

Summary of Petition n. 1702/ 2018:

(1) Introduction:

Paschim Gujarat Vij Company Limited (PGVCL) is one of the distribution companies engaged in distribution of electricity in the west zone area of Gujarat.

The Paschim Gujarat Vij Co. Ltd obtained its Certificate of Commencement of Business on the 15th October, 2003. However, the company had not commenced its commercial operations during the financial year ended 31st March, 2005. The Company has started commercial function w.e.f. 1st April 2005.

The Gujarat Electricity Regulatory Commission (hereinafter referred to as "GERC" or "the Hon'ble Commission"), an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, is vested with the authority of regulating the power sector in the State inter alia including setting of tariff for electricity consumers. The Hon'ble Commission is now deemed to be the Commission established under Sub-Section (1) of Section-3 of the Gujarat Electricity Industries (Reorganization and Regulations) Act, 2003.

The Hon'ble Commission has notified the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 ("GERC MYT Regulations, 2016") on 29th March 2016 and shall be applicable for determination of tariff in all cases covered under the regulations from 1st April, 2016 onwards.

Under section 62 of the Electricity Act, 2003 and under the MYT Regulation, 2016 along with other guidelines and directions issued by the GERC from time to time, PGVCL is required to file a Petition for Truing-Up for FY 2016-17 and Tariff Petition for FY 2018-19 to the Hon'ble Commission:

Submission by PGVCL to the Hon'ble Commission

Under section 62 of the Electricity Act, 2003 and GERC MYT Regulations, 2016, PGVCL has submitted the Petition for True-up of FY 2015-16, Determination of Multi-Year ARR for FY 2016-17 to FY 2020-21, Determination of final ARR for FY 2016-17 and Determination of Tariff for FY 2018-19 to the Hon'ble Commission for approval.

(2) <u>True –Up for FY 2016 - 17:</u>

(a) Category wise Sales and Revenue for FY 2016-17: The actual energy sales and revenue for FY 2016-17 are as under:



Table: Category-wise Sales and Revenue

		Sales (MUs)		
S.No.	Particulars	FY 2016-17	FY 2016-17	
		(Approved)	(Actual)	
Α	LT Consumers			
1	RGP	3,742	3,492	
2	GLP	113	113	
3	Non-RGP & LTMD	3,149	3,227	
4	Public Water Works	676	698	
5	Agriculture - Unmetered	4,437	4,486	
6	Agriculture - Metered	2,959	2,410	
7	Street Light	99	97	
	LT Total (A)	15,174	14,523	
В	HT Consumers			
8	Industrial HT	7,221	8,159	
9	Railways		<u>-</u>	
	HT Total (B)	7,221	8,159	
	Grand Total (A + B)	22,395	22,682	

(b) Distribution loss for FY 2016-17: Actual Distribution loss for FY 2016-17 visà-vis approved is as under.

DISTRIBUTION LOSSES

Particulars	FY 2016-17	FY 2016-17	
raiticulais	(Approved)	(Actual)	
Distribution Loss	22.00%	20.86%	

(c) Energy Requirement: The gross energy requirement for PGVCL is as follows (Actual vis-à-vis approved)

Energy Requirement and Energy Balance

S.No.	Particulars	Unit	FY 2016-17 (Approved)	FY 2016-17 (Actual)
1	Energy Sales	MUs	22,395	22,682
2	Distribution Losses	MUs	6,316	5,978
2		%	22.00%	20.86%
3	Energy Requirement	MUs	28,711	28,660
4	Transmission Losses	MUs	1,150	1,151
5	Total Energy to be input to Transmission System	MUs	29,861	29,811
6	Pooled Losses in PGCIL System	MUs	530	503
7	Total Energy Requirement	MUs	30,391	30,315



(d) Capital Expenditure: Actual Capital Expenditure incurred by PGVCL vis-à-vis approved in FY 2016 -17 is as under:

