the Table below.

Table 4-3: Energy Sales approved by the Commission for FY 2021-22

(LUs)

Particulars	DPT Petition	Approved in this Order
Energy Sales	263.87	263.87

4.3 Distribution Losses

Petitioner's Submission

The Petitioner has submitted that it has procured meters for its distribution network & consumers and has already installed 80% of required meters. Metering work is expected to be completed by end of April 2021.

The Petitioner has stated that it is also taking steps to reduce distribution loss and is confident in its ability to reach distribution loss value of 5.00% in FY 2021-22 on the basis of metered sales.

The Petitioner has considered a distribution loss level of 5.00% for FY 2021-22 as it is taking steps for providing 100% metering to all its consumers and requested the Commission to approve the same.

Commission's Analysis

As stated earlier, the 'actual' category-wise sales are not actual sales, as they are not metered sales but assessed/allocated sales. As a result, the Distribution Losses projected by DPT are also not based on actual data, as they are not based on the difference between the energy injected into the system and the energy sold.

The Commission is of the view that proper determination of Distribution Losses will be possible only after authentic sales data based on actual metering and billing is made available. However, on account of lack of any other data, the Commission has considered the Distribution Losses as submitted by the Petitioner for FY 2021-22, as shown in the Table below:

Table 4-4: Distribution Losses approved for FY 2021-22 (%)

Particulars	DPT Petition	Approved in this Order
Distribution Losses	5.00%	5.00%

The Commission directs the Petitioner to take up the metering process with utmost urgency and complete the process as soon as possible and maintain the proposed timelines, so that the next Petition is based on actual metered sales data.

4.4 Energy Requirement

Petitioner's Submission

The Petitioner submitted that it had projected the energy requirement by grossing up the projected sales with the projected Distribution Losses for FY 2021-22, as shown in the Table below:

Table 4-5: Energy Requirement for FY 2021-22 as submitted by DPT (LUs)

Sr. No.	Particulars	FY 2021-22
1	Energy Sales	263.87
2	Distribution Losses (%)	5.00%
3	Distribution Losses	13.89
4	**Total Energy Requirement**	**277.76**

Commission's Analysis

As stated earlier, the Commission has considered the category-wise sales and Distribution Losses as submitted by the Petitioner for FY 2021-22. The energy requirement for FY 2021-

22 has been considered by grossing up the sales with the Distribution Losses, as shown in the Table below:

Table 4-6: Energy Requirement approved by the Commission for FY 2021-22 (LUs)

Particulars	DPT Petition	Approved in this Order
Energy Sales	263.87	263.87
Distribution Loss (%)	5.00%	5.00%
Distribution Loss (MU)	13.89	13.89
Energy Requirement	277.76	277.76
Transmissoin Losses	4.09	4.09
Total Energy Requirement	**281.85**	**281.85**

4.5 Power Purchase Cost

Petitioner's Submission

The Petitioner has submitted that as a distribution licensee, DPT receives 66 kV supply for various Port activities with a contract demand with PGVCL of 2.5 MVA. DPT' Electrical Division also receives power supply from Wind power plant, of DPT' Port Division, with installed capacity of 6 MW. DPT has started procuring supply from FY 2017-18 from Wind power plant. In addition, DPT is also sourcing power, through Power exchange from FY 2019-20 onwards.

4.5.1 Power Purchase Sources

1. <u>Wind Power Plant</u>

The Petitioner submitted that DPT's Electrical Division consumed power from the 6 MW Wind Power Plant at the rate of Rs. 4.20/kWh. Considering the recent reduction in prices of wind power, the purchase price was reviewed and prices were reduced to Rs. 3.20/kWh from 1st April, 2018 onwards. The same has been considered for projections for FY 2021-22 as well. In 2019-20, the wind turbines generated at approximately 22%. The same has also been assumed for FY 2021-22.

2. <u>Power Exchange</u>

The Petitioner has planning to meet the additional power requirement from Power Exchanges to optimise its total Power Purchase cost for FY 2021-22. The balance energy requirement is projected to be procured from Power exchange and PGVCL in the ratio of 75% and 25%. As per the projection for FY 2021-22, 75% of the net energy requirement after deducting the power purchase units from wind power plant amounts to 124.67 LUs. The Petitioner has considered PoC losses of 3.60% as per Gujarat withdrawal losses and 3.54% approved GETCO Losses.

The Petitioner submitted that the landed cost of purchase from Power Exchange has been calculated by taking the Indian Energy Exchange (IEX) price of FY 2019-20 at Rs. 2.997/kWh, and escalating the same by 2.5% annually, to arrive at the rate of Rs. 3.15/kWh for FY 2021-22. The Petitioner has considered the Open Access charges equal to Rs. 0.8922/kWh for FY 2021-22, to arrive at the landed cost of Rs. 4.04/kWh for purchase from Power Exchange for FY 2021-22. By factoring in the total power purchased from exchange and landed power rate, power purchase cost from PX is projected to be Rs. 539.10 Lakh in FY 2021-22.

3. PGVCL

The Petitioner submitted that it receives supply at 66 kV from PGVCL with a Contract Demand of 2500 kVA. The Petitioner submitted that due to increase in connected load, and owing to variability of wind power and also non-guaranteed power from exchange, DPT expects that it would have to increase contract demand from PGVCL from 2500 kVA to 3125 kVA in FY 2021-22. For projection of power purchase cost, DPT has considered current fixed charge of Rs. 350/kVA and energy charge of Rs. 6.45/kWh (including FPA) for determining power purchase cost of DPT.

4. Renewable Purchase Obligation

The Petitioner submitted that in accordance with the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 and its subsequent Amendment in 2014 and 2018, the Distribution Licensees are obligated to procure a defined minimum percentage of electricity from renewable energy (RE) sources at a defined minimum percentage of the total consumption of its consumers including T&D losses during a year.

The RPO target specified by the Commission for FY 2021-22 and the corresponding quantum of RE to be procured by the Petitioner, is shown in the Table below:

Table 4-7: RPO Target (LUs)

Description	Solar		Wind		Others (Biomass, Small Hydro, Bagasse, MSW)	
	%	Quantum	%	Quantum	%	Quantum
2021-22	8.25%	22.22	8.00%	22.92	0.75%	2.08

The Petitioner submitted that for previous years, the Commission has exempted the Petitioner from compliance with RPO targets, on the grounds that the Petitioner is procuring power from PGVCL, which consists of RE component also.

The Petitioner has referred the Commission's Order in the matter of Suo-Motu Petition No. 1542 /2015, dated 31st December, 2016, where in under Clause no. 15 the Commission has exempted DPT from compliance to RPO, on the grounds that DPT is procuring power, from PGVCL, which consists of the renewable energy component also. The relevant clause of the referred order has been reproduced below for reference:

"We also note that Jubilant Infrastructure Limited, GIFT Power Company Limited and Aspen Infrastructure Limited and Kandla Port Trust are procuring the power from the DGVCL, UGVCL, MGVCL and PGVCL respectively, which consists of the renewable energy component also. Therefore, we exempt them from the renewable purchase obligations specified by the Commission."

The Petitioner submitted that it has projected 115.63 LUs power purchase quantum from the Wind Power Plant for FY 2021-22, which is in excess of the overall RPO requirement. As per regulation 4.1 of GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 amended in 2018, in case of un-availability of solar power, distribution licensee can fulfil its solar RPO through wind power also. The relevant extract of the Regulations is produced below:

"If the above mentioned minimum quantum of power purchase either from Solar or Wind or Others (including Biomass, Bagasse, Hydro and MSW) is not available in a particular year of FY 2017'18 to 2021-22, then in such cases, additional renewable energy available either from Solar or Wind or Others shall be utilised for fulfilment of RPO in accordance with Column 5."

As the Petitioner is procuring most of its power through wind, which is a renewable source, the Petitioner requested the Commission for considering the power procurement from wind to meet the overall RPO target. The Petitioner added that it is also planning to procure power from solar power projects in the future, for further optimising the power purchase costs.

5. Transmission & SLDC Charges

The Petitioner submitted that the Transmission Charges is only applicable for wind power plant and the same has been included in wind power purchase cost for FY 2021-22. DPT has projected the SLDC charges for FY 2021-22 by projecting actual value of FY 2019-20 by 5% Y-o-Y.

The summary of the power purchase costs claimed by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-8: Power Purchase as submitted by DPT for FY 2021-22

Sr. No.	Particulars	FY 2021-22		
		Quantum (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)
1	PGVCL	41.56	399.28	9.61
2	Wind Farm	115.63	370.02	3.20
3	Power Exchange	124.67	539.10	4.32
4	SLDC Charges		0.28	
5	**TOTAL**	**281.85**	**1308.69**	**4.64**

The Petitioner has requested the Commission to approve the power purchase quantum and cost for FY 2021-22 as above.

Commission's Analysis

The Commission sought details from the Petitioner regarding the supporting documents (like PPA) for the power purchase cost for FY 2021-22.

