

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2014-15,
Approval of Provisional ARR for FY 2016-17
and Determination of Tariff for FY 2016-17

For

**Gujarat Energy Transmission Corporation Limited
(GETCO)**

Case No. 1545 of 2015

31st March, 2016

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(GERC)**

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2015-16
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre



Gujarat Energy Transmission Corporation Limited
Truing up for FY 2014-15, Approval of Provisional ARR for FY 2016-17
and Determination of Tariff for FY 2016-17



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1545 of 2015

Date of the Order: 31/03/2016

CORAM

Shri K. M. Shringarpure, Member

Shri. P. J. Thakkar, Member

ORDER

1. Background and Brief History

1.1 Background

Gujarat Energy Transmission Corporation Limited (hereinafter referred to as "GETCO" or the "Petitioner") has on 9th December, 2015 filed a petition under Section 62 of the Electricity Act, 2003, read in conjunction with Gujarat Electricity Regulatory Commission GERC (MYT) Regulations, 2011, for the Truing up of FY 2014-15 and for determination of transmission charges for the FY 2016-17. The Commission admitted the Petition on 17th December, 2015.



1.2 Gujarat Energy Transmission Corporation Limited (GETCO)

Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies. The seven successor companies are listed below:

- i. Gujarat State Electricity Corporation Limited (GSECL) - A Generation Company
- ii. Gujarat Energy Transmission Corporation Limited (GETCO) - A Transmission Company

Four Distribution Companies, namely:

- iii. Dakshin Gujarat Vij Company Limited (DGVCL)
- iv. Madhya Gujarat Vij Company Limited (MGVCL)
- v. Uttar Gujarat Vij Company Limited (UGVCL)
- vi. Paschim Gujarat Vij Company Limited (PGVCL); and
- vii. Gujarat Urja Vikas Nigam Limited (GUVNL) – A Holding Company of above named 6 subsidiary companies, responsible for purchase of electricity from various sources and supply to Distribution Companies.

Government of Gujarat, vide notification dated 3rd October 2006, notified the final opening balance sheets of the transferee companies as on 1st April, 2005, containing the value of assets and liabilities, which stand transferred from the erstwhile Gujarat Electricity Board to the transferee companies, including Gujarat Energy Transmission Corporation Limited (GETCO). Assets and liabilities (gross block, loans and equity) as on the date mentioned in the Notification have been considered by the Commission in line with the Financial Restructuring Plan (FRP), as approved by Government of Gujarat.

1.3 Commission's Order for the Second Control Period

Gujarat Energy Transmission Corporation Limited filed its Petition under the Multi-Year Tariff framework for the FY 2011-12 to FY 2015-16, on 30th December 2010, in accordance with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007, notified by GERC.

The Commission issued the new MYT Regulations, notified as GERC (Multi-Year Tariff) Regulations, 2011, on 22nd March, 2011.

Regulation 1.4 (a) of GERC (Multi-Year Tariff) Regulations, 2011 reads as under:

“These Regulations shall be applicable for determination of tariff in all cases covered under these Regulations from 1st April, 2011 and onwards.”

The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003, and all other powers enabling it in this behalf and after taking into consideration the submissions made by GETCO, the objections by various stakeholders, response of GETCO, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff Order on 31st March, 2011 for the control period comprising FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16, based on the GERC (MYT) Regulations, 2011.

1.4 Commission’s Orders for Mid-term Review of Business plan for GETCO

GETCO filed its petition for Mid-term Review of Business Plan and revision of ARR for balance years for FY 2014-15 and FY 2015-16 of the control period in terms of Regulation 16.2(i) of GERC (MYT) Regulations, 2011.

The Commission in exercise of the powers vested in it under Section 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it on this behalf and after taking into consideration the submission made by GETCO, the objections by various stakeholders, response of GETCO, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2015-16 in the Mid-term Review of Business Plan for GETCO on 29th April, 2014.

The Commission issued the order for truing up for FY 2012-13 and determination of Tariff for FY 2014-15 on 29th April, 2014.

1.5 Background for the present petition

The Commission in its order dated 2nd December, 2015, in the Suo Motu Petition No. 1534/2015 decided that the approved ARR of FY 2015-16 of the licensees / generating companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17.

The Commission also decided that the licensees / generating companies shall file the ARR for FY 2016-17 based on the MYT Regulations for FY 2016-17 to FY 2020-21 and the true-up for the same shall also be governed as per the new MYT

Regulations. It is also decided that the licensees / generating companies shall file the petition for determination of ARR and tariff for FY 2016-17 and true-up for FY 2014-15 within 3 weeks from the date of issuance of this order for Commission's consideration and decision.

GETCO has accordingly filed the Petition for True-Up for FY 2014-15 and Approval of provisional ARR for FY 2016-17 to the Commission for approval.

1.6 Admission of the current petition and the public hearing process

The Petitioner submitted the current Petition for "Truing-up" of FY 2014-15, and determination of tariff for FY 2016-17 on 9th December, 2015. The Commission admitted the above Petition (Case No. 1545 of 2015) on 17th December, 2015.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed GETCO to publish its application in the abridged form to ensure public participation. The Public Notice, inviting objections / suggestions from its stakeholders on the ARR petition filed by it, was published in the following newspapers:

Sl. No.	Name of the Newspaper	Language	Date of publication
1	The Indian Express	English	24/12/2015
2	Gujarat Samachar	Gujarati	24/12/2015

The petitioner also placed the public notice and the petition on its website (www.getcogujarat.com), for inviting objections and suggestions. The interested parties/stakeholders were asked to file their objections / suggestions on the petition on or before 25th January, 2016.

The Commission received objections / suggestions from 4 consumers / consumer organizations. The Commission examined the objections / suggestions received and fixed the date for public hearing for the petition on 11th February, 2016 at the Commission's Office, Gandhinagar, and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in the Commission's Office in Gandhinagar as scheduled on the above date.

The names of the stakeholders who filed their objections and the objectors who participated in the public hearing for presenting their objections are given below:

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1	Federation of Kutch Industries Associations (FOKIA)	No
2	Laghu Udyog Bharati - Gujarat	Yes
3	Surat Citizens' Council Trust	No
4	Utilities Users' Welfare Association (UUWA)	Yes

Details of the main issues raised by the objectors in the submissions in respect to the petition, along with the response of GETCO and the Commission's Views on the response, are given in Chapter 3.

1.7 Contents of this Order

The order is divided into six chapters, as under:

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the public hearing process and the approach adopted for this Order.
2. The **Second Chapter** outlines the summary of GETCO's Truing up Petition.
3. The **Third Chapter** provides a brief account of the public hearing process, including the objections raised by various stakeholders, GETCO's response and the Commission's Views on the response.
4. The **Fourth Chapter** deals with the "Truing up" for FY 2014-15.
5. The **Fifth Chapter** deals with the determination of Transmission charges for FY 2016-17.
6. The **Sixth Chapter** deals with the compliance of directives.

1.8 Approach of this order

The GERC (MYT) Regulations, 2011, provide for "Truing up" of the previous year and determination of tariff for the ensuing year. The Commission has approved ARR for five years of the control period of FY 2011-12 to FY 2015-16 in the MYT Order and the revised ARR for FY 2014-15 and FY 2015-16, based on Mid-term Review of the Business Plan.

GETCO has approached the Commission with the present Petition for "Truing up" of the FY 2014-15, and determination of the tariff for the FY 2016-17.

In this Order, the Commission has considered the "Truing up" for the FY 2014-15, as per GERC (MYT) Regulations, 2011, and the determination of tariff for the FY 2016-17, based on the ARR approved for FY 2015-16 in the Mid-term Review.

The Commission has undertaken “Truing up” for the FY 2014-15, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for the FY 2014-15, based on the audited annual accounts.

While truing up of FY 2014-15, the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
2. Uncontrollable parameters have been revised, based on the actual performance observed.
3. The Truing up for the FY 2014-15 has been considered, based on the GERC (MYT) Regulations, 2011. For the determination of the Transmission Tariff for FY 2016-17, the Commission has considered the ARR for FY 2015-16, based on the Mid-term Review of the Business Plan Order issued by the Commission, as provisional ARR for FY 2016-17.



2. A Summary of GETCO's Petition

2.1 Actuals for FY 2014-15 submitted by GETCO

Gujarat Energy Transmission Corporation Limited (GETCO) submitted a petition seeking approval of Truing up for Aggregate Revenue Requirement of FY 2014-15 and determination of transmission charges for the FY 2016-17. The transmission charges are to be recovered from the transmission system users, as per the GERC (MYT) Regulations, 2011.

GETCO has worked out its Aggregate Revenue Requirement (ARR) for FY 2014-15 as a part of the True-Up for FY 2014-15. The Commission had issued order for Transmission tariff of GETCO for FY 2014-15 with effect from 1st May, 2014 and hence, the approved ARR for entire FY 2014-15 has been computed as summation of 1/12th of approved ARR of FY 2013-14 and 11/12th of approved ARR for FY 2014-15. GETCO has presented the actual cost components based on audited annual accounts for FY 2014-15.

GETCO submitted the details of expenses under various heads as given in Table below:

Table 2.1: Actuals Claimed by GETCO for FY 2014-15

		(Rs. Crore)	
Sl. No.	Particulars	FY 2014-15 (Approved - Proportionate)#	FY 2014-15 (Actual)
1	Operations & Maintenance Expenses	775.75	726.49
2	Depreciation	717.73	601.09
3	Interest & Finance Charges	449.16	440.31
4	Interest on Working Capital	60.02	70.51
5	Return on Equity	520.78	503.59
6	Contingency Reserve	61.70	64.00
7	Total Fixed Costs	2,585.15	2,405.98
8	Add: Provision for Tax	74.06	83.66
9	Total Transmission Charges	2,659.21	2,489.65
10	Less: Other Income	193.75	167.23
11	Add: Incentive for target availability	-	38.40
12	Aggregate Revenue Requirement	2,465.47	2,360.81

Summation of 1/12th of approved ARR of FY 2013-14 and 11/12th of approved ARR for FY 2014-15



2.2 Proposed Transmission Charges for FY 2016-17

The proposed transmission charges per MW per day, based on the capacity to be handled, would be as under:

Table 2.2: Proposed Transmission Tariff/Charges for FY 2016-17

Sl. No.	Transmission Tariff	Unit	Amount
1	Aggregate Revenue Requirement for FY 2016-17 (ARR approved for FY 2015-16 as per the <i>Mid-term Review Order dated 29th April, 2014</i>)	Rs. Crore	2,772.05
2	Add revenue Gap / Surplus for FY 2014-15	Rs. Crore	(89.77)
3	ARR after considering Gap / Surplus from the True-up for FY 2014-15 (1+2)	Rs. Crore	2,861.82
4	Total MW allocation	MW	24,916
5	Transmission tariff (Rs/MW/day)	Rs/MW/day	3,146.82

2.3 Request of GETCO:

1. To admit this petition for True-Up for FY 2014-15 and determination of provisional Tariff for FY 2016-17.
2. To approve the gains/losses for the True-Up for FY 2014-15 and allow sharing of such gains/losses as prescribed in the MYT Regulations 2011.
3. To approve provisional tariff for FY 2016-17.
4. To allow for full recovery of final transmission charges for FY 2016-17 to be determined based on the new MYT Regulations post issuance of regulations by GERC and filing of petition by GETCO.
5. To approve incentive on availability as prayed.
6. To allow recovery of cost components based on methodology allowed in Order as and when issued by the Appellate Tribunal of Electricity against appeal no. 108 of 2013, appeal No. 171 & 172 of 2014 & 149 of 2015.
7. To grant any other relief as the Commission may consider appropriate.
8. To allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
9. Pass any other Order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

3. Brief outline of objections raised, response from GETCO and the Commission's View

3.1 Stakeholders' suggestions / objections, Petitioner's Response and Commission's Observation

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by GETCO for Truing up of FY 2014-15 and determination of Tariff for FY 2016-17 under GERC (MYT) Regulations, 2011, a number of Consumers / organisations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The Commission has addressed the objections / suggestions by the consumer / consumers organisations, the response from the Petitioner and the view of the Commission as given below:

Issue 1: Details of elements loaded beyond design capacity

Stakeholder's view

M/s. Federation of Kutch Industries Association and M/s. Surat Citizens' Council Trust (SCCT) have stated that large number of transmission elements are loaded beyond design capacity resulting in increase of system losses which scarifies system safety standards described in Gujarat Grid Code. Hence this petition is not maintainable.