				Rs in Crores
Sr. No.	Schemes	FY 2016-17	FY 2016-17	Deviation
		(Approved)	(Actual)	
Α	Distribution Schemes			
	Normal Development Scheme	320.00	290.11	29.89
	System Improvement Scheme	100.00	131.78	(31.78
	Electrification of hutments	7.00	16.30	(9.30
	Kutir Jyoti Scheme	-	-	-
	Scheme for meters	80.00	33.67	46.33
	Others Harijan Basti - Petapara	-	-	-
	Total	507.00	471.86	35.14
В	Rural Electrification Schemes			
	TASP(Wells & Petapara)	-		-
	Special Component plan	1.50	2.36	(0.86
	Others Petapara	-	-	-
	RE Normal + Tatkal	650.00	587.49	62.51
	RE Wells (OA & SPA)	-	-	_
	Dark zone	-	-	-
	BADP	-	-	-
	Total	651.50	589.85	61.65
С	Others			
	Energy efficient pump	-	-	-
	Energy Conservation	-	-	-
	Independent certification agency	-	-	-
	Total	-	-	-
D	Non Plan Schemes			
	RE Non Plan (Tatkal)	-	-	-
	RAPDRP	25.00	17.09	7.91
	SCADA/DMS	-	-	-
	RGGVY	=	-	=
	DRUM	=	-	=
	Total	25.00	17.09	7.91
E	Other New Schemes			
	Civil work	15.00	-	15.00
	Shunt Capacitors	-	-	_
	Automatic PF control panels	-	-	_
	Fencing to Distribution Transformer	-	-	_
	Aerial Bunch Conductors	1.00	-	1.00
	HVDS	100.00	96.24	3.76
	Automatic meter reading	-	-	-
	Under Ground System at Pilgim Places like			
	Dwarka, Somnath, Bhavnath (Junagadh) etc. and			12.95
	important GIDC area	17.00	4.05	12.50
	JGY Load Shedding Transformers	-		
	Marine Cable for Shiyalbet	_	_	_
	Others schemes (General Schemes)	_	-	
	Smart Village		0.05	(0.05
	Earthquake Rehabilitation	_	0.03	(0.03
	Coastal area scheme	30.00	46.58	(16.58
	IPDS	183.87	22.33	161.58
	DDUGJY	183.87	8.64	133.40
	Solar AG pumps	102.00	109.60	(7.60
	Solar home lights	-	- 22.61	- /2.51
	DISS	20.00	22.61	(2.61
	Total	610.90	310.08	300.82



(e) Funding of CAPEX

The detailed breakup of funding of capital expenditure during FY 2016-17 is mentioned below.

Funding of Capital Expenditure

Rs in Crores

Sr. No.	Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)	Deviation
1	Capitalization	1,794.41	1,380.08	414.33
2	Less : Consumer Contribution	178.29	163.80	14.49
3	Grants	249.04	362.11	(113.07)
4	Balance CAPEX	1,367.08	854.17	512.90
5	Debt @ 70%	956.95	597.92	359.03
6	Equity @ 30%	410.12	256.25	153.87

(f) Aggregate Revenue Requirement of FY 2016-17:

Aggregate Revenue Requirement for FY 2016-17 for PGVCL in comparison with values approved by the Hon'ble Commission is as under.

Aggregate Revenue Requirement for FY 2016 -17

Sr. No.	Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)	Deviation
1	Cost of Power Purchase	10,375.61	10,966.17	(590.56)
2	Operation & Maintenance Expenses	507.17	941.01	(433.84)
2.1	Employee Cost	637.21	839.39	(202.18)
2.2	Repair & Maintenance	99.82	119.43	(19.61)
2.3	Administration & General Charges	118.76	135.59	(16.83)
2.4	Other Debits	-	8.19	(8.19)
2.5	Extraordinary Items	0.00	-	0.00
2.6	DSM Expenses	-	17.12	(17.12)
2.7	Other Expenses Capitalised	(348.63)	(178.71)	(169.92)
3	Depreciation	669.94	654.35	15.59
4	Interest & Finance Charges	343.28	349.10	(5.82)
5	Interest on Working Capital	-	-	=
6	Provision for Bad Debts	-	4.02	(4.02)
7	Sub-Total [1 to 6]	11,896.00	12,914.65	(1,018.66)
8	Return on Equity	424.96	388.98	35.98
9	Provision for Tax / Tax Paid	18.96	80.93	(61.97)
10 11	Total Expenditure (7 to 9) Less: Non-Tariff Income	12,339.91 234.07	13,384.56 241.19	(1,044.65) 7.12
12	Aggregate Revenue Requirement (10 - 11)	12,105.84	13,143.37	(1,037.53)



(g) Net Gain/ (Loss):

Net Gain/Loss to PGVCL on account of controllable factors and uncontrollable factors is given here under.