1. Wind Power Plant

The Petitioner has started procuring power from its own Wind Power Plant from FY 2017- 18. The Petitioner has considered the rate of Rs. 3.20/kWh for purchase from its own Wind Power project from FY 2018-19 onwards considering the recent developments of reduction in prices of wind power.

The Commission notes that the Petitioner has requested to consider Rs. 3.20/kWh for purchase from its wind power plants with effect from 01st April, 2018 onwards in view of the recent developments of reduction in prices of wind power. Hence, the Commission has accepted the Petitioner's submission and decided to consider the rate of Rs. 3.20/kWh for FY 2021-22.

Further, the Petitioner has considered CUF of 22% from the Wind Power Plant for FY 2021-22 same as of FY 2019-20.

For considering the power purchase quantum and cost for FY 2021-22, the Commission has accepted the Petitioner's projection of CUF, which will be subject to true-up based on actuals, when submitted by the Petitioner.

2. <u>Power Exchange</u>

The Petitioner has proposed to fulfil its remaining power requirement, after utilising the power purchased from the Wind Power Plant, from the Power Exchanges and PGVCL in the ratio of 75% and 25%. The Petitioner has considered the rate of purchase from Power Exchanges as Rs. 4.32/kWh for FY 2021-22. In line with the rate approved by the Commission for purchase of power by other Distribution Licensees from Power Exchanges for FY 2021-22, the Commission has considered rate of Rs. 4.00/kWh for estimating the power purchase cost for FY 2021-22.

However, the Commission is concerned with the Petitioner's philosophy of purchasing the majority of its power requirement from the Power Exchange. Every Distribution Licensee is required to have an optimal mix of long-term/medium-term power procurement sources, and a small component of short-term/bilateral/Power Exchange power procurement, to manage the variation in demand. Further, only 15% of the power is coming from a firm source, i.e., PGVCL. The balance 41% is proposed to be procured from the Wind Power project, which is also seasonal and has intra-day variations as well.

3. <u>PGVCL</u>

As regards the higher cost of power purchase from PGVCL, the Petitioner has submitted that as per the PPA with PGVCL, the Petitioner has to pay for the Fixed Charges as per the Contract Demand, even though the units purchased have reduced significantly. This has resulted into high per unit rate of power purchase from PGVCL.

The Commission has considered the Contract Demand as projected by the Petitioner for FY 2021-22, which is based on the expected increase in demand due to addition of new consumers. For estimating the power purchase cost for FY 2021-22, the Commission has considered the Demand Charges of Rs. 350 / KVA per month and Energy Charges of Rs. 6.35/kWh (Energy charge of Rs. 4.55/kWh and FPPPA charges of Rs. 1.80/kWh) for FY 2021-22. It is observed that the higher Demand Charges on account of the higher projected Contract Demand, coupled with a very low energy drawl from PGVCL, is resulting in a very high rate of power purchase from PGVCL. The Contract Demand needs to be rationalised based on realistic assessment of demand.

4. Renewable Purchase Obligation

It is noted that the Petitioner is presently procuring and proposes to procure non-solar RE power much in excess of the non-Solar RPO target. The Petitioner is required to comply with the RPO Regulations and Commission's directives in this regard from time to time.

5. Transmission and SLDC Charges

The Transmission Charges and SLDC Charges have been considered as submitted by the Petitioner for FY 2021-22.

The Petitioner is required to enter into long-term/medium-term PPA to optimize the power procurement cost by following competitive bidding, as per the Guidelines for Procurement of Power by Distribution Licensees (Notification No. 2 of 2013) issued by the Commission and the Ministry of Power, Government of India. The Petitioner should submit such power procurement plan along with its next Petition.

The summary of the power purchase quantum and costs for FY 2021-22 are shown in the Tables below:

Table 4-9: Power Purchase Quantum and Cost for FY 2021-22

Particulars	DPT Petition			Approved in this Order		
	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)	Qtm. (LUs)	Cost (Rs.Lakh)	Rate (Rs./kWh)
Power Purchase from PGVCL	41.56	399.28	9.61	41.56	395.13	9.51
Power Purchase from wind	115.63	370.02	3.20	115.63	370.02	3.20
Power Purchase from IEX	124.67	539.10	4.32	124.67	498.67	4.00
SLDC Charges		0.28			0.28	
Total	**281.85**	**1,308.69**	**4.64**	**281.85**	**1,264.10**	**4.48**

4.6 Operation and Maintenance (O&M) Expenses

Petitioner's Submission

Regulation 94.8 of GERC (MYT) Regulations, 2016 states the following methodology for projection of O&M expenses:

"Operation and Maintenance expenses:

a) The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three (3) years ending March 31, 2015, subject to prudence check by the Commission.

The average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the financial year ended March 31, 2014 and shall be escalated year on year at the escalation factor of 5.72% to arrive at operation and maintenance expenses for subsequent years up to FY 2020-21."

The Petitioner has submitted that in order to optimise the Revenue Gap, the Petitioner has not projected the O&M expenses for FY 2021-22 strictly in accordance with the GERC (MYT) Regulations, 2016.

The Petitioner has projected the Employee Expenses and R&M Expenses for FY 2021-22, by considering the base as actual value of FY 2019-20 and escalating annually with an escalation factor of 5.72%. For A&G Expenses, the Petitioner has considered the base as actual value of FY 2019-20, and escalating year on year at the escalation factor of 5.72%. However, in addition DPT expects to save a part of A&G Expenditure pertaining to consultancy charges by apportioning the same to other units of DPT. The total cost reduction targeted to be achieved due to such shifting is projected at approximately Rs. 1 crore.

The O&M expenses projected by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-10: O&M Expenses for FY 2021-22 as submitted by DPT (Rs. Lakh)

Particulars	FY 2021-22
Employee Expenses	64.01
R&M Expenses	178.89
A&G Expenses	41.42
Total O&M Expenses	**284.31**

Commission's Analysis

Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016 specify the method of allowing normative O&M Expenses for the MYT Control Period, as reproduced below:

"86.2 Operation and Maintenance expenses:

a) The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three (3) years ending March 31, 2015, subject to prudence check by the Commission.

b) The average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the financial year ended March 31, 2014 and shall be escalated year on year at the escalation factor of 5.72% to arrive at operation and maintenance expenses for subsequent years up to FY 2020-21…"

The Commission notes that FY 2021-22 was not part of the earlier control period (FY 2016-17 to FY 2020-21) and it was rather proposed to be the first year of the next Control Period starting FY 2021-22. While the notification of the new Tariff Regulations for the next Control Period was deferred by the Commission on account of circumstances and reasons beyond the control of the Commission, for the purpose of application of the norms for the FY 2021-22 as per the existing GERC (MYT) Regulations, 2016, the FY 2021-22 is being treated at par with the first year of the control period. Accordingly, the allowable O&M expenses for the FY 2021-22 have been computed by the Commission in line with the provisions of the Regulation 86.2 of GERC (MYT) Regulations, 2016 by considering the average actual O&M expenses for FY 2017-18 to FY 2019-20 which have been considered as the O&M expenses for the FY 2018-19 ending 31st March 2019 and escalated year on year to arrive at the allowable O&M expenses for FY 2021-22.

The O&M expenses approved for FY 2017-18, FY 2018-19 and FY 2019-20 has been considered as the base value, and escalated at the rate of 5.72%, for projecting the O&M expenses for FY 2021-22, in accordance with the GERC (MYT) Regulations, 2016. The O&M expenses thus works out to Rs. 403.37 Lakhs for FY 2021-22.

The Commission notes that while projecting O&M expenses for FY 2021-22, DPT has not considered certain consultancy cost which is going to be apportioned to other units of DPT in future years and it will reduce O&M expenses. Accordingly, the Commission finds merit in the projection of O&M expenses by DPT and approves the O&M expenses of Rs. 284.31 Lakh for FY 2021-22 same as projected by DPT.

4.7 Capital Expenditure, Capitalization and Sources of Funding

Petitioner's Submission

The scheme-wise capital expenditure projected by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-11: Capital Expenditure as submitted by DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2020-21	FY 2021-22
1	11KV Overhead Line from new Port Power House to SIPC Area	27.57	35.39
2	Procurement & Fixing of Single Phase & Three Phase digital Energy Meters	25.00	29.00
3	Up gradation of downstream Substation, RMU	210.00	
4	Work of CTPT at 66KV Sub Station	14.48	17.52
5	Supply and commissioning of 10MVA transformer in 66KV yard	133.00	
6	Strengthening of 66KV Yard	59.00	165.00
7	Double Circuit 11 KV line to SIPC	56.00	373.00
8	**Capital Expenditure Total**	**525.05**	**619.91**

The capex schemes tabulated above are detailed in below paragraphs:

- **11KV Overhead Line from new Port Power House to SIPC Area:** Two new HT consumers have applied for temporary and permanent connection of 1000KVA each during 2019, and both these connections were released during October 2020 after erection of 5CKM 11KV overhead line. A few minor works are still remaining to be completed in the line and pursuant to that the scheme would be capitalised in FY 2021-22.
- **Procurement & Fixing of Single Phase & Three Phase digital Energy Meters:** As per directive of the Commission, 1200 Single Phase, Three Phase, LTCT, Multi-Function meters are procured through Open Tender. 80 % of Energy Meters were fixed at consumer premises and downstream distribution network. The process of verification of the work is underway and pursuant to successful verification, the scheme would be capitalised in full in FY 2021-22.