Response of GETCO

As per ARR, the transmission capacity is 23,474 MW (Projected for FY 2015-16) and maximum load is 14,982 on 09.09.2015. Similarly, MVA capacity at 400 kV, 220 kV and 132 kV level is 43,260 MVA (as on March 2015). This indicates the optimum and effective utilization of the network for 24x7 uninterrupted power supply. SLDC and GETCO are continuously monitoring the load flow constraint, overloading of transmission lines and accordingly corrective and remedial actions are taken. This has been appraised in one of the compliance reports to the Commission vide letter dated 30.09.2015.

GETCO's existing capacity of 400 and 200 kV substations is adequate to cater load requirement whereas downstream planning is done in a phased manner looking to

load growth of the areas. 220 kV Mokha substation is commissioned and load of 66 kV Khedoi substation (along with industrial load) is transferred to 220 kV Mokha substation.

The system losses of GETCO for FY 2014-15 is 3.65% as against target of 4.10% given by the Commission. Transmission losses are technical losses and depend upon many parameters / factors such as distance and mismatch between generation and load centres type of load, reactive power compensation, voltage profile, seasonal variation etc.

Commission's view

GETCO in its response has explained that the loading on transmission lines is within limits and transmission loss is lower than the target set by the Commission.

Issue 2: Capital Expenditure for FY 2014-15

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that;

In the Tariff petition, GETCO has indicated the expenditure for 66 kV substations is Rs. 608.72 Crore against approved Rs. 432.00 Crore and for 66 kV lines the expenditure is Rs. 123.12 Crore against approved Rs. 306.00 Crore respectively. There is no rationale in Tariff petition for deviation from the approved figures. The network expansion from 400 kV to 66 kV should be balanced and aimed to cater energy to consumer without any constraints.

GERC is requested to direct GETCO appropriately.

Response of GETCO

The increase in capital expenditure of 66 kV substation category (Rs. 608.72 Crore) against approved Capex of Rs. 432.00 Crore is due to the consideration of contingency of transformer capacity in all 66 kV substations to comply the N-1 criteria for transformers. The increase in capital expenditure of 66 kV line category (Rs. 306 Crore) against approved Capex (Rs. 123.12 Crore) is due to severe Right of Way (RoW) constraints faced by GETCO in execution of transmission lines. The capital



expenditure is booked year-wise according to actual physical progress and RoW constraints totally disturb the year-wise planning.

Commission's view

The response of GETCO is self-explanatory.

Issue 3: Insufficient transmission line capacity to cater load

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and Surat Citizens' Council Trust (SCCT) have stated that;

1. The transmission connectivity tie-ups and generation evacuation network should be consistent with the load requirements at load centres and load catering capacity without system constraints. Total MW allocation as mentioned in para 2.4.1 of the petition, is 24916 MW whereas considerable number of elements of GETCO network get loaded beyond design capacity even at about 14,500 MW.

GETCO network should have sufficient capacity for evacuation all of power from all generating sources and operating capacity to absorb / handle power flow in the transmission network.

2. The actual expenditure for FY 2014-15 is Rs. 2723.07 Crore against approved Rs. 2232. Crore. For augmentation of substations / lines Rs. 512.18 Crore is spent as against Rs. 69 Crore approved but GETCO has not given any justification.

Response of GETCO

1. It is submitted that 24916 MW is the projected MW loading of GETCO system for FY 2016-17 based on installed capacity of generating plants. But the actual demand catered by GETCO is more than 14,000 MW in FY 2014-15. It cannot be construed that there would not be system constraint because loading of the lines depend on the condition of real time operation of generating plant, load diversity, season etc. with regard to adequacy of transmission network to evacuate all generating capacities including renewable energy and claim due to loss, it is submitted that in a given situation when renewable energy is abruptly



high in a short span of 2-3 hours, it is not possible to absorb such excess energy when load demand of consumer is stable and even. Any additional network will be of no use when load is even and stable.

2. Regarding actual capital expenditure for FY 2014-15 and augmentation of substations the Petitioner has stated that in line with the MYT Regulations, 2011 only assets put to use as capitalization (Rs. 2662.95 Crore) is considered in Tariff determination and not capital expenditure of Rs. 2723.07 Crore increase in capital expenditure of Rs. 512.18 Crore against Rs. 69 Crore approved by the GERC is due to consideration of contingency of transformer capacity of existing substation to comply with Gujarat Grid Code and CEA planning criteria not for transformers. GETCO has to install additional transformers in all existing substations. This is part of planning approved by the Board.

Commission's view

The response of GETCO is self-explanatory.

Issue 4: Availability of transmission system for FY 2014-15

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that;

1. As per Clause 70 of GERC (MYT) Regulations, 2011 the transmission availability calculation shall be certified by the SLDC. It may be verified whether such certification for transmission availability calculation for FY 2014-15 has been obtained.
2. The compliance of Directive 5.2.5 of Tariff petition, regarding avoidance of transmission constraint, is not supported by document and is contrary to facts and figures.

Response of GETCO

SLDC in line with MYT Regulations, 2011 has certified the system availability of GETCO for FY 2014-15 and the same was submitted to the Commission on 09.09.2015. The system availability is calculated as per methodology stated in MYT Regulation, 2011.



The details of compliance of directives and action taken thereon is available on GETCO website: <http://getco.co.in/getco.new/pages/petitions.php>

Commission's view

The transmission availability is certified by SLDC.

Issue 5: Provision of Grid Code for system operation and actual operation

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that;

GETCO may be directed to provide detailed break-up of capital expenditure for (a) increase in system capacity to meet user growth and development (b) removal of operational constraints (system improvement) and (c) maintenance of system security standards, as stipulated in the Grid Code.

Response of GETCO

- a. GETCO plans and develops its network in line with the CEA Planning criteria to cater long term requirements like increase in power demand, generation capacity addition, feedback regarding operational constraints etc.
- b. All capital expenditure is incurred for evacuation schemes and transmission network for connectivity of pooling stations under category of increase in system capacity to meet user growth and development.
- c. Transmission network planned for further transmission of power and tie lines from pooling stations to receiving centres is under the category of removal of operational constraints (system improvement) and renovation and modernization is under the category of maintenance of system security standards.

Commission's view

The response of GETCO is self-explanatory.

Issue 6: Detailed Action Plan for System strengthening for meeting load development and evacuation of power

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that;

GETCO may be directed to provide details of deferring / denial of load release due to (a) transmission line constraints (b) substation capacity constraint and (c) evacuation line constraint for true-up period 2014-15 and up to December, 2015.

Response of GETCO

The Petitioner is complying with Gujarat Grid Code and submitting long term plan to GERC in the form of STU report. There has been no deferring / denial of load to new consumers.

Commission's view

There is no denial of load due to transmission constraints for consumers to utilize power generation within the State.

Issue 7: Litigation and Legal Expenses

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that;

According to Annual Report the expenditure incurred for legal / arbitration cases is Rs. 394.52 Crore. GETCO may be directed to provide detailed break-up of ongoing litigations related to observance and adherence to acts, rules, regulation, directives, system constraints, power evacuation matters, transmission tariff etc. pending with judicial and arbitration authorities etc. with case-wise legal expenses incurred up to 31.12.2015 with current status. Similar details for closed cases with judgments in favour / against GETCO may also be provided.

Response of GETCO

GETCO has submitted that separate petitions / litigations / cases and their status are not the subject matter of Tariff petition. It is not the expenditure incurred for legal / arbitration cases.

Commission's view

As explained by GETCO, expenditure is not for legal/arbitration cases.

Issue 8: Non-inclusion of vital data, information and calculations and clarifications in the petition

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that GETCO has stated that quarterly report on average as well as peak loading of various 220 kV, 132 kV and 66 kV has been submitted in its letters dated 31.07.2015 and 26.10.2015 for the first and second quarter of FY 2015-16 but the information and documents are not provided in the Tariff petition. GETCO may be directed to provide similar data for four (4) quarters of true-up period for FY 2014-15.

Response of GETCO

The details of directives compliances given to GETCO, action taken / latest status is available on GETCO website: <http://getco.co.in/genco.new/pages/petition.php>

The directive was given to GETCO for FY 2015-16. Accordingly, GETCO has submitted its compliance.

Commission's view

GETCO is directed to provide the information for all the four quarters.

Issue 9: Capacity granted under LT / MTOA and other information to be part of Tariff petition

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that the GERC has suggested to GETCO / SLDC to explore the possibility of displaying more meaningful information on their website relating to congestion of system, granted and spare capacity available in the system etc. No effort has been made to implement the suggestion of GERC.

Response of GETCO

Loading details of important elements as required by the respondent is already available on GETCO as well as SLDC website and it is updated regularly.

Commission's view

The response of GETCO is self-explanatory.

Issue 10: Treatment / working of Transmission losses

Stakeholder's issue

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that the detailed calculations are not given in the petition. GETCO may be directed to provide the calculations for losses as per;

- GETCO method and
- SLDC method

The losses considered in computation of monthly energy account are on the high side than actual and the petitioner may be asked to clarify the methodology of calculation and details of actual beneficiaries. It may be noted that during monthly energy account of SLDC the losses considered are at high rate whereas actual losses are indicated as 3.65% in true-up petition and hence the difference of losses need to be reflected in ARR of GETCO and DISCOMs. This information is required to be furnished.

Response of GETCO

Transmission losses of GETCO are 3.65% as per the GETCO methodology approved by the Commission. Clause 77.1 of the MYT Regulations, 2011 clarifies it.

Further, it is to clarify that energy losses in the transmission system of GETCO, as determined by SLDC shall be borne by the Transmission System Users in proportion to their usage of the intra-State transmission system.

Commission's view

The methodology and computation of transmission losses by GETCO and SLDC are different. The methodology adopted by GETCO reflects actual losses and hence Commission has accepted the transmission losses as computed by GETCO.



Issue 11: Transmission Charges for FY 2016-17

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that for consideration of transmission Tariff for FY 2016-17 GETCO has taken the ARR approved in Mid-term Review Order dated 29.04.2014 and revenue gap for FY 2014-15 is considered. Replacing approved 21822 MW projected loading for FY 2014-15 in Mid-term Review Order with actual loading of 21259 MW for FY 2014-15 submitted in Tariff petition 1545/2015 has been revised with projected additional load of 2215 MW for FY 2015-16 and projected additional loading of 1442 MW for FY 2016-17. Final projection of loading for FY 2016-17 is considered as 24916 MW. In view of this, approval for provisional transmission Tariff for FY 2016-17 is Rs. 3146.82 / MW / day which is sought against the approved transmission Tariff of Rs. 2785 /MW / day for FY 2015-16. It is requested that the present transmission Tariff may be continued till finalization of data and details necessary for FY 2016-17.

Response of GETCO

GETCO filed Tariff petition in line with GERC order on suo-moto petition 1534 of 2015 dated 02.12.2015 and the petition covers legitimate expenditure of GETCO and the Commission is requested to allow the GETCO to recover the same.

Commission's view

The GETCO has filed the petition in compliance to the Order dated 2nd December, 2015 in Suo Motu Petition No. 1534/2015.

