

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

**Truing up for FY 2023-24,
Aggregate Revenue Requirement for FY 2025-26 to FY 2029-30
and Determination of Tariff for FY 2025-26**

For

**Torrent Power Limited – Distribution
SURAT**

**Case No. 2427 of 2024
29 March, 2025**

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**Before the Gujarat Electricity Regulatory Commission at
Gandhinagar**

Case No. 2427 of 2024

Date of Order: 29.03.2025

CORAM

Anil Mukim, Chairman
Mehul M. Gandhi, Member
S. R. Pandey, Member

ORDER

Chapter 1: Background and Brief History

1.1 Background

Torrent Power Limited (hereinafter referred to as TPL or the Petitioner) has filed the present Petition under Section 62 of the Electricity Act, 2003, read in conjunction with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 and Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2024 for Truing up of FY 2023-24, Determination of ARR for



MYT Control Period for FY 2025-26 to FY 2029-30, and Determination of Tariff for its distribution business in Surat for FY 2025-26.

Gujarat Electricity Regulatory Commission (hereinafter referred as “the Commission”) notified the GERC (Multi-Year Tariff) 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. Regulations 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of Truing up and ARR for Control Period i.e., 29th March 2016 to 31st March 2021 and revenue gap or revenue surplus thereof for the ensuing year for the determination of tariff to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time. As stated above, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 were in force till 31st March, 2021. The Commission vide various Suo-Motu Orders has extended the MYT Control Period up to FY 2024-25.

The Commission has vide its Order dated 01st June, 2024 in Case No. 2324 of 2024, has determined the tariff of FY 2024-25 and subsequently notified the GERC (MYT) Regulations, 2024 on 06th August 2024, which will be in force till 31st March 2030 and which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2025 onwards. Also, Regulations 16.3.1 of the GERC (MYT) Regulations, 2024 provides for submission of detailed application comprising of Truing up of FY 2023-24 and determination of ARR for Control Period i.e., 1st April, 2025 to 31st March, 2030 and revenue gap or revenue surplus thereof for the ensuing year for the determination of tariff to be carried out under the GERC (MYT) Regulations, 2024.

Subsequently, the Petitioner has filed the current Petition in the matter of Truing-up of FY 2023-24, based on GERC (MYT) Regulations, 2016 and the MYT Petition for Approval of ARR for the Control Period i.e. from FY 2025-26 to FY 2029-30 and

Determination of Tariff for FY 2025-26 in accordance with the GERC (MYT) Regulations, 2024 on 30th November, 2024

After technical validation of the Petition, it was registered on 16th December 2024 and as provided under Regulation 29.1 of GERC (MYT) Regulations, 2016 and Regulations 25.1 of GERC (MYT) Regulations 2024, the Commission has proceeded with this tariff Order.

1.2 Torrent Power Limited (TPL)

Torrent Power Limited (TPL), a company incorporated under the Companies Act, 1956 is carrying on the business of Generation and Distribution of Electricity in the cities of Ahmedabad, Gandhinagar and Surat. The present Petition has been filed by TPL Distribution (Surat) for its distribution business in Surat.

TPL had assumed the business, consequent upon the amalgamation of Torrent Power Ahmedabad Limited (TPAL), Torrent Power Surat Limited (TPSL) and Torrent Power Generation Limited (TPGL) with Torrent Power Limited. Besides, TPL is also engaged in other businesses, which do not come under the regulatory purview of the Commission. TPL has existing generation facilities, with a total installed capacity of 362 MW, at Ahmedabad and has a Combined Cycle Power Plant (CCPP) of 1147.5 MW (SUGEN) and its extension UNOSUGEN (382.5MW) capacity near Surat out of which a share of 835 MW from SUGEN and 278 MW from UNOSUGEN are allocated for Gujarat (Ahmedabad, Gandhinagar and Surat).

1.3 Commission's Tariff Order for FY 2024-25

The Petitioner filed a Petition for Truing up of FY 2022-23 and determination of Tariff for FY 2024-25 on 12th January, 2024. After the technical validation, the Petition was registered on 24th January, 2024 (Case No. 2324 of 2024). The Commission vide Order dated 1st June, 2024 approved Truing up of FY 2022-23 and determination of Tariff for FY 2024-25.

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 of previous year's expenses and revenue based on audited 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).

Subsequently, the Commission has notified the GERC (MYT) Regulations, 2024 for the Control Period of FY 2025-26 to FY 2029-30. Regulation 16.3.1 of the GERC (MYT) Regulations, 2024 provides for Truing up of FY 2023-24, determination of ARR for the Control Period from FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2024.

1.5 Registration of the Current Petition and the Public Hearing Process

The Petitioner submitted that the current Petition for Truing up of FY 2023-24 and determination of ARR for MYT Control Period from FY 2025-26 to FY 2029-30 and determination of tariff for FY 2025-26 on 30th November, 2024. After technical validation of the Petition, it was registered on 16th December, 2024 (Case No. 2427 of 2024) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016 and under Regulation 25.1 of the GERC (MYT) Regulations, 2024, the Commission has proceeded with this tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, TPL-D (S) was directed to publish its application in the newspapers to ensure public participation.

The Public Notice, inviting objections / suggestions from the stakeholders on the Truing up and tariff determination petition filed by TPL, was published in the

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following newspapers:

Table 1-1 List of News Papers (Petitioner)

S. No.	Name of Newspaper	Language	Date of Publication
1	The Times of India (Surat Edition)	English	23/12/2024
2	Gujarat Mitra (Surat Edition)	Gujarati	23/12/2024

The Petitioner also placed the public notice and the Petition on its website (www.torrentpower.com) for inviting objections and suggestions on the petition. The interested parties/stakeholders were asked to file their objections/suggestions on the Petition on or before 22nd January, 2025.

The Commission also placed the Petition on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission also issued a notice for public hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1-2 List of Newspapers (Commission)

S. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	13/02/2025
2	Divya Bhaskar	Gujarati	13/02/2025
3	Gujarat Samachar	Gujarati	13/02/2025

The Commission received objections / suggestions from the consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the Petition on 24th February, 2025 at 2:30 P.M.

Petitions	Date & Time	Venue
TPL-G, TPL-D(A), TPL-D(S) and TPL-D(Dahej) and TPL-D (Dholera)	24 th February, 2025 at 2.30 P.M.	GERC Office, Gandhinagar

The status of stakeholders who submitted their written suggestion/objections, those who remained present in public hearing, those who could not attend the public hearings and those who made oral submissions is given in the Table below:



Table 1-3 List of Stakeholders

S. No.	Name of Stakeholders	Written Submission	Oral Submission	Presence in Public Hearing
1	Gujarat Krushi Vij Grahak Surakhsya Sangh	YES	NO	NO
2	Surat Citizen’s Council Trust	YES	NO	NO
3	Users Welfare Associations	YES	YES	YES
4	Shri K.K.Bajaj	YES	NO	NO

A short note on the main issues raised by the objectors in the submission in respect of the Petition, along with the response of TPL-D (S) and the Commission’s views on the response, are given in Chapter 3.

1.6 Approach of this Order

The GERC (MYT) Regulations, 2016 and GERC (MYT) Regulations, 2024 provide for “Truing up” of FY 2023-24 and GERC (MYT) Regulations, 2024 provides for determination of ARR for FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26.

TPL-D (S) has approached the Commission with the present Petition for “Truing up” of the FY 2023-24, approval of ARR for FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26.

The Commission has undertaken the “Truing up” for FY 2023-24, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2023-24, based on the annual accounts and final ARR for FY 2023-24 approved vide Tariff Order dated 31st March, 2023 in Case No. 2180/2023.

While Truing up of FY 2023-24, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved under 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 the FY 2023-24 has been considered and carried out in accordance with the principles and methodologies laid down in the GERC (MYT) Regulations, 2016.

Determination of ARR for FY 2025-26 to FY2029-30 and Tariff for FY 2025-26 has been considered as per the methodology and principles adopted in the GERC (MYT) Regulations, 2024.

1.7 Contents of this Order

The Order is divided into nine chapters as detailed under;

1. The first chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and approach adopted in this Order.
2. The second chapter outlines the summary of TPL's Petition.
3. The third chapter deals with the objections raised by various stakeholders, TPL's response and Commission's views on the response.
4. The fourth chapter focuses on the details of Truing up for FY 2023-24.
5. The fifth chapter deals with the approval of ARR for FY 2025-26 to FY 2029-30 and determination of Tariff for FY 2025-26.
6. The sixth chapter deals with compliance of directives and issue of fresh directives.
7. The seventh chapter deals with Fuel and Power Purchase Adjustment Surcharge (FPPAS).
8. The eighth chapter outlines the Wheeling Charges and Cross-Subsidy Surcharge
9. The ninth chapter deals with tariff philosophy and tariff proposals

Chapter 2: Summary of TPL-D (Surat)'s Petition

2.1 Introduction

2.1.1 TPL-D (S) has submitted the current Petition seeking Truing up of ARR for FY 2023-24 and determination of ARR for MYT Control Period from FY 2025-26 to FY 2029-30. The Petitioner has also submitted the tariff proposal for FY 2025-26, based on the Revenue Gap for FY 2023-24.

2.2 Actual for FY 2023-24 submitted by TPL-D (S)

2.2.1 TPL-D (S) has submitted the current Petition seeking approval of True-Up for ARR of FY 2023-24 and item wise Gain/Loss computations. The details of expenses under various heads of ARR are given in Table below;

Table 2-1 Actual claimed by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Order	Actual	Deviation	Controllable	Uncontrollable
Power Purchase	2,048.10	3,028.71	(980.61)	24.42	(1,005.05)
O&M Expense	152.82	149.88	2.94	2.94	-
Interest on Loans	35.59	33.09	2.50	-	2.50
Interest on Security Deposit	16.39	28.93	(12.54)	-	(12.54)
Interest on Working Capital	-	-	-	-	-
Depreciation	87.45	79.46	7.99	-	7.99
Bad Debts written off	0.92	0.24	0.68	0.68	-
Contingency reserve	0.40	0.40	-	-	-
Return on Equity	116.56	110.32	6.24	-	6.24
Income Tax	13.13	20.43	(7.30)	-	(7.30)
Less: Non-Tariff Income	10.74	17.75	(7.01)	-	(7.00)
Net ARR	2,460.61	3,433.72	(973.09)	28.03	(1,001.16)

2.3 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2023-24

2.3.1 The table below summarizes the proposed ARR claimed by TPL-D (S) for Truing-up, revenue from sale of power at existing tariff and the revenue gap estimated

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for FY 2023-24.

Table 2-2 True-up of ARR claimed by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Claimed
ARR as per Tariff (a)	2,460.63
Gains/(Losses) due to Uncontrollable factors (b)	(1,001.13)
Gains/(Losses) due to Controllable factors (c)	28.03
Pass through as tariff d= - (c/3+b)	991.80
Trued-up ARR e= a + b	3,452.41

2.3.2 The table below summarizes the revenue gap/surplus for TPL-D (S) for FY 2023-24.

Table 2-3 Revenue Gap/ (Surplus) for TPL-D (A) for FY 2023-24 (Rs. Crore)

Particulars	Claimed
Trued-up ARR	3,452.41
Revenue from Sale of Energy	3,371.27
Less; Revenue towards recovery of Earlier year's approved gap / (surplus)	1.68
Balance Revenue	3,369.59
Gap / (Surplus)	82.82

2.4 ARR, Revenue at Existing Tariff and Revenue Gap/(Surplus) for FY 2025-26

2.4.1 TPL-D (S) has submitted the Petition for approval of the Aggregate Revenue Requirement for the MYT Control Period FY 2025-26 to FY 2029-30 whereby the ARR is formulated as per the provisions of the GERC (MYT) Regulations, 2024 and estimation is based on the following assumptions:

- a) The energy sales forecast has been done based on the consideration of existing trends, likely scenario, conversion of residential & industrial units to commercial units along with the increase in demand due to implementation of lab growth diamond technology. Further, the impact of Rooftop Solar has been duly factored. In this background, TPL-D (S) has projected the sales based on historical trends duly factoring in the current developments.

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- b) The distribution loss and O&M Expenses have been considered as per the methodology prescribed in Tariff Policy read with GERC (MYT) Regulations, 2024 and applicable orders of the Commission.
- c) The energy requirement is proposed to be met from TPL – G (APP), SUGEN/ UNOSUGEN, renewable energy sources, bilateral, and power exchange.
- d) The Renewable Purchase Obligation (RPO) is essentially proposed to be met through the purchase of power generated from tied up capacity of renewable sources including rooftop and purchase through G-TAM/G-DAM, etc.
- e) The capital expenditure of Surat Supply Area includes EHV schemes, HT Network expenditure Schemes, LT network expenditure schemes, Metering including AMI , Power Supply Centres, Special Projects, and IT & Communication, etc.

2.4.2 Accordingly, TPL-D (S) has furnished the ARR of MYT Control Period FY 2025-26 to FY 2029-30 as depicted in the in the following Table;

Table 2-4 ARR of TPL-D (S) for FY 2025-26 to FY 2029-30 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Power Purchase	2,800.27	2,751.66	2,736.38	2,743.72	2,768.60
O&M expenses	192.10	202.43	226.46	253.98	270.18
Depreciation	108.58	128.66	163.61	193.07	205.74
Interest on loans	55.47	77.64	123.74	153.43	156.44
Interest on working capital	-	-	-	-	-
Interest on SD	30.10	30.70	31.31	31.94	32.58
Bad debts	0.24	0.24	0.24	0.24	0.24
Contingency reserve	0.40	0.40	0.40	0.40	0.40
RoE incl. income tax	180.30	208.51	259.30	298.60	316.76
Less: Non-tariff income	17.75	17.75	17.75	17.75	17.75
ARR	3,349.71	3,382.49	3,523.69	3,657.63	3,733.20

2.4.3 The Revenue for FY 2025-26 is arrived at by considering sales forecasted for FY 2025-26. The Table below summarises the Revenue Gap/(Surplus) for TPL-D

(S) for FY 2025-26:

Table 2-5 Revenue Gap/ (Surplus) of TPL-D (S) for FY 2025-26 (Rs. Crore)

Particulars	Claimed
ARR for FY 2025-26	3,349.71
Less;	
Revenue from sale of power at existing rates including revised base FPPPA charge	3,384.64
Gap/(Surplus)	(34.93)

2.4.4 Considering the ARR for FY 2025-26, TPL-D (S) has claimed the cumulative revenue gap/(surplus) for FY 2025-26 as detailed in the Table below:

Table 2-6 Cumulative Revenue Gap/(Surplus) for FY 2025-26 (Rs. Crore)

Particulars	Claimed
Gap/(Surplus) for FY 2023-24	82.82
Carrying Cost	34.15
DSM Cost	0.08
Gap/(Surplus) for FY 2025-26	(34.93)
Cumulative Gap / (Surplus) to be recovered through tariff	82.11

2.5 TPL-D (S)'s Prayer to the Commission

- a) Admit the petition for truing up of FY 2023-24, Aggregate Revenue Requirement for MYT Control Period FY 2025-26 to FY 2029-30, and determination of tariff for FY 2025-26.
- b) Approve the trued-up Gap/ (Surplus) of FY 2023-24 as set out in the petition.
- c) Approve the sharing of gains/ losses as proposed by the Petitioner for FY 2023-24.
- d) Approve the Aggregate Revenue Requirement for MYT Control Period FY 2025-26 to FY 2029-30.
- e) Approve the cumulative Gap/ (Surplus) as proposed in the petition.
- f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2025.
- g) Approve the recovery through retail tariff including revised base FPPPA and/or Regulatory Charge as prayed for.

- h) Allow recovery of the costs as proposed as per the Judgments/ orders of the Hon'ble Tribunal/ Hon'ble Commission in the Appeals/ Review Petitions filed by the Petitioner.
- i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.
- j) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.
- k) Allow any other relief, order or direction which the Hon'ble Commission deems fit to be issued.
- l) Condone any inadvertent omissions/ errors/ rounding off difference/ shortcomings.



Chapter 3: Brief outline of Objections raised, Response from TPL-D (S) and Commission’s view

3.1 Introduction

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL-D (Surat) for Truing up of ARR for FY 2023-24, determination of Aggregate Revenue Requirement (ARR) for MYT Control Period from FY 2025-26 to FY 2029-30, and determination of tariff for FY 2025-26 under the GERC (MYT) Regulations, 2016 and GERC (MYT) Regulations, 2024, a number of Consumers/ organizations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The objections / suggestions by the consumer/consumers organizations, the response from the Petitioner and the views of the Commission are given below:

3.2 Information on various operational aspects

3.2.1 The Objector has sought details regarding number of agriculture connections released and pending with reasons, number of new substations installed, feeder having length more than 5 KM, agriculture connections related to brick manufacturing, number of connections related to animal husbandry included in domestic category, and number of cases booked under Section 135 & 126 of the Act.

3.2.2 The Objector has also sought statement of FPPPA charges segregated into Fuel Purchase charges and Power Purchase charges. Further, scheme wise details of solar rooftop, details of purchase of power from exchange, details of consumers opting for new green tariff and CARO Report/ Audit Reports of last 3 years. The Objector also sought the authorized copy of documents in case any reference is made by the Petitioner w.r.t decisions of the GOG. It has also

sought copy of policy decisions, administrative decision, resolutions, orders, circulars, budgetary provisions, schemes, subsidies and other related subject matters.

3.2.3 The Objector has referred to the loan addition and legal & miscellaneous expenses submitted by the Petitioner in the Formats and sought further details

Petitioner’s Response:

3.2.4 The details sought by Objector pertain to the operational aspects of the Petitioner and are hence extraneous to the present proceedings. Additionally, the proceeding relates to fixation of price (tariff) for electricity and therefore this essence of the proceeding is paramount and cannot be distorted. Majority of the operational details sought are already available on the Commission’s website as part of Standard of Performance Report of FY 2023-24 of TPL- D (Surat). Further, regarding FPPPA details, it is submitted that FPPPA is being computed for distribution licensee on consolidated basis as per the approved formula of the Commission. Details are made available on the website by the distribution licensee. Regarding details of power exchange, same is already furnished in the true-up petitions. The Petitioner is sourcing power only from approved sources. As far as CARO report is concerned, the Petitioner submitted that the CARO Report for the company is part of the Annual Report and available on the company’s website. The audited financial statement have already been furnished as part of the petition for truing up of FY 2023-24.

3.2.5 The Petitioner submitted that the agriculture subsidy being received by the Petitioner is being approved by the Commission on the basis of approval obtained by Energy & Petrochemicals Dept, Govt. of Gujarat through separate proceedings.

3.2.6 Regarding audit report of past years, it may kindly be noted that the annual

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audited accounts have been submitted as part of truing up of the relevant years. Without prejudice, the applicable details for FY 2023-24, being the truing up year, are provided as under:

Particulars	TPL-D (S)
No. of agriculture connections released	17
No. of agriculture connections pending	1 (The application is pending due to non-compliance from consumer end)
No. of new transformers installed	70
No. of Feeders	488
Average Feeder Length (kms)	3.70
No. of Faulty meters replaced	5050
No. of agriculture connections related to brick manufacturing	Not Applicable
No. of connections related to animal husbandry included in domestic category	Not Applicable
Number of cases booked under Section 135 & 126	Section 135- 471 Section 126- 2403
Nos. of connections having animal husbandry herds included in the RGP	Not Applicable
Solar Rooftop Capacity (MW)	90
No. of Green Tariff Consumers	5

Commission's View:

3.2.7 The Commission has noted the submission of the Objector and reply of the Petitioner. The Petitioner has provided the requisite information as sought for



by the Objector.

3.3 Tariff for Agriculture Consumers

3.3.1 The Objector has suggested that fixed charges should be totally removed from all the four agriculture categories and single and uniform energy charges to be introduced in all metered categories. Further, the Objector has suggested to reduce the tariff rate considering farmer's capacity to pay

Petitioner's Response:

3.3.2 The Petitioner submitted that meter tariff will help in bringing more awareness amongst consumers and will also bring transparency in subsidy disbursement for agriculture.

Commission's View:

3.3.3 The Commission has noted the submission of the Objector and reply of the Petitioner

3.4 Tariff for Residential Consumers

3.4.1 The Objector has suggested to consider minimum possible rate in case of residential consumers, so that poor and lower middle class of consumers may be benefited. Further the Objector has submitted to remove fixed charges, abolish electricity duty, introduce minimum bill, and merge FPPPA of Rs. 2 per unit in tariff order.

Petitioner's Response:

3.4.2 The Petitioner submitted that the Commission has already approved nominal fixed charges and concessional energy charges for Below Poverty Line

consumers as per the requirement of the National Tariff Policy. Further, the residential category is a subsidized category and any further relaxation would result into creation of new level of cross-subsidy which is against the intent of the Act. Regarding suggestions to remove fixed charges, the Petitioner submitted that as per standard principle of two part tariff, the recovery of fixed cost should be done through fixed charge and variable cost through levy of variable charge. In respect of suggestion to abolish electricity duty and merge the FPPPA of Rs. 2 in the tariff, the Petitioner submitted that Commission may take appropriate view.

Commission’s View:

3.4.3 The Commission notes the Objectors suggestion and reply of the Petitioner. Electricity Duty is levied as per Electricity Duty Act and same is within the Jurisdiction of the Government. The Tariff philosophy has been discussed in the subsequent section of the Order.

3.5 Separate Tariff Category

3.5.1 The Objector has suggested that supply of water to bricks manufacturers under the head of Agriculture to be removed and renamed only for irrigation purpose. A separate category may be introduced to oblige and subsidy may be declared for floriculture

Petitioner’s Response:

3.5.2 The Petitioner submitted that the suggestion is extraneous to the present proceeding. As per the prevailing tariff order, in case of the Petitioner’s license area, the Agriculture tariff is applicable to connections for ‘agriculture purpose’ only.

Commission’s View:

3.5.3 The Commission notes the Objectors suggestion and reply of the Petitioner. The Tariff philosophy has been discussed in the subsequent section of the Order.

3.6 FPPPA Charges and Ceiling Tariff for Power Purchase

3.6.1 The Objector has suggested not to allow any extra charges by way of FPPPA in between the year and any increase required be allowed once in the FY only. It was also submitted that there is reduction in FPPPA of State Discoms from Rs. 3.35 per unit to Rs. 2.45 per unit and that Petitioner has not reduced the same. The Objector has also suggested that the highest ceiling during the year for power purchase rate is to be decided along with tariff as that power purchase cost is high and unrealistic.

3.6.2 The Objector has stated that the FPPPA charges of Gujarat are the highest as compared to other States and higher than the energy charge and thus suggested to merge 50% amount of FPPPA in basic slabs which will be revenue neutral and not put any burden on consumers of distribution companies. It also suggested to avoid keeping the recovery of FPPPA amount in abeyance / pending, which adds burden of carrying cost and to put ceiling of Rs. 2.50 per unit on the FPPPA amount after merger.

Petitioner’s Response:

3.6.3 The Petitioner submitted that it sources power from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources including bilateral sources /power exchanges. The variation in power purchase cost is uncontrollable for distribution licensee. Accordingly, there cannot be any ceiling for power purchase cost. The Petitioner also submitted that the comparison of FPPPA between Petitioner and State Discoms is incorrect due to difference in power

purchase portfolio and subsidies received by State Discoms. The Petitioner further submitted that the suggestion to not allow FPPPA is contrary to the provisions of the Act and the prevailing regulatory framework notified by the Ministry of Power and appropriate Commission. Accordingly, the suggestion of Objector is untenable in law.

3.6.4 The Petitioner submitted that as per approved FPPPA formula, any increase in power purchase cost during the year, over and above base power purchase cost, is to be recovered through incremental FPPPA over and above base FPPPA, on quarterly basis. The revised base FPPPA Charges has been worked out taking into account estimated power purchase cost for FY 2025-26. Regarding merging of 50% FPPPA in the basic slabs, the Petitioner submitted that the FPPPA rates vary based on the price of fuel and power purchase cost and the consumers will be benefited in case of any reduction in the cost by way of adjustment in FPPPA charges. Additionally, regarding carrying cost on pending FPPPA amount, the Petitioner submitted that carrying cost for unrecovered FPPPA amount is the legitimate claim of the Petitioner to factor time value of money due to deferment in recovery. The recovery of carrying cost is the settled position of law.

Commission’s View:

3.6.5 The Commission notes the suggestion of the Objector and reply of the Petitioner. The Commission is of the view that Power Purchase cost constitutes significant portion of ARR for a Distribution Licensee. FPPPA mechanism is devised to pass on variation in power purchase cost and recover the same from consumers in a timely manner so as to avoid creating gap at the time of truing-up and burden the consumers with carrying cost.

3.7 Distribution Loss and Transmission Loss for new Control Period

3.7.1 The Objector has referred to the approved and actual distribution loss (%) for FY 2023-24 and stated that the Petitioner’s proposal of 5% as distribution loss throughout the Control period should be rejected and it should have declining trend. Further, the Objector has suggested that distribution losses should be restricted to 2% and transmission losses up to 1%.

Petitioner’s Response:

3.7.2 The Petitioner submitted that through its sustained efforts, in terms of implementing efficient practices and perseverance from the employees, the Petitioner has been trying to contain the distribution loss levels in their license area to the lowest possible level. However, for the MYT Control Period, it may not be possible to maintain the distribution loss level as the losses are expected to increase from the current level. Further, transmission losses is an uncontrollable factor for the distribution licensee and are being levied by Transmission licensee, as approved by the appropriate commission for intra-state and inter-state network.

Commission’s View:

3.7.3 The Commission has noted the suggestion of the Objector and the response of the Petitioner. The Commission has approved Distribution and Transmission Loss in the subsequent section of the Order.

3.8 Interest on Working Capital and RoE

3.8.1 The Objector has contended that interest on working capital is not grantable and ought to be removed from the ARR format. Further, it has reasoned that when return on equity is given, interest on working capital cannot be given since equity is major portion of current asset while working capital is gap between

current asset and current liability. Further, RoE of 16% is too high and should be reduced to 9%.

Petitioner’s Response:

3.8.2 The Petitioner submitted that it has claimed the Interest on working capital as per the GERC MYT Regulations as a legitimate and approved component of the Aggregate Revenue Requirement. Regarding the parallel drawn to equity, the Petitioner submitted that interest on working capital is specified to meet with working capital requirement of the business and is different from equity. The rate of ROE is prescribed by the Central Government in the Rules framed under Electricity Act, 2003.

Commission’s View:

3.8.3 The Commission has noted the submission of Objector and reply of the Petitioner. Further, the Interest on Working Capital and RoE is allowed as per provisions of MYT Regulations.

3.9 Tariff related issues

3.9.1 The Objector has stated that carrying cost is not approved and that the Petitioner has filed separate petition, hence it is prudent to wait for the decision. The Objector has also contended that regulatory charges cannot be claimed by the petitioner and tariff burden cannot be passed on to the consumers by such charges. The accumulated losses can be adjusted year on year from incremental profit as per the provision of Company Act and Income Tax Act/ Corporate Tax.

3.9.2 The Objector has raised issue on recovery of “Regulatory Charge” which is not part of any component of Tariff under Regulations. The Objector also

submitted that Petitioner has attempted to falsely trick the consumers in the Petition for determination of tariff for FY 2017-18, unrecovered cumulative gap of Rs. 587.04 Crores since there was no such gap and as per regulation such gap was to be met by additional tariff by this Hon'ble Commission. The Objector also submitted that Commission has travelled beyond the Statutory Provisions as laid down in Section 64 of the Electricity Act, 2003, since loss/profit was adjusted against unrecovered accumulated gap, which is against provisions of the Electricity Act, 2003. The Objector further stated that the legal issue is pending before High Court of Gujarat in PIL no. 87 & 89 of 2016.

3.9.3 The Petitioner is claiming double depreciation claiming as expenses to take tax benefit and claiming same for tariff determination. This amounts to double benefit and accordingly should be excluded from the approved component of ARR

3.9.4 The Objector has suggested to reduce the green tariff from 100 paise/unit to 40 -50 paise/unit and to increase the rate of temporary power to Rs. 15 per unit to reduce temporary and occasional purchase from electricity exchange.

3.9.5 The Objector has suggested to recover the outstanding bill in Crores of Rs. from municipalities and allow ARR only thereafter

3.9.6 The Objector has referred to the tariff of residential category and suggested slab of 200-400 units and 400 units and above for the residential consumers of the State. It has also suggested to revise the difference between two slabs to 40-80 paise/unit

Petitioner’s Response:

3.9.7 The Petitioner submitted that it has calculated carrying cost as per the settled financial principles and in line with the prevailing Regulations. The Petitioner also submitted that it has proposed to recover part of the cumulative gap through regulatory charge, mainly of past period gap over four years so as to avoid tariff shock.

3.9.8 The Petitioner submitted that it has proposed the regulatory charge mainly to recover the gap arising on account of past years under recovery. The Commission in the past tariff orders has approved cumulative gap which included amongst other things the then previous year’s approved gap as well. Hence, at the time of truing up, the revenue recovered for the year is required to be compared with the components against which it was approved for. Further, those components of gap have also been revised due to various applicable orders by the Hon’ble Tribunal, as well as the Commission. The overall result thus works out to a cumulative revenue gap, which is required to be recovered by the Petitioner.

3.9.9 Regarding the reference to the litigation pending before the Hon’ble High Court of Gujarat, it is submitted that the same is extraneous to the present proceedings and even otherwise, no stay has been granted in favour of Objector.

3.9.10 The Petitioner further submitted that it has claimed depreciation as per the GERC MYT Regulations only and that there is no double recovery of depreciation by the Petitioner.

3.9.11 In respect of Green Tariff, the Petitioner submitted that green tariff is optional in nature and distribution licensee is required to make additional

arrangements to make available such power. Further, considering the variable nature of availability of green power, the Petitioner has to incur additional cost for purchase of such power at higher rates, during peak period to supply to the opting consumer.

3.9.12 In respect of outstanding bills, the Petitioner submitted that it takes all actions to recover the dues in timely manner from the Govt. authorities as per the provisions of the GERC Supply Code. It may kindly be noted that the present petition has been filed as per the provision of the GERC MYT Regulations. Accordingly, there is no question of keeping ARR on hold.

In respect of changing of slabs for Residential Consumers, the Petitioner submitted that the tariff structure is based on certain widely recognized best practices and in accordance with the legal framework. Some of the key factors considered for tariff design and as contemplated under the Act are capacity to pay, incentivizing energy conservation through telescopic tariff and promotion of efficient use of electricity.

Commission's View:

3.9.13 The Commission notes the Objectors suggestion and reply of the Petitioner. The Tariff philosophy has been discussed in the subsequent section of the Order.

3.10 Separate True-up and Tariff Petition

3.10.1 The Objector has suggested to segregate the true-up petition from the tariff petition and in turn file the true-up petition at the end of first quarter of following FY and not later than July.

Petitioner’s Response:

3.10.2 The Petitioner submitted that it has filed true up/tariff petition as per the timelines provided by the Hon’ble Commission under GERC MYT Regulations

Commission’s View:

3.10.3 The Commission notes that the Petition has been filed by Petitioner as per MYT Regulations. Further, any gap/surplus at the time of true-up is adjusted while determining ARR and Tariff, Thus, it is imperative that true up and tariff Petition is filed together as per provisions of MYT Regulations.

3.11 Tariff Structure and Tariff Schedule

3.11.1 The Objector has suggested to devise separate schedule for EHT consumer, to publish the tariff schedule in the official language of the State i.e. Gujarati for common consumer to understand, to mentions BPL residential category maximum ceiling of Electricity consumption as well as connected load should in the order to prevent misuse, to simplify the tariff structure by reducing some categories, slabs and specify uniform energy charges for HT & LT Electric Vehicle charging stations and in case concession is to be provided same may be provided for rural area stations, introduce special categories for senior citizen’s residential connections and reduce tariff rate by 50% or give relief in existing tariff of 50%, to give rebate of 7%-9% for prepaid smart meter consumers, who voluntarily opt for such meter as it improves the cash flow and reduces working capital gap and that economic users and regular bill paying consumers are to be encouraged by allowing rebate at 5% and any increase in tariff should be passed on to only high loss making feeders.

Petitioner’s Response:

3.11.2 The Petitioner has submitted as follows:

- At present the Petitioner does not have any EHT consumer in the license area of Petitioner. Hence, there is no requirement of any separate category.
- It is publishing the tariff schedule in Gujarati language on the reverse page of the bills for consumers, opting for bills in regional language.
- The Commission specifies the consumption limit which is eligible for concessional tariff for BPL category in its Tariff Order in accordance with the provisions of the Act.
- The tariff structure has been evolved based on widely recognized best practices in accordance with the legal framework and the principles of Consumers’ capacity to pay, Principles of cross subsidy prescribed by Tariff Policy, Incentivising energy conservation, Demand Side Management, Promotion of efficient use of electricity and also avoiding drawal/ injection of reactive energy
- The period of payment of bill is considered as per the Supply Code. Further, the delayed payment charges are penal in nature and have to be higher than prevailing bank rate/ rate of interest on loans
- On one side Objector has suggested to reduce the number of categories, while on other side an introduction of new category for senior citizens and/or grant relief by way of reduction in tariff is sought. The Petitioner submitted that even though it is revenue neutral, any reduction or concession to any consumer or category will result in burden on the other consumers and create a new level of cross-subsidization
- It has installed smart meters on pilot basis and mass roll out is pending. Accordingly, it shall approach the Commission in due course. Further, Petitioner has been operating with very low distribution loss. Thus, there

is no benefit or improvement in revenue in case of installation of Smart meter. Further, any rebate to some consumers of a given category would lead to additional cost to other consumers.

- The Commission gives due consideration to various factor while determining the tariff for each category including capacity to pay, efficient usage, purpose of use etc

Commission’s View:

3.11.3 The Commission notes the Objectors suggestion and reply of the Petitioner. The Tariff philosophy has been discussed in the subsequent section of the Order.