- **Up gradation of downstream Substation, RMU:** This scheme is for strengthening of downstream 11KV/440V substations. All old technology AIS VCB's had deteriorated due to multiple short circuits & dusty and saline atmosphere of Kandla. Therefore, in order to minimize breakdowns all substations have been upgraded with RMU's. The work has already been completed and fully capitalized in the 2020-21.
- **Work of CTPT at 66KV Sub Station:** As per GETCO requirement, one additional 66KV CT for metering purpose is to be installed in each phase of both the incoming 66KV circuits. The work of one circuit has been completed and work for installation of CTPT meter for other circuit has been started recently and would be completed by April 21(FY 2021-22).
- **Supply and commissioning of 10MVA transformer in 66KV yard:** Out of two no's 6.3 MVA 66/11KV power transformers, one transformer was under repairs and the load of entire port was being catered by only one 6.3 MVA transformer. This had implication on reliability of power supply in the licensee area. As submitted earlier, additional connected load is also coming in the licensee area with expansion of existing consumers in SIPC area. Hence a new 10MVA transformer was procured and put into service in FY 2020-21.
- **Strengthening of 66KV Yard:** This work has been undertaken for strengthening of 66KV Switchyard. All old technology AIS Conductors, Post Insulators, Circuit Breakers, Isolators, CT PT units had deteriorated due to frequent short circuits & dusty and saline atmosphere of Kandla. The frequent tripping at DPT 66KV line results into tripping at GETCO Anjar. Therefore, to minimize the breakdowns DPT is in process of upgradation of existing equipment and system strengthening at 66KV Yard. Assets worth Rs 59 Lakh has been capitalized under the scheme in FY 2020-21 and further assets worth Rs. 1.65 crore would be capitalized in FY 2021-22.
- **Double Circuit 11 KV line to SIPC:** This line is being erected for giving regular power supply to industries in SIPC from 66KV DPT substation to SIPC area. The tentative length of this line is 5.5 KM's. The work is under progress and would be completed by FY 2022-23

The Petitioner submitted that it takes a very cautious approach for incurring capital expenditure, so as not to burden its consumers with higher tariffs and has only made/ projected adequate capital expenditure for improvement of its distribution network.

The Petitioner has submitted the projected scheme-wise capitalisation and its funding for FY 2021-22, as shown in the Table below:

Table 4-12: Capitalization submitted by DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2020-21	FY 2021-22
1	11KV Overhead Line from new Port Power House to SIPC Area	-	62.96
2	Procurement & Fixing of Single Phase & Three Phase digital Energy Meters	-	54.00
3	Up gradation of downstream Substation, RMU	210.00	
4	Work of CTPT at 66KV Sub Station	14.48	17.52
5	Supply and commissioning of 10MVA transformer in 66KV yard	133.00	
6	Strengthening of 66KV Yard	59.00	165.00
7	Double Circuit 11 KV line to SIPC	-	-
8	**Total**	**416.48**	**299.48**

The Petitioner has submitted that it has incurred/ is incurring capital expenditure requirements through its own equity, but for the purpose of MYT Petition, the capital expenditure is proposed to be funded through debt and equity in the ratio of 70:30, as guided under the prevailing GERC (MYT) Regulations, 2016. The detailed breakup of funding of capitalisation for FY 2021-22 is mentioned below.

Table 4-13: Funding of Capitalization submitted by DPT for FY 2021-22 (Rs. Lakh)

Particulars	FY 2021-22
Total Capitalization	299.48
Debt	209.64
Equity	89.84

Commission's Analysis

The Petitioner has projected to undertake capital expenditure of Rs. 619.91 lakh in FY 2021-22, and capitalization of Rs. 299.48 Lakh. The schemes are essential, with 100% consumer metering long overdue. If the consumer addition happens as envisaged, then the related network augmentation would also have to be undertaken.

In view of the above, the Commission approves the Capital Expenditure and Capitalization as projected by the Petitioner. The assessment of actual vs. projected capitalisation shall be done at the time of truing up for the respective year. The funding of the capitalisation has been considered in the normative Debt-Equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016. The scheme-wise capital expenditure and capitalisation, and its funding, as approved by the Commission for the FY 2021-22 is shown in the Table below:

Table 4-14: Capital Expenditure, Capitalisation and funding approved by the Commission for FY 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Approved in this Order
Capital expenditure	619.91	619.91
Capitalization	299.48	299.48
Total Funding requirement (Capitalisation)	**299.48**	**299.48**
Normative Debt (70%)	209.64	209.64
Normative Equity (30%)	89.84	89.84

4.8 Depreciation

Petitioner's Submission

The Petitioner submitted that it has claimed depreciation at the rates specified in the GERC (MYT) Regulations, 2016. The Petitioner has considered the closing value of GFA for FY 2019-20 as the opening value of GFA for FY 2020-21. The projected addition to GFA during FY 2020-21 & 2021-22 has been considered based on the projected capitalisation for each year. Depreciation has been calculated taking into consideration the opening GFA and the addition to GFA during the year. The Depreciation projected by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-15: Depreciation projected by DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2021-22
1	Opening GFA	5028.96
2	Addition During the Year	299.48
3	Closing GFA	5328.44
4	**Depreciation for the year**	**263.26**
5	Average Rate of Depreciation	5.08%

Commission's Analysis

The Commission has computed the depreciation on the average of opening and closing GFA for each year in accordance with the depreciations rates specified in the GERC (MYT) Regulations, 2016. The closing GFA value of FY 2019-20 has been considered as the opening GFA value of FY 2020-21, with the addition to GFA for FY 2020-21 approved in the MYT Order for computing opening GFA for FY 2021-22. Addition to GFA is considered as per the capitalisation considered by the Commission for FY 2021-22. The Commission has approved the depreciation for FY 2021-22 as shown in the Table below:

Table 4-16: Depreciation approved by the Commission for FY 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Provisionally Computed
Gross Block at the beginning of the year	5028.96	4,523.35
Addition during the year	299.48	299.48
Gross Block at the end of the year	5,328.44	4,822.83
Depreciation	**263.26**	**241.27**

4.9 Interest Expenses

Petitioner's Submission

The Petitioner has considered the opening debt for FY 2020-21 as 'nil', same as closing debt for FY 2019-20 as submitted in True-up chapter.

The Petitioner has submitted that the entire capital expenditure since its inception has been self-funded through budgetary support, however, in accordance with the applicable GERC (MYT) Regulations, the Petitioner has considered the actual capitalization in FY 2020-21 and FY 2021-22 to be funded in the normative debt:equity ratio of 70:30.

DPT has calculated Interest & Finance charges for FY 2021-22 as per Regulation 38.5 of the GERC (MYT) Regulations, 2016, as reproduced below:

"Provided also that if the Generating DPT or the Transmission Licensee or SLDC or the Distribution Licensee as a whole does not have actual loan, then the Bank Rate plus 200 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan."

In line with the approach adopted by the Commission and as prescribed by GERC (MYT) Regulations, 2016, repayment during the year has been considered equal to the depreciation for the financial year. DPT has considered the latest available bank rate plus 200 basis points for calculating Interest and Finance charges for FY 2021-22.

The Petitioner has projected the Interest & Finance Charges for the period from FY 2021-22 as shown in the Table below:

Table 4-17: Interest & Finance Charges projected by DPT for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Opening Loans	47.18
2	Loan Additions during the Year	209.64
3	Repayment during the Year	263.26
4	Closing Loans	-
5	Average Loans	23.59
6	Rate of Interest	6.25%
7	**Interest on Loan**	**1.47**

Commission's Analysis

The Commission has considered the closing balance of Normative Loan for FY 2019-20 as approved in this Order and the addition of Normative Loan and repayment of Normative Loan for FY 2020-21 as approved earlier in the MYT Order dated 29th September, 2020 to work out the closing balance of loans for FY 2020-21. As the depreciation amount for FY 2020-21 is higher than the normative loan amount, the closing balance of loans for FY 2020-21 works out to Nil which has been considered as opening balance of Normative Loan for FY 2021-22.