Issue 12: Revenue for transmission charges for FY 2014-15

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that GETCO has provided Rs. 2489.65 Crore as revenue from transmission charges. GETCO may be directed to provide break-up of transmission charges under various categories (a) DISCOMs (b) LTOA, consumers other than DISCOMs (c) MTOA consumers and (d) STOA consumers.

Response of GETCO

Revenue from transmission charges as per audited annual account for FY 2014-15 is Rs. 2198.95 Crore which is actual transmission revenue recovered from open access beneficiaries.

Commission's view

Commission considered the expenses as per audited accounts for the year in truing up as per GERC (MYT) Regulations, 2011 subject to prudence check.

Issue 13: Finalisation of Regulation for submission of applications for Tariff determination based on Regulatory Accounts.

Stakeholder's view

M/s. Federation of Kutch Industries Association (FOKIA) and M/s. Surat Citizens' Council Trust (SCCT) have stated that the Commission is requested to issue such regulations addressing specific regulatory data requirements, presentation standards and defined structure which will accelerate the Tariff determination and analysis process as provided in Regulation 16 (2) (iii) and Regulation 70.1 note 2 of MYT Regulations, 2011.

Response of GETCO

This is for the Commission

Commission's view

The present regulations take care of the issue raised by the objector.

Issue 14: Computation of MW Transmission

Stakeholder's view

M/s. Laghu Udyog Bharati (LUB) has stated that as per Table 29 and 30 of ARR the net ARR is Rs. 2528.04 Crore. Hence, difference surplus is $(2569.8302 - 2528.04) =$ Rs. 41.79 Crore. As per note 26 to 29 of Annual Accounts the total expenses are Rs. 2174.705 Crore. Hence the surplus is Rs. 395.11253 Crore. Return on equity is Rs. 503.59 Crore (Table 32). It is nearer to 25% of ARR. By this method first artificial Gap of Rs. 104.65 Crore has been created vide Table 32 of ARR Even though the net receipts are Rs. 2569.83 Crore other income has been shown as Rs.167.23 Crore in Table 33.



The list of irregularities has been made to keep ARR gap as Rs.89.77 Crore. The Surplus of 2012-13 Rs. 306.01 Crore which is carried forward is not shown here. Vide GERC Tariff order 2014-15 as per Notes 18 to 23 of Annual Accounts. Current assets of Rs. 1145.36 Crore are not accounted in ARR.

Response of GETCO

Total revenue from operations is Rs. 2505.64 Crore which includes revenue from transmission charges of Rs. 2198.95 Crore. It is not correct on the part of respondent to consider net ARR of GETCO for FY 2014-15 as Rs. 2528.04 Crore (addition of actual ARR of FY 2014-15 i.e. Rs. 2360.81 Crore + Other income of Rs. 167.23 Crore). It is to clarify that actual ARR of Rs. 2360.81 Crore for FY 2014-15 includes other income of Rs. 167.23 Crore.

Return on equity is based on the normative equity addition (30% of the net capitalization) during FY 2014-15 and comparing it with the percentage of actual ARR is not correct. Further, it is to clarify that Rs. 104.65 Crore is the deviation of actual expenditure from approved expenditure. It is not a revenue gap. Revenue gap/surplus is calculated based on the treatment of controllable & uncontrollable expenses as per MYT Regulations, 2011 & methodology stipulated by the Commission.

As stated in the tariff petition GETCO has not considered deferred income on grant / subsidies and Consumer Contribution in Other Income. Depreciation on the assets acquired from grant / Consumer Contribution is not included in the depreciation claim for FY 2014-15.

Further it is to clarify that revenue gap of Rs. 306.01 Crore from the true-up of FY 2012-13 has already been considered by the Commission in tariff determination of FY 2014-15 in tariff order in case No. 1375 of 2013 dated 29.04.2014.

Commission's view

The response of GETCO is self-explanatory.

Issue 15: Treatment of reserve and surplus and consumer contribution and Government Capital Grant for Works

Stakeholder's view

M/s. Laghu Udyog Bharati (LUB) has stated that detailed accounting for reserve and surplus in the current year is Rs.444.30129 Crore, The Total is Rs. 3278.5684 Crore. The treatment of amount of Reserve and surplus is not shown. Why the true-up amount of Rs. 104.65 Crore cannot be adjusted from Reserve and surplus amount. Similarly, the treatment of Rs. 1337.67 Crore of consumer contribution and Government grant and subsidies is not indicated.

Response of GETCO

Components of the tariff determination process are specified in Clause No. 71.1 of GERC (MYT) Regulation, 2011. Reserves and surplus is not a component for tariff determination. Reserves and surplus of Rs. 3278.56 Crore is shareholders fund. Providing credit for reserves and surplus in ARR is not valid. As stated in tariff petition GETCO has not claimed depreciation on the assets acquired from grant / Consumer Contribution and at the same time GETCO has not considered deferred income from grant / subsidies and Consumer Contribution in Other Income for FY 2014-15.

Commission's view

The response of GETCO is self-explanatory.

Issue 16: Reduction of interest on working capital by advance payment of transmission charges

Stakeholder's view

M/s. Laghu Udyog Bharati (LUB) has requested that it may be verified that when transmission charges are being received by GETCO, either by monthly advance or extra deposit, truth is to be revealed and no interest on working capital be allowed, in the light of different sums available with GETCO.

Response of GETCO

The Commission approved Interest on working capital as per the provisions of the GERC (MYT) Regulations, 2011, wherein detail methodology along with components of Interest on working capital are specified.



Commission's view

The working capital is approved as per the norms specified in the GERC (MYT) Regulations, 2011. and interest is allowed on net working capital only.

Issue 17: Computed interest to be adjusted from depreciation amount invested

Stakeholder's view

M/s. Laghu Udyog Bharati (LUB) has stated that Interest and finance charges are Rs. 440.31 Crore. The accumulated Depreciation of Rs. 3498.80 Crore is invested in various subheads as per balance sheet. Why the interest and finance charges cannot be adjusted against sum of Rs. 3498 Crore vide Note 10 of annual report for wiping out interest charges of Rs. 510.82 Crore in Table 33 of ARR.

Response of GETCO

Interest & finance charges and depreciation are different items of fixed cost. Comparing or adjusting against both is not proper & valid.

Commission's view

As per GERC (MYT) Regulations, 2011 the amount equivalent to depreciation is considered for repayment of loans every year and interest is reduced on account of such repayment.

Issue 18: Loading Capacity

Stakeholder's view

M/s. Utility Users' Welfare Association has noted that the GETCO has the loading capacity of 80,113 MVA as on 31.03.2015 but GETCO has not mentioned whether this capacity is either more than the demand or is in deficit.

Response of GETCO

The loading capacity indicated by the respondent is the transmission capacity of entire system consisting of transformers at various voltage class as below:

Voltage	FY 2014-15
400 KVA	11,375
220 KVA	24,740
132 KVA	7,145
66 KVA	36,853
Total	80,113

The above capacity has been installed taking into consideration of N-1 transmission criteria of the Gujarat Grid Code and CEA guidelines. This capacity is adequate particularly at 66 kV level for delivery of power to consumers.

Commission's view

The response of GETCO is self-explanatory.

Issue 19: Determination of gap, RoE and earning per shares

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has earned Revenue, as per Annual Report, of Rs. 2569.83 Crore in the FY 2014-15 and ARR as per truing up of 2014-15 is Rs. 2360.81 Crore. There is no gap as such which has been claimed by GETCO but there is a surplus of Rs. 209.02 Crore. GETCO has earned Rs. 5.18 per share of Rs. 10/- which is more than 50% of the 100% capital invested. The E.A, 2003 and MYT Regulations permit only 14% RoE. The RoE is Rs.503.59 Crore. If this is so, how earning on each share is more than 50%?

Response of GETCO

Total revenue of GETCO in FY 2014-15 is Rs. 2569.83 Crore (including other income) and actual ARR of FY 2014-15 from the truing up is Rs. 2360.81 Crore. The gap of Rs. 89.77 Crore is determined based on gains / losses on account of controllable and uncontrollable parameters by comparing actual performance of GETCO during FY 2014-15 with the forecast approved by the Commission vide Mid-term Review Order dated 29th April, 2014. Comparison of total revenue from Audited Accounts and actual normative ARR from the true-up is not valid.

Further, it is to clarify that Return on Equity (RoE) and Earning per Share (EPS) are different financial parameters. GETCO is getting RoE @ 14% as per the provisions of GERC (MYT) Regulations, 2011. Normative RoE of Rs. 503.59 Crore is calculated on normative equity addition during FY 2014-15, whereas Earning per Share represents net profit available per share. Hence, comparing Return on Equity (RoE) with Earning per Share is not valid.



Commission's view

The Commission approves Return on Equity as per Regulations and agrees with GETCO's contention about comparison of Return on Equity (RoE) with Earning per Share (EPS) as not valid.

Issue 20: Transmission Loss

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that transmission loss of 3.57% was achieved in FY 2013-14 whereas in FY 2014-15 it is 3.65%. The pooled losses are required to be added as transmission loss of GETCO. The pooled losses are also required to be reduced.

Response of GETCO

The transmission losses of GETCO for FY 2014-15 are 3.65% against target of 4.10% approved by the Commission. The achievement is lower than that approved by the Commission. The transmission losses are technical losses, uncontrollable in nature and depend on many factors, such as distance and mismatch between generation and load centres, types of load, reactive power compensation, voltage profile, seasonal variation etc. Pooled losses are energy losses in the transmission system of GETCO as determined by SLDC. Such losses are to be borne by the transmission system users in proportion to their usage of the system. The point raised by the respondent about the addition of the pooled losses is unclear and there is no co-relation as both are transmission losses i.e. one as per SLDC and the other as per the GETCO formula.

Commission's view

The transmission losses of 3.65% are the actual technical losses in the transmission system of GETCO. The transmission losses in Inter Regional System are normally called pooled losses and have no relation to transmission loss of GETCO System.

Issue 21: Installation of DC transmission lines

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has not installed the DC transmission lines which are now possible with the latest technology even for short distance and less MW particularly for wind and solar generators. It is also

stated that GETCO has not made any provision for DC transmission line for wind and solar power with low MW and for short distance.

Response of GETCO

Suggestion of adopting HVDC transmission system in State for short distance and less MW particularly for wind & solar generator is welcomed but the respondent ought to know that HVDC system is not economical for short distance with lesser quantum as compared to HV AC system and designed for transmission of bulk power from fixed point to point in long distance i.e. more than 600 Km.

Commission's view

The response of GETCO is self-explanatory.

Issue 22: POC and Cross Subsidy

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has not been successful in getting parallel operation charges (POC) and cross subsidy, as the private generators are asking for waiver of these charges, particularly Essar. If such charges are collected the tariff can be reduced to that extent. GETCO has not mentioned the loading capacity at the peak hours. There are number of open access consumers complaining for non-availability GETCO network and are putting applications to GERC. These are the hurdles in creating competition in the electricity sector.

Response of GETCO

POCs are collected as per GERC order dated 01.06.2011. There are several POC related petitions under adjudication before the Commission and other higher forums where the CPPs have demanded the refund of the POC already collected. Essar Steel and Essar Oil have also filed petitions for refund of the POC collected from them by DGVCL & PGVCL respectively.

However, it is to clarify that cross subsidy charges are not collected by GETCO. Further, GETCO's loading capacity is 21,259 MW as on 31 March 2015, irrespective of peak or off peak hours. GETCO also develops transmission network for its long term users and at no point GETCO system is not available for long term users. Other



open access consumers, such as MTOA / STOA, are granted access based on the availability of margin after LTOA. Hence the question of not granting open access arises only on account of such margin not being available.

Commission's view

The response of GETCO is self-explanatory.

Issue 23: Details of Investment of Capital Expenditure and Liquidated Damages

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has incurred capital expenditure of Rs. 2723.07 Crore against Rs. 2232 Crore as approved in MYT order. However, whether the utilization of the network is done and revenue is generated from such investment is not clear. GETCO has not mentioned any Liquidated Damages received from the generators or the amount which is under dispute for recovery.