3.12 Power Purchase Agreement from UNOSUGEN

3.12.1 The Objector has submitted that the Petitioner has obtained the approval of fixed cost of UNOSUGEN from Hon’ble CERC, vide order dated 28th May, 2013, as an inter-state generating plant by relying on its PPA of 35 MW for 25 years with MPPMCL. UWA has contended that MPPMCL has terminated the said PPA subsequently vide notice dated 24th December, 2013. Since the PPA has been terminated, the fixed cost of UNOSUGEN approved in Petition no. 1322/2013 needs to be rejected

Petitioner’s Response:

3.12.2 The Petitioner submitted that UNOSUGEN is the brownfield expansion of the existing SUGEN Plant which is an interstate generating station. Further, there is also an interstate sale of electricity from UNOSUGEN. Therefore, to determine the tariff for sale of electricity by UNOSUGEN, the jurisdiction is of Hon’ble CERC in accordance with Section 62 (1) (b) read with Section 79 (1) (b) and has been rightly exercised by the Hon’ble CERC. The present proceedings are tariff proceedings are being conducted under Section 62 and

64 of the Electricity Act, 2003. The Objector cannot travel beyond the scope of the present proceedings and that under the garb of filing its suggestions and objections is traversing beyond the ambit of the proceedings which is impermissible in law. Further, Objector has also raised the said issue before Hon'ble CERC wherein its contentions were rejected by Hon'ble CERC. Further, regarding the reference to the termination of PPA by MPPMCL through PTC, the Petitioner would like to clarify that same was known to Hon'ble CERC and taken on record while approving UNOSUGEN Tariff.

Commission's View:

3.12.3 The Commission notes the Objectors suggestion and reply of the Petitioner.

3.13 Power purchase from UNOSUGEN

3.13.1 The Objector has contended that the Petitioner has provided the power purchase details from SUGEN/UNOSUGEN in combined manner whereas as per Hon'ble Commission's order the power purchase details of UNOSUGEN should be provided separately. Further, as per Objector, the power purchase cost from UNOSUGEN works out to Rs. 9.86 per unit which is higher than the medium term power purchase cost. In turn, Objector has requested Hon'ble Commission to approve the power purchase cost as per petition no. 1322/2013.

Petitioner's Response:

3.13.2 The Petitioner submitted that the Commission in Case No. 1322/2013 has directed the Petitioner at para 27 (c) (i) of the Order to take due care while entering into FSA to ensure optimization of power purchase cost. It may kindly be noted that during FY 2023-24, due to increase in demand & higher price of fuel like coal & gas, there was increase in rate of power on the power exchange.

Also, Hon'ble CERC had to introduce separate High Price-DAM as the rate of power as the DAM segment touched Rs. 10 per kWh. Further, the Petitioner has also tied up the domestic gas in compliance of para 27 (c) (iv) of the Commission's order in case no. 1322/2013 which helps in fulfilling the partial gas requirement of UNOSUGEN Plant. The Petitioner has conducted bidding to procure short term power wherein it has procured short term bilateral power with landed cost of Rs. 7.83/unit for the period April'23 to August'23. In order to meet with the shortfall in power procurement requirements, the Petitioner has to depend on power exchange and has to depend on SUGEN & UNOSUGEN as fall-back arrangements. Considering the Take or Pay and Ship or Pay obligation, the Petitioner utilizes the domestic gas, in such a manner, as to optimize the cost of its power procurement, including utilization of same in SUGEN, though same is contracted towards compliance of para 27 (c) (iv). In this background, the Petitioner has refrained from entering into FSA under 27 (c) (i) as referred by UWA and utilized SUGEN's LNG to run UNOSUGEN, so as to optimize Power Purchase Cost. Accordingly, the Petitioner has off taken only need based generation of 1,137.20 MUs from UNOSUGEN using domestic Gas with blending of LNG to optimize the cost. The Petitioner procured power from UNOSUGEN only on need basis essentially at the time, whenever it was competitive, as compared to short term power. In turn, the Petitioner has incurred Rs. 759.37 Crore variable cost which works out to competitive ECR of Rs. 6.68 per unit. The Petitioner has sourced power in a manner to optimize the overall power purchase cost, while ensuring the reliability of the Supply, as a prudent utility practice

Commission's View:

3.13.3 The Commission has noted the suggestion of Objector and reply of the Petitioner. The Commission has approved power purchase from UNOSUGEN and same is elaborated in subsequent section of the Order.

Chapter 4: Truing-Up for FY 2023-24

4.1 Introduction

4.1.1 This chapter deals with the Truing-up of FY 2023-24 for TPL-D (S). The Commission has studied and analysed each component of the ARR for FY 2023-24 in the following paragraphs.

4.2 Energy Sales to Consumers

Petitioner’s Submission:

4.2.1 TPL-D (S) has submitted category-wise actual energy sales for Surat area for FY 2023-24 to the tune of 3,913.98 MU against the sales approved by the Commission of 3,520.39 MU in the Tariff Order dated 31st March, 2023 as given in the Table below:

Table 4-1 Energy Sales for FY 2023-24 (in MU)

Category	Approved in Tariff Order	Actuals Claimed
RGP	814.93	857.11
Non-RGP	1,190.41	1,237.24
LTMD	959.80	1,064.67
HT	529.67	728.57
Others	25.58	25.59
DoE Units	-	0.80
Total Sales	3,520.39	3,913.98

4.2.2 The Petitioner has submitted that the actual sales in FY 2023-24 are higher than that approved in Tariff Order mainly due to increase in demand due to growth in diamond industries which has offset the adverse impact of solar rooftop whose installed capacity is about 90 MW as on 31st March, 2024. Based on

above, the major reasons for deviation in category-wise sales are enumerated hereunder. Based on above, the major reasons for deviation in category-wise sales are enumerated hereunder:

- a) The actual sales of RGP category are marginally higher than the approved sales. This is primarily due to higher overall temperature and growth in housing projects despite the increase in number of solar rooftop installations.
- b) Sales in Non RGP & LTMD category arise mainly from industrial and non-industrial consumers. The industrial consumers comprise of textile, diamond and embroidery segments whereas non-industrial consumers comprise of shops, showrooms and offices. During FY 2023-24, the actual sales for Non RGP and LTMD category are higher than approved primarily due to increase in demand of diamond industries and growth of commercial activities including shops, offices and big show rooms in Varachha, City light , Ved Dabholi and Vastadevdi areas.
- c) In HT category, the consumption is attributable to the industrial and commercial establishments, water works and pumping stations run by local authority. During FY 2023-24, the actual sales in HT industrial and commercial category is higher than the approved sales due to sharp increase in demand of diamond industries. In case of HT water works and pumping stations, the sales are lower than the approved sales due to use energy efficient measures.
- d) Sales in Others category include sales of GLP, Agriculture, LEVC and Temporary categories. During FY 2023-24, the actual sales are lower than approved mainly in Agriculture category.

4.2.3 The Petitioner has further submitted that the GERC (MYT) Regulations, 2016 specifies that the variation in quantities of electricity supplied to the

consumers is attributed as uncontrollable factor and requested the Commission for the Truing up of actual sales as shown in the table above.

Commission’s Analysis:

4.2.4 The actual sales made by TPL-D (S) during FY 2023-24 are higher compared to the approved sales in the Tariff Order dated 31st March, 2023 mainly due to increase in demand due to rise in temperature, growth in housing projects, increase in demand of diamond industries and growth of commercial activities in in Varachha, City light , Ved Dabholi and Vastadevdi areas. However, it was also observed that Sales in HT water works is lower than approved due to energy efficiency and also reduction in Agriculture category sales.

4.2.5 The total sales as submitted by the Petitioner have been verified, compared and confirmed with the sale of energy furnished in in the monthly return under Form A specified in Rule 6(1) (A) filed by TPL-D (S) with the Chief Electrical Inspector and Collector of Electricity Duty and Energy Audit Report vide additional data submitted.

4.2.6 In view of above, the Commission approves the energy sales as mentioned in Table 4-1 above for TPL-D (S) to the tune of 3.913.98 MU for FY 2023-24.

4.3 Distribution Losses

4.3.1 TPL-D (S) has submitted that it has been making consistent efforts to contain the Distribution Losses. The Petitioner has further submitted that the losses are already at lower level and remains range-bound.

Table 4-2 Distribution Losses for FY 2023-24 as submitted by TPL-D (S)

Category	Approved in Tariff Order	Actuals Claimed
Distribution Losses (%)	3.59%	2.77%



4.3.2 TPL-D (S) has submitted that the variation in the distribution loss compared to the approved value is to be considered accordingly.

Commission’s Analysis:

4.3.3 The reduction in distribution losses in the licensed area has taken place due to modernization/improvement of the distribution network, augmentation of the old assets, etc. Substantial capitalisation of assets over a period of time and concentrated efforts of the Petitioner, which has resulted in reduction in transformation losses as well as line losses and ultimately overall Distribution Losses.

4.3.4 The Distribution Losses as claimed by TPL-D (S) at 2.77% is approved for the purpose of True up of FY 2023-24 after confirming the same as per mandatory Annual Energy Audit report. Any Gain/Loss on account of distribution losses is controllable as per the GERC (MYT) Regulations, 2016. The Commission approves the actual Distribution Losses at 2.77% for FY 2023-24 and accepts TPL-D (S)’s submission to treat the actual deviation in distribution losses i.e., 2.77% as controllable factor and share the gain accordingly.

4.4 Energy Requirement

Petitioner’s Submission:

4.4.1 The Petitioner has submitted the actual energy requirement for Ahmedabad and Surat Licensee area based on the actual energy sales and the Transmission & Distribution Losses for FY 2023-24 as given in the Table below:

Table 4-3 Energy Requirement for FY 2023-24 for TPL-D (S)

Particulars	Approved in Tariff Order	Actuals Claimed
Surat Supply Area		
Energy Sales (MU)	3,520.40	3,913.98

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Tariff for FY 2025-26

Particulars	Approved in Tariff Order	Actuals Claimed
Distribution Loss (%)	3.59%	2.77%
Distribution Loss (MU)	131.18	111.42
Energy Input at Distribution Level (MU)	3,651.58	4,025.40
Transmission Loss (MU)	39.63	54.34
Energy Requirement – Surat (A)	3,691.21	4,079.74
Energy Requirement – Ahmedabad (B)	8,526.25	8,868.63
Total Energy Requirement – (A+B)	12,217.45	12,948.37

4.4.2 The Petitioner submitted that the total energy requirement was met through various sources as discussed in the subsequent section.

Commission’s Analysis:

4.4.3 The actual energy requirement submitted by the Petitioner for FY 2023-24 along with energy requirement as per the Order dated 31st March 2023 has been examined and verified by the Commission. The Commission observed that there is an increase of 730.91 MU in the energy requirement for TPL-D (S) and TPL-D (A) against the quantum of 12,217.45 MU approved in the same order.

4.4.4 The actual energy requirement is higher than that approved in the Order due to increase energy sales. The actual energy requirement being the sum of energy sales, Transmission Losses and Distribution Losses, works out to 12,948.37 MU for FY 2023-24.

4.4.5 The Commission accordingly approves the energy requirement at 12,948.37 MU for Truing up of FY 2023-24 as given in the above Table 4-3.

4.5 Energy Availability

Petitioner’s Submission:

4.5.1 The Petitioner has submitted that the power is sourced collectively for

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Ahmedabad and Surat Licensee area from TPL-G (APP), SUGEN, UNOSUGEN and Renewable Sources of Energy and other sources such as bilateral and purchase through power exchange. The source-wise power purchase is given in the Table below:

Table 4-4 Energy Availability (Net) for FY 2023-24 for TPL-D(S) and TPL-D(A) (in MU)

Particulars	Approved in Tariff Order	Actuals Claimed
TPL-G (APP)	2,565.31	2,668.79
SUGEN/UNOSUGEN	3,826.35	4,458.20
Bilateral/ Power Exchange	3,541.12	4,493.52
Renewables	2,284.66	1,278.61
Sub-total	12,217.45	12,899.13
Add: Sale of Surplus power/UI/wind setoff	-	49.24
Total	12,217.45	12,948.37

Renewable Power Purchase Obligation:

4.5.2 The Petitioner submitted that Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulation, 2010 specifies the Renewable Power Purchase Obligation (RPPO). Subsequently, the Commission vide its notification no. 1 of 2022 dated 8th April, 2022 notified the GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022 specifying RPPO for FY 2023-24. TPL-D (S) has made all efforts to fulfil its RPPO.

4.5.3 The renewable energy requirement and details of compliance for FY 2023-24 for Surat and Ahmedabad on consolidated basis is as under:

Table 4-5 Renewable Power Purchase Obligation claimed for FY 2023-24 (in MU)

Particulars	Actual Claimed
Energy Requirement	12,948.37
RE Procurement	
Wind energy to be procured (@8.45%)	1,087.66

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 Tariff for FY 2025-26

Particulars	Actual Claimed
Solar energy to be procured (@9.50%)	1,230.09
Hydro energy to be procured (0.05%)	6.47
Biomass/Bagasse/Others (@0.75%)	97.11
Total (17.00%)	2,421.34
Compliance (Non-Solar)	
Non-Solar	991.83
Non-Solar REC	2.50
Compliance (as % of Energy Requirement)	7.68%
Compliance (Hydro)	
Hydro	1.16
Hydro REC	-
Compliance (as % of Energy Requirement)	0.01%
Compliance (Solar energy)	
Solar	875.09
Solar-REC	-
Compliance (as % of Energy Requirement)	6.76%

4.5.4 The Petitioner submitted that they will separately approach the Commission in the matter of revision of minimum quantum of purchase (in %) from renewable energy sources for the year FY 2023-24 in accordance with the RPO Regulations.

Commission’s Analysis:

4.5.5 The sources of power approved by the Commission in the Order dated 31st March, 2023 are AMGEN, SUGEN, UNOSUGEN, Bilateral Sources, Power Exchange and Renewable Energy. The Commission had approved the total quantum of power purchase at 12,217.45 MU for TPL-D (S) and TPL-D (A) combined for FY 2023-24 in the Order against which the Petitioner has purchased 12,948.37 MU during FY 2023-24. On query regarding reconciliation of energy for FY 2023-24, the Petitioner has submitted additional details alongwith reconciliation of source-wise energy supplied to TPL with SEA report along with energy audit report for FY 2023-24.

4.5.6 TPL-D has procured 4,458.20 MU from SUGEN/ UNOSUGEN which was 17% higher than power purchase considered from the source in the Power Purchase for FY 2023-24 in the Order and simultaneously decreased the power purchase from Renewable source.

4.5.7 In reply to the query raised by the Commission, TPL-D (S) been submitted that due to geo-political instability including the Russian – Ukraine War and high volatility in international fuel market, it has not entered into any separate Term LNG tie-up during FY 2023-24 as specified in para 27 (c) (i) of UNOSUGEN Order in Case No. 1322 of 2013 dated 19th June, 2019 as the prices of Term LNG was high. TPL-D (S) further stated that it has procured power from UNOSUGEN at Rs. 6.68/kWh and has exercised commercial prudence so as to reduce its cost to the consumers as the procurement of bilateral power through bidding process has resulted into variable cost of Rs. 7.83/kWh which is higher than UNOSUGEN Price. Thus, TPL-D (S) has operated UNOSUGEN to reduce the cost to the end consumers compared to bilateral power. If TPL-D(S) has not procured power from UNOSUGEN, it would have incurred an additional cost by way of USE OF PAY (UOP) which is present restricted to only Rs. 10.96 Crore towards UOP charges. Thus, in addition to reduction in power purchase cost, it has also saved terms of UOP and Ship or Pay (SOP) charges. It has further submitted that the bifurcation of SUGEN and UNOSUGEN energy received during FY 2023-24 as tabulated below:

Table 4-6 Bifurcation of SUGEN and UNOSUGEN Energy Received in FY 2023-24 (in MU)

Sources	Power Purchase (MU)
SUGEN	3,321.00
UNOSUGEN	1,137.20
Total	4,458.20

4.5.8 The Commission during the prudence check, sought the details of Bilateral trade carried out in FY 2023-24 as per Form – 2 against which the Petitioner has

submitted the details as given below.

Table 4-7: Break-up of Bilateral Power Procurement (MU)

Particulars	MU
Tata Power	36.98
Manikaran	153.13
PTC	893.06
SKS Power Generation (Chhattisgarh) Ltd	70.60
Total Bilateral Purchase	1,153.77
Indian Energy Exchange	3,339.75

4.5.9 Further, during the prudence check, the Commission also sought reconciliation of sale of surplus power / UI / Wind setoff of 49.24 MU as per Form – 2 against which the Petitioner has submitted the details as given below.

Table 4-8: Break-up of Sale of Surplus Power in FY 2023-24

Particulars	MU
UI	0.86
Sale through PX	(5.18)
Open Access Through PX	1.89
Wind setoff	51.68
Total	49.24

4.5.10 The Commission notes that TPL has procured renewable energy of 1,278.61 MU from the generators under preferential tariff for compliance of RPO. Further, TPL-D (S) has also made efforts to purchase RE Power from Short Term market and accordingly has procured 81.76 MU form power exchange under G-DAM/G-TAM for FY 2023-24. The RPO targets approved by the Commission as per GERC (Procurement of energy from Renewable Sources) (Third Amendment) Regulations, 2022 for FY 2023-24 are as follows:

Table 4-9 RPO targets approved by the Commission for TPL-D for FY 2023-24

Particulars	FY 2023-24
Solar	9.50%
Wind	8.40%
Hydro	0.05%

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Tariff for FY 2025-26

Particulars	FY 2023-24
Others	0.75%
Total	18.70%

4.5.11 The Commission during the prudence check, sought details of source-wise bifurcation of renewable energy purchased during FY 2023-24 and the tariff applicable, against which the Petitioner has submitted the details as given below:

Table 4-10 RE Power Purchase including RE Attributes for FY 2023-24 (MU)

Particulars	Purchase	G-DAM/TAM	RE Attributes#	Total
Solar	875.61	55.95	63.93	995.49
Wind	403.00	25.81	446.26	875.09
Total	1,278.61	81.76	510.21	1,870.58

- RE attributes available to DISCOM

Table 4-11 RE Power Purchase for FY 2023-24 (MU)

Source	MU	Tariff (Rs./kWh)
Wind		
TPL (Wind) - Lalpur	78.48	4.15
TPL (Jamanwada)	165.49	4.19
TPL (Nakhatrana)	292.87	
TPL (Mahidad)	123.38	
TPL (Mahuva)	130.06	
CLP	75.71	3.27
Wind (Others)	9.63	3.17
Total Wind Purchase	875.61	4.76
Solar		
TSL - Solargen	82.06	10.03
GENSU	116.01	6.77
Kindle	1.59	11.79
Ananth Solar	2.75	10.82
Azure Power	0.68	10.82
GPCL	0.02	9.47
GPCB	0.06	9.63
AMC Solar	1.34	12.18/9.52/9.14
SMC	75.91	9.05
Solar rooftop	122.58	2.32
Total Solar	403.00	6.99

4.5.12 TPL-D has submitted that it has achieved 7.68% RPO related to Non-solar and 6.76% RPO related to Solar. There is shortfall in RPO pertaining to solar and non-solar energy purchase. The Commission notes that TPL has filed a separate Petition for compliance of RPO, for adjudication before the Commission. Therefore, as far as the compliance of RPO is concerned, the Commission will decide it in separate proceedings.

4.5.13 The Commission has considered the aforesaid aspects and accordingly approves the availability of energy during FY 2023-24 as shown in the Table below:

Table 4-12 Approved Energy Availability (Net) for FY 2023-24 for TPL-D (S) and TPL-D (A) (in MU)

Particulars	Approved in Tariff Order	Actuals Claimed	Approved by the Commission for truing-up
TPL-G (APP)	2,565.31	2,668.79	2,668.79
SUGEN/UNOSUGEN*	3,826.35	4,458.20	4,458.20
Bilateral/ Power Exchange	3,541.12	4,493.52	4,493.52
Renewables	2,284.66	1,278.61	1,278.61
Sub-total	12,217.45	12,304.77	12,304.77
Add: Sale of Surplus power/UI/wind setoff	-	49.24	49.24
Total	12,217.45	12,948.37	12,948.37

**Note- TPL-D has procured 3321.00 MU and 1137.20 MU from SUGEN and UNOSUGEN respectively for TPL-D (S) & TPL-D (A) Areas during FY 2023-24.*

4.6 Power Purchase Cost

Petitioner’s Submission:

4.6.1 TPL-D (S) has submitted the actual power purchase cost for FY 2023-24 as provided in the Table below:

Table 4-13 Power Purchase Cost claimed for FY 2023-24 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed
TPL-G (APP)	1,252.79	1,513.43
SUGEN/UNOSUGEN	2,567.03	4,396.95
Bilateral/ Power Exchange	1,905.85	2,976.74
Renewable Energy	1,053.23	699.09
ISTS/InSTS Charges	-	26.39
Total Power Purchase Cost	6,778.90	9,612.60*

*-TPL-D (S) has clarified in their additional submission that it has erred by not considering transmission charges amounting to Rs. 17.38 Crore.

4.6.2 The Petitioner submitted that the variation in the power purchase cost from the approved power purchase cost in the order is on account of variation in sales & distribution losses, variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall during the year. Also, during FY 2023-24, due to increase in demand & higher price of fuel like coal & gas, there was increase in rate of power on the power exchange resulting into Hon'ble CERC introducing separate High Price-DAM as the rate of power on the DAM segment touched Rs. 10 per kWh.

4.6.3 TPL has also submitted that the variation in power purchase cost is an uncontrollable component except on account variation in distribution losses and hence may be allowed in ARR as per Regulations.

4.6.4 TPL submitted that the power purchase for its Surat and Ahmedabad license areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad and Surat on the basis of usage of power. Accordingly, the allocated power purchase cost for Surat Supply area is Rs. 3,028.71 Crore for FY 2023-24.

Commission's Analysis:

4.6.5 The Commission, in its Order dated 31st March 2023 in Case No 2180 of 2023 had

approved the power purchase plan for FY 2023-24.

4.6.6 The Commission had approved power purchase quantum of 12,217.45 MU for FY 2023-24 in the Order against which TPL has purchased 12,948.37 MU. The Commission has approved power purchase cost of Rs. 6,778.99 Crore for FY 2023-24 in the Order against which TPL has incurred Rs. 9,612.60 Crore. The energy requirement is evaluated based on the sale of energy and losses in the transmission and distribution system of Surat and Ahmedabad / Gandhinagar area. The energy requirement for TPL-D (S) license area works out to 31.51% of the total energy requirement. Accordingly, the Petitioner has allocated power purchase cost for Surat Supply area as Rs. 3,028.71 Crore for FY 2023-24. It has been observed that there is discrepancy between power purchase cost claimed for Surat Supply area as Rs. 3,028.71 Crore vis-à-vis the electric energy purchased shown as Rs. 3,025.81 Crore in segregated Audited Accounts for FY 2023-24. In this regard, TPC-D(S) has submitted the reconciliation statement and further submitted that the power purchase cost of AMGEN for FY 2023-24 billed as per FPPPA is Rs. 1,510.94 Crore, whereas, as per True up Petition, it is Rs. 1,513.43 Crore. This difference of Rs. 2.49 Crore is considered in the Petition.

4.6.7 Power Purchase cost of AMGEN for FY 2022-23 billed as per FPPPA was Rs. 1,340.03 Crore, whereas, as per True up Petition, it was Rs. 1,339.48 Crore resulting in a difference of Rs. (0.56) Crore considered in the books as order was awaited and now considered in this Petition. It has further submitted that Power Purchase Cost has been apportioned between Surat and Ahmedabad based on usage of power.

4.6.8 The Commission observes that the total power purchase cost has increased by Rs. 2,833.61 Crore for FY 2023-24 over that approved in the Order dated 31st March, 2023. In response to query regarding this variance, the Petitioner

attributed it to fluctuations in sales & distribution losses and actual rates vis-à-vis the base power purchase rate. Factors contributing to this variance include heightened demand following the increase in demand due to rise in temperature, extended summer, reopening of industrial units post approval of govt. authorities (GPCB), geopolitical tensions such as the Russia-Ukraine conflict, variation in actual cost with respect to the base rate along with purchase of power from short-term sources such as Bilateral / Power Exchange to meet the shortfall during the year. Consequently, fuel prices and thereby power purchase rates have been affected.

4.6.9 The Commission has considered the energy scheduled from TPL-G (APP) to the tune of 2,668.79 MU in energy availability of TPL-D, against which the actual net generation was to the tune of 2,654.12 MU. Therefore, the Commission accordingly, approves Rs. 1,511.30 Crore to be transferred in actual power purchase cost of TPL-D for FY 2023-24.

4.6.10 On query regarding bifurcation of SUGEN and UNOSUGEN power procurement and related costs during FY 2023-24, against which the Petitioner has submitted the details below:

Table 4-14 Power Purchase Cost of SUGEN and UNOSUGEN claimed for FY 2023-24 (Rs. Crore)

Sources	Power Purchase (MU)	Fixed Cost (Rs. Crore)	Variable Cost (Rs. Crore)	Variable Cost (Rs. kWh)	Landed Cost (Rs./kWh)
SUGEN	3,321.00	634.58*	2768.89	8.34	10.25
UNOSUGEN	1,137.20	234.12	759.37	6.68	8.74
Total	4,458.20	868.69	3,528.26	9.71	9.86

*- including transmission charges

4.6.11 TPL-D has purchased power from SUGEN at a variable cost of Rs. 8.34/kWh as against Rs. 4.52/kWh approved by the Commission in the Order dated 31st March 2023. On query regarding increase in the generation cost from SUGEN

/ UNOSUGEN plant, it has submitted that as the gas rate has substantially increased from ~\$4 USD/MMBTU to ~ \$10 USD/MMBTU in FY 2023-24 due to geopolitical instability, including the Russian – Ukraine War affecting the global energy markets. Additionally, Indian Rupee has also depreciated substantially i.e. INR 74/USD in FY 2021-22 to INR 83/USD in FY 2023-24.

4.6.12 TPL-D has procured power from UNOSUGEN at a variable rate of Rs. 6.68/kWh, significantly higher than the Rs. 4.52/kWh approved by the Commission in its Order dated 31st March 2023. On query regarding ascertaining of the landed price of power purchase including the fixed charges of UNOSUGEN not more than the prevailing landed market price for medium term power purchase during such periods, the Petitioner submitted that it has not entered into any separate Term LNG tie-up during FY 2023-24 as specified in para 27 (c) (i) of UNOSUGEN Order in Case No. 1322 of 2013 dated 19th June, 2019 as the prices of Term LNG was high. TPL-D (S) further stated that it has procured power from UNOSUGEN at Rs. 6.68/kWh and has exercised commercial prudence so as to reduce its cost to the consumers as the procurement of bilateral power through bidding process has resulted into variable cost of Rs. 7.83/kWh which is higher than UNOSUGEN Price. Thus, TPL-D (S) has operated UNOSUGEN to reduce the cost to the end consumers compared to bilateral power. If TPL-D (S) has not procured power from UNOSUGEN, it would have incurred an additional cost by way of UOP which is present restricted to only Rs. 10.96 Crore towards UOP charges. Thus, in addition to reduction in power purchase cost, it has also saved terms of UOP and SOP charges. Based on above submission, the Petitioner has procured 4,458.20 MU combined from SUGEN/UNOSUGEN.

4.6.13 The Commission has noted the submission of Petitioner and sought the details of the medium-term price reference along with the regional and State transmission charges and losses documents along with calculation. The said

information was not submitted by TPL-D (S). It is the fact that, the Commission vide Order dated 19th June 2019 in Case No. 1322 of 2013 accorded approval of the procurement for sourcing 278 MW of power from UNOSUGEN for its own requirement at regulated tariff with following stipulations;

27. In view of the foregoing, we accord approval for the procurement of 278 MW power from UNOSUGEN with the following stipulations:

a) Period:

This approval of procurement of power of UNOSUGEN plant is for the balance life of 19 years of the plant as stated in para 23 above.

b) Tariff:

(i) The energy charge of UNOSUGEN shall be at the Fuel Cost as per FSA to be executed by TPL by inviting international competitive bids as per para 25 above.

(ii) The Annual Fixed Charge of UNOSUGEN will be as determined by the CERC or Rs. 228 Crores p.a. (i.e. Rs. 1.10/unit) whichever is lower as referred in para 26 above.

c) Fuel Supply Agreement:

(i) The Petitioner shall enter into FSAs with the fuel suppliers by inviting international competitive bids and ensuring that cost of fuel in the FSAs is such that the landed price of power purchase including the fixed charges as above for the ultimate consumers should not more than the prevailing landed market price for medium term power purchase during such periods.

(ii) In the absence of fuel, the availability of plant shall not be considered.

(iii) The Petitioner shall submit copies of the FSAs to the Commission as stated at para 22 above.

(iv) Once the domestic gas is available, the Petitioner shall endeavour to have a long term arrangement at affordable price with prior permission of the Commission.

4.6.14 On the perusal of the above stipulations, it has been specified in Clause 27 (c)

(i) of the Commission's Order dated 19th June, 2019 that the Petitioner shall enter into FSAs with the fuel suppliers by inviting international competitive bids and ensuring that cost of fuel in the FSAs is such a way that the landed price of power purchase comprising of fixed charges and variable charges as above for UNOSUGEN should not more than the prevailing landed market price for medium term power purchase inclusive of regional and state transmission charges and losses during such periods. Further, Clause 27 (c) (ii) of the said Order specifies that in the absence of fuel, the availability of plant shall not be considered. It has been observed that the availability of the UNOSUGEN plant for FY 2023-24 (cumulative up to March, 2024) has been 97.39%, which has been verified on the website of SLDC. It has been further observed that the Petitioner has procured 1,137.20 MU from UNOSUGEN during FY 2023-24, however, TPL-D(S) has not submitted the details of breakup of power generated from UNOSUGEN by using domestic and RLNG gas. Further, in its Order in Case No. 1322 of 2013 dated 19th June, 2019, the Commission has already given the direction and specified that power procurement cost will be approved to the extent that landed cost of UNOSUGEN should not be more than the prevailing landed market price for medium term power purchase during such periods. In light of the above, it is appropriate to rely on the Clause 27 (c)

(i) of the Commission’s Order dtd. 19th June, 2019 and compare prevailing landed market price for medium term power purchase which is inclusive of regional and state transmission charges and losses with landed price of UNOSUGEN during FY 2023-24.

4.6.15 The landed price of UNOSUGEN is Rs. 8.74/kWh as shown in Table 4-14 (inclusive of fixed charges, excluding transmission charges) and the said price significantly exceeds the prevailing market price for power procurement during FY 2023-24 of Rs. 7.83/kWh which is equivalent to the bilateral trade undertaken by TPL-D (S). The Commission has also referred to the DEEP Portal for Medium-Term Rate discovered for FY 2023-24 and observed that the same is in line with bilateral power purchase rate actually incurred by TPL-D(S). Accordingly, the Commission considers 1137.20 MU from UNOSUGEN at Rs 7.83/kWh during FY 2023-24 and approves the cost of Rs 889.90 Crore.

4.6.16 The Petitioner has procured power from bilateral sources to meet the shortfall of energy from tied-up sources and balance requirement has been fulfilled through procurement of top up power from power exchange. The Petitioner has procured short-term power from Indian Energy Exchange (IEX) at the rate of Rs. 6.21/kWh as submitted in Form 2. The Petitioner has also purchased power from bilateral sources at Rs. 7.83/kWh as submitted in Form 2. TPL has procured power from Power Exchange to provide uninterrupted and reliable power while optimizing overall cost.

4.6.17 The Commission has specified the minimum RPO to be fulfilled by the Petitioner as per the GERC (RPO) Regulations. Regarding the procurement from the Renewable Sources by the Petitioner during FY 2023-24, it has procured at the rates of Rs 4.76/kWh and Rs. 6.99/kWh respectively from the Wind and Solar sources.

4.6.18 The Commission has approved the power purchase cost for FY 2023-24 as given in the Table below:

Table 4-15 Power Purchase Cost approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved by Commission
TPL-G (APP)	1,252.79	1,513.43	1,511.30
SUGEN		3,403.46	3,403.46
UNOSUGEN	2,567.12	993.49	889.90
Bilateral	797.34	902.86	902.86
Power Exchange	1,905.85	2,073.88	2,073.88
Renewable Energy	1,053.23	699.09	699.09
Transmission Charges	-	26.39	26.39
Total Power Purchase Cost	6,778.99	9,612.60	9,506.88
Energy Required for TPL-D (S) (MU)	3,691.20	4,079.74	4,079.74
Power Purchase Cost for TPL-D (S)	2,048.10	3,028.71	2,995.40

4.6.19 Considering the approved power purchase cost of Rs. 9,506.88 Crore for the approved total energy procurement of 12,948.37 MU, the per unit power purchase cost works out to Rs. 7.34/kWh for FY 2023-24.

4.6.20 The Commission has approved the energy requirement of TPL-D (S) license area at its periphery which is 4,079.74 MU. The power purchase cost for TPL-D (S) license area based on the allocation of 31.51% is worked out as Rs. 2,995.40 Crore and accordingly the same is approved for FY 2023-24.

4.7 Sharing of Gains/(Losses) due to reduction in Distribution Losses

Petitioner's Submission:

4.7.1 For the purpose of calculation of gains on account of reduction in distribution loss, the loss level approved by the Commission in tariff Order has been considered as base level by the Petitioner, the gains due to reduction in distribution loss amounted to Rs. 24.42 Crore. The calculation of gains on

account of reduction in distribution loss is quantified as per the Table below.