The loan addition and repayment equivalent to depreciation as approved for FY 2021-22 have been considered. As the depreciation amount for FY 2021-22 is higher than the normative loan amount, the normative interest on loans works out to Nil for FY 2021-22. The computation of interest expenses approved by the Commission for FY 2021-22 is shown in the Table below:

Table 4-18: Interest Expenses approved by the Commission for FY 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Approved in this Order
Interest on Normative Loan		
Opening Loan	47.18	-
Addition of Loan due to Capitalisation during the Year	209.64	209.64
Less: Repayment	263.26	209.64
Closing Loan	-	-
Average Loan	23.59	-
Rate of Interest (%)	6.25%	
Interest Expenses	**1.47**	**-**

4.10 Interest on Working Capital

Petitioner's Submission

The Petitioner submitted that it has calculated the normative Interest on Working Capital (IoWC) for FY 2021-22 in accordance with the GERC (MYT) Regulations, 2016. The Petitioner has assumed a nominal annual increase of 10% in the Consumer Security Deposit for FY 2021-22 over the actual amount as per audited accounts of FY 2019-20. The IoWC submitted by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-19: Interest on Working Capital submitted by DPT for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	O&M expenses	23.69
2	Maintenance Spares	50.29
3	Receivables	163.60
4	Less: Consumer Security Deposit	126.55
5	Total Working Capital	111.03
6	Interest Rate (%)	8.15%
7	**Interest on Working Capital**	**9.05**

Commission's Analysis

The Commission has recomputed the components of working capital, in line with the methodology as specified in the GERC (MYT) Regulations, 2016 using the component as approved in preceding sections of this Order.

The Commission has noted that DPT has considered revenue from sale of power at existing tariff for calculation of working capital requirement. The Commission has considered approved Aggregate Revenue Requirement for calculation of working capital requirement. The rate of interest on working capital has been considered as 10.25% considering SBI MCLR as on 01.04.2020 (7.75 % plus 250 basis points) as per the GERC (MYT) Regulations, 2016. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2016.

The normative interest on working capital approved by the Commission for FY 2021-22 is shown in the Table below:

Table 4-20: Normative IoWC approved by the Commission for FY 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Approved in this Order
Working Capital Requirement		
O&M Expenses	23.69	23.69
Maintenance Spares	50.29	45.23
Receivables	163.60	164.68
Working Capital Requirement	**237.58**	**233.61**
Less: Average held as Security Deposit	126.55	126.55
Total Working Capital	**111.03**	**107.06**
Interest Rate (%)	8.15%	10.25%
Interest on Working Capital	**9.05**	**10.97**

4.11 Interest on Security Deposit

Petitioner's Submission

The Petitioner submitted that the Consumer Security Deposit as on 31st March, 2020 was Rs. 104.59 lakh as per the Audited Accounts. The Petitioner has considered the interest payable on the Consumer Security Deposit at the Bank Rate. Further, the Consumer Security Deposit has been escalated annually by 10% over actual amount at the end of FY 2019-20, for projection of Consumer Security Deposit for FY 2021-22.

As per section 47 (4) of Electricity Act 2003, the distribution licensee shall pay interest equivalent to the bank rate or more as may be specified by the concerned SERC. The interest payable per annum is considered at the latest bank rate applicable.

The interest on Consumer Security Deposit projected by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-21: Interest on Consumer Security Deposit projected by DPT for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Amount held as Security deposit to consumer	126.55
2	Bank Rate	4.65%
3	Interest on Security deposit	5.88

Commission Analysis

As stated in the analysis of FY 2018-19 & FY 2019-20, there is no evidence that the Petitioner has paid interest on Consumer Security Deposit, as the same is not reflected in the Audited Accounts. Hence, the Commission has not considered Interest on Consumer Security Deposit as an expense for FY 2021-22. The same shall be considered based on actuals at the time of truing up for of FY 2021-22, based on the Audited Annual Accounts and in accordance with the provisions of the GERC (MYT) Regulations, 2016.

4.12 Return on Equity (RoE)

Petitioner's Submission

The Petitioner submitted that the opening balance of equity for FY 2020-21 has been considered equal to the closing balance of equity for FY 2019-20. Further DPT has considered that 30% of capitalization as proposed in FY 2020-21 and FY 2021-22 would be financed by normative equity as per GERC (MYT) Regulations, 2016.

The rate of Return in Equity (RoE) has been considered as 14%, in accordance with the GERC (MYT) Regulations, 2016. The RoE submitted by the Petitioner for FY 2021-22 is shown in the Table below:

Table 4-22: Return on Equity submitted by DPT for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Opening Equity	1,508.69
2	Equity Addition during the Year	89.84
3	Closing Equity	1,598.53
4	Average Equity	1,553.61
5	Rate of Return on Equity	14%
6	**Return on Equity**	**217.51**

Commission's Analysis

The Commission has considered the closing balance of Equity for FY 2019-20 as approved in this Order and the addition of Equity for FY 2020-21 as approved in the MYT Order dated 29th September, 2020 for working out the closing equity for FY 2020-21. Accordingly, the closing balance of Equity for FY 2020-21 thus worked out, has been considered as opening balance of Normative Loan for FY 2021-22. The equity addition for FY 2021-22 has been considered as approved in this Order.

The rate of RoE has been considered as 14% in accordance with the GERC (MYT) Regulations, 2016. The computation of RoE by the Commission for the period from FY 2021-22 is shown in the Table below:

Table 4-23: RoE approved by the Commission for FY 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Approved in this Order
Opening Equity	1508.69	1,357.00
Addition to Equity	89.84	89.84
Closing Equity	1,598.53	1,446.84
Average Equity	1,553.61	1,401.92
RoE at 14%	**217.51**	**196.27**

4.13 Income Tax

Petitioner's Submission

The Petitioner submitted that in FY 2019-20, no Income Tax was paid by the Petitioner.

Therefore, the Petitioner has not projected any provisions for taxes for FY 2021-22.

Commission Analysis

The Commission has approved the Income Tax as Nil for FY 2021-22.

4.14 Non-Tariff Income

Petitioner's Submission

DPT has considered Non-Tariff Income as Other Income. The Petitioner submitted that it has projected Other Income which includes revenue from interest on security deposit with PGVCL and meter connection charges for FY 2021-22, on the basis of actual Non-Tariff Income for FY 2019-20.

Table 4-24: Other Income submitted by DPT for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Other Income	20.75

Commission's Analysis

The Commission approves the Non-Tariff Income equal to the interest received from the security deposit with PGVCL and the meter connection charges, as projected by the Petitioner, as shown in the Table below:

Table 4-25: Non-Tariff Income approved by the Commission for 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Approved in this Order
Non Tariff Income	-	20.75

4.15 Aggregate Revenue Requirement

Petitioner's Submission

The Petitioner submitted the Summary of ARR projected for the period from FY 2021-22 as shown in the Table below:

Table 4-26: Summary of ARR projected by DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2021-22
1	Power Purchase Expenses	1308.69
2	O&M Expenses	284.31
2.1	Employee Cost	64.01
2.2	Repair & Maintenance Cost	178.89
2.3	Administration & General Charges	41.42
3	Depreciation	263.26
4	Interest & Finance Charges	1.47
5	Interest on Working Capital	9.05
6	Interest on Security Deposit	5.88
7	**Total Revenue Expenditure**	**1,872.66**
8	Return on Equity	217.51
9	Income Tax	-
10	**Aggregate Revenue Requirement**	**2,090.17**
11	Revenue with Existing Tariff	1,942.44
12	Other Income	20.75
13	**Total Revenue**	**1,963.19**
14	**Revenue Gap**	**126.98**

Commission's Analysis

The ARR approved by the Commission for the period from FY 2021-22, based on the individual components of the ARR as discussed in the earlier paragraphs, is shown in the Table below:

Table 4-27: ARR approved by the Commission for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	DPT Petition	Approved in this Order
1	Power Purchase Expenses	1,308.69	1,264.10
2	Operation & Maintenance Expenses	284.31	284.31
3	Depreciation	263.26	241.27
4	Interest & Finance charges	1.47	-
5	Interest on Security Deposit	9.05	-
6	Interest on Working Capital	5.88	10.97
9	**Total Revenue expenditure**	**1,872.66**	**1,800.65**
10	Return on Equity Capital	217.51	196.27
12	**Aggregate Revenue Requirement**	**2,090.17**	**1,996.92**
13	Less: Non-Tariff Income	-	20.75
14	**Aggregate Revenue Requirement**	**2,090.17**	**1,976.17**

5 Determination of Tariff for FY 2021-22

5.1 Introduction

This chapter deals with the determination revenue gap at existing tariff for FY 2021-22. The Petitioner has proposed revised tariff for FY 2021-22, to bring it at par with the PGVCL tariff for FY 2021-22, based on the projected Revenue Gap for FY 2021-22.

5.2 Projected Revenue Gap for FY 2021-22 with Existing Tariff

Petitioner's Submission

The Petitioner has projected the revenue for FY 2021-22 as under:

Revenue at Existing Tariff

Based on projected sales & existing retail tariff, revenue from sale of power works out to Rs. 1,942.44 Lakh for FY 2021-22. DPT has estimated the consumer category wise revenue for FY 2021-22 as given in the following table:

Table 5-1: Revenue at Existing Tariff as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	RGP	43.78
2	NRGP	135.40
3	LTMD	225.56
4	Street Lights	52.40
5	Temporary	37.93
6	HT	1,447.37
7	**Total**	**1,942.44**

Revenue from FPPPA Charges

DPT has submitted that it has presently imposing Fuel Power Purchase Price Adjustment (FPPPA) charges as per formulae approved by the Commission. As per the formulae, FPPPA charges depends upon variability of actual power purchase cost (on delivered basis) with approved value. However, DPT has projected value of power purchase cost in the Petition would be same (or very close) as actual value in FY 2021-22, hence it has not projected any revenue from FPPPA in FY 2021-22.