Net Gain/ (Loss) for FY 2016-17

Rs in Crores

Sr. No.	Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Cost of Power Purchase	10,375.61	10,966.17	151.93	(742.49)
2	Operation & Maintenance Expenses	507.17	941.01	(36.44)	(397.40)
2.1	Employee Cost	637.21	839.39	-	(202.18)
2.2	Repair & Maintenance	99.82	119.43	(19.61)	-
2.3	Administration & General Charges	118.76	135.59	(16.83)	-
2.4	Other Debits	-	8.19	-	(8.19)
2.5	Extraordinary Items	0.00	-	-	0.00
2.6	DSM Expenses	-	17.12	-	(17.12)
2.7	Other Expenses Capitalised	(348.63)	(178.71)	-	(169.92)
3	Depreciation	669.94	654.35	-	15.59
4	Interest & Finance Charges	343.28	349.10	-	(5.82)
5	Interest on Working Capital	-	-	-	-
6	Provision for Bad Debts	-	4.02	(4.02)	-
7	Return on Equity	424.96	388.98	-	35.98
8	Provision for Tax / Tax Paid	18.96	80.93	-	(61.97)
9	ARR (1 to 8)	12,339.91	13,384.56	111.47	(1,156.13)
10	Non - Tariff Income	234.07	241.19	-	7.12
11	Total ARR (9-10)	12,105.84	13,143.37	111.47	(1,149.01)

(h) Revenue for FY 2016-17: Actual Revenue of PGVCL vis-à-vis approved for FY 2016-17.

Revenue for FY 2016 - 17

Sr. No.	Particulars	FY 2016-17 (Actual)
1	Revenue from Sale of Power	11,686.18
2	Other Income (Consumer related)	525.77
3	Total Revenue excluding subsidy (1 + 2)	12,211.95
4	Agriculture Subsidy	433.73
5	Total Revenue including subsidy (3 +4)	12,645.69



(i) Revenue Gap for FY 2016-17:

The Hon'ble Commission in its Order dated 31st March, 2017 has approved Aggregate Revenue Requirement of Rs. 12,105.84 Crores for FY 2016-17.

As per the mechanism specified in the GERC MYT Regulation 2016, PGVCL proposes to pass on a sum of $1/3^{rd}$ of total gain/(loss) on account of controllable factors i.e. Rs. 111.47 Crores and total gain/(loss) on account of uncontrollable factor i.e. Rs. (1,149.01) Crores to the consumers. Additionally, the past revenue (gap) / surplus of Rs. 133.00 Crores, Rs. (147.48) Crores and Rs. 49.88 Crores for FY 2010-11, FY 2009-10 and FY 2014-15 respectively is also adjusted in the approved Aggregate Revenue Requirement. GUVNL profit of Rs. 130.01 Crores for FY 2016-17 is allocated among four Discoms. PGVCL is allocated GUVNL profit of Rs. 42.53 Crores. Based on the same, PGVCL has arrived at the Revised Aggregate Revenue Requirement for FY 2016-17 at Rs. 13,139.75 Crores.

This revised Aggregate Revenue Requirement is compared against the revised income under various heads including Revenue with Existing Tariff of Rs. 11,686.18 Crores, Other Consumer related Income of Rs. 525.77 Crores, Agriculture Subsidies of Rs. 433.73 Crores, summing up to a Total Revenue of Rs. 12,645.69 Crores. Accordingly, total Revenue Gap of PGVCL for FY 2016-17 after treatment of gain/(loss) due to controllable / uncontrollable factors is computed at Rs. 494.07 Crores as shown in the table below:



Rs in Crores

Sr. No.	Particulars	FY 2016-17
1	Aggregate Revenue Requirement approved for FY 2016-17	12,105.84
2	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(1,149.01)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	37.16
4	Revenue (Gap)/Surplus from True-up of FY 2014- 15	49.88
5	Recovery of past year True-Up (Gap)/Surplus for FY 2009-10	(147.48)
6	Recovery of past year True-Up (Gap)/Surplus for FY 2010-11	133.00
7	Allocation of GUVNL Profit of FY 2016-17	42.53
8	Revised ARR for FY 2016-17 (1 - 2 - 3 - 4 - 5 - 6 - 7)	13,139.75
9	Revenue from Sale of Power	11,686.18
10	Other Income (Consumer related)	525.77
11	Agriculture Subsidy	433.73
12	Total Revenue including Subsidy (9 + 10 + 11)	12,645.69
13	Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (8 - 12)	494.07

The Hon'ble Commission is requested to approve above mentioned gap and allow PGVCL to recover this gap in FY 2018-19.