Table 4-16 Gain due to reduction in Energy Requirement for FY 2022-23 claimed by TPL-D (A) (Rs. Crore)

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	a	4,025.40
Energy Sales	MU	b	3,913.98
Wheeling Energy – OA/RE	MU	c	51.78
Total wheeled units	MU	d = b+c	3,965.76
Approved Distribution Loss	%	e	3.59%
Energy required at distribution level at approved loss	MU	f = d/(1-e)	4,113.53
Difference	MU	g = f-a-c	36.36
Units recovered as loss	MU	h	3.46
Reduction in Energy Requirement	MU	i = g-h	32.90
Average PPC	Rs./kWh	j	7.42
Savings	Rs. Crore	k = i*j/10	24.42

Commission's Analysis:

4.7.2 The variation in distribution losses has resulted in reduction in the energy requirement, which in turn has reduced the cost of power purchase. Accordingly, the reduction in power procurement cost due to lower distribution losses is treated as controllable.

4.7.3 The Commission has approved distribution loss at 3.59% in the Order dated 31st March, 2023, whereas TPL-D(S) has claimed the actual distribution loss at 2.77% for FY 2023-24. The Commission has worked out gain on account of reduction in distribution losses as shown in the Table below:

Table 4-17 Gain due to reduction in Energy Requirement for FY 2023-24 Approved by Commission (Rs. Crore)

Particulars	Unit	Legend	Actual Claimed
Actual Energy purchased at distribution level	MU	a	4,025.40
Energy Sales	MU	b	3,913.98
Wheeling Energy – OA/RE	MU	c	51.78

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Particulars	Unit	Legend	Actual Claimed
Total wheeled units	MU	d = b+c	3,965.76
Approved Distribution Loss	%	e	3.59%
Energy required at distribution level at approved loss	MU	f = d/(1-e)	4,113.53
Difference	MU	g = f-a-c	36.36
Units recovered as loss	MU	h	3.46
Reduction in Energy Requirement	MU	i = g-h	32.90
Average PPC	Rs./kWh	j	7.34
Savings	Rs. Crore	k = i*j/10	24.15

4.7.4 The Commission, accordingly, approves the gain on account of reduction in distribution loss at Rs. 24.15 Crore during FY 2023-24 for Truing up.

4.8 Operation & Maintenance (O&M) Expenses

Petitioner's Submission:

4.8.1 TPL-D (S) has claimed Rs. 149.88 Crore towards O&M expenses as against the total O&M expenses of Rs. 152.82 Crore approved for FY 2023-24 in the Tariff Order dated 31st March, 2023 as detailed in the Table below:

Table 4-18 O&M expenses claimed by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
Operation & Maintenance Expenses	152.82	149.88

4.8.2 The Petitioner has submitted that the above O&M expenses does not include expense related to carrying out Solar Rooftop Power Plant implementation under SURYA scheme.

4.8.3 The Petitioner has requested the Commission to consider the O&M expenses as controllable and allow gains/losses accordingly.

Commission's Analysis:

4.8.4 TPL-D (S) has submitted the actual O&M expenses at Rs. 149.88 Crore inclusive of impact of “Re-measurement of Defined Benefit Plans” of Rs. 0.72 Crore in the Truing- up for FY 2023-24. It is observed that as per Annual Accounts the O&M Expenses are Rs. 150.01 Crore, whereas TPL-D (S) has claimed O&M Expenses of Rs. 149.88 Crore. The head-wise analysis is as under:

4.8.5 **Employee Expenses:** The Commission observed that the Employee expenses as per annual accounts are Rs. 57.78 Crore net of expenses capitalized of Rs. 38.44 Crore. The Petitioner has added commission to non-executive directors of Rs. 0.41 Crore (from A&G expense head) and added expense towards Re-measurement of Defined Benefit Plans of Rs. 0.72 Crore appeared as loss in P&L Statement.

4.8.6 It has been observed that the Petitioner has further deducted an amount of Rs. 0.60 Crore towards the cost of the Surya Gujarat Solar rooftop scheme in the employee cost. On query regarding this, the Petitioner has stated that as per the clause 5.2.1, 5.2.2 and 5.2.7 of the MNRE Guidelines dated 20th August 2019 on "Implementation of Phase — I" of Grid Connected Rooftop Solar Programme for achieving 40 GW capacity from Rooftop Solar by the year 2022", the Petitioner is required to treat incentive and expense separately from tariff exercise. Therefore, the Commission deducted the same amount from the employee cost as submitted by the Petitioner. Accordingly, the employee expenses considered are Rs. 58.31 Crore.

4.8.7 **A&G Expenses:** A&G expense as per annual accounts are Rs. 51.00 Crore net of expenses capitalized of Rs. 7.93 Crore. The Petitioner has claimed A&G expenses after reduction on account of Commission to Non-Executive Directors - Rs. 0.41 Crore, Bad Debts Written off-net - Rs. (0.22) Crore, insurance claim receipt - NIL, Allowance of doubtful debts - Rs. (0.25) Crore, sponsorship expenses – Rs. 0.01 Crore, Advertisement Expenses - Rs. 0.06

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Crore, Gardening Expenses - Rs. 0.64 Crore, DSM Expense – Rs. 0.08 Crore, and added lease payments - NIL. On query regarding bifurcation of the miscellaneous expenses of Rs. 16.69 Crore under A&G expense, the Petitioner has submitted the detailed bifurcation as shown in Table below:

Table 4-19 Details of Miscellaneous Expenses (Rs. Crore)

Particulars	Rs. Crore
Advertisement Expense	0.46
Bill Distribution & Collection Expenses	0.89
Housekeeping Expenses	3.45
EHS services	0.04
Training & Seminar Expense	0.21
Membership Fees	0.22
Communication Expense	0.47
Travelling Expenses	0.46
Bank charges	0.05
Road Reinstatement Charges	7.33
Administration & Supervision Charges	0.18
Technical Services	(0.04)
Demand Side Management Expenses	0.08
Other Misc. Expenses	2.90
Total Misc. Expense	16.69

4.8.8 Accordingly, the Commission approves the A&G expense of Rs. 50.28 Crore for FY 2023-24.

4.8.9 **R&M Expenses:** The Petitioner has claimed R & M expense of Rs. 41.23 Crore as per annual actual incurred duly verified by the Commission from Annual Audited Accounts. The Commission accordingly approves R & M expense of Rs. 41.23 Crore.

4.8.10 Against the query raised by the Commission for increase in O&M Cost, TPL – D (S) submitted that the increase is mainly on account of increase in expense on account of remeasurement of the defined benefit plans, Rate and Taxes, Other general inflation, etc. Further, the Other R&M expenses include the

maintenance cost related to IT system, SAP, Motor Vehicles, etc. Also, the actual O&M expenses are lower than the O&M expenses approved in the tariff order.

4.8.11 The Commission, accordingly, approves the O&M expenses of Rs. 149.82 Crore, for Truing up of FY 2023-24.

4.8.12 Further as per Regulation 22 of the GERC (MYT) Regulations, 2016 the variation in O&M expenses is to be considered as controllable. Accordingly, as per the GERC (MYT) Regulations, 2016 Gain/(Losses) on account of O&M Expenses in the Truing-up of FY 2023-24 is approved by the Commission as given in the Table below:

Table 4-20 O&M Expenses and Gains / (Losses) Approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable	Gains/(Losses) due to Uncontrollable
O&M Expenses	152.82	149.82	3.00	3.00	-

4.9 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission:

4.9.1 TPL-D (S) has claimed Rs. 350.83 Crore towards actual capital expenditure for FY 2023-24, as against Rs. 475.31 Crore approved in the Tariff Order dated 31st March, 2023. Summary of capital expenditure incurred during FY 2023-24 is tabulated as under;

Table 4-21 Capital Expenditure Claimed by TPL-D (S) For FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
EHV	251.44	199.27
HT Network	61.18	56.31
LT Network	47.22	50.61
Special Projects	69.11	32.70
Meter Management incl. AMI	34.38	5.17
Customer care	1.47	0.21

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Particulars	Approved in Tariff Order	Claimed by Petitioner
IT	2.94	0.66
Others	7.58	5.91
Total	475.31	350.83

a) **EHV:** The Commission had approved the capital expenditure of Rs. 251.44 Crore for EHV. In this regard, the Petitioner has incurred the expenditure of Rs. 199.27 Crore. The details of same is as under:

- New 220kV EHV SS: Under the head of 220kV C-GIS commissioning, the Petitioner has incurred capex of Rs. 0.11 Crore towards firefighting system at C-GIS.
- 220kV EHV Line/Cable: During FY 2023-24, capex of Rs. 1.21 Crore was incurred EHV Tower Material, Storage development and installation of anti-climbing Device with barbed wire on EHV tower. However, the capex towards Distributed Acoustic Sensing (DAS) systems was differed due to ongoing evaluation of technology being at nascent stage.
- New 66kV Substation: The work for 66kV substation which was initiated at Katargam during FY 2021-22 was continued during FY 2023-24. Accordingly, Petitioner has incurred Rs. 49.36 Cr mainly towards civil work, 66 kV cable connectivity between FGIS (Dabholi) SS and Extension of GIS bay at FGIS SS, GIS bay and accessories at Katargam SS and 11kV feeder. The expenditure of Rs. 61.59 Cr. & Rs. 41.10 Cr have been incurred towards land cost for new 66 kV Vastadevi SS and A.K. Road SS, respectively. However, the capex for 66kV substation at Bhatena was differed to FY 2024-25 due to issue of land availability at desired location.
- Augmentation / Replacement of Power Transformer & ICT: Under this head, expenditure is incurred for Augmentation / Replacement of Power Transformer & ICT. During FY 2023-24, Rs. 29.84 Crore has

been incurred for one additional 220/66kV (160 MVA) ICT at 220 kV Puna substation and capacity enhancement of 3 nos. and 1 no. of Power transformer at AK Road (K) SS and Causeway (F2) SS, respectively, to enhance reliability and to cater to the load growth. The balance work has been carried forward to FY 2024-25.

- Replacement & Renovation in existing EHV Substation: Capex of Rs. 6.66 Crore has been incurred towards replacement and renovation of various equipments at EHV sub-stations including 220kV relay replacement at Puna SS and 11kV VCB Panels at E Substation (Varachcha).
- Supporting Infrastructure: Under this head, expenditure is incurred towards various supporting infrastructure. During FY 2023-24, Rs. 6.03 Crore has been incurred towards ABT system, Remote terminal unit, automation & upgradation of system, testing & measuring equipments, etc.

b) HT Network: The Commission had approved the capital expenditure of Rs. 61.18 Crore for HT network. In turn, the actual expenditure incurred was Rs. 56.31 Crore. The details of actual capital expenditure and reason for variation are mainly on account of (i) More number of new distribution substations due to increase in demand for lab grown diamonds, (ii) Higher length of 11 kV HT Cable required against planned to cater the demand, (iii) Lesser number of application from HT customer, (iv) Higher requirement of Distribution Transformer upgradation and replacement based on loading condition & aging, (v) Less number of Distribution Transformer & Switchgear replacement work.

c) LT Network: The Commission had approved the capital expenditure of Rs. 47.22 Crore for LT network. However, the actual expenditure was Rs. 50.61

Crore. Under this head, expenditure has been incurred towards releasing new connections/modification applications, LT network development and modification and replacement of deteriorated, aged and unsafe MSP.

- d) Metering:** The Commission had approved capital expenditure pertaining to Metering of Rs. 34.38 Crore. The details of actual capital expenditure and reason for variation are on account of (i) Lower quantum of meter requirement for installation and replacement than estimated, (ii) Deferment of smart metering project, (iii) Modernisation of laboratory, and (iii) Rescheduling of Advanced Metering Infrastructure project.
- e) Special Projects:** The Commission had approved capital expenditure of Rs. 69.11 Crore towards special projects. In this regard, the deviation in actual expenditure is due to rescheduling of expense towards power supply center (PSC) at Ringroad (C) due to additional space requirement. During FY 2023-24, expenditure of Rs. 32.55 Crore has been incurred towards civil and electrical works at Vastadevdi (B) PSC & Varachha (E) PSC. Expenditure of Rs 0.15 Crore was also incurred towards setting up of EV Charging stations at Ring Road Station and Dabholi Station.
- f) Others:** TPL-D (S) has incurred a capex of Rs. 7.58 Crore for hardware & software under the head of IT and communication. It has also incurred capex of Rs. 5.91 Crore primarily towards civil works at EHV SS, Dist. SS and Offices and fire safety measures along with office equipment.

4.9.2 TPL-D (S) has claimed actual capitalisation of Rs. 220.07 Crore for FY 2023-24, as against Rs. 357.29 Crore approved in Tariff Order as shown in table below;

Table 4-22 Capitalisation Claimed for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
Opening GFA	2,359.39	2,288.16
Addition to GFA	357.29	220.07
Deletion to GFA	-	13.18
Closing GFA	2,716.68	2,495.05
SLC addition	18.90	18.94

Commission’s Analysis:

4.9.3 The Petitioner has claimed CAPEX of Rs. 350.83 Crore in Truing-up of FY 2023-24, against the CAPEX of Rs, 475.31 Crore approved by the Commission.

4.9.4 The Commission has observed that according to the audited annual accounts for FY 2023-24, the Capex is at Rs. 348.70 Crore as per Note 6 of the Audited Accounts under head “Additions during the year”. The Petitioner has furnished the details of project-wise breakup of actual capitalization of Rs. 220.06 Crore with details of Opening CWIP as on 1st April 2023, CAPEX during the year and Closing CWIP as on 31st March 2024 in form 4.3 of the Petition. Further, TPL-D (S) also clarified that in case of any CAPEX is being capitalised in the same month, CAPEX is not reflected in CWIP and is directly being capitalised in Gross Fixed Assets.

4.9.5 The Commission opines that in order to meet the system demand and to provide 24x7 uninterrupted reliable quality power supply, necessary augmentation and upgradation of EHV / HV / LV network is required. TPL-D (S) had submitted the CAPEX plan for the MYT period and accordingly CAPEX and capitalization is being undertaken and it is approved based on the yearly progress.

4.9.6 The Petitioner had already furnished the detailed project/scheme-wise explanation of the major capital expenditure incurred and capitalisation

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during FY 2023-24 as deliberated in its Petition and the same is not repeated here due to brevity. The Commission has carried out the detailed analysis of the CAPEX during the FY 2023-24 and capitalization against the approval of the Commission in Tariff Order as tabulated below;

Table 4-23 Comparison of CAPEX for FY 2023-24 (Rs. Crore)

Project Title	CAPEX approved for FY 2023-24 in Tariff Order	CAPEX claimed and approved in truing up for FY 2023-24	Difference approved & actual CAPEX for FY 2023-24
A	B	C	D=(B-C)
EHV	251.44	199.27	52.17
HT Network	61.18	56.31	4.87
LT Network	47.22	50.61	-3.39
Special Projects	69.11	32.70	36.41
Meter Management incl. AMI	34.38	5.17	29.21
Customer care	1.47	0.21	1.26
IT	2.94	0.66	2.28
Others	7.58	5.91	1.67
Total	475.31	350.83	124.48

4.9.7 From the said details, it is observed that the major deviation in the capital expenditure is on account of deviation in EHV works, special works and metering. Against approved capital expenditure of Rs. 251.44 Crore for EHV works, the Petitioner has incurred capital expenditure of Rs. 199.27 Crore mainly towards installation of firefighting system at C-GIS, EHV Tower Material, Storage development and installation of anti-climbing Device with barbed wire on EHV tower, civil work / 66 kV cable connectivity between FGIS (Dabholi) SS and Extension of GIS bay at FGIS SS, GIS bay and accessories at Katargam SS and 11kV feeder, land cost for new 66 kV Vastadevi SS and A.K. Road SS, Augmentation / Replacement of Power Transformer & ICT, at 220 kV Puna substation and capacity enhancement of 3 nos. and 1 no. of Power transformer at AK Road (K) SS and Causeway (F2) SS, 220kV relay replacement at Puna SS and 11kV VCB Panels at E Substation (Varachcha), ABT system, Remote terminal unit, automation & upgradation of system, testing &



measuring equipments, etc. However, the work related to Distributed Acoustic Sensing (DAS) systems was differed due to ongoing evaluation of technology being at nascent stage.

4.9.8 In respect of Capex relating to HT and LT network, the Petitioner has incurred Rs. 56.31 Crore and 50.61 Crore against the capex of Rs. 61.18 Crore and Rs. 47.22 Crore respectively, approved in Tariff Order, whereby HT Network expenditure has been incurred mainly towards distribution substation, Higher length of 11 kV HT Cable, Lesser number of application from HT customer, Higher requirement of Distribution Transformer upgradation and replacement based on loading condition & aging and Less number of Distribution Transformer & Switchgear replacement work. For LT network, TPL-D (S) has incurred expenditure has been incurred towards releasing new connections/ modification applications, LT network development and modification and replacement of deteriorated, aged and unsafe MSP.

4.9.9 Similarly, in respect of Metering, the CAPEX incurred to the tune of Rs. 5.17 Crore against the approved of Rs. 34.38 Crore in Tariff Order due to Lower quantum of meter requirement for installation and replacement than estimated, deferment in implementation of smart metering, Modernisation of laboratory, and Rescheduling of Advanced Metering Infrastructure project.

4.9.10 The Commission had approved capital expenditure of Rs. 81.73 Crore pertaining to Special Project, Customer Care, IT and others, as against which actual expenditure was only Rs. 39.48 Crore due to rescheduling of capex for Advanced Distribution Management System, Smart Grid, Meter data Management System and Advance Metering Infrastructure activity.

4.9.11 Deviation in account of special project is due to rescheduling of expense towards power supply center (PSC) at Ringroad (C) due to additional space

requirement.

4.9.12 The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 350.84 Crore during FY 2023-24. The Commission based on the audited annual accounts of FY 2023-24 has considered the opening CWIP, capex and capitalisation during the year and closing CWIP in true up for FY 2023-24 as given in the table below:

Table 4-24 CWIP approved in True up for FY 2023-24 for TPL-D (S) (Rs. Crore)

Sr. No.	Particulars	Approved in Truing up
1	Opening CWIP	129.54
2	Capex during the year	350.83
3	Less: Capitalisation	220.06
4	Closing CWIP (1+2-3)	260.31

4.9.13 The Commission has noted the submissions of the Petitioner regarding the capital expenditure as well as capitalisation of assets. The Commission notes that TPL-D (S) has upgraded and uprated some of the existing sub-stations, lines as well as switchgears.

4.9.14 Moreover, TPL-D (S) has also established and augmented various sub-stations at 33 kV level in different parts of the city near the load centers, which has led to reduction in the Distribution losses.

4.9.15 The Commission has verified sub-stations energized during FY 2023-24 from the Certificate of energizations issued by the Chief Electrical Inspector which substantiates that the assets created through CAPEX have been put to service, which have been submitted by the Petitioner in its additional submission.

4.9.16 It has been observed that the Petitioner has claimed capitalisation of Rs. 220.07 Crore in Truing-up of FY 2023-24, against the capitalisation of Rs. 357.29 Crore

approved by the Commission in the Order dated 31st March 2023. It has been further observed that there is significant variation in the value of Opening GFA in the Annual Accounts and Petition. TPL-D (S) clarified that the Fixed Asset Schedule in Annual Accounts is on NFA basis as per Ind-AS, however, TPL-D (S) has submitted fixed asset schedule in the Petition on GFA basis as per the GERC MYT Regulations, 2016.

4.9.17 The Commission has approved closing GFA at Rs. 2,288.16 Crore in the True-up for FY 2022-23 and the same is considered as opening GFA for FY 2023-24. The Commission has observed that according to the audited annual accounts for FY 2023-24, the capitalisation is at Rs. 220.07 Crore. The Petitioner has furnished details of asset wise capitalization in Form 4.2 which is depicted in the Table 4-23 of this chapter.

4.9.18 TPL-D (S) has de-capitalised assets to the extent of Rs. 13.18 Crore during FY 2023-24. However, it is observed that deductions from GFA is at Rs. 9.10 Crore as per (Note 4.1 & 7) of the audited annual accounts for FY 2023-24. The Commission has addressed the Petitioner to furnish the details for the discrepancy against which the Petitioner has reported that the fixed asset shown in the annual accounts is on Net Fixed Assets (NFA) basis as per Ind AS and the same is shown on Gross Fixed Assets (GFA) basis in the petition as per GERC (MYT) Regulations, 2016. Hence, the Commission considers de-capitalised assets at Rs. 13.18 Crore and accordingly adjustments made to GFA in Truing up for FY 2023-24.

4.9.19 The Commission accordingly approves the opening GFA, addition to GFA during the year and closing GFA for FY 2023-24 as tabulated below:

Table 4-25 Approved Capitalisation for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	2,288.16	2,288.16
Addition to GFA	220.07	220.07
Deletion to GFA	13.18	13.18
Closing GFA	2,495.05	2,495.05
Less: SLC Addition	18.94	18.94
Balance Capitalisation	201.13	201.13
<i>Normative Debt @70%</i>	<i>140.79</i>	<i>140.79</i>
<i>Normative Equity @30%</i>	<i>60.34</i>	<i>60.34</i>

4.10 Depreciation

Petitioner’s Submission:

4.10.1 TPL-D (S) has claimed a sum of Rs. 79.46 Crore towards depreciation in the Truing up for FY 2023-24 as against Rs. 87.45 Crore approved in the Tariff Order as shown in the Table below:

Table 4-26 Depreciation claimed by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
Depreciation	87.45	79.46

4.10.2 TPL-D (S) has submitted that the depreciation rates, as per CERC (Terms and Conditions of Tariff) Regulations, 2004, are applied on the Opening GFA of FY 2009-10 and for addition of assets from 1st April, 2009 onwards, the depreciation has been computed at the rates specified in the GERC Regulations. The Petitioner has submitted that depreciation is an uncontrollable item.

Commission’s Analysis:

4.10.3 The Commission has considered the opening balance of GFA for FY 2023-24 equal to the closing balance of GFA for FY 2022-23 approved by the Commission. The details of opening GFA as on 1st April, 2023, addition to and

deduction from the Gross Block during FY 2023-24 are elaborated in the previous sections.

4.10.4 The Commission has verified the depreciation from the annual accounts for FY 2023-24 and observed that depreciation as per annual accounts is Rs. 90.76 Crore (as per Note 4.1, 5 and 7 of Audited accounts). However, the Petitioner has claimed depreciation of Rs. 79.46 Crore in Truing up for FY 2023-24 (prior to adjustment of Depreciation related to SLC). On query from the Commission, it has submitted that the depreciation has been claimed in accordance with the applicable Regulations and as per the approved practice and the same is being certified by the Statutory Auditors in the Accounting Statement. Further, the Petitioner has also submitted the reconciliation of the depreciation as per Petition vis-à-vis annual audited accounts as tabulated below:

Table 4-27: Reconciliation of Depreciation with Audited Accounts for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner
Depreciation as per IND AS	89.94
Add: Depreciation on lease hold land	0.23
Add: Depreciation on Intangible Asset	0.59
Depreciation as per GAAP	90.76
Less: Amortisation of deferred revenue	11.27
Less: ROU Dep & Others	0.05
Depreciation Claimed in Petition	79.46

4.10.5 The Commission has deducted an amount of Rs. 11.27 Crore on amortisation of deferred revenue and Rs. 0.05 Crore towards RoU. Further, the Commission has deducted assets of Rs. 18.94 Crore funded through Service Line Contribution and adjustment equivalent to the depreciation amount has been reduced. The Commission, accordingly, approves the depreciation of Rs. 79.46 Crore for FY 2023-24. The deviation in depreciation as compared to approved in Order dated 31st March 2023 is considered as uncontrollable, as the depreciation is dependent on capitalisation. The Commission, accordingly,

approves the gains/(losses) on account of depreciation for FY 2023-24, as tabulated below:

Table 4-28 Depreciation and Gains/Losses approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Depreciation	87.45	79.46	7.99	7.99

4.11 Interest Expenses

Petitioner’s Submission:

4.11.1 TPL-D (S) has claimed a sum of Rs. 32.92 Crore towards actual interest expenses in the Truing up for FY 2023-24 as detailed in the Table below as against Rs. 35.59 Crore approved in the Order dated 31st March 2023. In addition, TPL-D (S) has claimed an amount of Rs. 0.17 Crore towards other borrowing costs.

Table 4-29 Interest and finance charges claimed for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
Opening Balance	394.81	355.81
Less; reduction of normative loan due to retirement	-	(0.69)
Addition of Loan	236.87	140.79
Repayment during year	87.45	79.46
Closing Balance	544.23	417.84
Average Loan	469.52	386.83
Weighted average rate of interest (%)	7.58%	8.51%
Interest Expenses	35.59	32.92
Other Borrowing Costs	-	0.17

4.11.2 The Petitioner submitted that the GERC (MYT) Regulations, 2016 provides for the calculation of interest expenses on normative basis considering the amount of depreciation of assets as the amount of repayment. The Petitioner has considered the interest expenses as per the MYT Regulations, 2016 on

normative loans. Reduction of normative loan due to deduction in GFA is derived at Rs. (0.69) Crore after considering depreciation on account of deduction of Rs. 9.92 Crore and reduction in equity of Rs. 3.95 Crore. The Petitioner has calculated the interest expenses by applying Weighted Average Rate of interest of the actual loan portfolio of the Petitioner during the year on the loan component while repayment has been considered equal to the depreciation of the assets for the year.

Commission’s Analysis:

4.11.3 The Commission has considered opening normative loan as on 01st April 2023 equal to the closing loan balance of Rs. 355.81 Crore approved in Truing up FY 2022-23. Addition to loan during FY 2023-24 is considered at Rs. 140.79 Crore as approved in earlier sections in accordance with the GERC MYT Regulations, 2016. The repayment is considered equivalent to depreciation as approved in the section of depreciation. The GERC (MYT) Regulations, 2016 provides for computation of interest on loan on normative basis on the opening balance of loan brought forward from the previous year’s closing balance, capitalization and funding approved during the year. Further, the Petitioner has reduced normative loan due to deduction in GFA to the extent of Rs. 0.69 Crore after considering depreciation on account of deduction of Rs. 9.92 Crore and reduction in equity of Rs. 3.95 Crore.

4.11.4 As per first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of Truing-up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Distribution Licensee shall be considered as the rate of interest.

4.11.5 Accordingly, the Commission sought information such as the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted vide additional submission. The Commission has

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considered the weighted average rate of interest at 8.51% equal to the interest rate claimed by the Petitioner for FY 2023-24.

4.11.6 The Commission has verified the borrowing cost from the annual accounts for FY 2023-24 and observed that as per annual accounts, the cost is Rs. 0.22 Crore (NIL + Rs. 0.22 Crore - amortisation) as per Note 31 of Audited accounts. However, the Petitioner has submitted the reconciliation of the borrowing cost vis-à-vis annual audited accounts as tabulated below:

Table 4-30 Reconciliation of Borrowing cost with Audited Accounts (Rs Crore)

Particulars	Claimed by Petitioner
Other borrowing costs	0.43
Other borrowing costs	-
Amortisation of borrowing cost (Foot note)	0.22
Total Other Finance charges as per Note-31	0.22
Less: Amortisation of borrowing cost for FY 15-16	0.04
Other Finance charge	0.17

4.11.7 Accordingly, the Commission has duly verified the other borrowing cost from annual audited accounts for FY 2023-24 and accordingly approves the other borrowing cost of Rs. 0.17 Crore. By considering above, the Commission has computed the Interest & Finance Charges for FY 2023-24, which is tabulated as below;

Table 4-31 Interest Approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner	Approved in Truing-Up
Opening Balance	355.81	355.81
Less: reduction of normative loan due to retirement	-0.69	-0.69
Addition of Loan	140.78	140.79
Repayment during year	79.46	79.46
Closing Balance	417.83	417.84
Average Loan	386.82	386.83
Weighted average rate of interest (%)	8.51%	8.51%
Interest Expenses	32.92	32.92
Other Borrowing Costs	0.17	0.17

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Particulars	Claimed by Petitioner	Approved in Truing-Up
Total Interest & Finance Charges	33.09	33.09

4.11.8 With regard to computation of gains/losses, Regulation 22.2 of the GERC (MYT) Regulations, 2016 provides as under:

“Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variations in capitalization on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. If the gain is on account of lesser capital expenditure and capitalization, it cannot be attributed to the efficiency of the utility to allow 2/3rd of the gain to the utility. Similarly, if the loss is on account of more capital expenditure and capitalization due to bonafide reasons, the utility cannot be penalized by allowing only 1/3rd of the loss in the ARR.”

4.11.9 The Commission, in terms of regulations, has considered variation in capitalization as uncontrollable and accordingly dependent components of ARR of interest on loan, depreciation and Return on Equity are also considered as uncontrollable.”

4.11.10 The Commission, accordingly, approves the gains/losses on account of interest and finance charges as uncontrollable for FY 2023-24, as tabulated below:

Table 4-32 Gains / (Losses) Approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Interest & Finance Charges	35.61	33.09	2.52	2.52

4.12 Interest on Security Deposit

Petitioner’s Submission:

4.12.1 The Petitioner has claimed Rs. 28.93 Crore towards interest on security deposit in Truing-up for FY 2023-24 as against Rs. 16.39 Crore approved in the Tariff Order dated 31st March, 2023.

4.12.2 The Commission in the Tariff Order had approved the interest on security deposit for the Petitioner considering 4.25% interest rate on the average estimated balance of security deposit for FY 2023-24 whereas the actual interest paid based on the bank rate of 6.75% as submitted in the Table below:

Table 4-33 Interest on Security Deposit claimed by TPL-D (A) for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
Interest Rate	4.25%	6.75%
Interest on Security Deposit	16.39	28.93

4.12.3 The Petitioner has submitted that the variation in security deposit amount and the variation in interest rate are uncontrollable. Hence, the Petitioner has requested to treat the variation in interest on security deposit as uncontrollable.

Commission’s Analysis:

4.12.4 The Commission has verified the actual interest on security deposit and found the same to be as per the annual accounts submitted with the petition. Thus, the Commission, accordingly, approves the interest on security deposit at Rs. 28.93 Crore for FY 2023-24. The deviation of Rs. 12.54 Crore is considered as loss on account of uncontrollable factor as detailed in table below:

Table 4-34 Gains/Losses approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing-Up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Interest on Security Deposit	16.39	28.93	(12.54)	(12.54)

4.13 Interest on Working Capital

Petitioner’s Submission:

4.13.1 The Working Capital requirement is arrived at as per the GERC (MYT) Regulations, 2016. As the working capital requirement is negative, the Petitioner has not claimed any interest on working capital.

Table 4-35 Interest on Working Capital Claimed for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed By Petitioner
O&M Expenses for 1 Month	12.74	12.49
1% of GFA for maintenance spares	23.59	22.88
Receivables for 1 month	206.11	280.94
Less: Security Deposit	385.69	441.03
Working Capital Requirement	-	-
Rate of Interest (%)	9.50%	11.07%
Interest on Working Capital	-	-

4.13.2 The Petitioner has submitted that the variation in working capital requirement is primarily on account of variation in actual O&M expenses and receivables. Further, there is a variation in the interest rate applicable to working capital requirement. Accordingly, the Petitioner has requested the Commission to consider the variation in interest on working capital as uncontrollable.

Commission’s Analysis:

4.13.3 The Commission has computed the working capital requirement as specified in Regulation 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 read in

conjunction with the GERC MYT (First Amendment) Regulations, 2016 after considering the security deposit amount available during the year.

4.13.4 TPL-D (S) has considered the working capital interest rate @ 11.07% per annum, being the weighted average 1-year MCLR prevailing during FY 2023-24 plus 250 basis points.

4.13.5 The regulations (read with amendment notification No.7 of 2016 dated 02.12.2016) specify the rate of interest to be allowed shall be the weighted average 1-year SBI MCLR plus 250 basis points (i.e. 2.50%). The Commission has verified the weighted average 1-year MCLR during FY 2023-24 from the State Bank of India website which worked out to 8.57%. Accordingly, the rate of interest for computation of interest on working capital works out to 11.07% (8.57%+2.50%) and the same is adopted in truing up for FY 2023-24.

4.13.6 As per Regulations 40.4 of MYT Regulations 2016, the Receivables equivalent to one (1) month of the revenue is required to be considered. However, it is noted that the Receivable considered by TPL-D (S) equivalent to one month is of Rs. 3,371.27 Crore after adjustment of Rs. 79.30 Crore related unrecovered FPPA. However, the Commission opines that the unrecovered FPPA is a mere book entry within the accounts and the actual Revenue billed to consumers is of Rs. 3,450.57 Crore and the same has been considered for calculation of Working Capital Requirement.

4.13.7 Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated as detailed in the Table below:

Table 4-36 Interest on Working Capital approved for FY 2023-24 (Rs. Crore)

Particulars	Claimed By Petitioner	Approved By Commission
O&M Expenses for 1 Month	12.49	12.48
1% of GFA for maintenance spares	22.88	22.88
Receivables for 1 month	280.94	287.55
Less: Security Deposit	441.03	441.03
Working Capital Requirement	-	-
Rate of Interest (%)	11.07%	11.07%
Interest on Working Capital	-	-

4.13.8 As indicated above, the Commission, accordingly, approves the interest on working capital as NIL for FY 2023-24.

4.14 Return on Equity

Petitioner’s Submission:

4.14.1 TPL-D (S) has claimed a sum of Rs. 110.32 Crore towards Return on Equity @14% in the Truing-up of for FY 2023-24 as against the Rs. 116.56 Crore approved in the Order dated 31st March 2023 as detailed in the table below:

Table 4-37 Return on Equity claimed by the TPL -D (S) for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed By Petitioner
Opening Equity	781.84	759.81
Equity Addition	101.52	60.34
Reduction in equity on account of retirement	-	3.95
Closing Equity	883.36	816.19
<i>Return on Equity at beginning of year</i>	<i>109.46</i>	<i>106.37</i>
<i>Return on Equity addition during year</i>	<i>7.11</i>	<i>3.95</i>
Total Return on Equity	116.56	110.32

4.14.2 TPL-D (S) has submitted that the closing balance of equity has been arrived at considering additional equity of 30% of the capitalisation during the year. The return on equity has been computed by applying a rate of 14% on the average of opening balance & closing balance of equity.