However, in case there is any variation in power purchase cost in FY 2021-22 from approved value, then DPT would calculate FPPPA as per formulae specified by the Commission. The revenue from FPPPA charges is expected to balance out increase in power purchase cost hence there would be no additional revenue gap

Revenue from Other Income

The Petitioner has projected Other Income at Rs. 20.75 Lakh for FY 2021-22.

Table 5-2: Other income for FY 2021-22 as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Other Income	20.75

Total Revenue for FY 2021-22

The Petitioner has projected the revenue from sale of electricity based on the projected sales for FY 2021-22 and applicable category-wise tariff. The total revenue of the DPT comprises of revenue from sale of power at existing tariff, revenue from FPPPA charges and other income for FY 2021-22 as shown below as shown in the Table below:

Table 5-3: Total Revenue at existing tariff for FY 2021-22 as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Revenue with Existing Tariff	1,942.44
2	Other Income	20.75
3	Revenue from FPPPA Charges	-
4	**Total Revenue**	**1,963.19**

Total Revenue Gap/(Surplus) at existing Tariff

Based on the above, the Petitioner has projected the Revenue Gap/(Surplus) for FY 2021-22 at existing tariff, as shown in the Table below:

Table 5-4: Revenue Gap/(Surplus) projected by DPT for FY 2021-22 (Rs. Lakh)

Particulars	FY 2021-22
ARR of FY 2021-22	2,090.17
Revenue from Sales	1,963.19
Revenue Gap/(Surplus)	**126.98**

Commission's Analysis

As regards the revenue from sale of electricity at existing tariffs and revenue from FPPPA for FY 2021-22, the Commission has noted the revenue computed by the Petitioner. The Commission notes that major consumption of DPT (Port) is at highly motive Cranes, lighting (High Mast & Lattice Towers), Office Buildings and Water Pumps and for its billing, DPT has executed time to time load surveys and these have been done according to the running hours and efficiency of the motors. Hence, it is not possible to ascertain whether revenue projected is as per tariff schedule issued by the Commission. For projection purpose, the Commission considers the submission of Petitioner regarding revenue calculation at existing tariff for FY 2021-22. As regards the Non-Tariff Income for FY 2021-22, the same has already been considered by the Commission, for computing the ARR, as detailed in the previous Chapter. Revenue Gap/ (Surplus) at existing tariff works out as shown in table below:

Table 5-5: Provisional Revenue Gap/(Surplus) at Exiting Tariff computed by the Commission for FY 2021-22 (Rs. Lakh)

Particulars	DPT Petition	Approved in this Order
Aggregate Revenue Requirement	2090.17	1,976.17
Total Revenue	1,963.19	1,942.44
Revenue Gap / (Surplus) for FY 2021-22	**126.98**	**33.73**

6 Compliance of Directives

6.1 Introduction

The Commission had given certain directives to the Petitioner in earlier Orders. The status of compliance by the Petitioner with such earlier directives and new directives are discussed in this Chapter.

6.2 Compliance to earlier Directives

6.2.1 Directive 1: Metering of consumers

Meters to be provided to all consumers by April 2016.

Commissions' Directive in its Tariff Order dated 22nd June 2016:

DPT is once again directed to submit information on the total number of services and the services available with meters and indicate the plan to provide meters for the balance services. Meters shall be provided to all consumers by 30th September 2016.

Commissions' Directive in its Tariff Order dated 29th September 2020:

The Commission directs the Petitioner to take up the metering work with the utmost urgency and directs the Petitioner to submit a status report on consumer metering by 30th October 2020.

Compliance: DPT has already submitted status report regarding metering as directed by Hon'ble Commission before 30th October 2020. Further, DPT has procured the required energy meters for replacement/ installation on all the installations of consumers as well as network metering. The work of meter installation and replacement is in progress and more than 80% meters are already installed. The balance work is scheduled to be completed within April 2021.

Commission's Comment: The Commission has noted the timeline provided for completion of consumer metering by the Petitioner. The Commission directs the Petitioner to take up the metering work with the utmost urgency and submit a status report on consumer metering within 15 days from issuance of this Order.

6.2.2 Directive 2: Assessment of Distribution Losses

Apart from providing meters to all the consumers, the licensee was directed to provide meters on 11 kV feeders, distribution transformers and conduct energy accounting to arrive at the actual distribution losses in the system and take appropriate action to reduce the distribution losses to the level prescribed by the Commission in this order and report compliance to the Commission.

Commissions' Directive in its Tariff Order dated 22nd June 2016:

There is no progress so far and the same non-compliance is being continued. The licensee is once again directed to submit a road map for completion of all meter related works by December 2016.

Commissions' Directive in its Tariff Order dated 29th September 2020:

The Commission directs the Petitioner to take up the metering work with the utmost urgency and directs the Petitioner to submit monthly reports from October 2020 regarding the Distribution Losses.

Compliance: As submitted above, DPT has initiated the process of providing 100% metering which is expected to complete by April 2021. The actual distribution losses will be calculated after installation of all meters at sending end and receiving end and DPT will be in a position to give the actual loses figure by April 2021.

Commission's Comment: The Commission directs the Petitioner to take up the metering work with the utmost urgency and submit a status report on consumer metering within 15 days from issuance of this Order.

6.2.3 Directive 3: Separation of Accounts of Distribution Business

The Commission directed that data on all expenses for ARR is to be segregated from the combined expenses of Ports and Distribution Business.

The Petitioner was directed to maintain an Asset Register and separate Accounts, duly certified by the Statutory Auditors, for the distribution business from FY 2011-12 onwards and develop Balance Sheet and Profit & Loss account, etc., for the Distribution Business and submit data relating to expenses from the separate accounts, in the ARR and Tariff Petition.

Commissions' Directive in its Tariff Order dated 22nd June 2016:

The audited accounts for distribution business should be submitted by August 2016. In the absence of separate audited accounts for the regulated business, truing up of the approved ARR cannot be considered.

Compliance: As directed by the Commission, DPT has prepared the separate accounts for its power distribution business and has appointed the Auditor for audit of its accounts. The annual accounts from FY 2011-12 to FY 2019-20 have been duly audited by the auditor and submitted to the Commission for its perusal. In instant Petition, DPT has submitted Petition for True-up of FY 2018-19 and FY 2019-20 on basis of audited accounts of its Distribution Business including asset register of power distribution business of DPT.

Commission's Comment: The Commission has taken note of the compliance.

6.2.4 Directive 4: Meter reading and billing

The licensee shall organise meter readings, preferably using hand-held machines, and develop an appropriate organisation for meter reading, billing and revenue realisation. The required software for this purpose may also be got developed.

Commissions' Directive in its Tariff Order dated 22nd June 2016:

The compliance mentioned is the same as that of last year. It is once again reiterated that DPT should submit the schedule of firm date for implementation of the programme.

Commissions' Directive in its Tariff Order dated 29th September 2020:

The GERC has took note of work being done by DPT in area of metering and directed the Petitioner to adhere to the timelines

Compliance: As submitted above, DPT has initiated the process of providing 100% metering which is expected to complete by end of April 2021. DPT is also going for advanced metering, data collection, organized billing through advance software. The software is already installed and the same shall be used once the metering process is completed.

Commission's Comment: The Commission takes note of the compliance and directs the Petitioner to adhere to the timelines.

6.2.5 Directive 5: Long-Term/Medium-Term PPA to optimize Power Procurement Cost as per the Guidelines for Procurement of Power by Distribution Licensees (Notification No. 2 of 2013)

The Commission in its Tariff Order dated 29th September 2020 directed DPT to enter into long-term/medium-term PPA to optimize the power procurement cost as per the Guidelines for Procurement of Power by Distribution Licensees (Notification No. 2 of 2013) issued by the Commission.

GERC directed that Petitioner should explore the possibility of tying up long-term/medium-term power procurement sources through competitive bidding, for the major part of its projected demand. The Petitioner is directed to submit such power procurement plan along with its next Petition.

Compliance: DPT is taking power from PGVCL as a consumer having contract demand of 2.5 MVA and has further planned to increase the contract demand to 3.125 MVA (2.8 MW) in FY 2021-22. Further, it has long-term PPA with Wind Plant for 6 MW. Hence, DPT already has 8.8 MW of PPA with long-term sources, which is more than tie-up requirement from long/medium term sources as per the Guidelines for Procurement of Power by Distribution Licensees issued by the Commission.

Beyond long-term sources, DPT is also off taking power from power exchange such as Indian Electricity Exchange (IEX) whenever it is cheaper than variable component of long-term source (PGVCL) in order to optimize its power purchase cost.

Commission's Comment: The Commission takes note of the compliance made by the Petitioner and further directs them to optimize power purchase cost by availing various options.