Response of GETCO

GETCO incurred capital expenditure of Rs. 2723.07 Crore in FY 2014-15. However, GETCO capitalized expenditure of Rs. 2662.95 Crore, which is expenditure on assets put to use and is considered in tariff determination. Such capitalized expenditure is a part of gross fixed asset of the year and tariff is determined based on such addition of gross fixed asset along with other components of tariff determination. Revenue generation from such expenditure is continuous and spread over years. Further GETCO being the transmission company has no commercial dealing with generating company. Hence the question of claiming liquidated damages from the generators does not arise.

Commission's view

The response of GETCO is self-explanatory.

Issue 24: Difference in figures of revenue in FY 2014-15

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that it is found from Annual Report that the total revenue of GETCO for FY 2014-15 is Rs. 2569.83 Crore whereas ARR

is Rs. 2360.81 Crore and profit after tax is Rs. 288.58 Crore. Whereas loss for 2014-15 is shown as Rs. 186.98 Crore with revenue gap of Rs. 89.77 Crore which is very strange to understand. Why there is such difference and it is required to be clarified by GETCO. GETCO has not shown the revenue earned in the truing up chapter against their ARR.

Response of GETCO

Comparison of total revenue, profit after tax from audited account with actual normative ARR from the true-up, gap from controllable and uncontrollable parameters is not valid.

Tariff determination is based on norms as per the provisions of GERC (MYT) Regulations, 2011. Financial parameters like gross fixed assets, O&M expenses, other income, contingency reserves, etc. are taken from annual account to finalize true-up of FY 2014-15.

Commission's view

GETCO has filed the petition as per the provisions of the GERC (MYT) Regulations, 2011.

Issue 25: Projected revenue for FY 2016-17

Stakeholders' view

M/s. Utility Users' Welfare Association has stated that for ARR for 2016-17, GETCO worked out Rs. 2772.05 Crore but did not mention projected revenue.

Response of GETCO

The provision of ARR of Rs. 2861.81 Crore for FY 2016-17 is after adjusting gap of Rs. 89.77 Crore from true-up of FY 2014-15. This is to be considered as projected provisional revenue for FY 2016-17.

Commission's view

GETCO has filed the petition as per the provisions of the GERC (MYT) Regulations, 2011.



Issue 26: Non-projection of Transmission loss for FY 2016-17

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has not projected the transmission loss for FY 2016-17 and without trajectory of transmission loss, the proposed Tariff cannot be approved.

Response of GETCO

GETCO filed tariff petition in line with GERC order on Suo Motu Petition No. 1534 of 2015 dated 2nd December, 2015, where ARR approved for FY 2015-16 is to be considered as provisional ARR for FY 2016-17 after adjustment of True-up of FY 2014-15. After issuance of new MYT Regulations by the Commission for 3rd control period, GETCO will submit all projections for the next MYT period.

Commission's view

The response of GETCO is self-explanatory.

Issue 27: Higher Tariff for FY 2016-17

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that the Tariff proposed by GETCO for FY 2016-17 is Rs. 3146.82 Crore per MW/day. This is quite more than last tariff and when GETCO is making handsome profit, the tariff should be reduced so that open access consumers will be benefitted.

Response of GETCO

The Tariff petition of GETCO covers legitimate expenditure of GETCO calculated as per provisions of GERC (MYT) Regulations, 2011 and requested for allowing GETCO to recover the same.

Commission's view

The Commission approves the petition after carrying out detailed scrutiny and exercising prudence checks as per the provisions of GERC (MYT) Regulations, 2011.

Issue 28: Creation of transmission lines for specific generators and collection of charges

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has not given any statement like transmission lines were created for specific generators and as per terms and conditions of PPA, generators are not paying transmission charges to GETCO.

Response of GETCO

GETCO has not created any specific transmission network for generator in the State except the state DISCOMs who have PPAs with the State generating companies.

Commission's view

The response of the petitioner is noted.

Issue 29: Utilisation of amount from Power Sector Development Fund

Stakeholder's view

M/s. Utility Users' Welfare Association has stated that GETCO has not mentioned the amount spent from Power Sector Development Fund which is created from UI charges paid by the consumers for reduction of transmission loss. GETCO is requested to clarify the same and also to clarify the amount granted, disbursed and used from this fund.

Response of GETCO

At present there is no amount spent on projects under Power Sector Development Fund (PSDF) by GETCO. However, few projects are submitted by GETCO for approval under PSDF and the same are under consideration by NLDC & Appraisal Committee.

Commission's view

The response of GETCO is self-explanatory.



4. Truing up for FY 2014-15

4.1 Introduction

This chapter deals with the Truing up of FY 2014-15 of GETCO.

While doing 'Truing up' of various components of ARR for FY 2014-15, the actuals for FY 2014-15 are compared with the approved ARR, as per Mid-term Review Order issued on 29th April 2014.

The Commission has analysed each of the components of the Aggregate Revenue Requirement (ARR) in the following sections.

4.2 Operations and Maintenance Expenses for FY 2014-15

GETCO has claimed Rs. 1018.12 Crore towards O&M expenses in the Truing up for FY 2014-15, as against Rs. 995 Crore approved in the MTR order dated 29th April, 2014. The O&M expenses approved for FY 2014-15 by the Commission in the MTR order for FY 2014-15 and claimed by GETCO as are given in Table below:

Table 4.1: O&M Expenses (Normative / Actuals) for FY 2014-15

Sl. No.	Particulars	Unit	FY 2014-15 (Approved)	FY 2014-15 (Actual)
1	Based on No. of Bays			
	Average No. of bays during the year	No.	10235	10638
	O&M Expenses per bay	Rs. Lakh	6.81	6.81
	Total O&M Expenses based on no. of bays	Rs. Crore	696.97	724
2	Based on no. of Transmission lines			
	Average lines length during the year	ckt Km	51389	50640
	O&M Exp. per ckt Km	Rs. Lakh	0.58	0.58
	Total O&M Expenses based on no. of ckt km	Rs. Crore	298	294
3	Total O&M Expenses (as per Norms)	Rs. Crore	995	1018.12

Petitioner's Submission

GETCO has computed O&M expenses by considering the employee costs, R&M expenses & A&G expenses as net of expenses capitalized for the FY 2014-15 for working of gain/ (loss) as there is no separate head provided for expenses capitalized in MYT Regulations, 2011. The net O&M expenses as per audited annual accounts are as shown in the table below:



Gujarat Energy Transmission Corporation Limited
Truing up for FY 2014-15, Approval of Provisional ARR for FY 2016-17
and Determination of Tariff for FY 2016-17

Table 4.2: Net O&M Expenses (as per audited accounts) for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	FY 2014-15 (Actual)
1	Employee Costs	441.21
2	R&M Expenses	230.03
3	A&G Expenses	55.25
4	Net O&M Expenses	726.49

Table 4.3: Gains / (Losses) claimed from O&M Expenses

(Rs. Crore)						
Sl. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Normative / Actuals)	FY 2014-15 (as per audited accounts)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollabl e factor
1	Operations & Maintenance Expenses	775.75	1018.12	726.49	291.63	(242.37)

* Net O&M approved for FY 2014-15 in Mid-term review order is Rs. 782.90 Crore (995.03 Crore – 212.13 Crore) & Rs. 775.75 Crore is proportionated as per the mechanism mentioned in Clause 2.2.1

Commission's Analysis

GETCO has arrived at the O&M expenses for FY 2014-15, by applying the normative expenses over the actual number of bays, as mentioned above, and the actual length of lines and compared it with the approved O&M expenses for the computation of Gains/Losses. Further, GETCO has compared the normative actual O&M expenses that it has computed at Rs. 1018.12 Crore with net of capitalised expenses at Rs. 726.49 Crore, instead of the gross O&M expenses of Rs. 995.03 Crore approved for FY 2014-15 in the MTR Order dated 29th March 2014. GETCO should have compared the O&M expenses approved in the MTR Order with actual O&M expenses on normative basis, or the comparison should have been on the net of capitalisation on both sides.

GETCO has submitted the details of Transmission lines and substations during FY 2014-15 as below:

Table 4.4: Network addition of GETCO during FY 2014-15

Sl. No.	Voltage class	Substation (Nos.)	Transmission line (in CKM)
1	400 KV	1	146
2	220 KV	6	711
3	132 KV	3	69
4	66/33 KV	90	1474
	Total	100	2400



Gujarat Energy Transmission Corporation Limited
Truing up for FY 2014-15, Approval of Provisional ARR for FY 2016-17
and Determination of Tariff for FY 2016-17

GETCO has further submitted that the addition of 2239 CKM transmission lines and 741 S/S has been considered for the purpose of calculation of O&M Expenses as certified by SLDC while certifying the transmission system availability calculation for FY 2014-15.

The Commission has verified the copies of certificate issued by the Electrical Inspector and considered a total of 713 no. of bays and 2114 ckt. km. line additions for FY 2014-15 based on date of inspection mentioned in the certificates. The normative O&M expenses are worked out to Rs. 1016.81 Crore, as against Rs. 995.03 Crore approved for FY 2014-15 in the MTR Order, as detailed in the Table below:

Table 4.5: O&M Expenses Normative in Truing up for FY 2014-15
(Rs. Crore)

Particulars	Lines (Ckt Km)	Bays (Nos.)	Total
At the beginning of the year	49520	10267	
Additions during the year	2114	713	
At the end of the year	51634	10980	
Average	50577	10623.5	
Rate (Rs. Lakh)	0.58	6.81	
O&M expenses (Rs. Crore)	293.35	723.46	1016.81

The Commission approves the normative O&M expenses at Rs. 1016.81 Crore in the Truing up for FY 2014-15 against Rs. 995.03 Crore approved in the MTR Order.

The O&M expenses, as per audited annual accounts, are Rs. 967.15 Crore for FY 2014-15. These O&M expenses, as per accounts, are inclusive of SLDC expenses. The O&M expenses of GETCO, excluding SLDC expenses, are Rs. 947.96 (967.15-19.19) Crore. The employee cost is Rs. 633.48 Crore and the R&M Expenses are Rs. 230.18 Crore. The A&G expenses, as per annual accounts, are Rs. 88.43 Crore, which include Rs. 1.88 Crore towards expenses on Corporate Social Responsibilities (CSR).

Accordingly, the Commission approves Rs. 84.30 Crore as A&G expenses excluding A&G expenses pertaining to SLDC and CSR expenses.

The Commission accordingly, approves the O&M expenses in truing up at Rs. 947.96 Crore, as detailed in the Table below:



Table 4.6: O&M Expenses Approved in Truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	As per audited accounts of GETCO	As per audited accounts of SLDC	Approved in Truing up for GETCO
1	Employee Cost	643.99	10.51	633.48
2	R&M Expenses	236.61	6.43	230.18
3	A&G Expenses	86.55	2.25	84.30
4	Total O&M Expenses	967.15	19.19	947.96

O&M expenses are controllable in nature, under Regulation 23 of GERC (MYT) Regulations, 2011. However, the Commission is of the view that the variance in the O&M expenses, as approved in the MTR Order and the normative O&M expense, as per actual performance during the year, is considered as uncontrollable. The O&M expenses and Gains / (Losses) considered in the Truing up for FY 2014-15 are summarised in the Table below:

Table 4.7: O&M Expenses and Gains/(Losses) Approved in Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Normative Approved in Truing up	Approved as per audited accounts in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	2	3	4	5 = (2-4)	6 = (3-4)	7 = (2-3)
O&M Expenses	995.03	1016.81	947.96	47.07	68.85	(21.78)

4.3 Capital Expenditure and Capitalization for FY 2014-15

GETCO has furnished the actual capital expenditure at Rs. 2723.07 Crore for FY 2014-15, as against Rs. 2232 Crore approved for the year in MTR Order dated 29th April, 2014.