4.14.3 The Petitioner has requested the Commission to consider the variation in RoE as uncontrollable and allow the same for the purpose of truing-up.

Commission’s Analysis:

4.14.4 The closing equity as on 31st March, 2023 approved in the Truing up order dated 31st March 2023 has been considered as the opening equity for FY 2023-24. During the year FY 2023-24, the net asset addition to GFA is at Rs. 201.13 Crore and the equity at 30% works out to Rs. 60.34Crore. Further during the year deletion from GFA is at Rs. 13.18 Crore. Accordingly, reduction in equity is considered at Rs. 3.95 Crore being 30% of the asset reduction. Thus, net equity addition is considered at Rs. 56.38 Crore for FY 2023-24 in Truing up.

4.14.5 The rate of return is considered at 14% as per the GERC (MYT) Regulations, 2016 to work out the Return on Equity as shown in the Table below:

Table 4-38 Return on Equity approved for FY 2023-24 (Rs. Crore)

Particulars	Claimed By Petitioner	Approved for Truing-Up
Opening Equity	759.81	759.81
Equity Addition	60.34	60.34
Reduction in equity on account of retirement	3.95	3.95
Closing Equity	816.19	816.20
<i>Return on Equity at beginning of year</i>	<i>106.37</i>	<i>106.37</i>
<i>Return on Equity addition during year</i>	<i>3.95</i>	<i>3.95</i>
Total Return on Equity	110.32	110.32

4.14.1 The Commission, accordingly, approves the Return on Equity at Rs. 110.32 Crore in the Truing up for FY 2023-24.

4.14.2 The Return on Equity depends on the amount of capitalization during the year and the debt-to-equity ratio considered during the Financial Year and these parameters are uncontrollable in nature. The variance in the amount of Return on Equity is therefore treated as an uncontrollable item.

4.14.3 The Commission, accordingly, approves the gains/(losses) on account of Return on Equity in the truing up for FY 2023-24 as detailed below.

Table 4-39 Return on Equity and Gains/(Losses) approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Return on Equity	116.56	110.32	6.24	6.24

4.15 Income Tax

Petitioner’s Submission:

4.15.1 TPL-D(S) has claimed Income Tax of Rs. 20.43 Crore based on the actual tax paid in proportion to the PBT of TPL-D(S) for FY 2023-24 against the approved Rs. 13.13 Crore by Commission in its Tariff Order dated 31st March, 2023 based on the actuals tax paid in proportion to the PBT of TPL-D(S). Hence, the Petitioner has claimed income tax as per below.

Table 4-40 Income Tax Claimed for TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed By Petitioner
Income Tax	13.13	20.43

Commission’s Analysis:

4.15.1 The Commission had asked TPL to furnish the details of segregation of income tax paid by TPL in respect of TPL-D (S) along with copies of challans of income tax paid. In its reply, TPL-D (S) stated that being a single corporate entity, income tax is paid for the company as a whole and submitted copy of challans of income tax paid for the year. TPL-D (S) has computed the income tax by applying the ratio of PBT and after adjustment of tax credit.

4.15.2 The Commission has verified the PBT figures from the Annual Accounts for FY 2023-24. The Petitioner has shown a PBT of Rs. 121.93 Crore including Re-

measurement of Defined Benefit Plans of TPL-D (S). The PBT as per standalone financial statement of TPL (including Remeasurement of Defined Benefit Plans) is Rs. 2,436.06 Crore and the total tax paid by the Company as a whole is Rs. 407.25 Crore. Accordingly, the tax rate works out to 16.72% lower than the MAT rate of 17.47% and thus, applying the effective tax rate on PBT of TPL-D (S), the income tax works out to be Rs. 20.38 Crore. Further, there is an income tax refund of Rs. 8.29 Crore related to FY 2012-13 and Rs. 0.03 Crore related to FY 2022-23 (as submitted by the Petitioner in their additional submission vide e-mail dated 11th February 2025). It has been observed by the Commission that for FY 2012-13, TPL as a whole has declared Total Profit before Tax (PBT) of Rs. 622.74 Crore against which the tax paid was of Rs. 131.29 Crore against which TPL has received the refund of Rs. 8.29 Crore. For the same financial year TPL-D (S) has declared the Loss of Rs. 101.36 Crore on which no income tax was paid and allowed by the Commission. Accordingly, the Commission has not adjusted any claim towards the refund of Rs. 8.29 Crore received against FY 2012-13.

4.15.3 The Commission, accordingly, approves the income tax at Rs. 20.38 Crore for Truing up of FY 2023-24. The Commission has treated the income tax as an uncontrollable expense and accordingly, approves the gains/(losses) on account of income tax for FY 2023-24 as tabulated below;

Table 4-41 Gains / (Losses) due to Income Tax Approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Income Tax	13.13	20.38	(7.25)	(7.25)

4.16 Bad Debts Written Off

Petitioner’s Submission:

4.16.1 The Commission in the Order had approved the bad debts of Rs. 0.92 Crore on

a provisional basis for Surat supply area. The Petitioner has written off bad debts of Rs. 0.24 Crore during the year, as shown in the Table below.

Table 4-42 Bad Debts Written-Off claimed by TPL-D (S) for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed by Petitioner
Bed Debts written off	0.92	0.24

4.16.2 The GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable. Accordingly, the Petitioner has requested to consider the variation in bad debts written off in FY 2023-24 as controllable for sharing of gains/losses in line with the Regulations.

Commission’s Analysis:

4.16.3 The Petitioner has claimed Rs. 0.24 Crore towards bad debts written off during FY 2023-24 against which the recovery of bad debts made is Rs. 0.46 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs. 0.24 Crore minus Rs. 0.46 Crore) is Rs. (0.22) Crore. The Commission has verified the bad debt written off (net) from the Annual Accounts for FY 2023-24. The Commission, accordingly, approves the bad debts written off at Rs. 0.24 Crore for FY 2023-24. The deviation of Rs. 0.68 Crore in bad debts is considered as controllable factor. The Commission, accordingly, approves the gains/losses on account of bad debts for FY 2023-24 as detailed below:

Table 4-43 Bad Debts Written-Off and Gains/(Losses) approved for Truing-up for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Controllable
Bad debts	0.92	0.24	0.68	0.68

4.17 Contingency Reserve

Petitioner’s Submission:

4.17.1 The Commission had allowed contingency reserve of Rs. 0.40 Crore for meeting the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values and prayed to the Commission to allow the same for truing-up of FY 2023-24.

Commission’s Analysis:

4.17.2 The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the Commission approves Rs. 0.40 Crore towards contingency reserve for FY 2023-24.

Table 4-44 Contingency Reserve and Gains/(Losses) approved for FY 2022-23 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Contribution to Contingency Reserves	0.40	0.40	-	-

4.18 Non-Tariff Income

Petitioner’s Submission:

4.18.1 The Commission had approved Non-Tariff Income of Rs. 10.74 Crore for FY 2023-24 in Tariff Order and the actual Non-Tariff Income considered is Rs. 17.75 Crore. The major variation is on account of rebate on payment for power purchase, Liquidated Damages, revenue from scrap, recovery of debts, reconnection charges etc.

4.18.2 Further, in the previous Control Period, the Petitioner had considered the treatment towards income and expense of bad debts on similar lines as per the

Hon'ble APTEL Judgment, wherein, the variation in recovery of bad debts was considered as controllable.

4.18.3 However, the GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable while variation in bad debts recovery is to be considered as uncontrollable. Therefore, the Petitioner has therefore considered the entire variation in bad debts recovery in FY 2023-24 as uncontrollable for sharing of gains/losses in line with the Regulations. However, the Petitioner requests the Commission to revisit the provisions related to bad debts recovery & expenses.

Table 4-45 Non-Tariff Income claimed for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed By Petitioner
Non-Tariff Income	10.74	17.75

4.18.4 The Petitioner has submitted that the Non-Tariff income is uncontrollable and requested to allow variation in Non-Tariff Income as uncontrollable for the purpose of Truing up.

Commission's Analysis:

4.18.5 The Non-Tariff Income is specified in Regulations 89 and 97 of the GERC (MYT) Regulations, 2016, which includes various items such as income from sale of scrap, income from statutory investment, interest on advances to supplier/contractor, etc. The Commission observes that the Non-Tariff Income claimed by the Petitioner for FY 2023-24 is Rs. 17.75 Crore. The Non-Tariff Income as per the Annual Accounts is Rs. 25.02 Crore. The Petitioner has reduced the Delayed payment surcharge – Rs. 5.40 Crore and Incentive related Surya Gujarat Solar roof top Scheme amounting to Rs.2.32 Crore and included recovery from bad debts of Rs. 0.46 Crore in the Non-Tariff Income to arrive at claimed figure of Rs. 17.76 Crore.

4.18.6 On query regarding non-consideration of Incentive related Surya Gujarat Solar roof top Scheme amounting to Rs. 2.32 Crore, the Petitioner has submitted that as per the clause 5.2.1, 5.2.2 and 5.2.7 of the MNRE Guidelines dated 20.08.2019 on "Implementation of Phase — I" of Grid Connected Rooftop Solar Programme for achieving 40 GW capacity from Rooftop Solar by the year 2022", the Petitioner is required to treat incentive and expense separately from tariff exercise. On perusal of the aforesaid policy, it has observed that "as the incentive are proposed for various reasons mentioned in 5.2.1 and 5.2.2, the above incentives proposed may not be a part of tariff of Tariff Determination & Tariff Rationalization process of SERC/JERC."

4.18.7 However, it was observed that Incentive under Solar Rooftop Programme as per Audited Accounts is Rs. 1.98 Crore however, TPL-D (S) has excluded Rs. 2.32 Crore resulting in additional reduction of Rs. 0.34 Crore. The Commission has considered the reduction of Rs. 1.98 Crore towards Incentive related Surya Gujarat Solar roof top Scheme in FY 2023-24 as per audited annual accounts.

4.18.8 The Commission, accordingly, approves the Non-Tariff Income of Rs. 18.10 Crore for FY 2023-24.

4.18.9 The Commission, accordingly, approves the gains/(losses) on account of Non-Tariff Income in the Truing up for FY 2023-24 as detailed below:

Table 4-46 Non-Tariff Income and gains/(losses) approved for FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing-Up	Deviation	Gains/(Losses) due to Uncontrollable
Non-Tariff Income	10.74	18.10	7.36	7.36

4.19 Revenue from Sale of Power

Petitioner's Submission:

4.19.1 The Petitioner has submitted Rs. 3,371.27 Crore as revenue from sale of power in the Truing up for FY 2023-24.

Commission’s Analysis:

4.19.2 The Commission has observed that the revenue from sale of power is at Rs. 3,450.57 Crore as per the annual accounts for FY 2023-24. However, the Petitioner in Form 10 has depicted Rs. 3,371.27 Crore and accordingly the same is considered in the Petition for Truing up for FY 2023-24. On a query regarding this, it was stated that the revenue considered in the Petition excludes the amount of Rs. 79.30 Crore considered on accrual basis in revenue from sale of electricity of the audited accounts as per IND AS 115. To substantiate this, it has further submitted a certificate of Statutory Auditor certifying the revenue for FY 2023-24.

4.19.3 The Commission has noted their submission. It is to be noted that the Commission protects the interests of consumers as well as license while allowing the recovery of FPPPA charges on quarterly basis. There are instances where the Commission has allowed the past unrecovered FPPPA charges in the quarterly revision of FPPPA charges that means some of the unrecovered FPPPA charges of previous quarters has been recovered from the consumers in the subsequent periods. Therefore, these unrecovered FPPPA charges are gradually amortized or recovered from the consumers in future quarters. Hence, this leads to gradual increase in the recovery or in the income in the ensuing years.

4.19.4 The Commission has verified the revenue from sale of power from the annual accounts for FY 2023-24 due diligently and considered the revenue from sale of power as reflecting in the Note 28 of the audited accounts for FY 2023-24 i.e. Rs. 3,450.57 Crore (excluding discount on prompt payment of bills). Further, the Commission noted that the Petitioner has claimed total tax on this

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total revenue. The same is considered by the Commission based on the verification of the actual income tax challans submitted by the Petitioner for FY 2023-24. Accordingly, the Commission after thoughtful consideration, approved the revenue from sale of power at Rs. 3450.57 Crore in the Truing up for FY 2023-24 in accordance with the GERC (MYT) Regulations, 2016.

4.19.5 Therefore, the Commission has considered overall revenue from sale of power during FY 2023-24 to the tune of Rs. 3,450.57 Crore in this Truing up exercise.

4.20 Gains/(Losses) under Truing-up for FY 2023-24

Petitioner’s Submission:

4.20.1 The Petitioner has submitted that the gains/(losses) on account of uncontrollable factors shall be passed through in tariff as per Regulation 23 and the gains/(losses) on account of controllable factors are shared between the licensee and the consumer in the form of tariff adjustment as per Regulation 24 of GERC (MYT) Regulations 2016. The Petitioner has compared the actuals for FY 2023-24 with the approved figures and has segregated the variation as controllable or uncontrollable based on the analysis mentioned hereinabove in the truing up section as given in the table below:

Table 4-47 Controllable & Uncontrollable variations claimed for FY 2023-24 (Rs. Crore)

Particulars	Tariff Order	Actual	Deviation	Controllable	Uncontrollable
Power Purchase	2,048.10	3,028.71	(980.61)	24.42	(1,005.05)
O&M Expense	152.82	149.88	2.94	2.94	-
Depreciation	87.45	79.46	7.99	-	7.99
Interest and Finance Charges	35.59	33.09	2.50	-	2.50
Interest on Security Deposit	16.39	28.93	(12.54)	-	(12.54)
Interest on Working Capital	-	-	-	-	-

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Particulars	Tariff Order	Actual	Deviation	Controllable	Uncontrollable
Return on Equity Capital	116.56	110.32	6.24		6.24
Bad debts written off	0.92	0.24	0.68	0.68	-
Contribution to contingency reserves	0.40	0.40	-	-	-
Income Tax	13.13	20.43	(7.30)	-	(7.30)
Less: Non-Tariff Income	10.74	17.75	(7.01)	-	(7.01)
Net ARR	2,460.61	3,433.72	(973.09)	28.03	(1,001.16)

Commission’s Analysis:

4.20.2 The Commission has reviewed the performance of TPL-D (S) under Regulation 22 of the GERC (MYT) Regulations, 2016, for FY 2023-24. The Commission has computed the gains/(losses) for FY 2023-24 based on the Truing up for each of the components discussed in the above paragraphs. The Commission based on the Aggregate Revenue Requirement (ARR) approved in the Tariff, the actuals claimed in truing up and as approved by the Commission in Truing up, has computed the Gains/(Losses) in accordance with the GERC (MYT) Regulations, 2016 as given in the Table below:

Table 4-48 ARR approved in respect of TPL-D (S) in the Truing up for FY 2023-24 (Rs. Crore)

Particulars	Tariff Order	Approved	Deviation	Controllable	Uncontrollable
Power Purchase Expenses	2,048.10	2,995.40	(947.30)	24.15	(971.45)
Operation & Maintenance Expenses	152.82	149.82	3.00	3.00	-
Depreciation	87.45	79.46	7.99	-	7.99
Interest and Finance Charges	35.59	33.09	2.50	-	2.50
Interest on Security Deposit	16.39	28.93	(12.54)	-	(12.54)
Interest on Working Capital	-	-	-	-	-
Return on Equity	116.56	110.32	6.24		6.24
Bad debts written off	0.92	0.24	0.68	0.68	-
Contribution to contingency reserves	0.40	0.40	-	-	-
Income Tax	13.13	20.38	(7.25)	-	(7.25)



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Particulars	Tariff Order	Approved	Deviation	Controllable	Uncontrollable
Less: Non-Tariff Income	10.74	18.10	(7.36)	-	(7.36)
Aggregate Revenue Expenditure	2,460.61	3,399.94	(939.32)	27.83	(967.15)

4.21 Sharing of Gains/Losses for FY 2023-24

4.21.1 The Commission has shared the gains/(losses) on account of uncontrollable and controllable factors in accordance with Regulation 23 of the GERC (MYT) Regulations, 2016. The relevant excerpt of the aforesaid regulation is stipulated as under;

Regulation 23. Mechanism for pass-through of gains or losses, on account of uncontrollable factors

“23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

23.2 The Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the prescribed format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

23.3 Nothing contained in this Regulation 23 shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase, which shall be dealt with as specified by the Commission from time to time.”

Regulation 24. Mechanism for sharing of gains or losses on account of controllable factors

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“24.1 The approved aggregate gain to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

(a) One-third of the amount of such gain shall be passed on as a rebate in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6;

(b) The balance amount, which will amount to two-thirds of such gain, may be utilized at the discretion of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee.

24.2 The approved aggregate loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

(a) One-third of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6; and

(b) The balance amount of loss, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or SLDC or Distribution Licensee.”

4.21.2 The trued-up ARR for FY 2023-24 as claimed by TPL-D (S) and as approved by the Commission is summarized in the Table below:

Table 4-49 Approved Trued up ARR incl. Gains/(Losses) for FY 2023-24 (Rs. Crore)

Particulars	Claimed by Petitioner	Approved by Commission
ARR as per Tariff	2,460.61	2,460.61
Gains/(Losses) due to Uncontrollable Factors	(1,001.16)	(967.15)
Gains/(Losses) due to Controllable Factors	28.03	27.83
Pass through as Tariff	991.82	957.87
ARR True-Up	3,452.41	3,418.49

4.21.1 The Petitioner has requested the Commission to consider an amount of Rs.

82.82 Crore as revenue gap towards earlier years, approved as per the Commission's Orders dated 31st March, 2023.

4.21.2 The Commission has observed that TPL-D (S) has claimed the Revenue Gap of past year based on the past order, the details of which are outlined as below:

Table 4-50 Revenue Gap / (Surplus) of past year (Rs. Crore)

Particulars	Amount
Order No.2180 of 2023 dated 31.03.2023	
Cumulative Gap	1.55
DSM	0.13
Total	1.68

4.21.3 TPL-D (S), as an additional information, vide letter dated 15 March, has informed that Hon'ble High Court of Gujarat, vide order dated 23rd October 2024, has issued the order in favour of TPL and directed GST Authorities to refund the amount of Rs. 24.25 Crore, so as to pass on the same to the end consumers. Accordingly, TPL-D(S) requested to consider the amount of refund along with the interest amount of Rs. 7.64 Crore (Refund Portion of Surat allocation in proportion to Energy Requirement) as a revenue in determination of tariff. The Commission has noted the submission of TPL-D (S) and accordingly considered Rs. 7.64 Crore as part of Revenue and adjusted the same in Revenue Gap / (Surplus).

4.21.4 Accordingly, the Commission has considered the revenue while computing the actual net revenue gap/(surplus) for FY 2023-24 for Truing-up purpose as below.

Table 4-51 Recovery of earlier year's approved Gap/(Surplus) (Rs. Crore)

Particulars	Claimed by Petitioner	Approved (Rs. Crore)
Trued-up ARR	3,452.41	3,418.49
Revenue from Sales of Energy	3,371.27	3,450.57

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Particulars	Claimed by Petitioner	Approved (Rs. Crore)
Less: Revenue towards recovery of earlier year's approved gap/(surplus)	1.68	1.68
Add: Remittance of GST as per High Court Order		7.64
Balance Revenue	3,369.59	3,456.53
Gap / (Surplus)	82.82	(38.04)

4.21.5 The Commission, accordingly, considers the Trued-up Revenue Surplus of Rs. 38.04 Crore for FY 2023-24 while determining the Tariff for FY 2025-26.



Chapter 5: ARR for the MYT Control Period FY 2025-26 to 2029-30 and Tariff Determination for FY 2025-26

5.1 Introduction

5.1.1 The GERC (MYT) Regulations, 2024 was notified on 06th August 2024, which will be in force till 31st March 2030 and is applicable for determination of tariff from 1st April, 2025 onwards. Regulations 2 (22) of GERC (MYT) Regulations, 2024 defines Control Period at by stipulating it to be from 1st April 2025 to 31st March 2030. The Regulation 1.4 of the MYT Regulations, 2024 provides that these Regulations shall remain in force till 31st March 2030, unless otherwise reviewed/extended.

5.1.2 Also, Regulation 16.3.1 of the GERC (MYT) Regulations, 2024 provides for submission of detailed application for determination of ARR for Control Period i.e., 1st April 2025 to 31st March 2030 and revenue gap or revenue surplus thereof for the ensuing year for the determination of tariff to be carried out as per the GERC (MYT) Regulations, 2024.

5.1.3 Accordingly, the TPL-D (S) has submitted the projections of each of the components of ARR, such as, power purchase cost, O&M cost, Interest cost, etc. The ARR and the consequent revenue gap/(Surplus) are thus estimated to formulate the tariff proposal for the MYT Control Period FY 2025-26 to FY 2029-30. The Commission has studied and analyzed each component of the ARR in the following paragraphs.

5.2 Energy Sales to Consumers

5.2.1 TPL-D (S) submitted that the sales of Surat Supply Area are principally driven by major industrial segments namely textile, diamond & other allied industries.

The growth in commercial and residential segments generally depends on the weather conditions and development of colonies in certain pockets of the license area. Owing to Banking facilities available, tendency of prosumers has changed substantially contributing to higher gap between demand and sales.

5.2.2 The Regulation 107.2 of the GERC (MYT) Regulations, 2024 provides for consideration of three scenarios for forecasting of sales i.e. Optimistic scenario, Business As Usual (BAU) scenario & Pessimistic scenario. During the previous control period, the Commission has notified the Green Energy Open Access Regulations and Net Metering Regulations which encourages consumers to source green power through open access and set up rooftop solar projects. The Regulations may affect the sales of all categories in the license area depending upon market conditions.

5.2.3 For MYT Control Period FY 2025-26 to FY 2029-30, broadly sales are projected by considering 5-year CAGR with FY 2017-18 as base for BAU and Pessimistic scenario and 6-year CAGR with FY 2016-17 as base for Optimistic scenario over the approved sales of FY 2024-25 except for few categories like HT, Temporary, etc. wherein growth has been considered based on feedback from industry/market. Additionally, sales in the Department of Energy (DOE) category have been excluded from these calculations to determine the CAGR figures.

5.2.4 The category wise sales forecast has been arrived are as follows:

a) RGP Category

Petitioner's Submission:

5.2.5 The category consists of Residential consumers whereby growth is witnessed due to the increase in residential/ real estate projects. However, the Petitioner

does not anticipate any major growth in the category as the development is taking place outside the license area. The sales for RGP Category under different scenario is projected with following considerations:

- i. BAU: 5-year CAGR of 1.35% & Solar rooftop of 96.92 MU to 130.22 MU
- ii. Optimistic: 6-year CAGR of 2.07% & Solar rooftop of 96.92 MU to 130.22 MU
- iii. Pessimistic: 5-year CAGR of 1.35% & Solar rooftop of 103.70 MU to 139.34 MU

5.2.6 The gross sales thus projected is adjusted with estimated rooftop solar units to arrive at the net sales for MYT Control Period. The forecast of net sales for MYT Control Period for the category is shown in the table below.

Table 5-1 Sales of RGP Category for MYT control period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	814.94	815.97	819.43	824.87	831.92
Optimistic (MU)	821.42	829.16	839.56	852.16	866.62
Pessimistic (MU)	808.15	808.40	811.23	816.16	822.80

Commission’s Analysis:

5.2.7 The Residential category recorded a CAGR of 1.35% and 2.07% in energy sales during 5 year and 6 year periods respectively. The Commission considers a growth of 1.35 % as made by the Petitioner after adjusting the Rooftop Solar units. Accordingly, the Commission approves the sales as submitted by the Petitioner for this category during the Control Period.

Table 5-2 Sales approved by the Commission for Residential category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Residential Category	814.94	815.97	819.43	824.87	831.92

b) Non RGP Category

Petitioner’s Submission:



5.2.8 The category consists of the industrial and non-industrial services, where industrial services comprise of textile, diamond & embroidery segments whereas non-industrial services comprise of shops, showrooms, offices, etc.

5.2.9 The sales for Non-RGP Category under different scenario is projected with following considerations:

- BAU: 5-year CAGR of 0.14% & Solar rooftop of 1.11 MU to 1.50 MU
- Optimistic: 6-year CAGR of 0.44% & Solar rooftop of 1.11 MU to 1.50 MU
- Pessimistic: 5-year CAGR of 0.14% & Solar rooftop of 1.19 MU to 1.60 MU

5.2.10 The gross sales thus projected is adjusted with estimated rooftop solar units to arrive at the net sales for MYT Control Period. The forecast of net sales for the category is shown in the Table below.

Table 5-3 Sales of Non RGP Category for MYT Control Period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	1,188.94	1,190.50	1,192.09	1,193.70	1,195.33
Optimistic (MU)	1,192.54	1,197.72	1,202.95	1,208.22	1,213.53
Pessimistic (MU)	1,188.86	1,190.42	1,191.43	1,193.00	1,194.60

Commission’s Analysis:

5.2.11 The Non-RGP recorded a CAGR of 0.14% and 0.44% in energy sales during 5 year and 6 year periods respectively. The Commission considers a growth of 0.14% as made by the Petitioner and after adjusting the Rooftop Solar Units. Accordingly, the Commission approves the sales as submitted by the Petitioner for this category during the Control Period.

Table 5-4 Sales approved by the Commission for Non-RGP category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-RGP	1,188.94	1,190.50	1,192.09	1,193.70	1,195.33

c) LTMD Category

Petitioner's Submission:

5.2.12 This category includes sales contribution from industrial and non-industrial services. Further, industrial services comprise of textile, diamond & embroidery segments whereas non-industrial services comprise of shops, showrooms, offices, etc.

5.2.13 The sales for LTMD Category under different scenario is projected with following considerations

- BAU: 5-year CAGR of 2.47% & Solar rooftop of 7.80 MU to 10.48 MU
- Optimistic: 6-year CAGR of 2.65% & Solar rooftop of 7.80 MU to 10.48 MU
- Pessimistic: 5-year CAGR of 2.47% & Solar rooftop of 8.34 MU to 11.21 MU

5.2.14 The gross sales thus projected is adjusted with estimated rooftop solar units to arrive at the net sales for MYT Control Period. The forecast of net sales for the category is shown in the table below.

Table 5-5 Sales of LTMD Category for MYT Control Period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	989.82	1,013.61	1,038.18	1,063.53	1,089.63
Optimistic (MU)	991.54	1,017.13	1,043.61	1,070.95	1,099.14
Pessimistic (MU)	989.28	1,013.00	1,037.52	1,062.83	1,088.90

Commission's analysis:

5.2.15 The LTMD recorded a CAGR of 2.47% and 2.65% in energy sales during 5 year and 6 year periods respectively. The Commission considers a growth of 2.47% as made by the Petitioner and after adjusting the Rooftop Solar Units. Accordingly, the Commission approves the Sales as submitted by the Petitioner for this category during the Control Period.

Table 5-6 Sales approved by the Commission for LTMD category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
LTMD	989.82	1,013.61	1,038.18	1,063.53	1,089.63

d) HTMD

Petitioner's Submission:

5.2.16 The sales in the HTMD category is attributable to the textile, diamond industries, and commercial establishment in the HTMD – 1 category and water works and pumping stations run by local authority in the HTMD- 2 category.

5.2.17 In past, de-growth was witnessed in this category and same was aggravated by addition in RE capacity. However, due to the implementation of lab grown diamond technology, the category has shown sudden spurt in growth and in turn the growth during FY 2022-23 and FY 2023-24 was more than the average growth of the past years

5.2.18 However, based on the industry/market feedback, it appears that the growth in lab grown diamond technology is not going to sustain. Accordingly, the estimation of sales for different scenario is done with following consideration:

- BAU: 5-year CAGR of 3.20% & Solar rooftop of 23.99 MU to 50.35 MU
- Optimistic: 6-year CAGR of 5.94% & Solar rooftop of 23.99 MU to 50.35 MU
- Pessimistic: 5-year CAGR of 3.20% & Solar rooftop of 43.99 MU to 70.35 MU.

5.2.19 The gross sales projected for MYT Control Period is adjusted with estimated rooftop solar units to arrive at the net sales of MYT Control Period for the category as shown in the table below.

Table 5-7 Sales of HTMD Category for MYT Control Period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	967.92	992.93	1,019.03	1,046.24	1,074.58
Optimistic (MU)	994.30	1,048.10	1,105.58	1,166.92	1,232.35
Pessimistic (MU)	947.92	972.93	999.03	1,026.24	1,054.58

Commission’s analysis:

5.2.20 The HTMD recorded a CAGR of 3.20% and 5.94% in energy sales during 5 year and 6 year periods respectively. The Commission considers a growth of 3.20% as made by the Petitioner. Accordingly, the Commission approves the Sales as submitted by the Petitioner for this category during the Control Period.

Table 5-8 Sales approved by the Commission for HTMD category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HT Pumping Station	967.92	992.93	1,019.03	1,046.24	1,074.58

e) LTP (AG) Category

Petitioner’s Submission:

5.2.21 This Category includes sales for agriculture purposes. Since Surat license area is largely urban area, existing agricultural land is converting to non-agriculture purpose. In turn, the sales for LTP (AG) have been forecasted by considering 5-year CAGR of (-4.89%) for BAU and Pessimistic sales and minor reduction in sales for Optimistic category over the approved sales of FY 2024-25. The forecast of net sales for MYT Control Period is shown in the table below

Table 5-9 Sales of LTP (AG) for MYT control period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	1.02	0.97	0.92	0.88	0.84
Optimistic (MU)	1.02	1.01	1.00	0.99	0.98
Pessimistic (MU)	1.02	0.97	0.92	0.88	0.84

Commission’s analysis:

5.2.22 The Petitioner has submitted that for the City of Surat, existing agricultural land is converting to non-agriculture purpose, due to urbanisation resulting in negative growth in Sales. The Commission noted the submission made by TPL-D (S) and considered the negative growth of 4.89% on the basis of 5 year CAGR. The LTP (AG) category recorded a CAGR of 0.45% in energy sales during 4. Accordingly, the Commission considers the sales as submitted by the Petitioner for this category during the Control Period.

Table 5-10 Sales approved by the Commission for LTP (AG) category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HTMD	1.02	0.97	0.92	0.88	0.84

f) GLP Category

Petitioner’s Submission:

5.2.23 This Category includes sales for use of energy for general purpose. The sales for GLP have been forecasted by considering the approved gross sales of FY 2024-25 as the gross sales for each year of the MYT Control Period for BAU, Pessimistic and Optimistic Scenarios. Thereafter, the gross projected sales for MYT Control Period are adjusted with the estimated solar rooftop units of 2.23-2.99 MUs for BAU scenario, 2.07-2.66 MUs for Optimistic scenario and 2.38-3.20 MUs for Pessimistic scenario to arrive at the net sales for MYT Control Period. The forecast of net sales for MYT Control Period is shown in the table below:

Table 5-11 Sales of GLP Category for MYT control period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	22.66	22.40	22.20	22.03	21.90
Optimistic (MU)	22.82	22.58	22.39	22.23	22.11
Pessimistic (MU)	22.51	22.23	22.01	21.83	21.69

Commission’s analysis:

5.2.24 Under the GLP category, the Petitioner has not considered any growth in sales but has adjusted the units with estimated Solar Rooftop units. Accordingly, the Commission approves the Sales as submitted by the Petitioner for this category during the Control Period.

Table 5-12 Sales approved by the Commission for GLP category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HT Metro	22.66	22.40	22.20	22.03	21.90

g) Temporary

Petitioner’s Submission:

5.2.25 This Category includes sales for use of energy for temporary period. Since, the category does not have any major activity, the approved sales for FY 2024-25 have been considered as the forecasted sales for each year of the MYT Control Period for all three scenarios. The forecast of net sales for MYT Control Period is shown in the table below

Table 5-13 Sales of Temporary Category for MYT control period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	0.19	0.19	0.19	0.19	0.19
Optimistic (MU)	0.19	0.19	0.19	0.19	0.19
Pessimistic (MU)	0.19	0.19	0.19	0.19	0.19

Commission’s analysis:

5.2.26 The Petitioner has considered constant Sales throughout the MYT Control Period as the sales under the said category cannot be projected as it does not have any major activity. The Commission noted the submission made by the TPL-D (S) and accordingly approves the Sales as submitted by the Petitioner for this category during the Control Period.

Table 5-14 Sales approved by the Commission for Temporary category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HT Metro	0.19	0.19	0.19	0.19	0.19

h) LT – Electric Vehicles

Petitioner’s Submission:

5.2.27 As per the Petitioner, this category contains the sales to the Electric Vehicles Units at LT Voltage level. At present the sales in this category are still in nascent stage as LT Consumers usually opt to charge the EV through existing LT Connections. As such during MYT Control Period, this category is expected to show growth due to addition in consumers.

5.2.28 The sales for LT-EV have been forecasted by considering approved sales of FY 2024-25 as estimated sales for FY 2025-26 and thereafter YoY 10% growth is considered for projection of sales for rest of the year of the MYT Control Period for BAU and Pessimistic scenario. Whereas, for forecasting of sales for Optimistic scenario, 10% YoY growth is considered on the approved sales of FY 2024-25. Basis the above, the forecast of net sales for the category is shown in the table below:

Table 5-15 Sales of LT EV Category for MYT control period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Business As Usual (MU)	0.15	0.17	0.19	0.20	0.23
Optimistic (MU)	0.17	0.19	0.20	0.23	0.25
Pessimistic (MU)	0.15	0.17	0.19	0.20	0.23

Commission’s analysis:

5.2.29 The LT Electric Vehicles category, being a naïve category and considering the development of the same within City in the line with the Central and State policy, the Commission considers a growth of 10% as projected by the Petitioner for this category during the Control Period.