6.3 Fresh Directives

Directive 1: Implementation of Smart pre-payment meter/ pre-payment meters

The Commission refers to the Electricity (Rights of Consumers) Rules, 2020 notified on 31st December 2020 and as per this Rule, no connection shall be given without a meter and such meter shall be the Smart pre-payment or pre-payment meter. Further Ministry of Power, Government of India has issued notification vide 17th August, 2021 setting out the timelines for replacement of existing meters with smart meters with prepayment features. The Petitioner is advised for necessary participation for the scheme which will help in improvement of metering, billing and collection. In view of the fact that the consumers consuming high energy contribute higher portion of revenue, the Petitioner is directed to initiate smart meter installation to the consumers in sequential manner starting with consumers having higher consumption followed by lower consumption.

Directive 2: Charging Infrastructure for Electric Vehicles

The Commission refers to the Discussion paper on Cross Cutting Themes for Charging Infrastructure for Electric Vehicles issued by Ministry of Power on 17th March 2021. The Petitioner is suggested to explore the possibility for creation of such infrastructure in its area and come up with separate capital expenditure plan by along with next Petition for Commission's approval.

Directive 3: Operation and Maintenance Expenses

The Commission directs DPT to provide allocation principle adopted for segregation of O&M expenses related to power business from overall O&M expenses along with next Tariff Petition. The Commission also directs DPT to provide details of employee associated with power business and its cost allocation methodology along with next Tariff Petition.

Directive 4: Submission of Asset Register

The Commission directs DPT to submit asset register related to power business along with next tariff Petition.

Directive 5: Adherence to GERC Security Deposit Regulations, 2005

With reference to collection of security deposit from Consumers and payment of interest on the same, the Commission directs DPT to comply with provisions of GERC Security Deposit Regulations, 2005 and amendments therein.

Directive 6: Submission of FPPPA details

The Commission notes that DPT has not been submitting quarterly FPPPA details. The Commission takes serious note of the same and directs DPT to comply with Order in Case No. 1309/2013 and 1313/2013 issued vide dated 29.10.2013 issued by the Commission scrupulously and strictly.

Directive 7: Filing of Tariff Petition

The Commission observed that DPT always files Tariff Petition after stipulated time. Therefore, the Petitioner is directed to file Tariff Petition in timely manner.

7 Fuel and Power Purchase Price Adjustment

7.1 Fuel and Power Purchase Price Adjustment

The Commission, last issued the Tariff Order for the Petitioner vide its Tariff Order dated 29th September 2020 in Case No. 1810 and 1811 of 2019. In this Tariff Order, the Commission approved the below formula for FPPPA charges for the Petitioner (erstwhile Kandla Port Trust):

Formula

FPPPA = [(PPCA – PPCB)] / [100-Loss in %]

Where,

(i) PPCA = is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the Power Purchase Agreements in Rs./KWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.

(ii) PPCB = is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs. /KWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.

(iii) Loss in % = is the weighted average of the approved level of Transmission and Distribution losses (%) for Petitioner applicable for a particular quarter or actual weighted average in Transmission and Distribution losses (%) for Petitioner of the previous year for which true up have been done by the Commission, whichever is lower.

Petitioner Submission:

DPT has submitted that it has presently imposing Fuel Power Purchase Price Adjustment (FPPPA) charges as per formulae approved by the Commission. As per the formulae, FPPPA charges depends upon variability of actual power purchase cost (on delivered basis) with approved value. However, DPT has projected value of power purchase cost in the Petition would be same (or very close) as actual value in FY 2021-22, hence it has not projected any revenue from FPPPA in FY 2021-22.

However, in case there is any variation in power purchase cost in FY 2021-22 from approved value, then DPT would calculate FPPPA as per formulae specified by the Commission. The revenue from FPPPA charges is expected to balance out increase in power purchase cost hence there would be no additional revenue gap

Commission's Analysis:

The Petitioner shall continue to levy FPPPA on the consumers in accordance with the FPPPA Formula detailed above. The significant quantum of purchase from the Wind Power Plant would reduce the average power purchase cost of the Petitioner and the benefit should be passed on to the consumers through Adjustments in FPPPA.

The Information regarding FPPPA recovery and the FPPPA charged shall be kept on the website of the Petitioner.

For any increase in FPPPA, worked out on the basis of above formula, beyond ten (10) Paise per kWh in a quarter, prior approval of the Commission shall be necessary and only on approval of such additional increase by the Commission, the FPPPA can be billed to consumers. FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

8 Wheeling Charges and Cross Subsidy Surcharge

8.1 Wheeling Charges

Petitioner's Submission

DPT has segregated its ARR into wire and supply component in accordance with allocation matrix provided in regulation 86 of GERC (MYT) Regulations, 2016. The segregated ARR for wheeling business and supply business is tabulated below:

Table 8-1: Segregation of ARR into Wires and Retail Supply Business for FY 2021-22 (Rs. Lakhs)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	-	1,308.69
2	O&M Expenses	220.11	64.20
3	Depreciation	236.93	26.33
4	Interest & Finance Charges	1.33	0.15
5	Interest on Security Deposit	0.59	5.30
6	Interest on Working Capital	0.90	8.14
7	Provision for Bad Debts	0.00	-
8	Contingency Reserve	0.00	-
10	**Revenue Expenditure**	**459.86**	**1,412.80**
11	Return on Equity	195.75	21.75
12	Provision of Tax/Tax paid	-	-
13	**ARR**	**655.62**	**1,434.55**

Commission's Analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix between the wires and retail supply business as per GERC MYT Regulations, 2016. The allocation matrix and the basis of allocation of various cost components of the ARR as per GERC (MYT) Regulations, 2016 are shown below:

Table 8-2: Allocation Matrix for segregation to Wires and Retail Supply Business as per GERC (MYT) Regulations, 2016 (%)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below.

Table 8-3: Segregation of ARR into Wires and Supply Business approved for FY 2021-22 (Rs. Lakhs)

Sr. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses		1,264.10
2	Operation & Maintenance Expenses	220.12	64.20
2.1	Employee Expenses	38.41	25.60
2.2	A&G Expenses	20.71	20.71
2.3	R&M Expenses	161.00	17.89
3	Depreciation	217.14	24.13
4	Interest & Finance charges	-	-
5	Interest on Security Deposit	-	-
6	Interest on Working Capital	1.10	9.88
7	**Total Revenue expenditure**	438.36	1,362.31
8	Return on Equity Capital	176.64	19.63
9	Income Tax	-	-
10	**Aggregate Revenue Requirement**	615.00	1,381.93
11	Less: Non-Tariff Income	2.08	18.68
12	**Aggregate Revenue Requirement**	**612.92**	**1,363.26**

8.2 Determination of Wheeling Charges

In FY 2021-22 a total of 263.87 LUs would be input at 11 kV level in DPT network. Accordingly, the wheeling charges of FY 2021-22 have been calculated in accordance with projected ARR of wheeling Business as per below table:

Table 8-4: Projected Proposed Wheeling Charge at 11 kV

No.	Particulars	Units	Amount
1	ARR for the Wires Business	Rs. Lakh	655.62
2	Energy Input at 11 kV	Lakh Units	263.87
3	**Proposed Wheeling Charges at 11 kV**	**Rs./kWh**	**2.484**

Commission's Analysis

The Commission has determined the ARR of the Wires Business for FY 2021-22 in earlier Section, as Rs. 612.92 Lakh. To determine the Wheeling Charges the ARR is divided by the sales handled by the DPT. Based on the above, the wheeling charges are approved as given in the Table below:

Table 8-5: Wheeling Charges approved by the Commission for DPT for FY 2021-22

Particulars	Unit	Amount
Total Wheeling ARR	Rs. Lakh	612.92
Energhy Input	LU	263.87
Wheeling Charges	Rs./kWh	2.32

The Wheeling Loss applicable to the Petitioner's licenced area will be 5%, which is the Distribution Loss approved for FY 2021-22 in the present Order.

8.3 Cross-Subsidy Surcharge

Petitioner's Submission

In line with approach adopted by the Commission in previous Order dated 29th September 2020, DPT submits that Cross Subsidy Surcharge as approved by the Commission for PGVCL for FY 2021-22 should be made applicable for open access consumers in DPT's licensee area.

Commission's Analysis

The APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued the National Tariff Policy, 2016. According to this policy, the formula for Cross Subsidy Surcharge is as under:

S = T – [C / (1 - L/100) + D + R]

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial Losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets

The cross subsidy surcharge based on the above formula is worked out as shown in the Table below:

Table 8-6: Cross Subsidy Surcharge approved for FY 2021-22

Particulars	Amount
T- Tariff for HT category (Rs/kWh)	8.41
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	4.48
D - Wheeling Charges (Rs / kWh)	2.32
L - Aggregate T&D Loss (%)	5.00%
S - Cross Subsidy Surcharge (Rs/kWh)	1.37

S = 8.41 – [4.48/(1-5/100) + 2.32 + 0.00]
= 1.37 Rs/kWh

Thus, Cross Subsidy Surcharge as per Tariff Policy, 2016 works out to Rs. 1.37/unit.