Petitioner's Submission

The Petitioner has submitted that they had spent significant amount of capital expenditure for construction of transmission lines and substations during FY 2014-15. GETCO has incurred a capital expenditure of Rs. 2723.07 Crore against Rs. 2232 Crore approved for the year FY 2014-15 in the MTR Order.



Funding of CAPEX

GETCO has submitted that Capital Expenditure has been funded through grants, internal accruals (Equity) generated by GETCO. The remaining expenditure incurred during FY 2014-15 has been funded through debt, as detailed in the Table below:

Table 4.8: Actual Funding of CAPEX

Sl. No.	Particulars	FY 2014-15 (Actual)
1	CAPEX for the year	2723.07
2	Capitalization	2662.95
3	Debt	1791.89
4	Equity	767.95
5	Grants	103.11

Commission's Analysis

The Commission has noted the capital expenditure, as given in the petition by GETCO, and verified the capitalisation from the Audited Annual Accounts for FY 2014-15. The actual capitalization as per Audited Annual Accounts for FY 2014-15 is Rs. 2662.95 Crore. The actual capital expenditure, approved capitalisation and the normative debt and equity for the FY 2014-15 are given in the Table below:

Table 4.9: Capital Expenditure and Capitalisation approved in the Truing up for FY 2014-15

Particulars	FY 2014-15 (Rs. Crore)
CAPEX during FY 2014-15	2723.07
Capitalization approved for FY 2014-15	2662.95
Less: Grants	103.11
Balance Capitalization	2559.84
Debt (70%)	1791.89
Equity (30%)	767.95

The addition of loan and equity during FY 2014-15 will be considered for computation of interest and return on equity.

4.4 Depreciation for FY 2014-15

GETCO has claimed Rs. 601.09 Crore towards actual depreciation for FY 2014-15, as against Rs. 717.73 Crore approved (proportionate basis) for the year in the MTR Order dated 29th April, 2014. The depreciation charges approved for FY 2014-15 in the MTR Order and claimed by GETCO in the Truing up are given in the Table below:



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Table 4.10: Depreciation claimed for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15 Approved in the MTR Order	FY 2014-15 claimed in Truing up	Deviation + / (-)
1	Gross Block in Beginning of the year	13,462.51	12,857.62	
2	Additions during the Year (Net)	1,607.04	2,662.95	
3	Depreciation for the Year	720.43	707.64	12.79
4	Average Rate of Depreciation	5.05%	4.99%	
5	Less: Depreciation on Assets funded by Govt. Grants/ Consumer Contributions/ Subsidies not considered		106.55	
6	Total Depreciation claimed for FY 2014-15	720.43	601.09	
7	Total Depreciation claimed for FY 2014-15 (Proportionate basis)	717.73	601.09	116.64

Petitioner's Submission

GETCO has submitted that the actual depreciation charge for FY 2014-15 was Rs. 707.64 Crore as against Rs. 717.73 Crore approved (proportionate basis).

The depreciation to be allowed for the year should be based on the value of the gross fixed assets as stated in Clause 40 of GERC (MYT) Regulation, 2011. The depreciation for the FY 2014-15 has been taken from the P&L A/C computed based on the straight line method which is also in line with the general practice followed by the Commission for other Utilities.

GETCO has submitted that it receives Government Grants, Subsidies and Consumer Contribution @ 11.75% of the closing balance as income during the year (Deferred income). The depreciation on the assets created out from such deferred income is negated from the depreciation applicable for the FY 2014-15. In line with the above treatment, GETCO has requested not to consider deferred income on grants/ consumer contributions as other income FY 2014-15. The total amount received for Government grants/ consumer contributions/ subsidies up to 31st March, 2014 was Rs. 2084.87 Crore and additions during the year were Rs. 103.11 Crore. Depreciation on the assets funded by way of Government grants/ consumer contributions/ subsidies at Depreciation rate of 4.99% comes to Rs. 106.55 Crore.

The variation in the amount of depreciation as per the actual cost incurred by GETCO in FY 2014-15 against the amount approved by the Commission is Rs.



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116.64 Crore. This can be considered as gain / (loss) on account of uncontrollable factor and has been appropriately treated.

Accordingly, GETCO has claimed a depreciation of Rs. 601.09 (707.64-106.55) Crore and arrived at a gain of Rs. 116.64 Crore, as detailed in the Table below:

Table 4.11: Gains/(Losses) claimed on Depreciation in the Truing up for FY 2014-15 (Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15	Gains / (Losses) due to Controllable Factor	Gains / (Losses) due to Uncontrollable Factor
Depreciation	717.73	601.09	-	116.64

Commission's Analysis

GETCO has computed the depreciation on the assets funded by Grants / Consumer Contributions and Subsidies towards acquisition of Fixed Assets at Rs. 106.55 Crore with the weighted average rate of 4.99% and subtracted this amount from Rs. 707.64 Crore of depreciation charged to P&L accounts and claimed the depreciation at Rs. 601.09 Crore in the Truing up.

The amount of Govt. Grants / Consumer Contribution / Subsidies, as on 31st March 2014, was Rs. 2084.87 (1663.17 + 421.70) Crore and the additions during the year was Rs. 103.11 Crore. The depreciation on the assets funded by way of Govt. Grants / Consumers Contribution / subsidies worked out to Rs. 106.55 Crore on the average rate of depreciation of 4.99% and this amount has been deducted from the depreciation amount charged to P&L accounts for FY 2014-15 and GETCO has claimed Rs. 601.09 Crore against Rs. 694.62 Crore as per GERC Regulations. While deducting depreciation computed on the assets acquired under grants / Consumer Contribution for the depreciation claim for the year, GETCO has not considered that portion of Consumer Contribution / Grants depicted in the Non-Tariff income, for deduction in the ARR. The Commission has noted in Para 4.4 of the Tariff Order dated 28th March 2013, as given below:

“The Commission has followed the policy of considering portion of grants as Non-Tariff income for all the licensees and any change in this behalf affects the parameters considered in the MTR Order for FY 2011-12 to FY 2015-16.”



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The depreciation, as verified from the Note 14 of the audited annual accounts for FY 2014-15, is Rs. 697.34 Crore. This includes depreciation of Rs. 2.72 Crore relating to SLDC. Thus, GETCO's depreciation works out to Rs. 694.62 Crore. The depreciation has been provided on straight-line basis, as per the rates prescribed by GERC, as notified vide Note 1 (6) (i) of the annual accounts.

The Commission has computed the allowable depreciation for FY 2014-15, as detailed in the Table below:

Table 4.12: Depreciation approved in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Claimed in Truing up for FY 2014-15	Approved in the Truing up for FY 2014-15
GFA in the Beginning of the year	12,857.62	12,857.62
Additions during the year (Net)	2,662.95	2,662.95
Depreciation for the year	707.64	694.62
Average Rate of Depreciation	4.99%	4.90%
Less: Depreciation on Assets funded by Govt. Grants / Consumer Contributions / Subsidies not considered	106.55	0.00
Total Depreciation for the year 2014-15	601.09	694.62

The Commission, accordingly, approves the depreciation at Rs. 694.62 Crore excluding Rs. 2.72 Crore of SLDC in the Truing up, as per audited accounts for FY 2014-15.

With regard to the computation of Gains / (Losses), Regulation 23.2 considers variation in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of 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 capitalisation, it cannot be attributed to the efficiency of the utility to allow one-third of gain to the utility. Similarly, if the loss is on account of higher capital expenditure and capitalisation due to bonafide reasons, the utility cannot be penalised by allowing only two-thirds of the loss in the ARR. And hence, the Commission considered the variation in capitalization as uncontrollable. This applies to debt and equity in allowing Gains / (Losses) on account of interest and return on equity also.



The Commission, accordingly, approves the Gains / (Losses) on account of depreciation, attributing the same to uncontrollable factors in the Truing up for FY 2014-15, as detailed in the Table below:

Table 4.13: Gains / (Losses) due to Depreciation in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factors	Gains / (Losses) due to uncontrollable factors
Depreciation	720.43	694.62	25.81	0.00	25.81

4.5 Interest and Finance Charges for FY 2014-15

GETCO has claimed Rs. 440.31 Crore towards interest and finance charges in the Truing up for FY 2014-15, as against Rs. 449.16 Crore approved (proportionate basis) for the year. The interest and finance charges approved in the MTR Order and claimed by GETCO in the Truing up are as given in the Table below:

Table 4.14: Interest and Finance Charges Claimed by GETCO
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15
Interest and Finance Charges	449.16	440.31

Petitioner's Submission

GETCO has submitted that as per MYT Regulations, 2011, depreciation for the year is considered as repayment of loan during the year. However, calculating the repayment of loan equivalent to the depreciation would place a severe financial crunch as the normative loan is considerably less than actual term loans of the company. The normative opening balance of term loans is Rs. 3405.39 Crore as against the actual balance of term loans of Rs. 6560.90 Crore as on 31st March, 2014. As stated above, normative loan of GETCO is around Rs. 3,000 Crore less than actual term loan. In the circumstances, by applying and calculating the repayment of loans equivalent to the depreciation would cause a severe financial crunch to GETCO. GETCO has requested to consider normative repayments proportionately to the normative loans as against actual loans as given below:



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Table 4.15: Interest and Finance Charges claimed by GETCO

(Rs. Crore)				
Sl. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actuals)	Deviation + / (-)
1	Opening Loans	4,019.31	3,405.39	
2	Loan Additions during the Year	870.58	1,791.89	
3	Repayment during the Year	717.73	395.02	
4	Closing Loans	4,169.46	4,802.26	
5	Average Loans	4,094.38	4,103.83	
6	Interest on Loan		430.08	
7	Other Finance Charges		10.23	
8	Total Interest & Financial Charges	444.96	440.31	
9	Total Interest & Financial Charges (Proportionate basis)	449.16	440.31	8.85
10	Weighted Average Rate of Interest on Loan	10.78%	10.48%	

GETCO has claimed Rs. 8.85 Crore as gain from interest and finance charges due to uncontrollable factors, as detailed in Table below:

Table 4.16: Gains/ (Losses) claimed from Interest and Finance Charges

(Rs. Crore)				
Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actuals)	Gains / (Losses) due to controllable factors	Gains / (Losses) due to uncontrollable factors
Interest & Finance Charges	449.16	440.31	-	8.85

Commission's Analysis

The Commission has examined the submission of GETCO. The Closing balance of Rs. 3405.39 Crore of the previous year FY 2013-14 is considered as the opening loan for FY 2014-15. The Commission has verified the capitalisation of assets during the FY 2014-15 from the Audited Annual Accounts and approved the asset addition of Rs. 2662.95 (2672.50-9.55) Crore. The Commission has deducted the Consumer Contribution and Govt. Grant of Rs. 103.11 Crore from capitalisation and approved the normative debt of Rs. 1791.89 Crore for FY 2014-15 as per prevailing practice. GETCO has not taken into consideration the repayment of loan equivalent to the depreciation for the year. GETCO has made a plea to consider normative repayments proportionate to the normative loans, as against the actual loan outstanding. This is not in accordance with Regulation 39.3 of GERC (MYT) Regulations, 2011. GETCO has submitted the weighted average rate of interest as 10.48%. As per Regulation 39.5 of GERC (MYT) Regulations, 2011, the weighted



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average rate of interest is to be calculated on the basis of the actual loan portfolio at the beginning of each year to the transmission company. On a query from the Commission, GETCO submitted details of loans showing opening balance as on 01.04.2014 and applicable rate of interest on each loan portfolio for FY 2014-15. The Commission has worked out the weighted average interest rate as 10.48% and applied the same on the normative loan amount. The other finance charges of Rs. - 10.23 Crore as claimed have been verified from the Audited Annual Accounts and found that the other interest charges, including the guarantee charges, are Rs. 10.32 Crore. Based on the actual capitalisation achieved by GETCO during FY 2014-15 and the approved normative borrowings considering the interest rate of 10.48%, the Commission has computed the interest on normative loans, as detailed in the Table below:

Table 4.17: Approved Interest and Finance Charges in Truing up for FY 2014-15
(Rs. Crore)

Particulars	Claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15
Opening Normative Loan	3405.39	3405.39
Loan Addition during the year	1791.89	1791.89
Repayment during the year	395.02	694.62
Closing loan	4802.26	4502.66
Average Loan	4103.83	3954.02
Weighted average rate of interest	10.48%	10.48%
Interest on loan	430.08	414.38
Other finance charges	10.23	10.32
Total Interest and Finance Charges	440.31	424.70

The Commission accordingly, approves Interest and Financial charges for FY 2014-15 as Rs. 424.70 Crore.