Table 5-16 Sales approved by the Commission for LT EV category for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
LT Metro	0.15	0.17	0.19	0.20	0.23

i) Summary of Energy Sales

Petitioner’s Submission:

5.2.30 The energy sales as per business-as-usual scenario forecasted for MYT Control Period in each of the categories is summarized hereunder for ready reference of the Commission. TPL-D (S) submitted that the forecast of sales is based on realistic estimates and requested the Commission to approve the energy sales as proposed.

Table 5-17 Category wise energy sale of Surat supply area for MYT control period (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
RGP	814.94	815.97	819.43	824.87	831.92
Non RGP	1,188.94	1,190.50	1,192.09	1,193.70	1,195.33
LTMD	989.82	1,013.61	1,038.18	1,063.53	1,089.63
HTMD	967.92	992.93	1,019.03	1,046.24	1,074.58
LTP-AG	1.02	0.97	0.92	0.88	0.84
GLP	22.66	22.40	22.20	22.03	21.90
Temp	0.19	0.19	0.19	0.19	0.19
LT-EV	0.15	0.17	0.19	0.20	0.23
Total	3,985.65	4,036.75	4,092.23	4,151.64	4,214.61

Commission’s analysis:

5.2.31 The Commission considers the forecast of energy sales of each category wise of consumers as made by the Petitioner and discussed in the above paragraphs. Accordingly, the energy sales for various categories are approved for 4th MYT Control Period FY 2025-26 to FY 2029-30, which is summarised in the table below;

Table 5-18 Approved energy sales for TPL-D (S) for FY 2025-26 to FY 2029-30 (MU)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
RGP	814.94	815.97	819.43	824.87	831.92
Non RGP	1,188.94	1,190.50	1,192.09	1,193.70	1,195.33
LTMD	989.82	1,013.61	1,038.18	1,063.53	1,089.63
HTMD	967.92	992.93	1,019.03	1,046.24	1,074.58
LTP-AG	1.02	0.97	0.92	0.88	0.84
GLP	22.66	22.40	22.20	22.03	21.90
Temp	0.19	0.19	0.19	0.19	0.19
LT-EV	0.15	0.17	0.19	0.20	0.23
Total	3,985.65	4,036.75	4,092.23	4,151.64	4,214.61

5.3 Distribution Losses

5.3.1 The Regulation 113.1 of MYT Regulations, 2024 provides that the Commission may stipulate a trajectory of distribution loss for MYT Control Period from FY 2025-26 to FY 2029-30. TPC-D (S) submitted that, it has already achieved the efficiency frontier in distribution loss reduction and at such lower level, the distribution loss remains range bound.

5.3.2 TPL-D (S) submitted that through its sustained efforts, in terms of implementing efficient practices and perseverance from the employees, TPL-D (S) has been trying to contain the distribution loss levels in their license area to the lowest possible level. However, for the MYT Control Period, it may not be possible to maintain the distribution loss level as the losses are expected to increase from the current level due to following reasons:

- a) Losses after certain level would remain range bound and fluctuate on both the side. Same is evident from the fact that during FY 2022-23, Distribution loss for TPL-D(S) was 3.17% which has decreased to 2.77% in FY 2023-24. On the other hand, Distribution loss for TPL-D(A) was 3.74% in FY 22-23 which has increased to 4.16% % in FY 2023-24.

- b) Increase in sales to demand ratio with the increase in utilisation of the system, the loading of the network increases and in turn, it will contribute to losses.
- c) Due to Solar rooftops penetration, loading on network has increased during banking hours having impact on losses. Balancing of 3-phase loads have also become practically impossible resulting into higher loss. Similarly, night time loading for the Solar rooftop consumers have also increased.
- d) Recently, higher growth in LT Load is observed as compared to the growth in HT load. Same will have impact on losses over the period.
- e) TPL-D (S) noted that the Commission has notified GERC (Electricity Supply Code and Related Matters) (Fourth Amendment) Regulations, 2024 wherein the Commission has enhanced the threshold limit for LT Supply from 100kVA/kW to 150kVA/kW. In turn, the distribution loss will increase.
- f) While the distribution system is designed considering future growth prospect, in order to augment the system, TPL takes into account capex vis-à-vis benefits. With the increase in utilization of the system, the loading of the network increases and in turn, it will contribute to marginal increase in losses. Further, with the sudden spurt in demand due to large loads like METRO, the loading on the existing upstream network is likely to increase thereby resulting in increase in technical losses.
- g) The Petitioner submitted that performing utility cannot be penalized for its sustained performance. Therefore, the Petitioner requested that Commission should adopt mechanism to incentivize the performing utility. The Petitioner requested the Commission to consider such mechanism.

5.3.3 With the above background, TPL-D (S) has projected the distribution loss for

MYT Control Period as under:

Table 5-19 Distribution Losses for MYT Control Period as submitted by TPL-D (S)

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Distribution Losses (%)	5.00%	5.00%	5.00%	5.00%	5.00%

Commission’s Analysis:

5.3.4 The Commission had approved distribution loss of 3.59% for FY 2023-24 and 3.17% for FY 2024-25 based on the past performance of the licensee. Further, it was also observed that the TPL has undertaken substantial capital investments in Surat area during the last five years for augmentation of network, which the Commission has approved in its various Order including this Order.

5.3.5 It has been observed that in the past, TPL-D (S) has achieved the actual distribution loss below 5%. On the query raised by the Commission, TPL-D(S) replied that recently the Commission has increased threshold limit for LT Supply from 100 kVA/KW to 150 kVA/kW under Supply Code resulting in higher LT Loss, increase in solar penetration, increase in loading and increase in sales to demand ratio, etc.

5.3.6 The Commission notes the increase in projected distribution losses as claimed by TPL and the reasons given thereof.

5.3.7 However, the Commission has reviewed the historical distribution losses for past 3 years and observed that the distribution losses are lower than 5% and it has already achieved a distribution loss level of 2.77% during FY 2023-24.

Table 5-20 Historical Data for Distribution Loss of TPL-D (S) (MU)

Category	FY 2021-22	FY 2022-23	FY 2023-24
Energy Sales	3337.03	3692.01	3,913.98
Distribution loss (in %)	3.38%	3.17%	2.77%
Distribution loss	116.86	121.05	111.42
Energy input at distribution level	3453.89	3813.06	4025.40

5.3.8 Therefore, in view of above, the Commission decides to consider the minimum of 3 years actual distribution losses i.e. actuals of FY 2023-24 @2.77%. Accordingly, the Commission approves the distribution loss level trajectory of 2.77% for MYT Control Period from FY 2025-26 to FY 2029-30 of TPL-D (S).

Table 5-21 Distribution Losses Approved by the Commission for MYT Control Period

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Distribution Losses (%)	2.77%	2.77%	2.77%	2.77%	2.77%

5.4 Energy Requirement:

Petitioner's Submission:

5.4.1 Based on the energy sales forecast, estimation of distribution loss and transmission loss, the total energy requirement for MYT Control Period is estimated. The total energy requirement thus arrived is shown in the Table below. The Petitioner has also submitted that the estimated energy requirement and corresponding power purchase cost is arrived at on pooled basis keeping in mind the overall demand requirement of Surat and Ahmedabad Supply Areas.

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Table 5-22 Energy Requirement for MYT Control Period for TPL-D (S) MU

Category	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Ahmedabad Supply Area					
Total Sales	3,985.65	4,036.75	4,092.23	4,151.64	4,214.61
Distribution Loss (%)	5.00%	5.00%	5.00%	5.00%	5.00%
Distribution Loss	209.77	212.46	215.38	218.51	221.82
Energy Required at Distribution periphery	4,195.42	4,249.21	4,307.61	4,370.15	4,436.43
220 kV/Transmission Loss	58.26	64.85	68.59	70.98	74.68
Energy Requirement of TPL-D (S)	4,253.68	4,314.06	4,376.20	4,441.13	4,511.11
Energy Requirement of TPL-D (A)	9,115.36	9,311.07	9,519.96	9,729.52	9,944.62
Total Energy required by TPL-D	13,369.04	13,625.13	13,896.17	14,170.66	14,455.74

Commission’s Analysis:

5.4.2 Based on the energy sales and the distribution losses approved by the Commission, the energy requirement is arrived at, as given in the Table below. For projecting transmission losses, the Commission observes that TPL-D (S) has considered transmission losses on purchase from Bilateral and IEX. The Commission has considered the transmission loss percentage as 1.35% for Surat Supply Area and 0.55% for Ahmedabad Supply area as approved for FY 2023-24 respectively to arrive at Energy Requirement for MYT Control Period from FY 2025-26 to FY 2029-30 as given in the Table below;

Table 5-23 Energy requirement approved by the Commission for MYT Control Period

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Ahmedabad Supply Area					
Energy Sales (MU)	3,985.65	4,036.75	4,092.23	4,151.64	4,214.61
Distribution Loss (%)	2.77%	2.77%	2.77%	2.77%	2.77%
Distribution Loss (MU)	113.46	114.91	116.49	118.18	119.97
Energy Input at Distribution Level (MU)	4,099.10	4,151.66	4,208.72	4,269.82	4,334.58
220kV/Transmission Loss (MU)	1.35%	1.35%	1.35%	1.35%	1.35%
220kV/Transmission Loss (MU)	56.09	56.81	57.59	58.43	59.31
Energy Requirement of TPL-D (A)	4,155.20	4,208.47	4,266.31	4,328.25	4,393.90
Energy Requirement of TPL-D (S)	8,887.28	9,071.95	9,265.40	9,468.14	9,680.73
Energy Requirement of TPL-D	13,042.48	13,280.41	13,531.71	13,796.39	14,074.62

5.5 Energy Availability

Petitioner's Submission:

5.5.1 The energy sourcing is planned from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources including bilateral sources / power exchanges. The long-term sources include TPL – G (APP) sources, SUGEN/ UNOSUGEN and Renewable Energy sources. For long term sources of SUGEN / UNOSUGEN, TPL has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. Further, the Petitioner has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated offtake from SUGEN/UNOSUGEN by giving due consideration to reliability of power and higher cost of gas. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. However, the Petitioner will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources.

5.5.2 The Commission has specified the Renewable Purchase Obligation (RPO) as per the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 read with the Amendment. The Commission has also issued draft RPO amendment to bring the RPO trajectory in line with RPO trajectory specified by Ministry of Power. Accordingly, the Petitioner has estimated the availability of renewable energy for MYT Control Period from the tied-up/ proposed tie-up capacities of RE Power.

5.5.3 The balance power would be sourced from short-term sources as and when

required. Further, the Petitioner has planned to source the power for MYT Control Period subject to technical minimum /must run criteria while ensuring reliability of power giving due consideration to optimisation of cost.

5.5.4 Accordingly, the Petitioner has submitted the requisite details for Resource Adequacy Studies to the CEA such as past period sales, demand, and power purchase along with details for demand forecast for 20th EPS studies and RE tie up.

Table 5-24 Energy Availability as projected by Petitioner for MYT Control Period (in MU)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
TPL-G(APP)	2,417.17	2,304.61	2,371.09	2,372.69	2,300.29
SUGEN/ UNOSUGEN	3,760.16	3,572.11	3,138.24	3,053.19	3,011.58
Bilateral& Others	2,485.20	1,918.80	1,573.80	1,912.80	1,056.00
Power Exchange	2,298.22	2,322.86	2,373.06	2,377.48	2,427.26
Renewable Energy	2,408.29	3,506.75	4,439.97	4,454.49	5,660.60
Total	13,369.04	13,625.13	13,896.17	14,170.66	14,455.74

Commission’s Analysis:

5.5.5 As per GERC (MYT) Regulation, 2024, the Distribution Licensees are required to project the power purchase requirement based on the Merit Order Dispatch principles of all generating stations considered for power purchase, RPO and the targets set if any, for Energy Efficiency and DSM schemes.

5.5.6 The variation in the projected energy requirement between TPL-D (S) and the approved by the Commission during MYT Control Period FY 2025-26 to FY 2029-30 is due to difference in transmission and distribution losses as mentioned in earlier sections. Accordingly, the quantum of energy purchase is regulated as detailed below.

5.5.7 With respect to the Renewable Power projection, Ministry of Power (MoP) has

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issued notification on 22 July 2022, related to RPO and Energy Storage Obligation trajectory till FY 2029-30 and on the same principle, the Commission has also issued the Draft GERC (Procurement of Energy from Renewable Sources) Regulations, 2024 and is in the process of notifying the same. The Commission has observed that the Petitioner has projected quantum of purchase from Renewable Sources which is lower than the RPO trajectory as per MoP notification as outlined below:

Table 5-25: Renewable Power Projection by TPL-D (A) for MYT Control Period

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Energy Requirement Projected by TPL-D - MU	13,369.04	13,625.13	13,896.17	14,170.66	14,455.74
Quantum of Renewable Power Projection – MU	2,408.29	3,506.75	4,439.97	4,454.49	5,660.60
% of Renewable Power of Total Power as per TPL-D (%)	18.01%	25.74%	31.95%	31.43%	39.16%
RPO (%)	33.01%	35.95%	38.81%	41.37%	43.33%

5.5.8 Considering the mandate as provided by MoP, the Commission has projected the Renewable power requirement for MYT Control Period in line with the RPO trajectory as specified in the notification dated 22 July, 2022 and is outlined as below:

Table 5-26: Renewable Power Projection approved by Commission for FY 2025-26 to FY 2029-30

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Energy Requirement approved - MU	13,042.48	13,280.41	13,531.71	13,796.39	14,074.62
Quantum of Renewable Power Projection – MU	4,305.32	4,774.31	5,251.66	5,707.57	6,098.53
% of Renewable Power of Total Power approved as per RPO- (%)	33.01%	35.95%	38.81%	41.37%	43.33%

5.5.9 Accordingly, TPL-D (S) is directed to meet the RPO trajectory for each year of MYT Control Period and specified renewable energy consumption targets in accordance with the Regulations specified by the Commission from time to

time.

5.5.10 The Commission has considered the quantum of energy availability from TPL-G (APP) as approved in the Order of TPL-G (APP), for MYT Control Period FY 2025-26 to FY 2029-30 in Petition No. 2425 of 2024. However, with respect to MYT Control Period, considering the demand profile of TPL-D (A) including peak demand and load factor, it would be optimal to serve TPL-D (A)'s load from TPL-G (APP). Accordingly, the Commission has decided to allocate the 100% capacity of TPL-G (APP) to TPL-D(A) for the MYT Control Period and the balance power to be allocated in the proportion of the Energy Requirement of TPL-D (A) And TPL-D (S) post allocation of entire power of TPL-G (APP) to TPL-D (A). The Commission has further opined that during the Truing Up exercise of the respective years of the MYT Control Period, the similar principles/methodologies will be considered for allocation of the power procurement and its related cost thereof of TPL-G (APP) to TPL-D (A).

5.5.11 For long term sources of SUGEN / UNOSUGEN, the Petitioner has submitted that it has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. It has further submitted that it has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated offtake from SUGEN/UNOSUGEN considering reliability of power and higher cost of gas. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. It has further submitted that it will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources.

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5.5.12 On query regarding the availability of gas, TPL-D (S) has made following submission with respect to SUGEN and UNOSUGEN:

- a. For SUGEN, TPL has considered offtake from IOCL gas at 50% of contracted capacity till Apr-28 despite Take of Pay liability@ 90%. Same has been proposed to optimize the power purchase cost by reducing offtake from IOCL on the best effort basis in the interest of end consumers.
- b. For UNOSUGEN, TPL has tied up Domestic Gas of ~8250 MM BTU/day from RIL R1 till December 2026, 4720 MM BTU/day from RIL RS till May-26 and 4960 MMBTU/day from ONGC till July 26. TPL has considered 90%, 100% and 100% off take from RIL R1, RIL R5 and ONGC respectively based on take or pay liability.
- c. For Balance Quantum from SUGEN/UNOSUGEN, TPL has anticipated tying up term LNG FY 26 ~4.5 LNG Cargo (8.24 USD/MMBTU), FY 27 ~5 LNG Cargo (~8.27 USD/MMBTU), FY28 ~ 5 LNG Cargo (~8.38 USD/MMBTU), FY 29 ~ 7 LNG Cargo (~ 8.30 USD/MMBTU) and FY 30 ~ 7 LNG Cargo (~ 8.30 USD/MMBTU)

5.5.13 The Petitioner has provided the details of quantum of power to be procured utilising the Fuel from IOCL, Domestic Gas and Term LNG as projected for MYT Control Period as tabulated below:

Table 5-27: Power Projection from different fuel of SUGEN / UNOSUGEN by TPL-D(S) for MYT Control Period (MU)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
IOCL	983.67	983.67	983.67	80.85	
Domestic Gas	825.52	380.20	-	-	-
LNG Terminal	1,950.97	2,208.24	2,154.58	2,972.34	3,011.58
Total	3,760.16	3,572.11	3,138.24	3,053.19	3,011.58

5.5.14 The Commission has considered the allocation of power from SUGEN / UNOSUGEN based on the ratio of 74:26 as per the actual ratio of FY 2023-24.

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5.5.15 The remaining required power purchase is considered from Power purchase from bilateral and power exchange to match the Energy Balance.

5.5.16 With respect to the Bilateral Power, the Commission has considered the projection of energy procurement as submitted by TPL-D (S). The incremental quantum of purchase from Renewable Energy sources and the net reduction in energy requirement based on approved distribution loss targets for MYT Control Period from FY 2025-26 to FY 2029-30 has been net off against the energy scheduled from Power Exchange.

5.5.17 In case, if there is any shortfall of energy in the procurement of power through tied up sources, the same shall be made by TPL-D through power exchange or e-bid procurement through DEEP Portal.

5.5.18 As stated above, 100% of the Power from TPL-G(APP) has been dedicated to TPL-D(A) and the balance power from SUGEN/UNOSUGEN, Renewable and Bilateral is allocated in the ratio of the demand of Surat and Ahmedabad. Based on the foregoing analysis, the Commission now approves the energy availability from various sources as follows:

Table 5-28 Approved Energy Availability for MYT Control Period for TPL-D (in MU)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
TPL-G (APP)	2,417.17	2,304.61	2,371.09	2,372.69	2,300.29
SUGEN	2,801.02	2,660.94	2,337.74	2,274.38	2,243.39
UNOSUGEN	959.14	911.17	800.50	778.81	768.19
Bilateral	2,485.20	1,918.80	1,573.80	1,912.80	1,056.00
Power Exchange	74.63	710.58	1,196.92	750.14	1,608.22
Renewable Energy	4,305.32	4,774.31	5,251.66	5,707.57	6,098.53
Total	13,042.48	13,280.41	13,531.71	13,796.39	14,074.62
Power Allocated to Ahmedabad					
TPL-G (APP)	2,417.17	2,304.61	2,371.09	2,372.69	2,300.29
From other Sources	6,470.12	6,767.33	6,894.31	7,095.45	4,393.90



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Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Total Power allocated to TPL-D (A)	8,887.28	9,071.95	9,265.40	9,468.14	9,680.73
Balance Power allocated to TPL-D (S)	4,155.20	4,208.47	4,266.31	4,328.25	4,393.90

5.5.19 TPL-D is advised to adhere to the above power procurement sources and quantum as approved by the Commission.

5.6 Power Purchase Cost

Petitioner's Submission:

5.6.1 The Petitioner has submitted that based on the energy quantum estimated, the power purchase cost for each of the sources is computed. The source-wise estimated power purchase cost is provided hereunder:

- **TPL-G (APP)** – The power purchase cost is based on the costing arrived at from the ARR computation in the petition filed for TPL-G (APP).
- **SUGEN/UNOSUGEN** – The power purchase cost is as per the tariff and operating norms adopted by Hon'ble CERC read with applicable order.
- **Bilateral Sources/ Power Exchange** – The power purchase rate for bilateral sources/power exchange is arrived at by considering the likely short term market conditions and considering the current trends.
- **Renewable Power Purchase Cost**- The Petitioner has estimated the purchase of power from the tied-up capacity of renewable energy sources to fulfill the Renewable Power Purchase Obligation. Accordingly, the Petitioner has arrived at the renewable power purchase cost.

5.6.1 The Petitioner submitted that it will exercise various options with due commercial prudence with respect to sourcing of power. The details of Power purchase for the control period are shown below:

Table 5-29 Power Purchase Cost projected by TPL-D for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
TPL-G(APP)	1,336.71	1,282.30	1,309.88	1,315.23	1,302.33
SUGEN/ UNOSUGEN	3,497.41	3,331.65	3,108.81	2,889.56	2,900.89
Bilateral/ Power Exchange	3,048.78	2,755.67	2,607.28	2,866.68	2,376.25
Renewable Energy	555.90	934.33	1,253.92	1,259.28	1,857.68
GNA Charges/LTA	362.26	386.63	409.19	423.85	434.76
Total	8,801.07	8,690.58	8,689.09	8,754.61	8,871.91
Power Purchase TPL-D(A)	6,000.80	5,938.93	5,952.70	6,010.88	6,103.31
Power Purchase TPL-D(S)	2,800.27	2,751.66	2,736.38	2,743.72	2,768.60

Commission’s Analysis:

A. Renewable Power:

5.6.2 Regarding the power purchase cost associated with renewable energy power, it has been observed that the Petitioner has submitted the details of renewable power tied up from Solar & Wind sources. Further, as per the projections, TPL has submitted that during MYT Control Period, it is planning to tie up following power from renewable sources:

- TPL Solar (Tied up - COD in FY 26) – of 285 MW @Rs. 2.22/kWh
- Adani Solar (Tied up - COD in FY 26) - of 150 MW @Rs. 2.22/kWh
- RERTC (To be tied-up - COD FY30) – of 150 MW @Rs. 5.00/kWh
- Hybrid (Tied up - COD in FY 26) – of 450 MW @Rs. 3.65/kWh

5.6.3 The Commission has projected the Renewable Power procurement as per RPO trajectory which includes the power already tied-up by TPL, projected to be tied-up by TPL and expected to be tied-up to meet RPO by TPL. With respect to the rate of renewable power procurement, the Commission has considered the weighted average rate as projected by the Petitioner for the total quantum

of renewable power.

B. TPL-G (APP):

5.6.4 In case of procurement from TPL-G (APP), the same has been derived from the power generation cost as approved by the Commission for MYT Control Period FY 2025-26 and FY 2029-30 in Tariff Petition No. 2425 of 2024 and has been allocated 100% to TPL-D (A) as discussed in the above section of this Order.

C. SUGEN / UNOSUGEN:

5.6.5 For long term sources of SUGEN / UNOSUGEN, the Petitioner has submitted that it has made necessary arrangement to reserve the regas capacity in order to achieve certainty for availability of Regas facility and eliminate incremental cost involved in terms of margins of intermediaries in the process of regas operations. This regas capacity booking is in addition to availability of gas from IOCL and RIL. It has further submitted that it has also made necessary arrangements for Transportation of Gas with GSPL. At present, the Petitioner has estimated offtake from SUGEN/UNOSUGEN considering reliability of power and higher cost gas. This might result in Use or Pay Charges for unutilised Regas capacity and Ship or Pay Charges for unutilised Transportation capacity. It has further submitted that it will endeavour to exercise necessary business prudence to optimize the cost by giving due consideration to these charges, as may be feasible, while ensuring reliability of sources. Further, it has also provided the plan for procurement of gas for MYT Control Period from IOCL, domestic gas and LNG Terminal with expected Fuel Cost per unit as outlined below:

Table 5-30: Expected Variable cost per unit of SUGEN / UNOSUGEN for MYT Control

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Period as submitted by TPL

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
IOCL	8.87	8.76	8.73	8.72	
Domestic Gas	6.75	5.99			
LNG Terminal	6.15	6.13	6.24	6.23	6.24
Total	6.99	6.84	7.02	6.30	6.24

5.6.6 The Commission has noted their submission. However, it is also observed that despite the query on the break-up of units and variable cost for SUGEN / UNOSUGEN, TPL has provided the combined variable charges for both the plants.

5.6.7 It is fact that the tariff of SUGEN & UNOSUGEN (such as Capacity Charges and Operating Norms) has been determined by the CERC and the Commission has adopted the same and factored in the power procurement cost. The Power Purchase cost of SUGEN & UNOSUGEN consist of the fixed cost as well as variable cost. Regarding the fixed cost of SUGEN/ UNOSUGEN Plants, the Petitioner has estimated a total cumulative capacity charge as outlined in the following table:

Table 5-31 Cumulative Capacity Charges of SUGEN / UNOSUGEN as per TPL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
SUGEN / UNOSUGEN	867.82	888.24	906.00	966.00	1,021.81

5.6.8 The Commission has considered the Capacity charges of SUGEN as per the Petition filed before Hon'ble CERC for determination of Tariff for FY 2024-25 to FY 2028-29 on 21st October, 2024 and the final order is pending. Since the capacity tie-up is 75% of the installed capacity, the Commission has considered 75% of the Fixed Cost projected in the Petition excluding water charges.

Table 5-32: Capacity Charges approved for SUGEN for FY 2025-26 to FY 2029-30 (Rs.

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Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
SUGEN	625.33	645.87	666.23	727.25	741.79

5.6.9 The Commission observed that TPL has proposed common variable charges as a weighted average cost of fuel combined for SUGEN and UNOSUGEN plant for MYT Control Period. However, the Commission has considered the Variable Cost per unit of SUGEN in line with the submission made by TPL and provided in Table 5-30 of this Order.

5.6.10 With respect to UNOSUGEN, the Commission has noted that the projected variable price of UNOSUGEN as projected by TPL is in the range of Rs. 6.24/kWh to Rs. 7.02/kWh and the combined landed cost (inclusive of fixed charges, excluding transmission charges) is in the range of Rs. 9.30/kWh to Rs. 9.99/kWh which is significantly on the higher side. The Commission has considered Rs. 7.83 per Unit as landed prices for UNOSUGEN as the reference medium-term power procurement rate at the time of Truing up of FY 2023-24. Therefore, the Commission deems it appropriate to consider the reference medium term power procurement rate equivalent to Bilateral Rate as projected by TPL in the respective Financial Years of MYT Control Period.

5.6.11 Based on the above power procurement projections, the Commission will consider allowing the Power Purchase costs of SUGEN & UNOSUGEN in accordance with the CERC/GERC Orders at the time of Truing up exercises after prudence check.

D. Bilateral Trade:

5.6.12 Further, with respect to the Bilateral Power Purchase, the Commission has approved the Power Purchase quantum as projected by TPL-D (S). Further, TPL has projected Rs. 6.15/kWh for procuring power from bilateral market for

FY 2025-26 and has escalated the same by 10 paise per unit every year during the MYT Control Period. TPL submitted that the power purchase rate for bilateral sources/power exchange is arrived at by considering the likely market conditions and considering the current trends. Accordingly, the Commission has considered the procurement rate as provided by TPL-D for bilateral power while estimating the Power Purchase costs for TPL-D (S) and TPL-D(A) licensee areas for MYT Control Period from FY 2025-26 to FY 2029-30.

E. Power Exchange:

5.6.13 Further, with respect to the Power procurement from Power Exchange, the Commission has computed the quantum equivalent to the balance power required to meet the energy requirement after setting of the power from other approved sources as identified above. Further, TPL has projected Rs. 5.20/kWh for power to be procured from Power Exchange in FY 2025-26 and has escalated the same by 10 paise per unit every year during the MYT Control Period. TPL submitted that the power purchase rate for bilateral sources/power exchange is arrived at by considering the likely market conditions and considering the current trends. Accordingly, the Commission has considered the procurement rate as provided by TPL-D (S) for power procured from Power Exchange while estimating the Power Purchase costs for TPL-D (A) and TPL-D(S) licensee areas for MYT Control Period from FY 2025-26 to FY 2029-30.

F. GNA:

5.6.14 The Petitioner has considered an amount of Rs. 362.26 Crore towards GNA Charges for FY 2025-26 over and above the related costs from various sources and has escalated the same with 2% p.a. during the MYT Control Period. On query regarding the basis of estimation of GNA charges in power procurement

cost, the Petitioner submitted that the GNA was operational from 30th March, 2024. Further, for FY 2024-25, till December 2024, TPL has paid ~Rs. 200.88 Crore. Based on the actual payment made in FY 2024-25 till December, 2024, the Commission has computed the GNA Charges for the year on pro-rata basis and has escalated the same @2% every year during the MYT Control Period. However, this may be allowed on actual basis after prudence check.

G. Intra State Transmission Charges

5.6.15 It is observed that TPL-D (S) has considered an escalation of 4% p.a. for STU Transmission Charges for MYT Control Period as against 2% for the cost related to Power procurement from Bilateral Trade, Power Exchange and GNA Charges. Accordingly, similar escalation rate of 2% p.a. has been considered for STU charges for MYT Control Period, so as to maintain consistency.

5.6.16 Considering above, the total procurement cost for power from different sources for TPL-D during MYT Control Period from FY 2025-26 to FY 2029-30, works out as given in the Table below:

Table 5-33 Approved Power Purchase Cost of TPL-D for MYT Control Period (Rs. Crore)

Energy Sources	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
TPL-G (APP)	1,296.14	1,254.32	1,332.34	1,371.23	1,364.50
SUGEN	2,584.17	2,466.02	2,307.14	2,159.71	2,141.56
UNOSUGEN	589.87	569.48	508.32	502.33	503.17
Bilateral	1,528.40	1,199.25	999.36	1,233.76	691.68
Power Exchange	38.81	376.61	646.34	412.58	900.60
Renewables Energy	1,575.35	1,714.95	1,869.30	2,030.34	2,351.87
STU Charges	77.35	94.17	108.46	114.62	116.91
GNA Charges	273.18	278.65	284.22	289.90	295.70
Total	7,963.27	7,953.45	8,055.50	8,114.47	8,366.00

5.6.17 The above power procurement cost is reflective of power requirement of both Ahmedabad and Surat area. For arriving at individual power purchase cost, the Commission has allocated the total cost of TPL-G (APP) to TPL-D (A) and the

balance power quantum and cost including STU and GNA charges has been allocated based on the power requirement of TPL-D (A) and TPL-D(S) in the power requirement ratio.

5.6.18 Since the Power Purchase Cost is based on estimates, the Licensee shall take all necessary steps to procure any additional Renewable/Conventional Power requirement through a transparent competitive bidding process to ensure cost optimization. The Commission approves the power procurement rates submitted for Long-Term, Renewable, Bilateral, and IEX transactions for the Control Period.

5.6.19 The following table depicts the power purchase cost of Ahmedabad area for MYT Control Period from FY 2025-26 to FY 2029-30.

Table 5-34: Approved Power Purchase Cost for TPL-D (Surat) for FY 2025-26 to FY 2029-30 (Rs. Crore)

Energy Sources	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
As per TPL - D (S)	2,800.27	2,751.66	2,736.38	2,743.72	2,768.60
Approved by Commission	2,581.88	2,543.85	2,543.72	2,528.54	2,587.62

5.7 Operation & Maintenance (O&M) Expenses

Petitioner's Submission:

5.7.1 TPL-D (S) has submitted that O&M Expenses are mainly driven by business growth, inflation, standards of performance, conditions of existing assets necessitating better maintenance, exposure of the assets to general public & safety norms.

5.7.2 Regulation 104.1 of GERC (MYT) Regulations, 2024 provides that the O&M expense shall be derived on the basis of the average of the actual audited O&M expense for the past ten years ending 31st March, 2024. Further, it also

provides that the average of ten year audited O&M expense shall be considered as O&M expense for 31st March, 2019 and shall be escalated at the respective escalation rate of FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 to arrive at the O&M expense for the base year ending March 2024.

5.7.3 TPL-D (S) has projected the O&M expenses for MYT Control Period by escalating the base O&M Expense of FY 2023-24 as per the formula provided in GERC (MYT) Regulations, 2024. Accordingly, the O&M expenses arrived through this methodology for Surat Supply Area is shown in the table below.

Table 5-35 O&M Expenses claimed by of TPL-D (S) for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operation & Maintenance Expenses	192.10	202.43	226.46	253.98	270.18

5.7.4 TPL-D (S) has submitted that the variation in O&M expenses does not take into account the uncontrollable expenses such as the wage revision, change in law, change in levies/ duties/ taxes and charges, etc. and requested these components of uncontrollable factors and any such expenses on account of these factors are to be allowed over and above the normal allowable components.

Commission’s Analysis:

5.7.5 As per Regulation 92.1 and 104.1 of GERC (MYT) Regulations, 2024 for projecting O&M expenses for FY 2025-26 to FY 2029-30, the Commission has considered the average of the actual audited O&M expense for the past ten years ending 31st March, 2024 as per GERC (MYT) Regulations, 2024.

5.7.6 However, it was observed that the approach of TPL-D (S) while considering the past ten years average has deviated on two aspects, i.e., O&M expenses considered with the adjustment of insurance claim receipt and A&G as well as

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R&M Expenses are bifurcated into Manpower and Non-Manpower related cost which are later on linked with CPI and WPI respectively. The Commission in its earlier approach has considered the insurance claim receipt in Non-Tariff Income and has also considered the same in A&G expenses under the head of O&M expenses. Further, Regulation 96.2 and 109.2 (i) of the GERC (MYT) Regulations, 2024 also specify the same. Therefore, the similar treatment has been provided to last ten year O&M expenses while determining the base O&M expenses as on 31st March, 2019. Further, in relation to segregation of A&G and R&M Expenses into Man-power and Non-Manpower related cost, the Commission is of the view that any expenses, if subcontracted or expenses like security expenses, technical services, labour cost, etc cannot be considered as an employee expenses to be linked to CPI Index and the said expenses are being undertaken on a commercial business principle adopted by TPL-G D (S) and the same cannot be segregated. Therefore, the A&G and R&M expenses as approved by the Commission in past Truing up Order has been considered with WPI weightage. Also, while considering the O&M expenses for past ten years, the Commission has not considered any uncontrollable cost such as Gratuity revision, etc which has been approved in the relevant year of the tariff Order.