9 Tariff Philosophy and Tariff Proposal

9.1 Introduction

This Chapter discusses the tariff proposal and changes suggested in the tariff structure for FY 2021-22 by the Petitioner and the Commission's final decision on the same.

9.2 Tariff Proposal

Petitioner's Submission:

DPT has submitted that in accordance with revenue gap for FY 2021-22 as calculated in above table along with revenue gap as arrived during True-up for FY 2019-20 at Rs. 621.81 lakh, DPT would require tariff increase of ~38% for closing the resultant gap. However increasing tariff by such a huge jump would not only cause a tariff shock to consumers but would also lead to DPT power becoming un-competitive with tariff offered to PGVCL and resultant migration of consumers.

Keeping in view, development of Smart Industrial Port City (SIPC), Kandla, and expected increase in operational load and acquisition of HT consumers in FY 2021-22, DPT is expecting to achieve much higher sales figures in coming years starting from FY 2021-22. This would lead to fixed charges such as depreciation, O&M Expense, RoE etc being apportioned in higher quantum of sale for their recovery leading to lower average cost of supply. At the same time DPT is trying to optimize its power purchase cost and the same has already started yielding results. In H1 FY 2020-21 the actual average power purchase cost of DPT stands at Rs 4.18/kWh which is significantly lower than value of power purchase rate in FY 2019-20 which was Rs. 6.61/kWh.

Further, DPT has mentioned that these two factors would lead to reduction in revenue gap of future years and may also lead to revenue surplus at the same existing tariff. Hence DPT has not proposed any significant increase in tariff for FY 2021-22.

In order the meet the revenue gap at existing tariff for FY 2021-22, the following are proposed by the Petitioner:

- Increase in the fixed charges and bringing them at par with existing PGVCL tariff;
- Removal of concession provided during night hours.
- Bringing EHV rebate in line with that offered by PGVCL in its existing tariff

The Petitioner has computed the revenue gap, by keeping energy charges same as that of existing tariff and increasing fixed charges in DPT's tariffs to become at par with those approved for PGVCL.

The ARR of FY 2021-22 at revised tariff has been considered at Rs. 2,090.86 Lakh which is slightly higher than ARR as earlier provided due to increase in receivables at revised tariff, which in turn would enhance Interest on Working Capital which is part of ARR.

Based on projected sales & retail tariff, revenue from sale of power works out to Rs. 2,043.87 lakh for FY 2021-22 as shown in the Table below:

Table 9-1: Revenue at Proposed Tariff as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	RGP	44.05
2	NRGP	135.97
3	LTMD	225.80
4	Street Lights	52.40
5	Temporary	37.93
6	HT	1,547.74
7	**Total**	**2.043.87**

Total Revenue at Proposed Tariff for FY 2021-22

Based on the above projections, the total revenue of the DPT (considering the revised tariff) for FY 2021-22 is as shown below:

Table 9-2: Total Revenue at Proposed Tariff for FY 2021-22 as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2021-22
1	Revenue with Revised Tariff	2,043.87
2	Other Income	20.75
3	Revenue from FPPPA Charges	-
4	**Total Revenue**	**2,064.62**

Total Revenue Gap/(Surplus) at Proposed Tariff

Based on the above, the estimated revenue gap for FY 2021-22 at revised tariff, is as outlined in the table below:

Table 9-3: Revenue Gap/(Surplus) projected by DPT for FY 2021-22 (Rs. Lakh)

Particulars	FY 2021-22
ARR of FY 2021-22	2,090.86
Revenue from Sales	2,064.62
Revenue Gap/(Surplus)	26.24

DPT has requested the Commission to consider, revenue gap of Rs 621.81 lakh in FY 2019-20 (as submitted in True-up chapter) and revenue gap of Rs. 26.24 lakh for FY 2021-22 (subject to True-up) and consider the same for liquidation in the next Control Period (FY 2022-23 to FY 2026-27).

Considering the submission made above, the Petitioner has proposed to revise its existing Tariff by making fixed charges at par with tariff of PGVCL and requests the Hon’ble Commission to approve the same.

The Petitioner has further proposed to undertake various performance and efficiency improvement measures, with incurring adequate capital expenditure, to reduce its cost of supply and meet increased energy requirement owing to quantum jump in energy sales and any corrections in the same considering actual revenue and expenses shall be brought under the True-up of FY 2021-22. The Petitioner shall further make its efforts for optimising the tariffs for all consumer categories.

As also submitted above, the Petitioner is expecting to facilitate higher amount of electricity sales considering the development of SIPC, increase in operational load and acquisition of bulk HT consumers. In the proposed scenario and in order to be competitive, the Petitioner also proposes to offer rebates to some consumer categories in order to maximise its revenue. The same is being proposed under Regulation 94.4 of GERC (MYT) Regulations, 2016.

Commission’s Analysis

Considering the peculiar circumstances of the Petitioner as well as the absence of reliable and authentic sales data based on actual metering till end of FY 2020-21, the Commission is of the view that the typical dispensation intended under the GERC (MYT) Regulations, 2016 cannot be made applicable to the Petitioner.

The Commission has noted that DPT is expecting reduction in expenses and increase in revenue and reasons provided for the same are as under:

- Development of Smart Industrial Port City (SIPC), Kandla, and expected increase in operational load and acquisition of HT consumers in FY 2021-22 which will help to achieve much higher sales figures in coming years starting from FY 2021-22.
- This would lead to fixed charges such as depreciation, O&M Expense, RoE etc being apportioned in higher quantum of sale for their recovery leading to lower average cost of supply.
- DPT is trying to optimize its power purchase cost and the same has already started yielding results. In H1 FY 2020-21 the actual average power purchase cost of DPT stands at Rs 4.18/kWh which is significantly lower than value of power purchase rate in FY 2019-20 which was Rs. 6.61/kWh.

The Commission has hence, retained the existing tariff, as there is insufficient authentic data for revising the tariffs based on the computations done in this Order. As stated earlier, Truing Up has not been done for the previous years and the Revenue Gap/(Surplus) of previous years is also not being passed through. The Revenue Gap (Surplus) of Rs. 33.73 Lakh can be taken care at the time of truing-up of FY 2021-22 subject to prudence check of other compliances.

The Commission would like to introduce certain changes in the tariff schedule which are discussed as under:

Introduction of Electric Vehicle charging facilities Tariff

The Commission is aware about initiative taken by the Government to encourage use of electric vehicles. One of the challenges in this regard is identified as lack of EV charging infrastructure. The Commission would like to clarify that the consumers getting electricity supply under regular tariff categories may use electricity supply for EV charging under same consumer category.

Further, in order to promote creation of new EV charging facilities, Commission decides to introduce special tariff category for exclusive EV Charging infrastructure with Fixed Charges of Rs. 25 per month per installation and Energy Charges of Rs. 4.10 per kWh for LT consumer and Demand Charges of Rs. 25 per KVA per month and Energy Charges of Rs. 4.00 per kWh for HT consumer. Such consumers are also required to pay the FPPPA charges as applicable from time to time.

Introduction of Green Tariff

Section 61(h) of the EA, 2003 has specified the promotion of generation of RE. Further, Section 86(e) of the EA, 2003 specifies the function of State Commission, which includes promotion of generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person.

Government of India is also promoting RE in a big way and has kept an aggressive target of 175 GW of RE by 2022. Indian corporates are also playing key role in achieving the aggressive target of the Government as corporate citizens and other resultant advantage of being zero carbon companies.

Further, Green Power Tariff will have the following advantages:

- Green Power Tariff being totally voluntary in nature will give choice to the Consumers to opt for green energy.
- The extra charges for procurement of RE being charged from the specific consumers would not increase the cost to be borne by other consumers.
- This will reduce hesitation of the Distribution Licensees in going for high cost of power purchase from RE sources as it will not have impact on overall tariff, leading to growth in power generation from RE sources.

The Commission has noted that DPT is procuring more than 40% of its power from renewable sources and hence it is in comfortable position to provide green power to its consumers.

Considering the present scenario, the Commission of the view to introduce Green Power Tariff which is optional and available for Consumers who want to avail green power for meeting their requirement by payment of Green Power Tariff over and above the normal tariff applicable to the respective category as per Tariff Order.

- Green Power Tariff of Rs 0.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.

- All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- This option can be exercised by consumer giving one month notice to the Distribution Licensee in writing before commencement of billing period.