As noted in Para 4.4 above, the Commission is of the view that the parameters which impact interest and finance charges should be treated as uncontrollable. The Commission, accordingly, approves the Gains / (Losses) on account of interest and finance charges in the Truing up for FY 2014-15, as detailed in the Table below:

Table 4.18: Approved Gains/(Losses) in Interest & Finance Charges in Truing up for FY 2014-15

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up	Deviation + / (-)	Gains/ (Losses) Controllable factor	Gains/ (Losses) Uncontrollable factor
Interest and Finance Charges	444.96	424.70	20.26	0.00	20.26



The Commission accordingly approves gains on account of uncontrollable factor as Rs. 20.26 Crore.

4.6 Return on Equity (ROE) for FY 2014-15

GETCO has claimed Rs. 503.59 Crore towards return on equity in the Truing up for FY 2014-15, as against Rs. 520.78 Crore approved (proportionate basis) for the year. The ROE approved for FY 2014-15 in the MTR Order and claimed by GETCO in the Truing up are given in the Table below:

Table 4.19: Return on Equity claimed by GETCO for FY 2014-15

	(Rs. Crore)	
Particulars	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15
Return on Equity	520.78	503.59

Petitioner's Submission

GETCO has submitted that Return on Equity has been computed at 14%, based on the closing equity for FY 2013-14 and the normative equity addition during FY 2014-15. GETCO has further submitted that the comparison between the actual value of Return on Equity for FY 2014-15 with the value approved by the Commission has resulted in the uncontrollable gain of Rs. 17.19 Crore, as detailed in the Table below:

Table 4.20: Return on Equity claimed by GETCO for FY 2014-15

		(Rs. Crore)		
Sl. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actuals)	Deviation + / (-)
1	Opening Equity Capital	3,522.19	3,213.08	
2	Equity Additions during the Year	373.11	767.95	
3	Closing Equity	3,895.30	3,981.03	
4	Average Equity	3,708.74	3,597.06	
5	Rate of Return on the Equity	14%	14%	
6	Return on Equity	519.22	503.59	
7	Return on Equity (Proportionate basis)	520.78	503.59	17.19

Commission's Analysis

The Commission has examined the submission of GETCO. Return on Equity is being allowed on a normative basis and the quantum of equity addition in the year depends upon the capitalisation achieved during the year. The closing equity of the previous year i.e. FY 2013-14 is considered as the opening equity for FY 2014-15. The Commission has approved the normative equity addition at Rs. 767.95 Crore in Para 4.3 above. Based on the actual capitalisation achieved by GETCO during FY 2014-15 and the approved normative equity, the Commission has computed Return on Equity for FY 2014-15, as detailed in the Table below:



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Table 4.21: Approved Return on Equity in the truing up for FY 2014-15
(Rs. Crore)

Particulars	Claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15
Opening Equity	3213.08	3213.08
Equity addition during the year	767.95	767.95
Closing Equity	3981.03	3981.03
Average Equity	3597.06	3597.06
Rate of Return on Equity	14%	14%
Return of Equity	503.59	503.59

The Commission approves Return on Equity at Rs. 503.59 Crore in the Truing up for FY 2014-15.

The Commission is of the view that Return on Equity depends on the amount of capitalisation during the financial year and that the parameters impacting the capitalisation are uncontrollable in nature, as noted in Para 4.4 above. Hence, the factors impacting Return on Equity are considered as uncontrollable. The Commission, accordingly approves the gains and losses on account of Return on Equity in the Truing up for FY 2014-15, as detailed in the Table below:

Table 4.22: Gains / (Losses) in Return on Equity approved in the Truing up
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014- 15	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable actor
Return on Equity	519.22	503.59	15.63	0	15.63

4.7 Capitalisation of Expenses for FY 2014-15

GETCO has not shown any capitalisation of expenses in the Truing up for FY 2014-15. The capitalisation of expenses approved for the year in MTR Order was Rs. 212.13 Crore.

Petitioner's Submission

GETCO has submitted that O&M Expenses have been taken, based on the norms provided in GERC (MYT) Regulations, 2011, and, therefore, expenses capitalised during FY 2014-15 have not been considered as these expenses are incurred in the implementation of the projects. GETCO has further submitted that the Commission had upheld GETCO's appeal against the Order dated 31st March 2010 in the Order



dated 3rd February, 2011 in the matter of deducting interest capitalised from the ARR and hence GETCO has not shown expenses capitalised for FY 2014-15.

Commission's Analysis

The capitalisation of expenses consists of two elements: (i) capitalisation of interest, and (ii) capitalisation of O&M expenses. As far as capitalisation of interest is concerned, the same is not deducted from the ARR, since the capitalisation is considered for debt-equity and for normative computation of interest on loan. As far as capitalisation of O&M expense is concerned, the same is required to be deducted from the ARR, since this amount has already been included in the approved capitalisation of assets. The gross O&M expenses, as per audited accounts, are allowed in the ARR and, therefore, it is appropriate to consider the deduction of capitalisation of O&M expenses from the ARR. The expenses capitalised during the control period were approved in the MTR Order and they need to be trued up as per the audited accounts.

The actual O&M Expenses capitalised as per audited accounts are Rs. 223.37, as detailed below:

Table 4.23: O&M expenses capitalized during FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Amount
1	Employee Cost	192.27
2	R&M expenses	0.16
3	A&G expenses	30.94
	Total	223.37

The Commission, accordingly, approves the capitalisation of O&M expenses at Rs. 223.37 Crore, as per the audited annual accounts in the Truing up for FY 2014-15. The Commission considers the capitalisation of O&M expenses as uncontrollable.

Table 4.24: Gains / (Losses) in O&M expenses capitalized approved in the Truing up
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains/ (Losses) Controllable factor	Gains/ (Losses) Uncontrollable factor
O&M Expenses Capitalised	212.13	223.37	(11.24)	-	(11.24)



4.8 Income Tax for FY 2014-15

GETCO has furnished the actual tax at Rs. 83.66 Crore in the Truing up for FY 2014-15, as against Rs. 74.06 Crore for the year. The provision for tax and actual claimed by GETCO are as given in detail in the Table below:

Table 4.25: Income tax claimed by GETCO

(Rs. Crore)			
Particulars	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15	Deviation + / (-)
Income Tax	74.06	83.66	(9.60)

Petitioner's Submission

GETCO has submitted that the actual tax paid is Rs. 83.66 Crore, as against the approved tax of Rs. 74.06 Crore, resulting in an uncontrollable loss of Rs. 9.60 Crore.

Commission's Analysis

The Commission has, on verification from the audited accounts for FY 2014-15, found that there is an amount of Rs. 86.94 Crore towards Income Tax. However, on verification of the challans it is observed that GETCO has paid Income Tax of Rs. 86.88 Crore which includes Rs. 3.22 Crore apportioned to SLDC.

The Commission, accordingly, approves the income tax at Rs. 83.66 (86.88 – 3.22) Crore in the Truing up for FY 2014-15.

As regards the computation of Gains / (Losses), Regulation 23.1 (g) considers variation in taxes on income as uncontrollable.

The Commission, accordingly, approves the Gains / (Losses) on account of tax on income in the Truing up for FY 2014-15, as detailed in Table below:

Table 4.26: Gains / (Losses) approved in the Truing up for FY 2014-15

(Rs. Crore)					
Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable Factors
Income Tax	79.40	83.66	(4.26)	0	(4.26)

4.9 Contribution to Contingency Reserve for FY 2014-15

GETCO has claimed Rs. 64 Crore towards contingency reserve as per audited accounts in the Truing up for FY 2014-15 as detailed in the Table below:



Table 4.27: Contingency Reserve claimed by GETCO

Particulars	(Rs. Crore)	
	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15
Contingency Reserve	61.70	64.00

Petitioner's Submission

Contribution to Contingency Reserve for FY 2014-15 is Rs. 64.00 Crore as per the audited annual accounts of GETCO as against the approved Contingency Reserves of Rs. 61.70 Crore (proportionate basis) resulting into uncontrollable Gain/(Loss) of Rs. (2.30) Crore.

Commission's Analysis

Regulation 71.7 specifies that where the Transmission Licensee has made an appropriation to the contingency reserve not more than 0.5 percent of the original cost of fixed assets shall be allowed annually towards such appropriation in the calculation of aggregate revenue requirement. The gross fixed assets at the beginning of the year as allowed by the Commission in the Truing up for FY 2014-15 is Rs. 12857.62 Crore and 0.5% of it works out to Rs. 64.29 Crore.

The Commission accordingly approves the contingency reserve at Rs. 64.29 Crore in the Truing up for FY 2014-15.

GETCO has claimed uncontrollable loss of Rs. 2.30 Crore in the truing up for FY 2014-15. The Commission considers the deviation on account of contingency reserve as a gain and approved the gain due to uncontrollable factor at Rs. 3.02 Crore in the Truing Up for FY 2014-15 is as given in table below:

Table 4.28: Gains / (Losses) on Contingency Reserve approved in the Truing up for FY 2014-15

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014- 15	Deviation + / (-)	(Rs. Crore)	
				Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	67.31	64.29	3.02	-	3.02



4.10 Revenue from other Income for FY 2014-15

GETCO has claimed the actual “other income” at Rs. 167.23 Crore in the Truing up for FY 2014-15, as against Rs. 193.75 Crore (proportionate basis) approved for the year. The details are given in detail in Table below:

Table 4.29: Non-Tariff Income claimed by GETCO for FY 2014-15

Particulars	Approved for FY 2014-15	Claimed in Truing up for FY 2014-15	Deviation + / (-)
Non-Tariff Income	193.75	167.23	(26.52)

(Rs. Crore)

Petitioner’s Submission

Miscellaneous receipts include other income like pro-rata charges, reactive energy charges, O&M charges for dedicated lines and supervision charges of deposit work as approved by Commission.

GETCO is also receiving grants/consumer contribution @ 11.75% of the closing balance as deferred income during the year. The amount of deferred income received for the FY 2014-15 is Rs. 178.09 Crore.

GETCO has further submitted that depreciation on the assets acquired from grant/Consumer Contribution is not included in the depreciation claimed for FY 2014-15. Hence deferred income on grant/subsidies and Consumer Contribution is also not considered in Other Income.

Commission’s Analysis

The Commission has verified and found the actual ‘other income’, including the interest on staff loans and advance of Rs. 4.48 Crore, is Rs. 365.35 Crore. The balance ‘other income’, after deducting interest on staff loans, is Rs. 360.87 Crore, which includes Rs. 178.10 Crore pertaining to the income towards grants / subsidies towards cost of capital assets (Deferred amount) and Rs. 29.51 Crore income from parallel operation charges. GETCO has not considered Rs. 178.10 Crore as Non-Tariff income. The net Non-Tariff income of GETCO is Rs. 345.76 Crore after deducting the non-tariff income of Rs. 15.11 Crore relating to SLDC for FY 2014-15.