5.7.7 Based on the above principle adopted by the Commission, the base O&M as on 31st March, 2019 is outlined as below:

Table 5-36 Base O&M Expenses as on 31st March, 2019 approved by the Commission (Rs. Crore)

Particulars	Petitioner	Approved
Employee Expenses	57.32	56.57
A&G Expenses - Manpower Related	4.29	
A&G Expenses	31.61	
A&G Expenses - Total	35.90	35.93
R&M Expenses	6.00	
R&M Expenses - Manpower Related	27.65	
R&M Expenses - Total	33.64	33.64

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Particulars	Petitioner	Approved
O&M for FY 2018-19	126.87	126.15

5.7.8 With respect to R&M expenses, K factor of 1.92% has been derived based on last ten years average of R&M Expenses with Gross Fixed Assets and the same is considered to project the R&M Expenses for FY 2025-26 to FY 2029-30.

5.7.9 The O&M Expenses arrived as on 31st March, 2019 are escalated based on WPI: CPI Rate of the respective year with the weightage of the expenses as derived above whereby Employee is linked to CPI and A&G as well as R&M is linked to WPI to compute O&M expenses for FY 2023-24 which is later on escalated @ 4.12% (against TPL-D (S) proposal of 4.69%) year-on-year to arrive at O&M Expenses for FY 2024-25 to FY 2029-30.

5.7.10 The Commission, accordingly, approves the O&M expenses for FY 2025-26 to FY 2029-30 as given hereunder;

**Table 5-37 O&M Expenses approved by the Commission for FY 2025-26 to FY 2029-30
(Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Petitioner					Approved				
Employee Expenses	82.19	86.04	90.07	94.30	98.72	79.49	82.76	86.17	89.72	93.42
A&G Expenses	51.47	53.89	56.41	59.06	61.83	50.49	52.57	54.74	56.99	59.34
R&M Expenses	58.44	62.51	79.97	100.62	109.64	57.33	64.90	74.84	85.13	89.53
O&M Expenses	192.10	202.43	226.46	253.98	270.18	187.31	200.23	215.74	231.84	242.29

5.8 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission:

5.8.1 Surat city is considered as a hub for textile and diamond industries. The electricity demand has increased from 623 MW in FY 2020-21 to 812 MW in

FY 2024-25 i.e. at a 4 Year CAGR rate of about 7%. Surat city has been witnessing vertical growth. The existing load density of Surat license area is about 16 MW/sq.km. Especially, there is substantial increase in demand necessitating capacity augmentation at various level.

5.8.2 The increased urbanisation of Surat city has resulted in increasing issues of availability of corridor for creation of evacuation network.

5.8.3 Further, new initiatives such as Smart City, infrastructure projects like BRTS/Metro, modern water/sewage systems, etc. necessitate creation of state-of-the-art electrical network with ability of handling large quantum of power at the higher level of reliability.

5.8.4 TPL-D (S) has planned to undertake capital expenditure for augmentation and up-gradation of distribution network to meet the increasing load, reliability & redundancy requirement, regulatory norms and safety measures. Capital expenditure is also planned to ensure compliances of various MOP Rules and CEA Guidelines.

5.8.5 The capital expenditure for Surat Supply Area consists of expenditure in planning redundancy and reliability in EHV network to provide un-interrupted supply, additional EHV & HV substations to cater to the load growth, LT network to meet the consumer connectivity, smart metering, expenditure on Special projects, and other miscellaneous items such as automation, IT, etc.

5.8.6 Summary of planned capital expenditure for MYT Control Period is shown in the table below for the approval of the Commission: :

Table 5-38 Capital Expenditure Projected by TPL-D (S) for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
EHV Network	287.73	438.43	429.79	101.56	48.32

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Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HT Network	72.28	72.37	81.59	87.64	94.06
LT Network	48.72	50.72	52.64	56.15	59.10
Special Projects	82.01	105.70	126.98	20.53	-
Meter Management	44.49	42.68	45.14	44.28	45.26
Customer care	0.35	0.27	0.30	0.25	0.32
IT	4.78	1.96	1.81	1.39	1.07
Others	7.29	7.13	6.41	7.28	7.26
Total	547.65	719.26	744.66	319.08	255.39

5.8.7 The details of major capital expenditure for MYT Control Period as submitted by the Petitioner is as following:

a) EHV:

- New 220kV EHV SS along with EHV Line/Cable: During FY 2024-25, the Petitioner had proposed to establish new 220 kV SS (2x160 MW) in vicinity of PUNA and F-GIS SS alongwith necessary 220kV connectivity to cater the projected demand and ensure N-1 fulfilment and contingency of 220/66kV transformer. In turn, the Hon'ble Commission has been pleased to approve the capex.

The work for commissioning of 220/66kV SS in Puna area alongwith 220kV connectivity is proposed to be completed during the MYT control period. In order to provide connectivity to the substation, existing 220kV double ckt. SUGEN-Bhatar line shall be diverted to Puna by converting the same to Multi ckt. In turn, the 220kV Bhatar SS will be fed from New 765kV PGCIL New Navsari SS to create additional reliability and redundancy for Surat license area. Further, the Capex was also proposed towards replacement of Insulator String and application of anti-Corrosive paint on existing 220kV towers to enhance reliability and safety of the EHV network.

- New 66 kV substations: During 3rd MYT control period, the Hon'ble

Commission has approved the establishment of 66kV Substations at New Vastadevdi, New Bhathena, New A.K. Road and New Varachha Road. During the MYT control period, the work for all the four substations shall be completed. Additionally, the Petitioner has proposed capex for 66kV Substation at 66kV Anuvratdwar (Ring road) to cater the load growth.

- Additional 66 kV connectivity: During 3rd MYT control period, the Hon'ble Commission has approved the additional 66kV connectivity between A. K. Road (K) SS to New AK Road (K) SS and Puna SS to 66 kV near Magob. These projects shall be completed during MYT control period. The Petitioner also proposed additional 66kV Old Vastadevdi Station to New Vastadevdi to cater future load growth, maintain N-1 capacity, and fulfil reliability.
- Replacement & Renovation in existing EHV SS: Replacement of equipment like Relay, VCB, Capacitor, CT, LA, Isolator, Control Panel, Battery Charger, etc. have been considered based on aging, obsolete technology, and frequent breakdown.
- Additional/ Augmentation/ Replacement of ICT & Power Transformer: Based on projected loading and n-1 criteria, transformation capacity enhancement is planned during MYT Control Period such as additional 220/66 kV ICT at Puna SS which has been deferred from FY 2023-24 to FY 2024-25 to match the system requirement. Further, capacity enhancement (25 to 40 MVA) of 66/11 kV power transformer is also proposed at Causeway (F2) SS.
- Supporting infrastructure for EHV network: Major cost involved in this head pertains to ABT and SCADA system replacement, MRI, RF amplifier & modem, Load Manager, RTU, Panel, Network Switches, UPS & UPS battery, Testing and measuring equipment.

The summary of expenditure planned for the above-described items is provided in the table below.

Table 5-39 Capital Expenditure for EHV for MYT Control Period submitted by TPL – D (S)

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(Rs. Crore)

All Figures in Rs. Crore	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
EHV Network					
220kV EHV Line/Cable	8.78	19.35	98.22	-	-
New 66kV EHV SS	47.33	125.21	51.65	-	0.89
New 66kV Consumers	207.76	273.76	189.23	-	-
Additional 66kV Connectivity	-	3.64	-	20.71	13.22
Additional/Augmentation/Replacement of ICT & Power Transformer	13.32	4.88	78.40	68.66	23.82
Replacement & Renovation in existing EHV SS	9.21	10.78	11.02	11.27	8.88
Supporting Infrastructure – EHV	1.33	0.81	1.27	0.91	1.51
Total	287.73	438.43	429.79	101.56	48.32

b) HT:

- **11kV network development & modification:** 11 kV new feeders have been considered to mitigate the future load growth of surrounding area, relieving existing feeders and power transformers, creating redundancy, and to reduce long length of network. Network development and ring modification are proposed based on load balancing of existing feeders, creating of ready to serve network, and enhancement of load transfer flexibility.
- **Replacement/ Shifting of HT network:** Based on aging of existing PILC network, infrastructure projects like BRTS/smart city work proposed by local authority including METRO, and reliability requirements, it is proposed to replace/shift HT cable on the route. Accordingly, the cost of replacement/shifting has been considered.
- **Distribution substation automation:** Automation of distribution substation facilitates remote load transfer of 11 kV feeders, to reduce the restoration time and enhance customer satisfaction. It enables effective load management of 11 kV feeders. During MYT Control Period, the Petitioner has proposed distribution automation of 250 nos. of distribution substation.
- **New distribution substations:** To meet the additional load



requirement of existing as well as new consumers, the distribution transformers (DT's) need to be upgraded and new DT's need to be installed at the load centre. The substation needs to be planned at load centre. This also involves the development of necessary network by laying new 11 kV cable and installation of switchgear/breaker/LT panels.

- **New HT consumers:** Based on the expected number of new HT consumers of ~12-15 numbers, the Petitioner has proposed expenditure for releasing HT connections during MYT Control Period.
- **Additional/ Augmentation/ Replacement of Distribution transformer:** In order to relieve overloaded distribution transformers and for creating margin for catering to the future load growth, augmentation of distribution transformers is considered during MYT Control Period. Further, based on internal physical condition, test results, such distribution transformers are proposed to be replaced. Additionally, installation of Compact substation is considered by dismantling existing DSS where civil structure/ DSS equipment are found deteriorated
- **Installation/ Replacement of 11 kV switchgear/ LT panel/ Breaker and Accessory for Safety:** As part of replacement of deteriorated switchgear/panels/breakers, it is proposed to carry out replacement of switchgear/BMC and LT FSP replacement to ensure safety..
- **Distribution substation asset strengthening for safety:** Distribution substation (DSS) exists in public domain surrounded by residential / commercial / industrial area. Distribution substations are usually oil type distribution transformers and 11 kV RMUs, which are susceptible to fire and safety hazard in public area and operational safety. Therefore, to identify such critical distribution substation locations for replacement and to reduce safety hazard, distribution asset survey has

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been carried out based on geographical location, public movements and criticality of asset. Additionally, new earthing system is also proposed.

- **Reactive Power Compensation:** In order to maintain power factor and to reduce export kVAR in system, it is proposed to install Automatic Power Factor Correction Panels (APFC).
- **Supporting Infrastructure:** This includes expenses related to replacement / new requirement of Meter Reading Instrument, Earth Tester, Power Quality analyzer, Cable identifier / Cable nailing hydraulic tools, insulation measurement equipment and other Testing / Measuring equipment.

The summary of expenditure planned for the above described items is provided in the table below:

Table 5-40 Capital Expenditure for HT for MYT Control Period submitted by TPL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HT Network					
11 kV HT network development & modification	7.09	3.68	7.30	7.79	8.17
Replacement/ Shifting of HT network	1.28	1.34	1.41	1.50	1.57
Distribution substation automation	4.43	4.70	4.98	5.28	5.59
New Distribution substations	27.06	29.57	31.45	34.19	36.86
New HT consumers	9.67	10.07	10.68	11.38	11.96
Additional/ Augmentation/ Replacement of DT	12.63	13.66	15.71	16.65	18.43
Installation/ Replacement of 11 kV switchgear/ Panel/ breaker for Safety	0.71	0.82	0.87	0.92	0.97
DSS Asset strengthening for Safety	6.92	7.33	7.87	8.34	8.84
Reactive Power Compensation	0.72	0.76	0.81	1.05	1.12
Supporting Infrastructure-HT	1.77	0.43	0.52	0.53	0.53
Total	72.28	72.37	81.59	87.64	94.06

c) LT network:

- **New Connection/Load Extension:** The LT capital expenditure is planned to provide network for the last mile connectivity as well as for

maintaining “ready to serve” network. The capex is proposed based on expected applications for new connection and extension/reduction.

- **LT Network development & modification:** LT network is required to be developed and modified suitably to cater to load growth, create branch network to reduce faults, balancing network to relieve distribution transformer, and shifting network & related accessories for rerouting/ replacement of cable due to infrastructure projects like BRTS/ smart city/ METRO, etc.
- **Replacement of MSP/Meter Boxes for Safety & Reliability:** LT network exists in public domain surrounded by residential / commercial / industrial area. To enhance safety as well as to improve power reliability, MSP (Mini Section Pillar) and Meter Box (MB) which are found in critical condition will be replaced/ renovated. This will also include revamping of unsafe and deteriorated Meter boxes/services which are found susceptible to fire/repeated faults.
- **Earthing of LT assets for Safety:** New earthing system in LT asset is proposed to enhance safety based on measurement and physical condition of existing earthing system.
- **Supporting Infrastructure:** This includes expenses on replacement/new requirement of LT Cable fault locator, Insulation resistance tester, Earthing resistance meter and other Testing/Measuring equipment.

The summary of expenditure planned for the above-described items is provided in the table below:

**Table 5-41 Capital Expenditure for LT Network for MYT Control Period submitted by TPL
(Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
LT Network					
New connection/ Load extension	19.72	20.74	21.83	23.34	24.56
LT network development & modification	14.71	15.38	16.09	17.21	18.01

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Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Replacement of MSP / MB for Safety & Reliability	12.44	12.65	12.66	13.43	14.24
Earthing of LT assets for Safety	1.66	1.76	1.86	1.97	2.09
Supporting Infrastructure -LT	0.20	0.20	0.20	0.20	0.20
Total	48.72	50.72	52.64	56.15	59.10

d) Special Projects:

- **Power Supply Centre-Head Quarter Office & HT PSC at Ring Road “C” Substation and development of Training centre:** During FY 2024-25 the Hon’ble Commission has approved, the capex for Head quarter office & HT PSC at Ring Road (C) Substation and Training centre. During the MYT Control period, the Petitioner shall complete the project. It may kindly be noted that the Head Quarter & Training Centre will help to carry out the centralized functions and provide training to enhance the skillset of the workforce which in turn helps to serve the customer in a better way. It may kindly be noted that establishment of Training Centre is also in compliance to the requirement of CEA Safety Regulations.

The summary of expenditure planned for the above-described items is provided in the table below:

Table 5-42 Capital Expenditure for Special Project for MYT Control Period submitted by TPL (Rs. Crore)

All Figures in Rs. Crore	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Special Project					
PSC – HQ and HT PSC	82.01	105.70	126.98	20.53	-
Total	82.01	105.70	126.98	20.53	-

e) Meter Management:

- Metering system is an important facet of any electricity distribution utility. Capital expenditure is planned for purchasing Meters, CT/Seals etc. for the following activities:
 - New connections/enhancement of load and for energy accounting for DT meters/Interface meters, etc. with smart meters.

- Installation and replacement of consumer/DT/feeder meters with smart meters to comply with Ministry of Power notification.
- Replacement of defective energy meters based on the past trend of defective meters.
- Replacement of static electronic meters which are vulnerable to theft.
- Replacement of old electromechanical meters in a phased manner.
- Releasing solar net meters under the GERC Net Metering Regulations, 2016.
- It is submitted that out of the total capex under the head of Metering, the expenditure of Rs. 181.21 Crore is planned for installation and replacement of consumer/DT/feeder meters with smart meters in compliance to the CEA Metering Regulations and MOP Rules. Balance expenditure of Rs. 40.65 Crore is planned towards supporting infrastructure like test benches. It may kindly be noted that implementation of smart meter will also necessitate additional O&M expenses to meet with communication, IT infrastructure requirements, etc.
- Further, in order to ensure implementation of smart meters to comply with the requirement of the Ministry of Power notification, capex is also required to be incurred towards creating Advanced Metering Infrastructure. The AMI project shall include supply, installation, testing and commissioning of smart meters (with/without net-metering), 4G communication technology, Head End System (HES), and integration of the same with various business applications. Further, Capex towards MDMS is proposed to have a single system to integrate all Head End System for Smart Metering and Automatic Meter Reading. The solution will store the different types of meter data and support various business processes.

- It may also be noted that implementation of smart meter will also necessitate additional O&M expenses to meet with communication, IT infrastructure requirements, etc. Accordingly, the summary of expenditure planned for the above-described items is provided in the table below.

The summary of expenditure planned for the above-described items is provided in the table below:

Table 5-43 Capital Expenditure for Meter Management for MYT Control Period submitted by TPL – D (S) (Rs. Crore)

All Figures in Rs. Crore	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Meter Management	44.49	42.68	45.14	44.28	45.26

f) Customer Service

- During 4th MYT Control Period, capex is proposed to be incurred for Testing and Measuring equipments including MRI (Meter Reading Instruments)/ Optical Port and testing/ measuring instruments like Accu-check machine for onsite testing of meters, Clamp on Meters, PF Measuring Instrument, etc. The summary of expenditure to be incurred is provided as below:

Table 5-44 Capital Expenditure for Customer Service for MYT Control Period submitted by TPL – D (S) (Rs. Crore)

Particulars	FY 2025- 26	FY 2026- 27	FY 2027- 28	FY 2028- 29	FY 2029- 30
Customer care	0.35	0.27	0.30	0.25	0.32

g) IT & related Expenditure:

- This includes capex requirements related to hardware replacements & software upgradation, fibre network enhancement, network security, network monitoring, and additional SAP licenses. The summary of expenditure to be incurred is provided as below.

Table 5-45 Capital Expenditure for IT & related Expenditure for MYT Control Period submitted by TPL – D (S) (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
IT & related expenditure	4.78	1.96	1.81	1.39	1.07

h) Others

- Replacement / New requirement / Modification related to fire & safety assets and material for safety awareness.
- Replacement / new requirement of testing / measuring equipment to check quality parameters of material.
- Extension & Enhancement of GIS enterprise solution with upgradation and provision for new/replacement of hardware and software.
- Material Handling Equipment, Pallet/ racking system, Vertical Storage system for storing cable drums etc. for safe and better material handling.
- Expenditures for Refurbishment of EHV SS, Dist. SS, etc. and routine need based civil related work.
- Provision for procurement/replacement/ upgradation of other supporting assets like Air-conditioning System, Water purifiers, OHC equipments, etc.
- CCTV Surveillance system along with IT set-up to enhance safety of premises, strengthening security at all stations, provision for new / replacement / upgradation of other supporting assets/vehicles, etc.

The summary of expenditure planned for the above-described items is provided in the table below:

Table 5-46 Capital Expenditure for Other Expenditure for MYT Control Period submitted by TPL – D (S) (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Others	7.29	7.13	6.41	7.28	7.26

Commission’s Analysis:

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5.8.8 The Petitioner has projected CAPEX for MYT Control Period as detailed in the earlier section of this Order. The Petitioner has furnished the project/work-wise justification for the CAPEX projected along with the CWIP details and capitalisation for MYT Control Period.

5.8.9 The Commission opines that in order to meet the load growth, system demand and to provide reliable and quality supply, it has provisionally approved the CAPEX as submitted by TPL-D (S) for MYT Control Period from FY 2025-26 to FY 2029-30 as outlined in the Table below:

Table 5-47 Capital Expenditure for FY 2025-26 to FY 2029-30 approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
EHV Network	287.73	438.43	429.79	101.56	48.32
HT Network	72.28	72.37	81.59	87.64	94.06
LT Network	48.72	50.72	52.64	56.15	59.10
Special Projects	82.01	105.70	126.98	20.53	-
Meter Management	44.49	42.68	45.14	44.28	45.26
Customer care	0.35	0.27	0.30	0.25	0.32
IT	4.78	1.96	1.81	1.39	1.07
Others	7.29	7.13	6.41	7.28	7.26
Total	547.65	719.26	744.66	319.08	255.39

5.9 Capitalization and Gross Fixed Assets

Petitioner's Submission:

5.9.1 TPL-D (S) has projected capitalization for MYT Control Period from FY 2025-26 to FY 2029-30 and furnished the project/work-wise details of capitalisation in Form 5.3 to the Petition.

Table 5-48 Capitalisation Projected by TPL - D (S) for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
EHV Network	24.49	694.00	582.11	162.51	48.32

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Tariff for FY 2025-26

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HT Network	72.28	72.37	81.59	87.64	94.06
LT Network	48.72	50.72	52.64	56.15	59.10
Special Projects	-	-	257.92	89.41	-
Other support function	7.29	7.13	6.41	7.28	7.26
Meter Management	44.49	42.68	45.14	44.28	45.26
Customer Care	0.35	0.27	0.30	0.25	0.32
IT	4.78	1.96	1.81	1.39	1.07
Total Cost	202.40	869.14	1,027.92	448.91	255.39

Commission's Analysis:

5.9.2 The Commission has observed (from Form 5.3) that the Petitioner has proposed capitalization of CAPEX relating schemes as given hereunder:

Table 5-49 Projected CAPEX by TPL-D(S) for FY 2025-26 to FY 2029-30 (Rs. Crore)

Project Code	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
EHV					
220kV EHV Line/Cable	8.78	19.35	98.22	-	-
New 66kV EHV SS	47.33	125.21	51.65	-	0.89
New 66kV Consumers	207.76	273.76	189.23	-	-
Additional 66kV Connectivity	-	3.64	-	20.71	13.22
Additional/Augmentation/Replacement of ICT & Power Transformer	13.32	4.88	78.40	68.66	23.82
Replacement & Renovation in existing EHV SS	9.21	10.78	11.02	11.27	8.88
Supporting Infrastructure – EHV	1.33	0.81	1.27	0.91	1.51
Total	287.73	438.43	429.79	101.56	48.32
HT					
11 kV HT Network Development & Modification	7.09	3.68	7.30	7.79	8.17
Replacement / Shifting of HT Network	1.28	1.34	1.41	1.50	1.57
Distribution substation automation	4.43	4.70	4.98	5.28	5.59
New Distribution Substations	27.06	29.57	31.45	34.19	36.86
New HT Consumers	9.67	10.07	10.68	11.38	11.96
Additional / Augmentation / Replacement of Dist. X'mer	12.63	13.66	15.71	16.65	18.43
Installation / Replacement of 11 kV S/Gear / LT Panel / Breaker and Acc. for Safety	0.71	0.82	0.87	0.92	0.97
DSS Asset strengthening for Safety	6.92	7.33	7.87	8.34	8.84

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Tariff for FY 2025-26

Project Code	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Reactive Power compensation	0.72	0.76	0.81	1.05	1.12
Supporting Infrastructure - HT	1.77	0.43	0.52	0.53	0.53
Sub-Total	72.28	72.37	81.59	87.64	94.06
LT					
New Connections / Load Extension	19.72	20.74	21.83	23.34	24.56
LT Network Development & Modification	14.71	15.38	16.09	17.21	18.01
Repl. of MSP / MB for Safety & Reliability	12.44	12.65	12.66	13.43	14.24
Earthing Reactivation of LT assets for Safety	1.66	1.76	1.86	1.97	2.09
Supporting Infrastructure - LT	0.20	0.20	0.20	0.20	0.20
Sub-Total	48.72	50.72	52.64	56.15	59.10
Special Projects	82.01	105.70	126.98	20.53	-
Other support function	7.29	7.13	6.41	7.28	7.26
Meter Management	44.49	42.68	45.14	44.28	45.26
Customer Care	0.35	0.27	0.30	0.25	0.32
IT	4.78	1.96	1.81	1.39	1.07
Grand Total	547.65	719.26	744.66	319.08	255.39

5.9.3 The Commission observes (from Form 5.3) that capitalisation of the projected CAPEX proposed by the Petitioner for MYT Control Period varies each year as outlined in the following Table:

Table 5-50 CAPEX and Capitalisation proposed by TPL-D (S) for 4th MYT Control Period

Project Code	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
CAPEX	547.65	719.26	744.66	319.08	255.39	3133.69
Capitalisation	202.4	869.14	1,027.92	448.91	255.39	3006.16
% of CAPEX	37%	121%	138%	141%	100%	96%

5.9.4 It was observed that the total capitalisation claimed by TPL-D (S) is uneven and exceeds more than 100% in certain years. On the query raised by the Commission, TPL-D(S) replied that there was an opening CWIP of Rs. 217.72 Crore which will also get capitalised during the Control Period. The Commission noted the submission made by TPL-D (S).

5.9.5 Regulations 29 and 30 of GERC (MYT) Regulations, 2024 provides for admission of the capital cost and capitalisation to be incurred for the Control Period to form the basis for determination of Tariff. Further, Regulation 29.8 of GERC

(MYT) Regulations, 2024 states that the Commission has specified the Guidelines for approval of Capital Investment Schemes as provided in Annexure III to the Regulations. whereby TPL-D (S) is required to make an application to the Commission for obtaining prior approval for schemes involving major investments as per criteria specified in these Guidelines. The DPR as submitted by TPL-D(S) will be basis for approval of the CAPEX and Capitalisation during the Truing up of the respective year of the Control Period. Accordingly, TPL-D (S) has submitted the application related to DPR of CAPEX / Capitalisation along with the scheme details, justification for the work, capitalization schedule, capital structure and cost benefit analysis (wherever applicable). The Commission will evaluate the same as per relevant provisions of the GERC (MYT) Regulations, 2024 and such approval of schemes will form the basis for approval of capitalisation at the time of Truing up subject to prudence check. However, in order to ensure smooth and consistent operations with higher level of efficiency, the Capex planned by TPL-D (S) is required and accordingly the Commission approves the Capex as submitted by TPL-D (S) for the 1st year of the Control Period i.e., FY 2025-26. Further, the schemes proposed by TPL-D (S) in FY 2025-26 and commenced in the same year are deemed approved even if the phasing of completion of said schemes as per DPR extends beyond FY 2025-26.

5.9.6 The Commission notes that the CAPEX and capitalisation projected by the Petitioner includes installation of new substations schemes which have gestation period of around 1~2 years from the day of planning to CoD/ asset capitalised. To balance the interest of the consumer and the distribution utility, the Commission is of the view that it is appropriate to consider the ratio of the average Capitalization vis-à-vis Capital Expenditure of last true up years. Accordingly, the Commission has worked out the average capitalization over approved CAPEX for last five years i.e., from FY 2019-20 to FY 2023-24 which works out to 69.16%. Accordingly, the Commission approves the 69.16% of

the CAPEX as capitalisation for the respective years of the MYT Control Period from FY 2025-26 to FY 2029-30.

5.9.7 As per first proviso to Regulation 32.1 of GERC (MYT) Regulations, 2024, in case of any assets which has completed its useful life as on or after 01st April, 2025, the excess of accumulated depreciation net of cumulative repayment of normative loan attributable to such asset, shall be utilized for reduction of the equity over the period of next five financial years in equal tranches. TPL-D (S), based on the query raised by the Commission, has submitted that as on 31st March, 2024, assets of Rs. 81.66 Crore has completed the useful life or the accumulated depreciation claimed is 90%. Therefore, in line with the GERC (MYT) Regulations 2024, the 20% of the equity (Accumulated depreciation of 90% - 70% of the Loan amount) has been reduced in five financial years of the MYT Control Period in equal tranches. However, for intangible assets, considering the accumulated depreciation to be 100%, 30% of the equity is reduced in five equal tranches.

5.9.8 Based on the above approach, the Commission has approved closing GFA at Rs. 2,495.05 Crore in True up for FY 2023-24 and the same is considered as opening GFA for FY 2024-25. Further, the Commission has considered capitalisation of Rs. 374.17 Crore as approved in Tariff Order dated 01st June, 2024 for FY 2024-25 and arrived at the closing GFA for FY 2024-25 at Rs. 2,869.22 Crore and the same is considered as opening GFA for FY 2025-26. The Commission has further considered the SLC addition as projected by the Petitioner.

5.9.9 The Commission in terms of the GERC (MYT) Regulations, 2024 has approved the funding of capitalisation for normative debt-equity. The Commission, as deliberated above has considered the opening GFA, additions during the year and closing GFA for FY 2025-26 to FY 2029-30 as given in Table below:

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Table 5-51 Capitalisation Approved by Commission for FY 2025-26 to FY 2029-30 (Rs. Crore)

Sr.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening GFA	2,869.22	3,247.96	3,745.38	4,260.36	4,481.04
2	Assets additions during year	378.74	497.42	514.98	220.67	176.62
3	Deletion from GFA	-	-	-	-	-
4	Closing GFA	3,247.96	3,745.38	4,260.36	4,481.04	4,657.66

5.9.10 The Commission in terms of GERC (MYT) Regulations, 2024 has approved the funding of capitalisation considering normative debt-equity as tabulated under:

Table 5-52 Approved Capitalisation for FY 2025-26 to FY 2029-30 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Capitalisation	378.74	497.42	514.98	220.67	176.62
Less: SLC Addition	20.06	20.10	20.13	20.17	20.20
Net Capitalisation	358.68	477.32	494.85	200.50	156.42
Normative Debt @70%	251.08	334.13	346.40	140.35	109.49
Normative Equity @30%	107.60	143.20	148.46	60.15	46.93

5.10 Depreciation

Petitioner's Submission:

5.10.1 The Petitioner submitted that, the depreciation rates as per the CERC (Terms & Conditions of Tariff) Regulation, 2004 is applied on the opening GFA of FY 2009-10 and for addition of assets from 1st April 2009 onwards depreciation has been computed at the rates specified in the GERC Regulations.

5.10.2 The total depreciation arrived at after the computation described above is shown in the table below.

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Truing up for FY 2023-24, ARR for FY 2025-26 to FY 2029-30 and Determination of
Tariff for FY 2025-26

Table 5-53 Depreciation for Surat Supply Area for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Depreciation	108.58	128.66	163.61	193.07	205.74

Commission’s Analysis:

5.10.3 The Commission has considered closing GFA of Rs. 2,869.22 Crore in FY 2024-25 based on the capitalisation of Rs. 374.17 Crore as approved in Tariff Order for FY 2024-25 and therefore the same is considered as opening GFA for FY 2025-26. Further, the Commission has considered capitalisation over MYT Control Period and arrived at closing GFA for FY 2029-30 at Rs. 4,657.66 Crore and the addition of GFA is considered based on the capitalisation approved for MYT Control Period.

5.10.4 With respect to computation of the depreciation, Regulation 37.6 of GERC (MYT) Regulations, 2024, states that depreciation computation needs to be separately computed for assets added up to 31st March, 2025 and assets added on or after 01st April, 2025.

5.10.5 Accordingly, the rate of depreciation on assets for assets added upto 31st March, 2025 is considered as per the rate as provided by TPL-D (S) and for new asset addition post 1st April, 2025, the depreciation rate is considered as per Annexure I of GERC (MYT) Regulations, 2024, which is tabulated as below;

Table 5-54 Depreciation approved for FY 2025-26 to FY 2029-30 (Existing Assets) (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	2,869.22	2,869.22	2,869.22	2,869.22	2,869.22
Addition to GFA					
Deletion from GFA					
Closing GFA	2,869.22	2,869.22	2,869.22	2,869.22	2,869.22
Average GFA	2,869.22	2,869.22	2,869.22	2,869.22	2,869.22
Gross Depreciation	111.92	107.43	102.50	99.76	95.32
Less: Depreciation related to SLC	12.38	11.89	11.39	10.77	10.20

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Tariff for FY 2025-26

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net Depreciation	99.54	95.54	91.11	89.00	85.12
Depreciation Rate	3.47%	3.33%	3.18%	3.10%	2.97%

Table 5-55 Depreciation approved for FY 2025-26 to FY 2029-30 (New Assets) (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	0.00	378.74	876.16	1,391.14	1,611.82
Addition to GFA	378.74	497.42	514.98	220.67	176.62
Deletion from GFA					
Closing GFA	378.74	876.16	1,391.14	1,611.82	1,788.44
Average GFA	189.37	627.45	1,133.65	1,501.48	1,700.13
Gross Depreciation	9.31	30.85	55.74	73.82	83.59
Less: Depreciation related to SLC	0.53	1.59	2.65	3.72	4.78
Net Depreciation	8.78	29.26	53.08	70.10	78.81
Depreciation Rate	4.64%	4.66%	4.68%	4.67%	4.64%

Table 5-56 Depreciation approved for FY 2025-26 to FY 2029-30 (Total Assets) (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	2,869.22	3,247.96	3,745.38	4,260.36	4,481.04
Addition to GFA	378.74	497.42	514.98	220.67	176.62
Deletion from GFA	-	-	-	-	-
Closing GFA	3,247.96	3,745.38	4,260.36	4,481.04	4,657.66
Average GFA	3,058.59	3,496.67	4,002.87	4,370.70	4,569.35
Gross Depreciation	1	`	158.24	173.58	178.91
Less: Depreciation related to SLC	12.91	13.48	14.04	14.48	14.98
Net Depreciation	108.32	124.80	144.19	159.10	163.93
Depreciation Rate	3.54%	3.57%	3.60%	3.64%	3.59%

5.10.6 The Commission approves the depreciation for MYT Control Period as shown in the above Table.

5.11 Interest Expenses

Petitioner's Submission:

5.11.1 TPL-D (S) has submitted that the capital expenditure for MYT Control Period will be funded through a debt equity ratio of 70:30 as per the GERC (MYT)

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Regulations, 2024. The debt component is estimated in the Table below:

Table 5-57 Capitalisation for Surat Supply area projected for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	2,908.98	3,111.38	3,980.52	5,008.44	5,457.35
Addition to GFA	202.40	869.14	1,027.92	448.91	255.39
Deletion from GFA	-	-	-	-	-
Closing GFA	3,111.38	3,980.52	5,008.44	5,457.35	5,712.74
SLC Addition	20.06	20.10	20.13	20.17	20.20

5.11.2 Further, TPL-D (S) submitted that Regulation 33.2 of GERC (MYT) Regulations, 2024 provides for the calculation of interest expenses on normative basis considering the amount of depreciation of assets as the amount of repayment. It has considered the interest expenses as per the GERC (MYT) Regulations, 2024 on normative loans.