COMMISSION'S ORDER

The Commission has approved the Aggregate Revenue Requirement (ARR) for the Petitioner for the period from FY 2021-22, as shown in the Table below:

Table: Approved ARR for DPT for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2021-22
1	Power Purchase Expenses	1,264.10
2	Operation & Maintenance Expenses	284.31
3	Depreciation	241.27
4	Interest & Finance Charges	-
5	Interest on Working Capital	10.97
6	Interest on Security Deposit	-
7	**Total Revenue Expenditure**	**1,800.65**
8	Return on Equity	196.27
9	Income Tax	-
10	**Aggregate Revenue Requirement**	**1,996.92**
11	Less: Non-Tariff Income	20.75
12	**Net Aggregate Revenue Requirement**	**1,976.17**

S. R. PANDEY
Member

M. M. GANDHI
MEMBER

Place: Gandhinagar
Date: 04/09/2021

Annexure: Tariff Schedule

TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION AND EXTRA HIGH TENSION

Effective from 04 September, 2021

GENERAL CONDITIONS

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of Deendayal Port Trust.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. The Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for the purpose for which the Distribution Licensee has permitted a lower tariff, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the Tariff Order.
6. The various provisions of the GERC (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005, except Meter Charges, will continue to apply.
7. Conversion of Ratings of electrical appliances and equipment from kilowatt to B.H.P., or vice versa, will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
8. The billing of fixed charges, based on contracted load or maximum demand, shall be done in multiples of 0.5 (one half) Horse Power or kilo Watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded off to next 0.5. The billing of energy charges will be done for one complete one kilo-watt-hour (kWh).
9. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
10. The fixed charges, minimum charges, demand charges, and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on

account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of the billing period for any reason.

11. Contract Demand shall mean the maximum kW / kVA for the supply of which the Licensee undertakes to provide to the consumer from time to time.
12. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.
13. Payment of penal charges for usage in excess of contract demand / connected load for any billing period does not entitle the consumer to draw in excess of contract demand / connected load as a matter of right.
14. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and the Licensee shall be entitled to take any other action deemed necessary and authorized under the Act.
15. Delayed Payment Charges for all consumers:
    - No Delayed Payment Charges shall be levied if the bill is paid within ten days from the date of billing (excluding the date of billing).
    - Delayed Payment Charges will be levied at the rate of 15% per annum for the period commencing from the due date till the date of payment if the bill is paid after due date.
    - For Government dues, the Delayed Payment Charges will be levied at the rate provided under the relevant Electricity Duty Act.
16. Green Power Tariff
    - Green Power Tariff of Rs 0.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
    - All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
    - This option can be exercised by consumer giving one month notice to the Distribution Licensee in writing before commencement of billing period.

PART- I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1. RATE: RGP

This tariff is applicable for supply of electricity to residential premises and pumping stations run by local authorities.

- Single-phase supply- Aggregate load up to 6 kW
- Three-phase supply- Aggregate load above 6 kW

1.1. FIXED CHARGE PER MONTH

Range of Connected Load: (Other than BPL consumers)

(a)	Up to and including 2 kW	Rs. 10/- per month
(b)	Above 2 and up to 4 kW	Rs. 20/- per month
(c)	Above 4 and up to 6 kW	Rs. 30/- per month
(d)	Above 6 kW	Rs. 45/-per month

For BPL household consumers:

Fixed Charges	Rs. 5/- per month

PLUS

1.2. ENERGY CHARGE: FOR THE TOTAL MONTHLY CONSUMPTION:

(For Other than BPL consumers)

(a)	First 50 units	390 Paise per Unit
(b)	Next 50 Units	440 Paise per Unit
(c)	Next 150 Units	515 Paise per Unit
(d)	Above 250 Units	615 Paise per Unit

1.3. ENERGY CHARGE: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMERS BELOW POVERTY LINE (BPL)**

(a)	First 50 units	150 Paise per Unit
(b)	For the remaining units	Rate as per RGP

**The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 50 units per month.

1.4. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. RATE: NON-RGP

This tariff is applicable to the services for the premises, which are not covered in any other tariff categories and having an aggregate load up to and including 40 kW.

2.1. FIXED CHARGES PER MONTH

(a)	Up to & including 10 kW	Rs. 50/- per kW/month
(b)	Above 10 kW and up to 40 kW	Rs. 75/- per kW/month

PLUS

2.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY SONSUMPTION

(a)	Up to & Including 10 kW	515 Paise per Unit
(b)	Above 10 and up to 40 kW	550 Paise per Unit

2.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 2.1 above.

3. RATE: LTMD

This tariff is applicable to the services for the premises, which are not covered in any other tariff categories and having aggregate load above 40 kW and up to 100 kW.

This tariff shall also be applicable to consumers belonging to the category- 'Rate: Non-RGP', i.e., those who opt for being charged in place of 'Rate: Non-RGP' tariff.

3.1. FIXED CHARGE:

(a)	For billing demand up to Contract Demand		
	(i)	For first 40 kW of billing demand	Rs. 85/-per kW per month
	(ii)	Next 20 kW of billing demand	Rs. 130/-per kW per month
	(iii)	Above 60 kW of billing demand	Rs. 200/- per kW per month
(b)	For billing demand in excess of the Contract Demand		Rs. 250/- per kW per month

PLUS

3.2. ENERGY CHARGE:

For the entire consumption during the month	555 Paise per Unit

3.3. BILLING DEMAND

The billing demand shall be highest of the following and to be rounded to the next full kW:

a) Eighty-five percent of the Contract Demand
b) Actual maximum demand registered during the month
c) 15 kW

3.4. MINIMUM BILL

Fixed/Demand Charges every month based on the billing demand.

4. RATE- SL (Street Lights)

4.1 Tariff for Street Light for Local Authority and Industrial Estates:

This tariff includes the provision of maintenance, operation and control of the street lighting system.

4.2 ENERGY CHARGES:

For all the units consumed during the month	480 Paise per Unit

4.3 Minimum Charges:

The minimum energy charges for a consumer with more than 50 street lights within a village or an industrial estate, as the case may be, shall be equivalent to 2200 units per annum per kilo watt hour of the connected load during the year.

4.4 Renewal and Replacements of Lamps:

The consumer shall arrange for renewal, maintenance and replacement of lamps, associated Fixture, connecting wire, disconnecting device, switch including time switch, etc., at his cost by the person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

5. RATE- TMP (Temporary)

This tariff is applicable to services of electricity supply for temporary period at low voltages.

5.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day

5.2 ENERGY CHARGE

For all units consumed during the month:	595 Paise per Unit

5.3 MINIMUM CHARGES

Fixed Charges would be as given in Para 5.1 above.

6. RATE- LT ELECTRIC VEHICLE (EV) CHARGING STATIONS

This tariff is applicable to consumers who use electricity **exclusively** for Electric Vehicle Charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. RGP, LTMD, NON-RGP, etc. as the case may be.

6.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per Installation per Month

6.2 ENERGY CHARGE

For all units consumed during the month:	410 Paise per Unit

PART - II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION

(3.3 KV AND ABOVE, 3-PHASE 50 HERTZ), AND EXTRA HIGH TENSION

The following tariffs are available for supply at high tension for large power services for contract demand not less than 100 kVA

7. RATE- HTP-1

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above.

7.1 DEMAND CHARGES:

7.1.1 For billing demand up to contract demand

(a)	For the first 500 kVA of billing demand	Rs. 125/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 250/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 335/- per kVA per month

7.1.2 For billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 425 per kVA per month

PLUS

7.1.3 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	555 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	580 Paise per Unit
(c)	For billing demand above 2500 kVA	595 Paise per Unit

PLUS

7.1.4 TIME OF USE CHARGES

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	50 Paise per unit

(b)	For billing demand above 500 kVA	90 Paise per Unit

7.2 Billing Demand:

The billing demand shall be the highest of the following:

a) Actual maximum demand established during the month
b) Eighty-five percent of the Contract Demand
c) One hundred kVA

7.3 MINIMUM BILLS:

Payment of "demand charges" based on kVA of billing demand.

7.4 POWER FACTOR ADJUSTMENT CHARGES:

7.4.1 Penalty for poor Power Factor:

a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 7.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 7.2 of this schedule, will be charged.

7.4.2 Power Factor Rebate

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 7.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

7.5 MAXIMUM DEMAND AND ITS MEASUREMENT:

The maximum demand in kW or kVA, as the case may be, shall mean an average kW/kVA supplied during consecutive 15 minutes period of maximum use.

7.6 CONTRACT DEMAND:

The Contract Demand shall mean the maximum kW/kVA for the supply, of which the supplier undertakes to provide facilities from time to time.

7.7 REBATE FOR SUPPLY AT EHV:

On Energy charges:		Rebate @
(a)	If supply is availed at 33/66 kV	0.5%
(b)	If supply is availed at 132 kV and above	1.0%

7.8 Concession for Use of Electricity during Night Hours:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning shall be eligible for concession at the rate of 90 Paise per unit.

8. RATE- HT ELECTRIC VEHICLE (EV) CHARGING STATIONS

This tariff is applicable to consumers who use electricity **exclusively** for Electric Vehicle Charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. HTP – I, as the case may be.

8.1 DEMAND CHARGE

(a)	For billing demand up to the contract demand	Rs. 25/- per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 50/- per kVA per month

8.2 ENERGY CHARGE

For all units consumed during the month	400 Paise per Unit

8.3 BILLING DEMAND

The billing demand shall be the highest of the following:

a) Actual maximum demand established during the month
b) Eighty-five percent of the Contract Demand
c) One hundred kVA