(3) **Tariff for FY 2018 -19:**

(a) Hon'ble Commission has approved ARR for FY 2018-19 Approved ARR for FY 2018-19

C: No	Doublesslave	FY 2018-19
Sr. No.	Particulars	(Approved)
1	Cost of Power Purchase	11,937.37
2	Operation & Maintenance Expenses	566.85
2.1	Employee Cost	712.19
2.2	Repair & Maintenance	111.57
2.3	Administration & General Charges	132.74
2.4	Other Debits	-
2.5	Extraordinary Items	-
2.6	Net Prior Period Expenses / (Income)	-
2.7	Other Expenses Capitalised	(389.65)
3	Depreciation	864.69
4	Interest & Finance Charges	405.33
5	Interest on Working Capital	-
6	Provision for Bad Debts	-
7	Sub-Total [1 to 6]	13,774.24
8	Return on Equity	544.74
9	Provision for Tax / Tax Paid	18.96
10	Total Expenditure (7 to 9)	14,337.93
11	Less: Non-Tariff Income	234.07
12	Aggregate Revenue Requirement (10 - 11)	14,103.87



(b) The approved sales projections for FY 2018-19 are as under

Table Approved Sales (MUs) for FY 2018-

	Table Approved Sales (Mes) to	Sales (MU)
S.No.	Particulars	FY 2018-19
		(Approved)
Α	LT Consumers	
1	RGP	4,341
2	GLP	132
3	Non-RGP & LTMD	3,374
4	Public Water Works	769
5	Agriculture - Unmetered	4,437
6	Agriculture - Metered	3,580
7	Street Light	110
	LT Total (A)	16,743
В	HT Consumers	
8	Industrial HT	8,248
9	Railway Traction	-
	HT Total (B)	8,248
	Grand Total (A + B)	24,991

Based on approved sales & existing retail tariff, revenue from sale of power works out to Rs. 9,389.20 Crores for FY 2018-19. The consumer category wise revenue for FY 2018-19 estimated by PGVCL is as given in the following table:

Revenue at Existing Tariff for FY 2018-19

	ŭ.	Revenue (Rs Cr)
S.No.	Particulars	FY 2018-19
		(Existing Tariff)
Α	LT Consumers	
1	RGP	1,603.65
2	GLP	54.16
3	Non-RGP & LTMD	1,785.65
4	Public Water Works	264.47
5	Agriculture - Unmetered	629.75
6	Agriculture - Metered	364.83
7	Street Light	44.65
	LT Total (A)	4,747.15
В	HT Consumers	
8	Industrial HT	4,642.05
9	Railway Traction	
	HT Total (B)	4,642.05
	Grand Total (A + B)	9,389.20



(c) Revenue from FPPPA Charges

As per approved ARR for FY 2018-19, the weighted average power purchase cost is worked out to Rs. 4.22/unit as against base power purchase cost of Rs. 4.17/unit. Thus, the incremental power purchase cost of Rs. 0.05/unit for FY 2018-19 (i.e. Rs. 4.22 - 4.17) will be recovered through FPPPA over and above base FPPPA of Rs. 1.43/unit. Therefore, estimated revenue from FPPPA for FY 2018-19 is considered at Rs. 1.49/unit (i.e. grossing up of Rs. 0.05 by approved losses), as shown below.

Revenue from FPPPA Charges for the FY 2018-19

Particulars	Amount
Rate of FPPPA considered (Rs/kWh)	1.49
Sales (Mus)	24,991
FPPPA charges in Rs. Crores	3,723.70

Estimate Revenue at existing Tariff for FY 2018-19 and estimated revenue gap at existing tariff for FY 2018-19

Total Revenue for FY 2018-19 at existing Tariff:

Sr. No.	Particulars	FY 2018-19 (Projected)
1	Revenue with Existing Tariff	9,389.20
2	FPPPA Charges @ 149 paisa/kWh	3,723.70
3	Other Income (Consumer related)	470.98
4	Agriculture Subsidy	440.53
5	Total Revenue including subsidy (1 to 4)	14,024.42

(d) Estimated Revenue Gap/ (Surplus) for FY 2018-19

Based on the above, the estimated revenue gap/ (surplus) for FY 2018-19 at existing tariff is as outlined in the table below:



Estimated Revenue Gap for FY 2018-19 at Existing Tariff

Rs in Crores

Sr. No.	Particulars	FY 2018-19 (Projected)
1	Aggregate Revenue Requirement	14,103.87
2	Revenue Gap from True up of FY 2016-17	494.07
3	Total Aggregate Revenue Requirement (1 to 2)	14,597.93
4	Revenue with Existing Tariff	9,389.20
5	FPPPA Charges @ 149 paisa/kWh	3,723.70
6	Other Income (Consumer related)	470.98
7	Agriculture Subsidy	440.53
8	Total Revenue including subsidy (4 to 7)	14,024.42
9	Gap / (Surplus) (3 - 8)	573.52

(e) Tariff Proposal

The consolidated revenue gap for all four distribution companies is Rs. 1374 Crores. Out of above gap, Rs. 1195.72 Crores is on account of less receipt of subsidy for the FY 2016-17 which was to be received in advance. However, now State Government has committed to release the outstanding subsidy of Rs. 1195.72 Crores during current financial year through Revised Budget Estimation of current year. Accordingly, the remaining gap of Rs. 178 Crores is proposed to be met through efficiency improvement measures or as deemed appropriate by the Hon'ble Commission.