5.11.3 TPL-D (A) has considered Rate of interest of 1 year MCLR + 0.5% while repayment has been considered equal to the depreciation of the assets for the year.

5.11.4 The interest expense thus proposed for Surat Supply area is shown in the table below:

Table 5-58 Interest and finance charges of Surat Supply Area projected for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance	596.69	615.74	1,081.41	1,623.25	1730.30
Loan addition during year	127.64	594.33	705.45	300.12	164.63
Repayment during year	108.58	128.66	163.61	193.07	205.74
Closing Balance	615.74	1,081.41	1,623.25	1,730.30	1,689.20
Average Loan	606.21	848.58	1,352.33	1,676.78	1,709.75
Weighted average rate of interest (%)	9.15%	9.15%	9.15%	9.15%	9.15%
Interest Expenses	55.47	77.64	123.74	153.43	156.44

Commission's Analysis:

5.11.5 The Commission has considered the normative closing loan balance as Rs. 573.96 Crore for FY 2024-25 for calculation of interest on existing loan as per Regulation 33.1 of GERC (MYT) Regulations, 2024. Further, the repayment of the loan is considered equivalent to the depreciation amount computed for the existing assets put to use prior to 01st April, 2025 as per Regulation 33.3 of GERC (MYT) Regulations, 2024. Also, in line with Regulation 33.5 of GERC (MYT) Regulations, 2024, rate of interest considered is weighted average rate of interest calculated on the actual loan portfolio as on 1st April, 2024 which is equivalent to 8.55% p.a.

5.11.6 As specified in para 5.9.7, in line with first proviso to Regulation 32.1 of GERC (MYT) Regulations, 2024, the assets of Rs. 81.66 Crore has completed the useful life or the accumulated depreciation claimed is 90%. Therefore, in line with first proviso to Regulation 32.1 of GERC (MYT) Regulations, 2024, the 20% of the equity (Accumulated depreciation of 90% - 70% of the Loan amount) has been reduced in five financial year of the MYT Control Period in equal tranches. However, for intangible assets, considering the accumulated depreciation to be 100%, 30% of the equity is reduced in five equal tranches. Accordingly, the Commission has also reduced equivalent amount from the loan repayment in view of the fact that the said amount was adjusted in the loan repayment equivalent to the depreciation amount in previous years.

5.11.7 With respect to new asset capitalized during MYT Control Period, Return on Capital Employed is calculated as per Regulation 36 of GERC (MYT) Regulations, 2024.

5.11.8 The Commission, accordingly, approves interest on loan on existing assets capitalised before 1st April, 2025 for MYT Control Period of FY 2025-26 to FY 2029-30.

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Table 5-59 Interest on loan approved for FY 2025-26 to FY 2029-30 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance of Loans	573.96	478.04	386.12	298.63	213.26
Loan addition during the year					
Deletion					
Repayments during the year	95.92	91.92	87.49	85.38	81.50
Closing Balance of Loans	478.04	386.12	298.63	213.26	131.75
Average Loans	526.00	432.08	342.38	255.95	172.51
Rate of Interest on actual Loans (%)	8.55%	8.55%	8.55%	8.55%	8.55%
Interest Expense	44.97	36.94	29.27	21.88	14.75

5.12 Interest on Security Deposit

Petitioner's Submission:

5.12.1 The Petitioner has estimated the interest on security deposit for the year considering the interest rate of 6.75% on the average of opening balances and closing balance of security deposit for the Surat supply area. The addition has been projected on the basis of trend observed in the supply area.

Table 5-60 Interest on Security Deposit Projected For MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Interest on Security Deposit	30.10	30.70	31.31	31.94	32.58

Commission's Analysis:

5.12.2 As per Regulations 34 of GERC (MYT) Regulations, 2024, Interest shall be allowed on the amount held as security deposit at the Bank Rate notified by RBI as on 1st April of the financial year in which the Petition is filed. Accordingly, TPL-D (S) has claimed the interest rate of 6.75%, Bank Rate as on 1st April, 2024, on the average balance of security deposit of Surat Area which has been estimated at 6% increase every year by the Commission.

5.12.3 Accordingly, the Commission considers and approves the interest on security deposit as projected by the Petitioner for MYT Control Period FY 2025-26 to

FY 2029-30.

Table 5-61 Interest on Security Deposit approved by the Commission for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Interest on Security Deposit	30.10	30.70	31.31	31.94	32.58

5.13 Interest on Working Capital

Petitioner's Submission:

5.13.1 The interest on working capital is computed as per the MYT Regulations, 2024. The interest rate, being the SBI MCLR rate on 1st April, 2024 plus 200 basis points, of 10.65% is to be applied on the working capital requirement arrived at in accordance with the Regulations.

Table 5-62 Interest on Working Capital Projected for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M Expenses for 1 Month	16.01	16.87	18.87	21.16	22.52
Maintenance Spares @1% of GFA	29.09	31.11	39.81	50.08	54.57
Receivables for 1 Month	279.14	281.87	293.64	304.80	311.10
Less: Security Deposit	523.98	550.61	577.28	603.98	630.72
Net Working Capital Requirement	-	-	-	-	-
Rate of interest (%)	10.65%	10.65%	10.65%	10.65%	10.65%
Interest on Working Capital	-	-	-	-	-

Commission's Analysis:

5.13.2 The Regulation 38.4 and 38.5 of GERC (MYT) Regulations, 2024 specify the norms for Wire and Supply business for computation of working capital requirement and interest on working capital thereon. According to the Regulations, the working capital requirement comprises of 1-month O&M expenses, maintenance spares at 1% of historical cost of GFA, Receivables equivalent to 1 month at the prevailing tariff and excluding the amount of security deposit.

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5.13.3 In line with proviso to Regulation 38.6.1 of GERC (MYT) Regulations, 2024, the Commission has considered rate of interest at 10.65% being the 1-year SBI MCLR as on 1st April 2024 (8.65%) plus 200 basis points.

5.13.4 The working capital and interest thereon calculated for FY 2025-26 to FY 2029-30 is tabulated as under:

Table 5-63 Interest on Working Capital approved for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M Expenses for 1 Month	15.61	16.69	17.98	19.32	20.19
Maintenance Spares @1% of GFA	28.69	32.48	37.45	42.60	44.81
Receivables for 1 Month	258.11	260.49	267.02	270.68	277.371
Less: Security Deposit	495.54	525.27	556.78	590.19	625.60
Net Working Capital Requirement	(193.12)	(215.61)	(234.33)	(257.58)	(282.89)
Rate of interest (%)	10.65%	10.65%	10.65%	10.65%	10.65%
Interest on Working Capital	-	-	-	-	-

5.13.5 The Commission, accordingly, approves the interest on working capital as NIL for MYT Control Period from FY 2025-26 to FY 2029-30.

5.14 Return on Equity

Petitioner's Submission:

5.14.1 As per GERC (MYT) Regulations 2024, the Commission has provided for computation of return on equity for existing assets capitalised upto 31st March, 2025 and return on capital employed for assets capitalised w.e.f. 1st April, 2025 grossed up for applicable income tax. Since the same is in deviation to the MOP Electricity (Second Amendment) Rules, 2023 dated 26th July, 2023, TPL-D (S) has filed a separate petition seeking necessary clarification / rectification.

5.14.2 In view of the above, TPL-D (S) submitted that it has computed the return on equity at 15.50% for Assets commissioned upto 01 April, 2025. For new Assets



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after 01.04.2025, TPL-D (S) has considered Return on Equity at 15.50% and 15.00% for Supply and Wire Business respectively for the MYT control period based on the MOP Electricity (Second Amendment) Rules, 2023 dated 26th July, 2023. It may be noted that same is subject to outcome of the Petition No. 2404/2024. Further, the rate of return on equity has been grossed up with MAT rate and applied on average of opening & closing balance of the equity arrived at considering the estimated capitalisation in MYT Control Period.

Table 5-64 Return on Equity claimed by the TPL -D (S) for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Equity	933.41	988.11	1,242.82	1,545.16	1,673.78
Equity Addition	54.70	254.71	302.34	128.62	70.56
Closing Equity	988.11	1,242.82	1,545.16	1,673.78	1,744.34
Average of opening and closing	960.76	1,115.46	1,393.99	1,609.47	1,709.06
ROE on the average balance (incl. tax)	180.30	208.51	259.30	298.60	316.76

Commission’s Analysis:

5.14.3 The Commission has approved the normative closing equity at Rs. 816.20 for Truing up for FY 2023-24 and the same is considered as opening equity for FY 2024-25. The addition to equity is further updated with the normative equity based on capitalisation approved for FY 2024-25 in the Order dated 01 June 2024, which is Rs. 105.29 Crore and arrived at the closing equity for FY 2024-25 at Rs. 921.48 Crore. The same is considered as opening equity for FY 2025-26.

5.14.4 Further, as specified in para 5.9.7, in line with first proviso to Regulation 32.1 of GERC (MYT) Regulations, 2024, the assets of Rs. 81.66 Crore has completed the useful life or the accumulated depreciation claimed is 90%. Therefore, in line with first proviso to Regulation 32.1 of GERC (MYT) Regulations, 2024, the 20% of the equity (Accumulated depreciation of 90% - 70% of the Loan amount) has been reduced in five financial year of the MYT Control Period in



equal tranches. However, for intangible assets, considering the accumulated depreciation to be 100%, 30% of the equity is reduced in five equal tranches.

5.14.5 Also, as per Regulation 35.2 of GERC (MYT) Regulations, 2024, Base Return on Equity of 13% p.a. is to be allowed and Regulation 35.1 of GERC (MYT) Regulations 2024 specifies that Additional Return on Equity shall be Trued up for respective year based on actual performance substantiated by documentary evidence, after prudence check by the Commission. Further, proviso to Regulations 39.4 of GERC (MYT) Regulations, 2024 states that if the effective tax rate is lower than the Minimum Alternate Tax or Corporate Tax Rate, then the same will be considered for grossing up the rate of return on equity. Accordingly, the Base RoE of 13% has been grossed up with the income tax rate of 16.72% on the basis of actual tax paid on the book profit of FY 2023-24 as per Regulations 39.2 and 39.3 of GERC (MYT) Regulations, 2024.

5.14.6 With respect to the new asset approved to be capitalised during MYT Control Period from FY 2025-26 to FY 2029-30, Return on Capital Employed is calculated as per Regulation 36 of GERC (MYT) Regulations, 2024.

5.14.7 The Commission has observed that TPL-D (S) has filed the Petition No. 2404/2024 related to computation of RoE based on the Electricity (Second Amendment) Rules, 2023 dated 26th July, 2024 and the matter is subjudice. Therefore, the Commission has adopted the approach as specified in GERC (MYT) Regulations, 2024 for computation of Interest, Return on Equity and Return on Capital Employed.

5.14.8 The Commission, accordingly, computed the Return on Equity for FY 2025-26 to FY 2029-30 as detailed below;

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Table 5-65 Return on Equity approved for FY 2025-26 to FY 2029-30 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Equity	921.48	917.86	914.24	910.62	907.00
Equity Addition	-	-	-	-	-
Equity reduced due to retired assets	3.62	3.62	3.62	3.62	3.62
Closing Equity	917.86	914.24	910.62	907.00	903.38
Return on Equity at beginning of year	143.84	143.27	142.71	142.14	141.58
Return on Equity addition during year	(0.28)	(0.28)	(0.28)	(0.28)	(0.28)
Return on Equity with effective tax rate	143.56	142.99	142.43	141.86	141.30
Grossed up RoE (%)	15.61%	15.61%	15.61%	15.61%	15.61%

5.14.9 Further, as per Regulation 35.11 (e) and Regulation 35.12 of GERC (MYT) Regulations 2024, the Commission is required to identify certain specified target performance parameters for Wire and Supply Business respectively in MYT Orders, which will be linked to additional Rate of Return on Equity to be provided to the licensee for achieving such performance. Based on said provisions in GERC (MYT) Regulations 2024, following Target Performance Parameter and additional RoE for achieving those parameters is outlined below for the Licensee to achieve:

Wires Business

Table 5-66 Performance Parameters for Additional RoE for Wire Business

Particulars	Ceiling limit of Additional RoE
Wires Availability	0.5%
Distribution Loss	0.5%
Feeder/DT Smart Metering	0.25%
Geo-Tagging of Assets	0.5%
Automated Data Capture	0.25%
Maximum Allowable Rate of RoE	2.00%

1. Wires Availability:

- The Target Wires Availability for recovery of Base RoE has been set at

96.00% for state government owned Distribution Licensees and 97.00% for other Distribution Licensees.

- An additional RoE of 0.25% shall be allowed for every 0.50% over-achievement in wires availability, subject to 0.50% ceiling rate of RoE. Where the wires availability shall be calculated as per following formula:

Wires availability calculation = $(1 - (\text{SAIDI} / 8760)) \times 100$

Where, System Average Interruption Duration Index (SAIDI) shall be calculated in accordance with the definition specified in GERC (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2005, as amended from time to time.

2. Distribution Loss:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.50% to Distribution Licensees for reducing distribution loss levels beyond loss trajectory provided by the Commission as per the following schedule:
 - a) Additional RoE of 0.50%, for reducing loss by more than 10.00% of target loss.
 - b) Additional RoE of 0.30%, for reducing loss by more than 5.00% & up to 10.00% of target loss.
 - c) Additional RoE of 0.10%, for reducing loss up to 5.00% of target loss.

3. Feeder / DT Smart Metering:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.25% to Distribution Licensees for installation of Feeder / DT Smart Meters as per the following schedule:

- a) Additional RoE of 0.10%, for achieving installation of Smart Meters on 100% of 11 kV/ 33 kV feeders as on date of filing of True up Petition for respective year.
 - b) Additional RoE of 0.25%, for achieving installation of Smart Meters on 100% of DTs as on date of filing of True up Petition for respective year.
- DISCOM to ensure that post achievement of 100% smart metering, only smart meters shall be allowed to be installed for new DTs and Feeders. DISCOM will also prepare Energy Audit Reports on an annual basis for each DT and Feeder and keep it for the record, as and when sought by the Commission.

4. Automated Data Capture:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.25% to Distribution Licensees for capturing data directly from the feeder monitoring system or a suitable system to capture data for a ring main system without any manual intervention, as per Regulation 5.3 of the GERC (Standards of Performance of Distribution Licensees) Regulations, 2023.

5. Geo-tagging of assets:

- An additional rate of Return on Equity of 0.5% shall be allowed to the Distribution Licensees for achieving geo-tagging of assets as per the following schedule:
 - a) Additional RoE of 0.5% in the first year of the MYT Control period, for initiating the work of geo-tagging which shall be evaluated by successful implementation of steps like calling of an NIT, issuing of tender and awarding of contract.
 - b) Additional RoE of 0.5% in the second year of the MYT Control period, for

- completion of geo-tagging on 25% of the distribution network.
- c) Additional RoE of 0.5% in the third year of the MYT Control period, for completion of geo-tagging on 50% of the distribution network.
- d) Additional RoE of 0.5% in the fourth year of the MYT Control period, for completion of geo-tagging on 75% of the distribution network.
- e) Additional RoE of 0.5% in the fifth year of the MYT Control period, for completion of geo-tagging on 100% of the distribution network.

Supply Business

Table 5-67 Performance Parameter for Additional RoE for Supply Business

Particulars	Ceiling limit of Additional RoE
Percentage of Assessed Bills over Total Bills	0.75%
Collection Efficiency	0.75%
CGRF Performance	0.40%
Setting up CRM Centres	0.30%
Reduction in DSM/UI	0.20%
Meeting RPO Trajectory Targets	0.10%
Maximum Allowable Rate of RoE	2.50%

1. Percentage of Assessed Bills:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.75% to Distribution Licensees for reduction in percentage of assessed bills (due to reasons beyond unmetered & inaccessible connection) over total bills as per the following schedule:
 - a) Additional RoE of 0.25%, for %age of assessed bills between 3% to 5%.
 - b) Additional RoE of 0.50%, for %age of assessed bills between 1% to 3%.
 - c) Additional RoE of 0.75%, for %age of assessed bills less than 1%.

2. Collection Efficiency

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.75% to Distribution Licensees for Collection Efficiency measured as percentage of the amount collected by the Licensee to the total amount billed as per the following schedule:
 - a) Additional RoE of 0.25%, for %age of Collection Efficiency between >95% and <=96.5%.
 - b) Additional RoE of 0.50%, for %age of Collection Efficiency between >96.5% and <=98%.
 - c) Additional RoE of 0.75%, for %age of Collection Efficiency >98%.

3. CGRF Performance:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.40% to Distribution Licensees for efficacy in dispute resolution / complaint handling as per the following schedule:
 - a) Additional RoE of 0.20%, if %age of disputes resolved within 30 days of application is more than 95%.
 - b) Additional RoE of 0.20%, if %age of disputes where decision of CGRF / Ombudsman is timely implemented (within stipulated time in the respective Order) is more than 95%.

Data for above both parameters as certified by the Electricity Ombudsman shall be considered by the Commission for allowing additional RoE for the True up years.

4. CRM System:

- An additional rate of Return on Equity shall be allowed up to ceiling limit of 0.30% to Distribution Licensees for providing all services through a common Customer Relation Manager (CRM) System with all provisions, as per Regulation 3.6 of the GERC (Standards of Performance of Distribution Licensees) Regulations, 2023.

5. Meeting RPO Trajectory Targets

- An additional rate of Return on Equity shall be allowed at 0.10% to Distribution Licensees for achieving RPO trajectory as stipulated in the RPO Regulations from time to time..

6. Reduction in DSM/UI:

- An additional rate of Return on Equity of 0.20% shall be allowed to Distribution Licensees for maintaining the DSM/ UI in terms of energy upto maximum of 3.00%.

5.14.10 TPL-D (S) would be entitled for additional RoE for Wire and Supply business as specified in the table aforesaid based on achieving the specified targets at the true-up of the respective Financial year of the Control Period. This shall be assessed every year starting from the true up of first year of the MYT Control Period. TPL-D (S) to provide the supporting / justification to claim such additional Rate of Return on equity which will be allowed by the Commission subject to prudence check.

5.15 Return on Capital Employed

5.15.1 As stated above, the Petitioner has not computed Return on Capital Employed and has computed Return on Equity for the entire assets capitalized before and after 1st April, 2025 by relying based on the Electricity (Second Amendment) Rules, 2023 dated 26th July, 2024 and referring to the matter which is pending before the Commission.

5.15.2 The Commission has asked TPL-D (S) to submit the computation of RoCE for FY 2025-26 to FY 2029-30 based on GERC (MYT) Regulations, 2024. In compliance to this, it has submitted the detailed calculations of RoCE for the assets capitalized on or after 1st April, 2025 as outlined below:

Table 5-68 Return on Capital Employed as per TPL-D (A) for FY 2025-26 to FY 2029-30 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening RRB	-	196.20	1,034.93	1,991.34	2,335.58
Closing RRB	176.14	1,014.83	1,971.21	2,315.41	2,449.43
Average RRB	88.07	608.61	1,521.37	2,207.43	2,498.90
RoCE	10.46	72.28	180.68	262.15	296.77

5.15.3 The Commission, as per Regulation 36 of the GERC (MYT) Regulations, 2024 and decided to approve the Return on Capital Employed for FY 2025-26 to FY 2029-30 for TPL-D (S) for the assets capitalized on or after 1st April, 2025, as the Return on Capital Employed (RoCE) is the determining factor for the return to the Distribution Licensee. The approved expenses cover all financing costs, excluding expenses incurred for availing loans, without providing a separate allowance for interest on loans.

5.15.4 In line with the provisions of Regulation 36 of the GERC (MYT) Regulations, 2024, the Commission has determined the Regulated Rate Base (RRB) to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) capitalized on or after 01st April, 2025.

5.15.5 Based on the Return on Equity of 15.61% and Interest rate of 8.55%, the Weighted Average Cost of Capital (WACC) approved is 10.67% which is applied on RRB to compute Return on Capital Employed. The Commission based on the formula as specified in GERC (MYT) Regulations, 2024 allows the RoCE as outlined below:

Table 5-69 Return on Capital Employed approved for FY 2025-26 to FY 2029-30 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening RRB	-	369.96	838.12	1,300.02	1,450.59
Closing RRB	349.90	818.02	1,279.89	1,430.42	1,528.20
Average RRB	174.95	598.38	1,078.02	1,410.78	1,570.01
RoCE	18.66	63.83	115.00	150.50	167.49

5.16 Bad Debts Written Off

Petitioner's Submission:

5.16.1 TPL-D (S) projected debts written off as a pass-through in the ARR, based on the trend of bad debt write-offs in previous years, as per GERC (MYT) Regulations, 2024.

Table 5-70 Bad Debt written off Projected for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Bad Debt Written Off	0.24	0.24	0.24	0.24	0.24

Commission's Analysis:

5.16.2 Regulation 105.1 of the GERC (MYT) Regulations, 2024 specifies that bad debts written off may be allowed as a pass through in the ARR subject to prudence check based on the trend of write off of bad debts in the previous years. The Commission has approved Rs. 0.24 Crore towards bad debts written off for FY 2023-24 in Truing up based on the available audited annual accounts for FY 2023-24. The Commission, accordingly, has considered bad debts written off at Rs. 0.24 Crore for MYT Control Period from FY 2025-26 to FY 2029-30.

Table 5-71 Bad Debt written off Approved for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Bad Debt Written Off	0.24	0.24	0.24	0.24	0.24

5.17 Contingency Reserve

Petitioner’s Submission:

5.17.1 The Commission had allowed contingency reserve. The contingency reserve approved by the Commission for each year in the previous Control Period was Rs. 0.40 Crore.

5.17.2 Based on the same principle, TPL-D (S) has proposed to allow same amount for the contingency reserve for MYT Control Period as was approved in the previous Control Period.

Commission’s Analysis:

5.17.3 The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2024. Accordingly, the Commission approves Rs. 0.40 Crore towards contingency reserve for MYT Control Period from FY 2025-26 to FY 2029-30.

5.18 Non-Tariff Income

Petitioner’s Submission:

5.18.1 The non-tariff Income for MYT Control Period is projected as per the actual for FY 2023-24.

5.18.2 TPL-D (S) submitted that, the variation in actual non-tariff income except bad debt recovery will be considered as uncontrollable during the truing up exercise.

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Table 5-72 Non-Tariff Income Projected for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non Tariff Income	17.75	17.75	17.75	17.75	17.75

Commission’s Analysis:

5.18.3 The Commission has considered the Non-Tariff Income of Rs. 18.10 Crore as per actuals of FY 2023-24 as approved in Truing up and projected the same for the MYT Control Period i.e. FY 2025-26 to FY 2029-30, subject to True-up, which is tabulated as below:

Table 5-73 Non-Tariff Income approved for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non Tariff Income	18.10	18.10	18.10	18.10	18.10

5.19 Aggregate Revenue Requirement (ARR) for MYT Control Period

Petitioner’s Submission:

5.19.1 The Petitioner has projected the ARR of Surat Supply Area for MYT Control Period as given in the table below:

Table 5-74 ARR Projected by Petitioner for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Power Purchase	2,800.27	2,751.66	2,736.38	2,743.72	2,768.60
Operation & Maintenance Expenses	192.10	202.43	226.46	253.98	270.18
Depreciation	108.58	128.66	163.61	193.07	205.74
Interest and Finance Charges	55.47	77.64	123.74	153.43	156.44
Interest on Working Capital	-	-	-	-	-
Interest on Consumer Security Deposit	30.10	30.70	31.31	31.94	32.58
Bad Debts written off	0.24	0.24	0.24	0.24	0.24
Contribution to contingency reserves	0.40	0.40	0.40	0.40	0.40
RoE (incl. income tax)	180.30	208.51	259.30	298.60	316.76
Less: Non-tariff income	17.75	17.75	17.75	17.75	17.75
ARR	3,349.71	3,382.50	3,523.69	3657.62	3,733.20

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Commission’s Analysis:

5.19.2 The Commission based on the costs/expenses approved in the preceding paragraphs has computed the ARR as given in the Table below:

Table 5-75 ARR approved in respect of TPL-D (S) for MYT Control Period (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Power Purchase Expenses	2,470.20	2,425.71	2,419.91	2,401.63	2,458.81
Inter-State Transmission Charges	87.03	88.30	89.61	90.95	92.31
Intra-State Transmission Charges	24.64	29.84	34.20	35.96	36.50
Operation & Maintenance Expenses	187.31	200.23	215.74	231.84	242.29
Depreciation	108.32	124.80	144.19	159.10	163.93
Interest and Finance Charges	44.97	36.94	29.27	21.88	14.75
Interest on Working Capital	-	-	-	-	-
Interest on Consumer Security Deposit	30.10	30.70	31.31	31.94	32.58
Bad Debts written off	0.24	0.24	0.24	0.24	0.24
Contribution to contingency reserves	0.40	0.40	0.40	0.40	0.40
Return on Equity Capital	143.56	142.99	142.43	141.86	141.30
Return on Capital Employed	18.66	63.83	115.00	150.50	167.49
Less: Non Tariff Income	18.10	18.10	18.10	18.10	18.10
Less: Revenue from Open Access	-	-	-	-	-
Net Aggregate Revenue Requirement	3,097.34	3,125.88	3,204.21	3,248.20	3,332.49

5.20 Revenue from Sale of Power

Petitioner’s Submission:

5.20.1 TPL-D (S) submitted that the GERC (MYT) Regulations 2024 in line with the Ministry of Power’s notification dated 9th November, 2021, provides for automatic pass through on account of power purchase costs without any delay with immediate effect. It also provides that the Discoms are required to pass through the change in costs whenever it occurs.

5.20.2 For FY 2024-25, the Commission has approved the base Power Purchase Cost at Rs. 6.19 per kWh and base FPPPA at Rs. 2.85 per kWh. For FY 2025-26, the estimated weighted average power purchase cost works out to be Rs 6.58 per



kWh as against base power purchase cost of Rs 6.19 per kWh. Thus, revised base FPPPA works to Rs 3.27 per kWh factoring the adjustment in PPC. The revenue for FY 2025-26 is estimated by considering the revised base FPPPA of Rs 3.27 per kWh. Accordingly, the projected revenue from sale of power is as under.

Table 5-76 Revenue From Sale Of Power for FY 2025-26 (Rs. Crore)

Particulars	FY 2025-26
Revenue from Sale of Power	3,384.64

Commission’s Analysis:

5.20.3 In order to balance the interest of all stakeholders and to recover the cumulative gap of earlier years’ and carrying cost, the Commission decides to revise and approve the base Fuel and Power Purchase Adjustment Surcharge (FPPAS) for FY 2025-26 @ Rs. 2.44/kWh. Accordingly, the Commission considers the Revenue from sale of power at Rs. 3,055.56 Crore for FY 2025-26 with existing tariff i.e. as applicable for each category of consumer (slab-wise) as per the tariff (including base FPPAS charge @2.44/Unit).

5.21 Trued Up Net Revenue Gap/(Surplus) of FY 2025-26

5.21.1 The Commission has approved the net revenue gap in True up for FY 2023-24 including the gains/ losses shared on account of controllable and uncontrollable factors in accordance with Regulation 23 and 24 of the GERC (MYT) Regulations, 2016. The Commission has also considered earlier years approved gap and also impact on ARR due to review petition of the Petitioner, which is mentioned in the previous Chapter. It is found that the Commission has calculated/computed an amount of Rs. 38.05 Crore as Revenue Surplus for the TPL-D(S) for FY 2023-24.

5.21.2 Regulation 21.6 (c) of the MYT Regulations, 2016 and 16.7 (c) of MYT Regulations, 2024 specify that carrying cost is to be allowed on the amount of revenue gap / (surplus) for the period from the date on which such gap / (surplus) has become due, calculated on the simple interest basis at the weighted average SBI Base Rate for the relevant year, subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the which revenue gap is addressed.

5.21.3 As stated above, the Revenue Surplus approved for True-up of FY 2023-24 is Rs. 38.04 Crore and the related holding cost @ 8.57% (weighted average of SBI MCLR rate of FY 2023-24) for two years is worked out as Rs. 7.09 Crore, computed on the simple interest basis.

5.21.4 The Commission, accordingly, has considered the Trued-up Revenue Surplus of Rs. 45.13 Crore for FY 2023-24 which is inclusive of holding cost. The said amount is considered for determination of tariff for FY 2025-26.

5.22 Revenue Gap/(Surplus) for FY 2025-26

5.22.1 The Commission has approved Revenue Surplus of Rs. 45.13 Crore for FY 2023-24 after considering the Carrying cost, which is elaborated in the above sections.

5.22.2 The Commission accordingly computed the revenue (Gap)/Surplus for FY 2025-26 as given in the Table below:

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Table 5-77 Revenue Gap / (Surplus) approved for FY 2025-26 (Rs. Crore)

Particulars	Projected by Petitioner	Computed by Commission
ARR for FY 2025-26	3,349.71	3,097.34
Less : Revenue from sale of power at existing tariff rates including revised base FPPPA*	3,384.64	3,053.83
Revenue Gap/(Surplus) for FY 2025-26	(34.93)	43.51
Add: Revenue Gap/(Surplus) approved for FY 2023-24	82.82	(38.04)
Add: Carrying cost on above Gap/(Surplus)	34.15	(7.09)
Add: DSM Expenses	0.08	0.08
Net Gap/(Surplus) for FY 2025-26	82.11	(1.55)

*-TPL-D(S) has considered FPPAS rate of Rs. 3.27/kWh whereas the Commission has approved FPPAS rate of Rs. 2.44/kWh and considered for calculation of Revenue from Existing tariff.

5.22.3 Accordingly, against the estimated Revenue gap of Rs. 82.11 Crore claimed by TPL-D (S); the Commission has estimated a Revenue Surplus of Rs. 1.55 Crore for FY 2025-26.

5.22.4 With respect to DSM expenses, the Petitioner has submitted that as per the GERC (Demand Side Management) Regulations, 2012, it is required to formulate and submit to the Commission a perspective DSM Plan covering period of the control period. In turn, the Petitioner will make necessary submission for the DSM plan for MYT Control Period onwards and the Petitioner shall claim the actual DSM expenses as part of its truing up petitions. The Commission notes the submission made by TPL-D (S).

Chapter 6: Compliance of Directives

6.1 Earlier Directives

Directive No. 1 Long-Term Power Procurement Plan along-with RPO Commitments

The Commission had directed the Petitioner to carry out a detailed study of load growth and power requirement with RPO commitments:

Petitioner’s Compliance:

TPL-D (S) submitted that regarding RPO fulfilment, the Petitioner has already tied up 450 MW solar power through bidding process. The project is expected to be commissioned during FY 2024-25. Further, the Petitioner has also tied up 300 MW wind-solar hybrid power wherein expected commissioning will be during FY 2026-27. Accordingly, TPL-D (S) will update the Commission based on development of same.

Commission’s Comment:

The Commission has noted the submission and reiterates the directive.

6.2 New Directives

6.2.1 TPL-D (S) is directed to provide the detail asset register at the time of truing up of the respective year of the control period with the impact of reduction in the equity for all the assets whose useful life is completed as per first proviso of Regulation 32.1 of GERC (MYT) Regulations 2024.

Chapter 7: Fuel and Power Purchase Adjustment Surcharge

7.1.1 In connection with the ‘Fuel and Power Purchase Adjustment Surcharge’, the GERC (Multi-Year Tariff) Regulations, 2024 provides that-

“115.1 Computation of FPPAS:

- (a) *For these Regulations “Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission.*
- (b) *FPPAS shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed by the Commission in these Regulations, subject to true up, on an annual basis:*

*Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations;
Provided further that the Distribution Licensee shall make quarterly submissions of the detailed FPPAS computations, duly supported by the documentary evidences, justifying such computations, along with details its charging and recovery from the consumers.*

- (c) *FPPAS shall be computed and charged by the Distribution Licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month. For example, the FPPAS on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:*

Provided that in case the Distribution Licensee fails to compute and charge FPPAS within this time line, except in case of any

- force majeure condition, its right for recovery of costs on account of FPPAS shall be forfeited and in such cases, the right to recover the FPPAS determined during true-up shall also be forfeited.*
- (d) *The Distribution Licensee may decide, FPPAS or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of FPPAS shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total FPPAS for a Billing Month, including any carry forward of FPPAS over the previous month exceeds twenty per cent of variable component of approved tariff.*
- (e) *The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through FPPAS shall first be accounted towards the oldest carry forward portion of the FPPAS followed by the subsequent month.*
- (f) *In case of carry forward of FPPAS, the carrying cost calculated on simple interest basis at the rate of one year SBI MCLR or any replacement thereof by SBI from time to time being in effect applicable for 1 year period, as applicable prevailing during the relevant year shall be allowed till the same is recovered through tariff and this carrying cost shall be trued up in the year under consideration.*
- (g) *Depending upon quantum of FPPAS, the automatic pass through shall be adjusted in such a manner that,*
- i. If $FPPAS \leq 5\%$, 100% cost recoverable of FPPAS by Distribution Licensee shall be levied automatically using the formula.*
 - ii. If $FPPAS > 5\%$, 5% FPPAS shall be recoverable automatically as per item (i) of sub-paragraph (g) above. 90% of the balance FPPAS shall be recoverable automatically using the*

formula and the differential claim shall be recoverable after approval by the Commission during true up.