The Commission has allowed depreciation on all the assets, including those created through grants and Consumer Contribution. It is, therefore, required that the amount of Rs. 178.10 Crore being the income pertaining to grants and subsidies be considered as part of other income, as per the prevailing practice.



The Commission, accordingly, approves the other income at Rs. 345.76 (360.87 – 15.11) Crore as actual, as per the audited annual accounts in the Truing up for FY 2014-15.

The Commission considers the other income as uncontrollable and, accordingly, approves the Gains / (Losses) on Non- Tariff income in the Truing up for FY 2014-15, as detailed in the Table below:

Table 4.30: Gains / (Losses) on Non-Tariff income approved in the Truing up for FY 2014-15

(Rs. Crore)					
Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Non-Tariff Income	202.00	345.76	(143.76)	0.00	(143.76)

4.11 Interest on working capital for FY 2014-15

GETCO has claimed Rs. 70.51 core towards interest on working capital in the Truing up for FY 2014-15, as against Rs. 60.02 core approved (proportionate basis) for the year. The amount of interest on working capital approved for FY 2014-15 and claimed by GETCO in the Truing up are given in the Table below:

Table 4.31: Interest on working capital claimed by GETCO

(Rs. Crore)		
Particulars	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15
Interest on Working Capital	60.02	70.51

Petitioner's Submission

GETCO has submitted that working capital has been computed, based on the norms provided in GERC (MYT) Regulations, 2011, and for computation of spares, 1% of the opening GFA. i.e., GFA as on 1st April 2005, with 6% yearly escalation and 1 % of the opening GFA for FY 2014-15 has been considered, as detailed in the Table below:



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Table 4.32: Calculation sheet for Maintenance Spares till FY 2014-15

(Rs. Crore)

Sl. No.	Particulars		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	Opening Balance of GFA		4049.10	4433.73	4861.81	5453.70	6067.63	6762.26	8109.69	9536.79	11170.83	12857.62
	SLDC		3.36	3.36	3.36	3.36	3.36	6.90	6.86	7.58	7.71	8.13
2	Addition during the year		384.63	428.08	591.89	613.93	694.63	1347.43	1427.10	1634.04	1686.79	2672.50
	SLDC						3.54	(0.04)	0.72		0.42	9.55
3	Closing balance of GFA		4433.73	4861.81	5453.70	6067.63	6762.26	8109.69	9536.79	11170.83	12857.62	15530.12
	SLDC		3.36	3.36	3.36	3.36	6.90	6.86	7.58	7.58	8.13	17.69
4	Average GFA of the year		4241.42	4647.77	5157.76	5760.67	6414.95	7435.98	8823.24	10353.81	12014.22	14193.87
5	Spares as % of capital cost	1%										
	Escalation (y-o-y)	6%										
6	Maintenance Spares											
	Opening Balance of Assets (i.e. as on March 31, 2005)		40.46	42.88	45.46	48.19	51.08	54.14	57.39	60.83	64.48	68.35
	Assets capitalised during FY 2005-06		3.85	4.08	4.32	4.58	4.86	5.15	5.46	5.78	6.13	6.50
	Assets capitalised during FY 2006-07			4.28	4.54	4.81	5.10	5.40	5.73	6.07	6.44	6.82
	Assets capitalised during FY 2007-08				5.92	6.27	6.65	7.05	7.47	7.92	8.40	8.90
	Assets capitalised during FY 2008-09					6.14	6.51	6.90	7.31	7.75	8.22	8.71
	Assets capitalised during FY 2009-10						6.91	7.33	7.80	8.23	8.72	9.25
	Assets capitalised during FY 2010-11							13.47	14.28	15.14	16.05	17.01
	Assets capitalised during FY 2011-12								14.27	15.12	16.03	16.99
	Assets capitalised during FY 2012-13									16.34	17.32	18.36
	Assets capitalised during FY 2013-14										8.43	8.94
	Assets capitalised during FY 2014-15											26.63
	Total		44.30	51.24	60.24	69.99	81.10	99.44	119.67	143.19	160.21	196.46

GETCO has further submitted it has considered the State Bank Advance Rate (SBAR) as on 1st of April 2014, i.e., 14.75% and that comparison of actual value of interest on working capital, based on the above methodology, and the value approved by the Commission for the year in MTR Order resulted in an uncontrollable loss of Rs. 10.49 Crore, as detailed in the Table below:

Table 4.33: Interest on Working Capital and Gains / (Losses) claimed in Truing up
(Rs. Crore)

Sl. No.	Particulars	FY 2014-15 Approved in the MTR Order	FY 2014-15 Claimed in Truing up	Deviation + / (-)
1	O&M Expenses (1 Month)	82.92	84.84	
2	Maintenance Spares (1% of opening GFA with 6% escalation)	134.63	196.46	
3	Receivables (1 Month)	206.12	196.74	
4	Total Working Capital	423.66	477.97	
5	Rate of Interest on Working Capital	14.45%	14.75%	
	Interest on Working Capital	61.22	70.51	
	Interest on Working Capital (Proportionate basis)	60.02	70.51	(10.49)

Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon under GERC (MYT) Regulations, 2011. Regulation 41.2 (b) specifies



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that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the Financial year in which the Petition is filed.

Regarding 1% Maintenance spares, Regulation 41.2 (a) (ii) of GERC (MYT) Regulations, 2011, specifies maintenance spares as 1% of the historical cost, escalated at 6% from the date of commercial operation. The spares are required for plant machinery and the 1% spares are to be considered on the historical cost of plant and machinery only, instead of the entire GFA. However, the Commission has been considering the maintenance spares at 1% of the opening GFA for the respective year, since it is difficult to keep track of the dates of commercial operation of transmission lines and sub-stations and keep a watch on the requirement of spares escalation. The Commission has, therefore, been considering maintenance spares at 1% of the opening GFA (Historical cost), since there is substantial increase in GFA year on year.

While truing up for FY 2011-12 in the Tariff order for FY 2012-13, the Commission had decided, to consider the rate of SBAR prevailing as on 1st April of the Financial Year for which truing up is being done.

The SBAR as on 1st April 2014 was 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% for computation of Interest in Working Capital for FY 2014-15.

The Commission has computed the Working Capital and interest thereon, as detailed in the Table below:

Table 4.34: Interest on Working Capital approved in Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved in Truing up for FY 2014-15
O&M Expenses (1 Month)	79.00
Maintenance Spares (1% of opening GFA)	128.58
Receivable (1 Month)	183.95
Total Working Capital	391.52
Rate of Interest	14.75%
Interest on Working Capital	57.75

The Commission, accordingly, approves the interest on working capital at Rs. 57.75 Crore in the Truing up for FY 2014-15.



The Commission considers the Interest on working capital as uncontrollable, since the components forming part of the working capital are mostly uncontrollable. The Commission, accordingly, approves the Gains / (Losses) on account of interest on Working Capital in the Truing up for FY 2014-15, as detailed in the Table below:

Table 4.35: Gains/(Losses) in Interest on Working Capital Approved in Truing up for FY 2014-15

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains / (Losses) due to Controllable factors	(Rs. Crore)
					Gains / (Losses) due to Uncontrollable factors
Interest on Working Capital	61.22	57.75	3.47	0.00	3.47

4.12 Incentive for Target availability for FY 2014-15

GETCO has claimed incentive for target availability at Rs. 38.40 Crore in the Truing up for FY 2014-15. The details are given in the Table below:

Table 4.36: Incentive for Target Availability claimed by GETCO

Particulars	Approved for FY 2014-15 in MTR Order	(Rs. Crore)
		Claimed in Truing up for FY 2014-15
Incentive for Target Availability	-	38.40

Petitioner's Submission

It is submitted that GETCO has achieved an availability of 99.59% for its transmission network during FY 2014-15. It is further submitted that GETCO has computed the incentive on higher availability based on the target availability of 98%, in accordance with Regulation 75.1 of the GERC (MYT) Regulations, 2011. The details are given in the Table below:

Table 4.37: Incentive Claimed for Higher Availability

Sl. No.	Particulars	(Rs. Crore)
		FY 2014-15
1	Target Availability as per MYT Regulations (%)	98.00%
2	Actual Availability (%)	99.59%
3	Aggregate Revenue Requirement	2360.81
4	Incentive for Transmission System Availability	38.40

Commission's Analysis

Incentive claimed by GETCO for increase in annual availability beyond the target availability is in accordance with the provisions of Regulation 75 of GERC (MYT)



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Regulations, 2011. Incentive has to be given as per the formula mentioned in Regulation 75.1 of the GERC (MYT) Regulations, 2011, as shown below:

“.....

$$\text{Incentive} = \text{ATC} \times \frac{[\text{Annual availability achieved} - \text{Target Availability}]}{\text{Target Availability}}$$

Where;

ATC= Annual Transmission Charges determined by the Commission.....”

The Commission has computed the incentive, based on the trued up ARR for FY 2014-15, as detailed in the Table below:

Table 4.38: Incentive approved for higher availability

		(Rs. Crore)
Sl. No.	Particulars	FY 2014-15
1	Target Availability (%)	98.00%
2	Actual Availability (%)	99.59%
3	Aggregate Revenue Requirement	2207.44
4	Incentive for Transmission system availability	35.81

The Commission, accordingly, approves the incentive for achieving higher availability at Rs. 35.81 Crore in the Truing up for FY 2014-15.

The Commission considers the incentive for Target Availability as uncontrollable and, accordingly, approves the Gains/(Losses), as detailed in Table below:

Table 4.39: Gains / (Losses) approved on the Incentive in the Truing up

	(Rs. Crore)				
Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Incentive for Target Availability	0	35.81	(35.81)	0.00	(35.81)

4.13 Gains / (Losses) under “Truing up”

The Commission reviewed the performance of GETCO under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to the Audited Annual Accounts for FY 2014-15.

The Commission has computed the sharing of Gains and (Losses) for FY 2014-15, based on the Truing up for each of the components discussed in the above Paragraphs.



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The fixed charges approved for FY 2014-15 in the MTR Order dated 29th April, 2014, claimed by GETCO in Truing up (Gains / (Losses)), computed in accordance with GERC (MYT) Regulations, 2011 are given in the Table below:

Table 4.40: Approved in Truing up Order for FY 2014-15

(Rs. Crore)							
Sl. No.	Fixed charges	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains/ (Losses) due to Controllable Factors	Gains/ (Losses) due to Uncontrollable Factors
1	2	3	4	5	6=3-5	7	8
1	Operations & Maintenance Expenses	995.03	726.94	947.96	47.07	68.85	(21.78)
2	Depreciation	720.43	601.09	694.62	25.81	0.00	25.81
3	Interest & Finance Charges	444.96	440.31	424.70	20.26	0.00	20.26
4	Interest on Working Capital	61.22	70.51	57.75	3.47	0.00	3.47
5	Return on Equity	519.22	503.59	503.59	15.63	0.00	15.63
6	Contingency Reserve	67.31	64.00	64.29	3.02	0.00	3.02
7	Total Fixed Costs	2808.17	2405.98	2692.91	115.26	68.85	46.41
8	Less: Expenses Capitalised	212.13	0.00	223.37	(11.24)	0.00	(11.24)
9	Add: Provision for Tax	79.40	83.66	83.66	(4.26)	0.00	(4.26)
10	Total Transmission Charges	2675.44	2489.65	2553.20	122.24	68.85	53.39
11	Less: Other Income	202.00	167.23	345.76	(143.76)	0.00	(143.76)
12	Aggregate Revenue Requirement	2473.44	2322.42	2207.44	266.00	68.85	197.15
13	Add: Incentive for Achieving Target Availability	0.00	38.40	35.81	(35.81)	0.00	(35.81)
14	Total Revenue Requirement	2473.44	2360.81	2243.25	230.19	68.85	161.34

Table 4.40 indicates a controllable gain of Rs. 68.85 Crore and an uncontrollable gain of Rs. 161.34 Crore.