In view of the above, while the distribution companies have not proposed any increase in tariff rates, certain minor modifications have been proposed in current tariff structure. The proposed changes are outlined in the subsequent paragraphs.

(f) Proposed changes in the tariff structure:

A. Meter rent to be merged with Fixed / Demand Charges:

To address the issue of applicability of multiple taxes such as Electricity Duty and GST on different component of electricity bill like energy charge, fixed charge, meter charge etc., it is proposed to merge meter charges into fixed charge so that only one tax i.e. Electricity Duty is applicable.



B. Change in condition for opting LTMD by NRGP: Existing Provision

This tariff shall also be applicable to consumer covered in category – 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.

Proposed Provision

This tariff shall also be applicable to consumer **having contracted load of 15 kW and above** covered in category – 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.

C. Change in condition for switch over from Non-RGP to Non-RGP Night: Existing Provision

The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff **and** vice versa twice in a calendar year by giving not less than one month's notice in writing.

Proposed Provision

The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff **or** vice versa twice in a calendar year by giving not less than one month's notice in writing.

D. Change in condition for switch over from LTMD tariff to LTMD – Night tariff:

Existing Provision

The option can be exercised to switch over from LTMD tariff to LTMD Night tariff **and** vice versa twice in a calendar year by giving not less than one month's notice in writing.

Proposed Provision

The option can be exercised to switch over from LTMD tariff to LTMD Night tariff **or** vice versa twice in a calendar year by giving not less than one month's notice in writing.



E. Change in condition for switch over from HTP-I tariff to HTP-IV tariff: Existing Provision

The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.

Proposed Provision

The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff **or** vice versa twice in a calendar year by giving not less than one month's notice in writing.



(5) Prayer

PGVCL respectfully prays to the Hon'ble Commission;

- **a.** To admit this Petition seeking True up of FY 2016-17 and Determination of Tariff for FY 2018-19.
- **b.** To approve the True up for FY 2016-17 and allow sharing of gains/losses with the Consumers as per sharing mechanism prescribed in the GERC MYT Regulations, 2016.
- **c.** To consider approved True up parameters & ARR of GSECL, GETCO and SLDC while finalizing Tariff of the Petitioner.
- **d.** To approve the terms and conditions of Tariff for FY 2018-19 and various other matters as proposed in this petition and proposed changes therein.
- **e.** To approve the base FPPA based on power purchase cost of FY 2018-19 as approved in MYT Order dated 31st March, 2017.
- **f.** Pass suitable orders for implementation of Tariff Proposal for FY 2018-19 for making it applicable from 1st April, 2018 onwards.
- g. To grant any other relief as the Hon'ble Commission may consider appropriate.
- **h.** The Petitioner craves leave of the Hon'ble Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
- i. Pass any other Order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

(6) Provisions for availing the petition copy:

Copy of the petition will be available for inspection as well as for sale at the cost of Rs. 145/- to the interested persons at the office of The Chief Engineer, Corporate Office, Paschim Gujarat Vij Company Ltd, Laxminagar, Nana Mava Road, Rajkot-360 004 and at the office of the Superintending Engineer of PGVCL, in Charge of O&M Circle. For obtaining the copy of the petition by post, postage fee @ Rs.50/- will be payable extra.

NOTE: - The total amount in such event is to be sent by Money Order or Demand Draft payable in favor of Paschim Gujarat Vij Company Ltd.

The electronic copies of the above mentioned petition are available at website www.guvnl.com and www.pgvcl.com



(7) Guideline for submission of response:

In accordance with GERC (Conduct of Business) Regulations 2004, it is hereby notified that the persons who are interested in filing their objections/suggestions on the above subject matter petition, may file the same with the Secretary, Gujarat Electricity Regulatory Commission, 6th floor, GIFT One, Road 5C,Zone 5, GIFT City, Gandhinagar – 382 355 along with the document on which they want to rely upon, in five sets, duly supported by an affidavit with the copy to the undersigned on or before 19.02.2018 and also indicate whether they intend to be heard in person.