- (h) *The revenue recovered on account of pass through FPPAS by the Distribution Licensee, shall be trued up later for the year under consideration and the true up for any financial Year shall be completed by 30th June of the next financial year.*
- (i) *In case of excess revenue recovered for the year against the FPPAS, the same shall be recovered from the Distribution Licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of FPPAS shall be allowed during true up, to be billed along with the automatic FPPAS amount.*

Explanation:- *For example in the month of July, the automatic pass through component for the power supplied in May and FPPAS, if any, recoverable after true up for the month of April in the previous financial year, shall be billed.*

- (j) *The Distribution Licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and FPPAS recovered, and the detailed computations and supporting documents, as required by the Commission, during true up of the normal tariff.*
- (k) *To ensure smooth implementation of the FPPAS mechanism and its recovery, the Distribution Licensee shall ensure that its billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open source software as available.*
- (l) *The Distribution Licensee shall publish all details including the FPPAS formula, calculation of monthly FPPAS and recovery of FPPAS (separately for automatic and approved portions) on its*

website and archive the same through a dedicated web address.

(m) *Formula for Computation of FPPAS:*

$$\text{Monthly FPPAS for Nth Month (\%)} = \frac{(A - B) * C + (D - E)}{\{Z * (1 - \text{Distribution losses in\%/100})\} * \text{ABR}}$$

Where,

Nth month means the month in which billing of FPPAS component is done. This FPPAS is due to changes in tariff for the power supplied in (n-2)th month

A is Total units procured in (n-2)th Month (in kWh) from all Sources including Long-term, Medium-term and Short-term Power purchases (To be taken from the bills issued to Distribution Licensees)

B is bulk sale of power from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost (including the change of fuel cost) = Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs./ kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs./ kWh)- (from tariff order)

D = Actual inter-state and Intra-State Transmission Charges in the (n-2)th Month, (From the bills by Transcos to Discom) (in Rs)

E = Base Cost of Transmission Charges for (n-2)th Month. = (Approved Transmission Charges/12) (in Rs)

Z = [{Actual Power purchased from all the sources outside the State in (n-2) th Month. (in kWh) (1 - Interstate transmission losses in % /100) + Power purchased from all the sources within the State(in kWh)]*(1 - Intra-State losses in %) - B]/100 in kWh*

ABR = Average Billing Rate for the year as approved by the Commission (in Rs/kWh)

Distribution Losses (in %) = Target Distribution Losses as approved by the Commission

Inter-state transmission Losses (in %) as approved by the Commission

Note:

The Power Purchase Cost shall exclude any charges on account of

Deviation Settlement Mechanism.

Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted though the true-up approved by the Commission.”

Computation of FPPAS for FY 2025-26

7.1.2 It is required to compute and bill monthly FPPAS in accordance with the above formula. Further for the computation of monthly FPPAS during FY 2025-26, it is required to consider:

Projected Energy Requirement	4,155.20 MU
Approved Power Purchase Cost (Excluding Transmission Charges)	Rs. 2470.20 Crore
Projected average Power Purchase Cost (PPC)	Rs. 5.94 per kWh
Base Cost of Transmission Charges (Monthly)	Rs. 9.31 Crore
Distribution Losses	2.77%
Average Billing Rate for the Year	Rs. 7.66 per kWh
Inter-State and Intra-State Transmission Losses	As actual

7.1.3 Monthly FPPAS computed in %, in accordance with the MYT Regulations shall be applicable to Energy Charge + Base FPPAS and Fixed/ Demand Charge (Not on Excess Demand Charges, ToU Charges or other rebate/penalties).

Chapter 8: Wheeling Charges and Cross Subsidy Surcharge

8.1 Wheeling Charges

Petitioner’s Submission:

8.1.1 Regulation 94 of GERC (MYT) Regulations, 2024 stipulates that the ARR be segregated as per the allocation matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business for determination of wheeling charges.

8.1.2 The allocation of expenditure to wheeling and retail supply business is based on the consideration that the distribution infrastructure up to the service line is part of the wheeling business and the distribution infrastructure from service line to consumer premises is part of the retail supply business.

8.1.3 The allocation matrix as specified by the Commission for segregation of expenses between Wires and Supply business is as shown in the Table below:

Table 8-1 Allocation Matrix for Segregation submitted by TPL-D (S)

Particulars	Wire Business (%)	Retail Business (%)
Power Purchase Expenses	0%	100%
Employee Expenses	60%	40%
A&G Expenses	50%	50%
R&M Expenses	90%	10%
Depreciation	90%	10%
Interest on Long Term Loans	90%	10%
Interest on Working Capital and Security Deposit	10%	90%
Bad Debts Written off	0%	100%
Income Tax	90%	10%
Contribution to Contingency Reserve	100%	0%
Return on Equity	90%	10%
Non-Tariff Income	10%	90%

8.1.4 Based on the above allocation matrix TPL-D (S) has segregated the ARR of

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Ahmedabad Supply Area for Wires and Supply business as under:

Table 8-2 Segregation of ARR into Wires and Supply Business for FY 2025-26 (Rs. Crore)

Particulars	Wire Business	Retail Business
Power Purchase Expenses	-	2,800.27
Employee Expenses	49.31	32.87
A&G Expenses	25.74	25.74
R&M Expenses	52.60	5.84
Depreciation	97.72	10.86
Interest on Long Term Loans	49.92	5.55
Interest on Working Capital	3.01	-
Interest on Security Deposit	-	27.09
Bad Debts Written off	-	0.24
Contribution to Contingency Reserve	0.40	-
Return on Equity	162.27	18.03
Non-Tariff Income	1.78	15.98
Aggregate Revenue Requirement	439.19	2,910.52

8.1.5 The Petitioner has submitted that the above segregated ARR has been considered to determine the Wheeling Charges and Cross-Subsidy Surcharge.

Commission’s Analysis:

8.1.6 The Commission, in order to compute the Wheeling Charges and Cross-Subsidy Surcharge, has considered the allocation matrix between the Wheeling and Retail Supply Business as specified in Regulations 94.1 of the GERC (MYT) Regulations, 2024.

8.1.7 However, the Commission would like to state that as per Regulations 94.1 of the GERC (MYT) Regulations, 2024, the wheeling charges is required to be segregated on the basis of segregated accounts of Distribution Wires Business and Retail Supply Business. Accordingly, the Petitioner is directed to maintain separate books of accounts for the Distribution Wire Business and Retail Supply Business from the second year of Control Period, the failure of which will result in penalty as per Regulation 35.13 of GERC (MYT) Regulations,

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2024. Further, the Guidelines as specified in Annexure V of GERC (MYT) Regulations, 2024 needs to be considered for the segregation of Wire and Supply business.

8.1.8 However, FY 2025-26 being the first year of the MYT Control Period and the direction to maintain separate account is applicable from second year of the Control Period, the Commission has considered the allocation matrix thereof as provided in the GERC (MYT) Regulation, 2024 and has approved the ARR for Wires and Retail Supply Business for FY 2025-26 is shown in the Table below:

Table 8-3 Approved Segregation of ARR for FY 2025-26 (Rs. Crore)

Particulars	ARR Approved	Wire Business	Retail Business
Power Purchase Expenses	2,470.20	-	2,470.20
Inter-State Transmission Charges	87.03	-	87.03
Intra-State Transmission Charges	24.64	-	24.64
Employee Expenses	79.49	47.69	31.79
A&G Expenses	50.49	25.25	25.25
R&M Expenses	57.33	51.60	5.73
Depreciation	108.32	97.49	10.83
Interest and Finance Charges	44.97	40.47	4.50
Interest on Working Capital	-	-	-
Interest on Consumer Security Deposit	30.10	3.01	27.09
Bad Debts written off	0.24	-	0.24
Contribution to contingency reserves	0.40	0.40	-
Total Revenue Expenditure	2,953.22	265.91	2,687.31
Return on Equity Capital	143.56	129.20	14.36
Return on Capital Employed	18.66	16.80	1.87
Aggregate Revenue Requirement	3,115.44	411.90	2,703.54
Less: Non Tariff Income	18.10	1.81	16.29
Less: Income from Other Business	-	-	-
Net Aggregate Revenue Requirement	3,097.34	410.09	2,687.24

8.2 Determination of Wheeling Charges

Petitioner's Submission:

8.2.1 The Petitioner has submitted that to determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs./kWh has been tabulated below:

Table 8-4: Wheeling Charges for FY 2025-26 proposed by TPL-D (S)

Particulars	UoM	Amount
First Level of apportionment on the basis of GFA		
ARR for HT Assets	Rs. Crore	323.54
ARR for LT Assets	Rs. Crore	115.65
Total	Rs. Crore	439.19
Second Level of apportionment on the basis of Contract Demand		
ARR for HT Assets	Rs. Crore	79.89
ARR for LT Assets	Rs. Crore	359.30
Total	Rs. Crore	439.19
Wheeling Tariff		
HT Category	Rs / kW/month	363.37
LT Category	Rs / kW/month	535.84
Wheeling Tariff		
HT Category	Rs / kWh	0.83
LT Category	Rs / kWh	1.19
Wheeling Tariff		
HT Category	Rs. Crore/MW	0.44
LT Category	Rs. Crore/MW	0.64

8.2.2 The Petitioner has further submitted that an open access consumer will also have to bear the following wheeling losses in addition to the wheeling charges:

Table 8-5 Proposed Wheeling Losses for TPL-D (S) for FY 2025-26

Category	Loss (%)
HT Category	4.00%
LT Category	5.32%

Commission’s Analysis:

8.2.3 The Commission has determined the ARR of the Wires Business for FY 2025-26 in the earlier section, as Rs. 407.25 Crore.

8.2.4 The ARR is apportioned between the HT and LT Voltage level in the ratio of 73.67:26.33, which is the ratio of GFA of HT:LT for FY 2023-24. The system peak demand for TPL-D (S), as submitted by TPL-D (S) is 742 MW. The Contract demand for all the HT consumers considered is 183.21 MW for FY 2025-26 as estimated by TPL-D (S). The balance contribution to the system peak has been considered against LT demand, which works out to 558.79 MW.

8.2.5 To determine the Wheeling Charges for the HT and LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the Wheeling Charge determined in terms of Rs/kWh is shown in the table below:

Table 8-6 Wheeling Charges approved for TPL-D (A) for FY 2025-26

Particulars	UOM	Amount
First Level of apportionment on the basis of GFA		
ARR for HT Assets	Rs. Crore	302.11
ARR for LT Assets	Rs. Crore	107.99
Total	Rs. Crore	410.09
Second Level of apportionment on the basis of Contract Demand		
ARR for HT Assets	Rs. Crore	74.59
ARR for LT Assets	Rs. Crore	335.50
Total	Rs. Crore	410.09
Wheeling Tariff		
HT Category	Rs / kWh	0.77
LT Category	Rs / kWh	1.11

8.2.6 The Commission has accordingly approved the wheeling charges for HT and LT

voltages as shown in the table above.

8.2.7 The Commission approves the following losses for Open Access consumers in addition to the wheeling charges

Table 8-7 Wheeling Losses approved for TPL-D (S) for FY 2025-26

Category	Loss (%)
HT Category	2.50%
LT Category	2.85%

8.3 Cross-Subsidy Surcharge

Petitioner’s Submission:

8.3.1 As per the principles enunciated in the Tariff Policy, the cross-subsidy surcharge is computed based on Pooled Power Purchase cost. Further, the principles laid out in the Tariff Policy amply clarify to compensate the distribution licensee for the existing level of cross-subsidization.

8.3.2 TPL-D (S) has detailed the computation of Cross Subsidy Surcharge in the following table:

Table 8-8 Category wise Cross subsidy Surcharge for FY 2025-26

Category	HTMD -1	HTMD -2	HTMD -Metro	RGP	NRGP	LTMD	GLP	LT-EVC
T – Tariff in Rs/kWh*	8.84	8.75	8.08	7.48	8.29	9.24	7.38	7.43
PPC – Average cost of power Purchase in Rs/kWh	6.86	6.86	6.86	6.95	6.95	6.95	6.95	6.95
Avg W – Average Wheeling charges for HT category in Rs / kWh	0.83	0.83	0.83	1.19	1.19	1.19	1.19	1.19
Cross subsidy Surcharge in Rs/kWh	1.16	1.07	0.40	-	0.15	1.10	-	-

*Excluding proposed Regulatory Charge

Commission’s Analysis:

8.3.3 The Hon’ble 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 Tariff Policy, 2016 wherein the formula for Cross Subsidy Surcharge is given 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

8.3.4 However, the Commission further notes that MOP has notified Amendments to the Rules, namely, Electricity (Amendment) Rules, 2022 notified on 29 December 2022, wherein it has stipulated that cross-subsidy surcharge to be determined by the Appropriate Commission shall not exceed twenty percent (20%) of Average Cost of Supply. The relevant extracts of the notified Rule 13 is as under:

*“13. Surcharge payable by Consumers seeking Open Access. - The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act, 2003 **shall not exceed twenty per cent of the average cost of Supply.**” (emphasis added)*

8.3.5 The CSS computed in accordance with the Formula stipulated in the Tariff Policy has been capped at 20% of the ACOS, in accordance with the above quoted

Rules notified by the Ministry of Power.

8.3.6 Accordingly, the Commission has determined the Cross-Subsidy Surcharge based on the above formula as shown in the Table below:

Table 8-9 Approved Cross Subsidy Surcharge for FY 2025-26

Category	HTMD-1	HTMD-2	RGP	NRGP	LTMD	GLP
T – Tariff in Rs/kWh*	8.01	7.92	6.65	7.48	8.41	6.55
PPC – Average cost of power Purchase in Rs/kWh	6.21	6.21	6.21	6.21	6.21	6.21
Avg W – Average Wheeling charges for HT category in Rs / kWh	0.77	0.77	1.11	1.11	1.11	1.11
Cross subsidy Surcharge in Rs/kWh	0.87	0.78	-	-	0.90	-

* 20% of the Standalone Average Cost of Supply is Rs. 1.55 per Unit.

8.3.7 Further, According to Rule 13 of the Electricity (Amendment) Rules, 2022 as notified by Ministry of Power, GoI, the surcharge determined by the State Commission shall not exceed 20% of the Average Cost of Supply. The Cross Subsidy Surcharge worked out as per above is below the 20% of the Average Cost of Supply.

8.3.8 Accordingly, the Commission approves Cross Subsidy Surcharges for the categories as identified in Table 8-9 of this Order for FY 2025-26.

8.4 Additional Surcharge

Petitioner's Submission:

8.4.1 As per the Regulation 25 of GERC (Terms & Conditions of Intra-State Open Access) Regulations, 2011, the OA consumer will also be required to pay an additional surcharge as per section 42 (4) of the EA 2003.

Commission’s Analysis:

8.4.2 The Petitioner should submit the requisite data and justification separately for determination of Additional Surcharge.

8.5 Regulatory Charge

Petitioner’s Submission:

8.5.1 TPL-D (S) submitted as regulatory charge is pertaining to mainly past period under recoveries, accordingly all the consumers including the OA consumer will be required to pay regulatory charge.

8.5.2 Further, the Petitioner has highlighted the cumulative gap of Rs. 82.11 Crore and proposes to recover the cumulative gap by way of Regulatory Charge of Rs. 0.26 per unit over the period of two years starting from 1st April, 2025 along with adjustment for deferment of recovery.

Commission’s Analysis:

8.5.3 The Commission, as per Table 5-77, has approved the Revenue Surplus of Rs. 1.55 Crore and has not approved any Regulatory Charges to be recovered from the consumers. Accordingly, the same shall not be applicable to OA consumers.

Chapter 9: Tariff Philosophy and Tariff Proposal for FY 2025-26

9.1 Introduction

9.1.1 The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and GERC (MYT) Regulations, 2024 notified by the Commission.

9.1.2 Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply tariff. The basic principle is to ensure that the tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidy amongst categories within a period to be specified by the Commission.

9.2 Proposal of TPL – D (S) for increase in Retail Tariffs for FY 2025-26

9.2.1 TPL-D (S) has computed the cumulative gap/ (surplus) for FY 2023-24, FY 2025-26 and carrying cost as detailed in the earlier chapters.

9.2.2 TPL-D (S) proposed the recovery of the cumulative gap of Rs. 82.11 Crore to necessitated increase in tariff during FY 2025-26. However, in order to insulate the consumers from permanent impact, the Petitioner proposes to recover the cumulative gap by way of Regulatory Charge of Rs. 0.21 per unit along with adjustment for deferment of recovery.

9.3 Tariff Philosophy by TPL-D (S)

9.3.1 TPL-D (S) submitted that the Commission has approved the existing tariff structure based on widely recognized best practices in accordance with the

legal framework and the principles as detailed hereunder:

- (a) Consumers' capacity to pay
- (b) Principles of cross subsidy prescribed by Tariff Policy
- (c) Incentivising energy conservation
- (d) Demand Side Management
- (e) Promotion of efficient use of electricity and also avoiding drawal/
injection of reactive energy

9.3.2 In addition to the above, TPL-D (S) submitted that the existing fixed charges are not depictive of the fixed costs. The majority of the fixed cost is being recovered through Energy Charges. The Petitioner requests the Commission to kindly consider necessary revision of the fixed/demand charges particularly in light of large scale implementation of net metering and green energy open access.

9.4 Determination of Retail Tariff

Petitioner's Submission:

9.4.1 TPL-D (S) submitted that recovery of the cumulative gap of Rs. 82.11 Crore would have necessitated increase in tariff during FY 2025-26. However, in order to insulate the consumers from tariff shock, TPL-D (S) proposed to recover the cumulative gap by way of Regulatory Charge of Rs. 0.21 per unit along with adjustment for deferment of recovery.

9.4.2 Further, TPL-D (S) proposed to recover the Gap/Carrying cost for matters pending with Hon'ble GERC / APTEL by way of Regulatory Charge.

9.4.3 TPL-D (S) clarified that any variation in recovery of the said gap/(surplus) to the extent expected during FY 2025-26, shall be dealt with during Truing up exercise for FY 2025-26. TPL-D (S) also clarified that the claim for carrying cost for the portion of the said gap pertaining to FY 2025-26 that gets recovered

beyond FY 2025-26 shall be filed subsequently by Petitioner.

9.4.4 TPL-D (S) submitted that, if for any reason, the Commission does not allow the recovery of part of the gap by way of Regulatory Charge w.e.f. 1st April, 2025, the tariff rates need to be appropriately adjusted to allow the Petitioner to recover the cumulative gap entirely during FY 2025-26.

9.4.5 TPL-D (S) further submitted that despite the overall inflationary pressures in general, TPL-D (S) has been managing its costs largely through operational efficiencies. For FY 2025-26, TPL-D (S) is proposing Regulatory Charge and tariff revision to liquidate under recoveries and enable TPL-D (S) to maintain and further improve its high standards of quality, reliability and customer services.

9.4.6 For FY 2025-26, TPL-D (S) proposed to continue “Green Tariff” of Rs. 1.00 per unit over and above tariff for respective category of consumer.

9.5 Commission’s Ruling on Retail Tariffs for FY 2025-26

9.5.1 The Tariff Policy and Electricity Act, 2003 provide for tariff structure rationalization. The Commission has in the past Orders, rationalized the tariffs in order to ensure that the tariffs reflect, as far as possible, the cost of supply. The Commission has also tried to address operational and field issues, keeping in view the interest of the consumers, while rationalizing the tariff structure.

9.5.2 However, as discussed earlier, the Commission has approved a cumulative revenue surplus of Rs. 1.55 Crore during FY 2025-26 in Table 5-77 of Chapter 5 of this Order. It has been observed that the Petitioner has filed reviews/Appeals in various forums related to past year gaps and carrying costs, which are at the different stages. Further, the revenue gap/surplus may vary at the time of Truing-up of ARR for FY 2025-26, when actuals as per

audited annual accounts are available. Therefore, the Commission decides to continue with the existing tariff structure and retained the category-wise tariff at the same level.

9.6 Green Power Tariff

9.6.1 The Petitioner has submitted that it has received representations regarding introduction of “Green Tariff” in its license areas. However, the methodology for determination of “Green Tariff” is required to be determined by the Hon’ble Commission. Hence, for FY 2025-26, the Petitioner proposes “Green Tariff” of Rs. 1.00 per unit.

9.6.2 Considering various aspects, the Commission has decided to continue with the Green Tariff as additional rate of Rs. 0.90 per Unit for Torrent Power Ltd. (Surat) license area for FY 2025-26.

- Green Power Tariff of Rs 0.90/ 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 billing cycle notice to the Distribution Licensee in writing before commencement of billing period.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement for TPL-D (S) for FY 2025-26, as shown in the Table below:

Approved ARR for TPL-D (S) for FY 2025-26 (Rs. Crore)

Particulars	FY 2025-26
Power Purchase Expenses	2,470.20
Inter-State Transmission Charges	87.03
Intra-State Transmission Charges	24.64
Operation & Maintenance Expenses	187.31
Depreciation	108.32
Interest and Finance Charges	44.97
Interest on Working Capital	-
Interest on Consumer Security Deposit	30.10
Bad Debts written off	0.24
Contribution to contingency reserves	0.40
Return on Equity Capital	143.56
Return on Capital Employed	18.66
Less: Non Tariff Income	18.10
Less: Revenue from Open Access	-
Net Aggregate Revenue Requirement	3,097.34

The retail supply tariffs for TPL-D (S) determined by the Commission are annexed to this Order and it shall come into force with effect from 1st April 2025.

-Sd-
S. R. Pandey
Member

-Sd-
Mehul M. Gandhi
Member

-Sd-
ANIL MUKIM
Chairman

Place: Gandhinagar

Date: 29.03.2025

ANNEXURE: TARIFF SCHEDULE
TARIFF SCHEDULE FOR SURAT LICENSE AREA OF TORRENT POWER LIMITED –
SURAT
TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION AND
EXTRA HIGH TENSION
Effective from 1st April 2025

GENERAL CONDITIONS

1. The tariff schedule is applicable to all the consumers of TPL in Surat area.
2. All these tariffs for power supply are applicable to only one point of supply.
3. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, 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.
4. The charges specified in the tariff are on monthly basis, TPL shall adjust the rates according to billing period applicable to consumer.
5. The various provisions of the GERC (Licensee’s power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
6. 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.
7. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horsepower or kilo watt (HP, kW, kVA) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete 1.0 (one) kilo-watt-hour (kWh) or kilo-volt-ampere-hour (kVAh) or kilo-volt-ampere-reactive-hour (kVARh), as the case may be.

8. Contract Demand shall mean the maximum kW for the supply of which TPL undertakes to provide facilities to the consumer from time to time.
9. Maximum Demand in a month means the highest value of average kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.
10. TPL may install kWh and kVARh meter for ascertaining power factor, reactive units and kWh units.
11. Payment of penal charges for usage in excess of contract demand/load for any billing period does not entitle the consumer to draw in excess of contract demand/load as a matter of right.
12. 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 billing period for any reason.
13. ToU charges wherever applicable unless otherwise notified shall be levied for the energy consumption during the period between 07.00 hours and 11.00 hours; and between 18.00 hours and 22.00 hours, termed as PEAK HOURS. Night hours concession wherever applicable will be given for the energy consumption during the period between 22.00 hours and 06.00 hours next day, termed as 'OFF PEAK HOURS'
14. Fuel and Power Purchase Adjustment Surcharge (FPPAS) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.
15. Delayed Payment Charges:
 - a. No delayed payment charges will be levied if the bill is paid on or before due date indicated in the bill.

- b. Delayed payment charges, if the bill is paid after due date, will be levied at the rate of 15% per annum (computed on daily basis) on the outstanding bill from the due date till the date of payment.
16. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.
17. 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 TPL shall be entitled to take any other action deemed necessary and authorized under the Act.
18. Green Power Tariff
- Green Power Tariff of Rs 0.90/ 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 Billing Cycle notice to the Distribution Licensee in writing before commencement of billing period.

PART-I

RATE SCHEDULE – LOW/MEDIUM TENSION

230/400 VOLTS

1.0 Rate: RGP

This tariff is applicable to all services in the residential premises.

Single-phase supply: Aggregate load up to 6 kW

Three-phase supply: Aggregate load above 6 kW

1.1 Fixed Charges:

For other than BPL consumers

a	Single Phase Supply	Rs.25 per installation per month
b	Three Phase Supply	Rs. 65 per installation per month

For BPL household consumers*

Fixed Charges	Rs. 5.00 per installation per month
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PLUS

1.2 Energy Charges: For the total monthly consumption:

For other than BPL consumers

(a)	First 50 units	320 Paise per Unit
(b)	Next 50 units	365 Paise per Unit
(c)	Next 150 units	425 Paise per Unit
(d)	Above 250 units	505 Paise per Unit

For BPL household consumers*

(a)	First 50 units	150 Paise per Unit
(b)	For remaining units	Rates as per Residential

**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 zonal office of the Distribution Licensee. The concessional tariff is only for 50 units per month.*

2.0 **Rate: GLP**

This tariff is applicable for use of energy for lights, fans, heating general load and motive power in premises:

- Crematoriums and Government and Municipal Hospitals.
- Charitable Institutions like hospital, dispensary, educational and Research Institute and Hostel attached to such Institution, religious premises exclusively used for worship or community prayers, registered with Charity Commissioner and specifically exempted from levy of general tax under section 2 (13) of Bombay Trust Act, 1950 read with section 9 of The Income Tax Act, 1961.
- Public Streets Light, gardens and conveniences.
- Water works and sewerage pumping services operated by Municipal Corporations.

Note: Halls or gardens or any portion of the above premises let out for consideration or used for commercial activities at any time shall be charged at Non-RGP tariff.

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

2.1 **Fixed charges per month:**

Fixed Charges	Rs. 55 per installation per month
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PLUS

2.2 **Energy charges:**

Energy Charges	405 Paise/ Unit
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3.0 **Rate: Non-RGP**

This tariff is applicable for supply of electricity to premises which are not covered in any other LT tariff categories, up to and including 15kW of connected load.

3.1 Fixed charges per month:

First 10 kW	Rs. 70/- per kW per month
Next 5 kW	Rs. 90/- per kW per month

PLUS

3.2 Energy charges:

(a)	For installation having connected load up to 10 kW	435 Paise/Unit
(b)	For installations having connected load above 10 kW and up to 15kW	455 Paise/Unit

4.0 Rate: LTMD

This tariff is applicable for supply of electricity to premises which are not covered in any other LT tariff categories, having connected load above 15kW. 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.

4.1 Demand charges:

a	Up to 20 kVA of billing demand	Rs. 115/- per kVA per month
b	Above 20 kVA & up to 60 kVA billing demand	Rs. 155/- per kVA per month
c	Above 60 kVA of billing demand	Rs. 225/- per kVA per month
d	In excess of the contract demand	Rs. 250/- per kVA per month

Note: BILLING DEMAND: Billing demand during the month shall be the highest of the following:

- i. Maximum demand recorded during the month
- ii. 85% of the contract demand
- iii. 6kVA

PLUS

4.2 Energy charges:

Energy Charges	485 Paise/Unit
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PLUS

4.3 Reactive Energy Charges (kVARh Units):

For installation having contracted load of 40 kVA and above

For all the reactive units drawn during the month	10 Paise / KVARH
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5.0 Rate: TMP

Applicable to installations for temporary requirement of electricity supply.

5.1 Fixed Charges:

Fixed charge per installation	Rs. 25 per kW per Day
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PLUS

5.2 Energy Charges:

A flat rate of	500 Paise per unit
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6.0 Rate: AGP

This tariff is applicable to motive power services use for irrigation purpose. The rates for following group are as under:

6.1 Fixed Charges:

Fixed Charges	Rs. 20 per HP per month
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PLUS

6.2 Energy Charges:

Energy Charges	60 Paise/Unit
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NOTE:

- 1. The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the Pump House without recovering any charges. Any further extension or addition of load will amount to unauthorized extension.*
- 2. No machinery other than pump for irrigation will be permitted under this tariff.*

7.0 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, NRGP, LTMD, etc.

Torrent Power Limited – Distribution (Surat)
Truing up for FY 2023-24, ARR for FY 2025-26 to FY 2029-30 and Determination of
Tariff for FY 2025-26

7.1 Fixed Charges:

Fixed Charges	Rs. 25 per month per installation
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PLUS

7.2 Energy Charges:

Energy Charges	410 Paise/Unit
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PART-II
RATE SCHEDULE FOR SERVICE AT HIGH TENSION

8.0 Rate: HTMD-I

This tariff will be applicable for supply of energy to consumers at 3.3kV and above for contracting the demand of 100 kVA and above for purposes other than pumping stations run by Local Authorities.

8.1 Demand Charges;

8.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 170/- per kVA
(b)	For next 500 kVA of billing demand	Rs. 285/- per kVA

8.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 395 per kVA
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Note: BILLING DEMAND: shall be the highest of the following;

(i) Actual maximum demand established during the month

(ii) 85 percent of the Contract Demand, and

(iii) 100 kVA

PLUS

8.2 Energy Charges

For entire consumption during the month		
(a)	First 400 units per kVA billing demand per month	480 Paise/Unit
(b)	Remaining units consumed per month	470 Paise/Unit

PLUS

8.3 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	65 Paise per Unit
(b)	For Billing Demand above 500 kVA	100 Paise per Unit

8.4 Power Factor:

8.4.1 Power Factor Adjustment Charges:

1. 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 8.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

2. 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 8.2 of this schedule, will be charged.

8.4.2 Power Factor Adjustment Rebate:

If the average 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 1% 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 8.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

8.5 Night Time Concession:

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per kWh. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

8.6 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%

9.0 **Rate HTMD-II**

This tariff shall be applicable for supply of energy at 3.3kV and above and contracting for demand of 100 KVA and above for water works and pumping stations run by Local Authorities.

9.1 **Demand Charges:**

A. For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 140/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 225/- per kVA per month

B. For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 360 per kVA per month
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Note: BILLING DEMAND: shall be the highest of the following;

(i) Actual maximum demand established during the month

(ii) 85 percent of the Contract Demand, and

(iii) 100 kVA

PLUS

9.2 **Energy Charges:**

(a)	First 400 units per kVA billing demand per month	475 Paise per Unit
(b)	Remaining units consumed per month	470 Paise per Unit

PLUS

9.3 **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	45 Paise per Unit
(b) For Billing Demand above 500 kVA	80 Paise per Unit

PLUS

9.4 **POWER FACTOR:**

Power Factor Adjustment Charge:

1. 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 9.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

2. 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 9.2 of this schedule, will be charged.

9.5 Power Factor Adjustment Rebate:

If the average 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 1% 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 9.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

9.6 NIGHT TIME CONCESSION:

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per kWh. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-S. In such case, TPL-Surat will seal the metering equipment.

9.7 Rebate for Supply at EHV:

S. No.	On Energy Charges	Rebate @
a	If supply is availed at 33/66 kV	0.5%
b	If supply is availed at 132kV and above	1.0%

10.0 Rate: HTMD-III

This tariff shall be applicable to a consumer taking supply of electricity at high voltage, contracting for not less than 100 kVA for temporary period. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

10.1 Fixed Charge:

For billing demand up to contract demand	Rs. 25/- per kVA per day
For billing demand in excess of contract demand	Rs. 35/- per kVA per day

Note: BILLING DEMAND: shall be the highest of the following;

(i) Actual maximum demand established during the month

(ii) 85 percent of the Contract Demand, and

(iii) 100 kVA

PLUS

10.2 Energy charges

For all units consumed during the month	695 Paise / Unit
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10.3 Time of Use Charges:

PLUS

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	45 Paise per unit
(b) for billing demand above 500 kVA	80 Paise per unit

10.4 POWER FACTOR:

Power Factor Adjustment Charges:

1. 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 10.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

2. 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 10.2 of this schedule, will be charged.

Power Factor Adjustment Rebate:

If the average 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 1% 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 10.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

10.5 Rate: HTMD-METRO TRACTION

Applicable for supply of energy to Metro traction, contracting for maximum demand of 100 kW and above.

10.6 Fixed Charges:

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 355 per kW
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 385 per kW
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Note: BILLING DEMAND: shall be the highest of the following;

- (i) Actual maximum demand established during the month*
- (ii) 85 percent of the Contract Demand, and*
- (iii) 100 kVA*

PLUS

10.7 Energy Charges:

A flat rate of	345 Paise per unit
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10.8 Time of Use (ToU) Charge:

For the Consumption during specified hours as mentioned here below- (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	60 Paise per unit
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10.9 Night Time Concession

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

10.10 POWER FACTOR ADJUSTMENT CHARGES:

A. Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per unit

B. Where the average Power Factor during the Billing period below 90%:

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per unit
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11.0 RATE: NTCT – (NIGHT TIME CONCESSIONAL TARIFF)

This is night-time concessional tariff for consumers for regular power supply who opt to use electricity **EXCLUSIVELY** during night hours between 22.00 hours to 06.00 hours next day.

The consumers shall provide the switching arrangement as shall be acceptable to TPL-Surat to regulate supply hours.

11.1 Fixed Charge

Fixed Charges	30% of the Demand Charges under relevant Tariff category
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PLUS

11.2 Energy Charge

A flat rate of	340 Paise per Unit
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11.3 POWER FACTOR:

Power Factor Adjustment Charges :

1. 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 11.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85 %.

2. 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 11.2 of this schedule, will be charged.

PLUS

Power Factor Adjustment Rebate:

If the average 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 1% 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 11.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

NOTE:

- 1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 11.0 above.*
- 2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 11.0 above.*
- 3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTMD category demand charge rates given in para 8.1 of this schedule.*
- 4. In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTMD category energy charge rates given in para 8.2 of this schedule.*
- 5. In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTMD category demand charge and energy charge rates given in para 8.1 and 8.2 respectively, of this schedule.*

6. This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.

7. The option can be exercised to shift from regular HTMD tariff category to Rate: NTCT or from Rate: NTCT to regular HTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.

12.0 RATE: HT – Electric Vehicle (EV) Charging Station

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., HTMD-1, HTMD-2, HTMD-3 and NTCT.

12.1 Fixed Charge

For billing demand up to contract demand	Rs. 25 per kVA per Month
For billing demand in excess of contract demand	Rs. 50 per kVA per Month

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12.2 Energy Charge

Energy Charge	400 Paise per Unit
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