4.14 Sharing of Gains / (Losses) for FY 2014-15

The Commission has analysed the Gains / (Losses) on account of controllable and uncontrollable factors.

The relevant Regulations are extracted below:

“Regulation 24. Mechanism for pass-through of Gains or Losses on account of uncontrollable factors

24.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee 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 Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

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

24.3 Nothing contained in this Regulation 24 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 25. Mechanism for sharing of Gains or Losses on account of controllable factors

25.1 The approved aggregate gain to the Generating Company or Transmission Licensee 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 specified in the Order of the Commission under Regulation 22.6;*

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

25.2 *The approved aggregate loss to the Generating Company or Transmission Licensee 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 specified in the Order of the Commission under Regulation 22.6; and*
- b. *The balance amount, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or Distribution Licensee.”*

The revenue gap, based on the True-up ARR and the Gains / (Losses) approved in the Truing up for FY 2014-15, is summarised in the Table below:

Table 4.41: Revenue (Gap) / Surplus for FY 2014-15

		(Rs. Crore)
Sl. No.	Particulars	FY 2014-15
1	ARR approved in the MTR Order on 29.04.2014 for FY 2014-15	2473.44
2	Less: Gain on Account of Uncontrollable Factors to be Passed on to the Consumers	161.34
3	Less: Gain on Account of Controllable Factors to be Passed on to the Consumers (1/3 rd)	22.95
4	Revised ARR for FY 2014-15	2289.15
5	Net (Gap) / Surplus	184.29

The Truing up Exercise carried out indicates a revenue surplus of Rs. 184.29 Crore, as against ARR of Rs. 2473.44 Crore approved for FY 2014-15 in the MTR Order dated 29th April, 2014.

The Commission has arrived at a surplus of Rs. 184.29 Crore in truing up for FY 2014-15. This surplus is carried forward to ARR of FY 2016-17 for determination of transmission charges.



5. Determination of Transmission Charges for FY 2016-17

5.1 Introduction

This chapter deals with the determination of transmission charges for the FY 2016-17 for GETCO. The Commission has considered the ARR approved for the FY 2015-16 in the Mid-term Review as provisional ARR for FY 2016-17 and the adjustment on account of truing up for FY 2014-15, while determining the transmission Tariff for FY 2016-17.

5.2 Determination of Transmission Tariff for FY 2016-17

The table below summarises the Annual Revenue Requirement, as approved by the Commission for the FY 2016-17. Detailed analysis of each expense head has already been provided in the Mid-term Review order for FY 2015-16.

The provisional approved ARR for FY 2016-17 is given in the Table below:

**Table 5.1: Approved ARR for 2016-17
(Rs. Crore)**

Sl. No.	Particulars	FY 2016-17
1	Operations & Maintenance Expenses	1107.67
2	Depreciation	804.84
3	Interest and Finance Charges	460.36
4	Interest on Working Capital	71.00
5	Return on Equity	573.55
6	Add: Contingency Reserve	75.35
7	Total Fixed Costs	3092.78
8	Less: Expenses Capitalised	212.13
9	Add: Provision for Tax	79.40
10	Total Transmission Charges	2,960.05
11	Less: Other Income	188.00
12	Aggregate Revenue Requirement	2,772.05

GETCO has submitted the additional loading projected for GETCO system for FY 2015-16 and FY 2016-17 as detailed below.

Table 5.2: Additional Loading of Transmission Lines for FY 2015-16 to FY 2016-17

Additional Loading of Transmission Lines for FY 2015-16						
Sl. No.	Station	Rated Capacity	Aux Cons	Gujarat Share	Transmission Loss (%)	Total MW on GETCO System
A	GSECL					
1	Dhuvaran Extension CCPP-3*	376	3.00	376		365
	Sikka Unit - 3 & 4	500	8.50	500		458



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Additional Loading of Transmission Lines for FY 2015-16						
Sl. No.	Station	Rated Capacity	Aux Cons	Gujarat Share	Transmission Loss (%)	Total MW on GETCO System
	Total GSECL Plants			876		822
B	IPPs					
1	BECL, Padva, Bhavnagar (Unit - 1&2)	500	11.00	500		445
2	GSEG Extension Hazira*	350	3.00	350		340
	Total IPPs Plant			850		785
C	Share from Central Sector					
1	NTPC - Vindhyachal -V	500	5.75	120	4	108
	Total Central Sector Share			120		108
	Total			1846		1715
	Wind Farm Capacity			400		400
	Solar Project			100		100
	Total for FY 2015-16 (MW)			2,346		2,215

Additional Loading of Transmission Lines for FY 2016-17						
Sl. No.	Station	Rated Capacity	Aux Cons	Gujarat Share	Transmission Loss (%)	Total MW on GETCO System
A	GSECL					
	Total GSECL Plants			876		822
B	IPPs					
	Total IPPs Plant			850		785
C	Share from Central Sector					
1	NTPC Mouda Stage II (Unit 1 & 2)	1,000	5.75	240	4	212
2	NTPC Lara (Unit 1 & 2)	1,600	5.75	280	4	246
3	NTPC - Kakrapar 3&4	1,400	10.00	476	4	405
	Total Central Sector Share			996		863
	TOTAL			996		863
	Wind Farm Capacity			400		400
	Solar Project			100		100
	SSNNL (Saurashtra Branch Canal), Mini Hydro			45		45
	SSNNL (Kutch Branch Canal), Mini Hydro			22		22
	SSNNL (Miyagam Branch Canal), Mini Hydro			12		12
	Total for FY 2016-17 (MW)			1,575		1,442

Total Loading in MW

Sr. No.	Stations	FY 2015-16 Projected	FY 2016-17 Projected
A	GSECL Plants	5,905	5,905
B	IPPs	6,781	6,781
C	Share from Central Sector	5,437	6,300
D	CPP Wheeling	285	285
E	Wind Farm Capacity	3,942	4,342
F	Solar Project	1,074	1,174
G	Bio mass Project	41	41
H	Mini Hydrel	9	88
	Total Loading in MW	23,474	24,916



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The Petitioner has submitted Transmission Tariff for FY 2016-17, based on the truing up of FY 2014-15. The Commission has determined the revenue gap/surplus, based on the truing up of FY 2014-15. The Petitioner's proposal and the Commission's approved transmission Tariff for FY 2016-17 are given in Table below:

Table 5.3: Transmission Tariff for FY 2016-17

		(Rs. Crore)		
Sl. No.	Particulars	Unit	FY 2016-17 (Proposed)	FY 2016-17 (Approved)
1	Approved ARR for FY 2016-17, as per the Mid-term Review Order	Rs. Crore	2772.05	2772.05
2	Less: Revenue Surplus/(Gap) for FY 2014-15	Rs. Crore	89.77	184.29
3	ARR for FY 2016-17, including adjustment for the Truing up for FY 2014-15	Rs. Crore	2861.82	2587.76
4	Total MW Allocation, as per Mid-term Review Order	MW	24916	24916
5	Transmission Tariff	Rs./MW/Day	3146.82	2845.46

The Commission, accordingly, approves the Annual Tariff for Transmission for FY 2016-17, as mentioned above.



6. Compliance of Directives

6.1 Compliance of Directives issued by the Commission

The Commission in its Tariff Order dated 29th March, 2014 and dated 31st March, 2015 had issued certain directives. GETCO has submitted a report on compliance of the directives issued by the Commission. The comments of the Commission on the submission/compliance of GETCO are given below:

6.2 Compliance of Directives issued vide T.O. dated 29th March, 2014

Directive 1: Transmission System Availability

(Page 56 of Tariff Order No. 1262 of 2012, dated 28th March, 2013)

GETCO has furnished the transmission system availability figures in its ARR and Tariff petition for Truing up for FY 2009-10 and Performance Review for FY 2010-11. The availability is required to be supported by detailed calculations as required by GERC Regulations, 2005. The detailed calculation for the availability of transmission system for FY 2009-10 and FY 2010-11 shall be furnished by April 2011. The claim of incentive for FY 2011-12 to FY 2015-16 shall be supported by detailed calculation as per GERC (MYT) Regulations, 2011. These calculations shall be submitted to the Commission within three months after the end of the relevant year.

Compliance:

Commission specified the methodology to be adopted for calculating Transmission System Availability (TSA) as per Clause 70: Norms of operation & Annexure-II of Notification No 1 of 2011, MYT Regulation 2011.

In this regard, GETCO computed the TSA as per GERC (MYT) Regulation 2011 and submitted to SLDC for validation. Same is validated & verified as "Transmission System Availability for GETCO network for the FY 2014-15 is 99.59%".

Commission's Comments

Action taken is noted by the Commission.

6.3 New Directives issued vide T.O. dated 31st March, 2015

Directive 1:

It is observed that there is consistent deviation in the capitalization as against the capital expenditure approved by the Commission. GETCO should make efforts to adhere to the approved capex as far as possible.

Compliance:

GETCO has complied with the directive of the Commission vide letter dated 31.07.2015 where GETCO has clarified the reasons for deviation in the capitalization as against the capital expenditure. GETCO has also stated the steps taken to meet the target of capitalization and capital expenditure as approved by the Commission.

Commission's Comments

Compliance of the directive is noted. However, GETCO shall ensure to keep the variations at minimum for the approved CAPEX for lines and sub-stations.

Directive 2:

It is observed that there has been instances of transmission constraints in the GETCO system. GETCO has to plan their network to avoid such transmission constraints. A report in this regard may be submitted by 30.09.2015.

Compliance:

GETCO has complied with the directive of the Commission vide letter dated 30.09.2015 where GETCO has stated that transmission network has been planned as per CEA Transmission Planning Criteria. Further GETCO has also stated the reasons for transmission network constraints and area wise planning on transmission constraint elements.

Commission's Comments

Compliance of the directive is noted. However, GETCO is directed to submit such report every year along with the tariff petitions.

Directive 3:

GETCO shall submit a quarterly report on the average as well as peak loading of various 220 KV, 132 KV and 66 KV SS in the Gujarat system, within 1 month of



completion of the quarter.

Compliance:

GETCO has complied with the directive of the Commission vide letter dated 31.07.2015 and 26.10.2015 respectively for 1st and 2nd Quarter of FY 2015-16, where GETCO has submitted the quarterly report on average as well as peak loading of various 220 KV, 132 KV and 66 KV substations in the Gujarat system along with details of average & peak loading of various substations.

Commission's Comments

Balance quarterly reports may be submitted by 31st May, 2016. GETCO is also directed to follow this practice every year and ensure timely submission of reports to the Commission.



COMMISSION'S ORDER

The Commission approves the components of transmission charges and the Transmission tariff for GETCO for FY 2016-17, as shown in the Tables below:

(Rs. Crore)		
Sl. No.	Particulars	FY 2016-17
1	Operations and Maintenance Expenses	1107.67
2	Depreciation	804.84
3	Interest and Finance Charges	460.36
4	Interest on Working Capital	71.00
5	Return on Equity	573.55
6	Add: Contingency Reserve	75.35
7	Total Fixed Costs	3092.78
8	Less: Expenses Capitalised	212.13
9	Add: Provision for Tax	79.40
10	Total Transmission Charges	2960.05
11	Less: Other Income	188.00
12	Aggregate Revenue Requirement	2772.05
13	Add. Incentive for Target Availability	-
14	Total Revenue Requirement	2772.05
15	Less: Revenue Surplus for FY 2014-15	184.29
16	ARR for FY 2016-17 including adjustment for FY 2014-15	2587.76

Transmission Tariff

Sl. No.	Particulars	Unit	FY 2016-17
1	Transmission Tariff	Rs./MW/day	2845

This order shall come into force with effect from 1st April, 2016.

Sd/-

P. J. THAKKAR
 Member

Sd/-

K. M. SHRINGARPURE
 Member

Place: Gandhinagar
 Date: 31/03/2016

