GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2016-17 and

Determination of Tariff for FY 2018-19

For

Gujarat Energy Transmission Corporation Limited (GETCO)

Case No. 1692 of 2017

31st March, 2018

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GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATC	Annual Transmission Charges payable by long-term user or medium-term user of the transmission system
CAPEX	Capital Expenditure
CC	Capacity Contracted in MW
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Ckt-Km	Circuit Kilometer
CPP	Captive Power Plant
DGVCL	Dakshin Gujarat Vij Company Limited
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HVDC	High Voltage Direct Current
Kv	Kilo Volt
Kva	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
KWh	Kilo Watt Hour
MAT Rate	Minimum Alternate Tax Rate
MCLR	Marginal Cost of Funds based Lending Rate
MGVCL	Madhya Gujarat Vij Company Limited
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operations & Maintenance
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PLR	Prime Lending Rate
R E	Revised Estimates
R&M	Repairs and Maintenance
ROE	Return on Equity
SBAR	State Bank Advance Rate
SCC	Sum of Capacities contracted in MW by all long-term users and medium – term users of the transmission system
SLDC	State Load Despatch Centre
TC (Rs./MW/Day)	Transmission Charges payable by the short-term user of the transmission system
TC (Rs/kWh)	Transmission Charges payable in the case of short-term collective transactions through power exchanges
T.O.	Tariff Order
UGVCL	Uttar Gujarat Vij Company Limited
Wt. Av.	Weighted Average

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1692 of 2017

Date of the Order: 31/03/2018

CORAM

Shri Anand Kumar, Chairman

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") filed the present petition on 30th November, 2017 under Section 62 of the Electricity Act, 2003, read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 for the Truing up of FY 2016-17 and for determination of tariff for FY 2018-19.

Gujarat Electricity Regulatory Commission notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which shall be applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulations 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of truing up for FY 2016-17 to be carried out under Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2018-19) and revenue gap or revenue surplus for the third year of the Control Period calculated based on Aggregate Revenue Requirement approved in the MYT Order and truing up for the previous year and determination of tariff for FY 2018-19.

After technical validation of the petition, it was registered on 11th December, 2017 and as provided under Regulation 29.1 of GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff order.

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 as listed below:

- Gujarat State Electricity Corporation Limited (GSECL) - A Generation Company
- **Gujarat Energy Transmission Corporation Limited (GETCO)** - A Transmission Company

Four Distribution Companies, namely:

- Dakshin Gujarat Vij Company Limited (DGVCL)
- Madhya Gujarat Vij Company Limited (MGVCL)
- Uttar Gujarat Vij Company Limited (UGVCL)
- Paschim Gujarat Vij Company Limited (PGVCL); and
- Gujarat Urja Vikas Nigam Limited (GUVNL) – A Holding Company of above named 6 subsidiary companies, responsible for bulk 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 tariff of FY 2016-17

The Commission in its order dated 2nd December, 2015, in the Suo Motu Petition No. 1534 of 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.

Accordingly, the Petitioner filed its petition for Truing-up of FY 2014-15 and determination of tariff for FY 2016-17 on 9th December, 2015. The petition was registered on 17th December, 2015. The Commission decided to approve the provisional ARR vide order dated 31st March, 2016, and the tariff for FY 2016-17 was determined accordingly.

1.4 Commission's order for Approval of final ARR for FY 2016-17 and Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21

The Petitioner filed its petition for Truing up for 2015-16, Approval of Final ARR for 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of tariff for FY 2017-18 on 29th November 2016. The petition was registered on 3rd December, 2016 (under Case No. 1620 of 2016). The Commission vide order dated 31st March, 2017 approved the Truing up for 2015-16, Final ARR for 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

1.5 Background of the present petition

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

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

1.6 Registration of the Current Petition and the Public Hearing Process

The Petitioner submitted the current Petition for Truing–up of FY 2016-17 and determination of tariff for FY 2018-19 on 30th November, 2017. After technical validation of the petition, it was registered on 11th December, 2017 (Case No 1692 of 2017) and as provided under Regulation 29.1 of GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff order.

In accordance with Section 64 of the Electricity Act, 2003, GETCO was directed to publish its application in the newspapers to ensure public participation.

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

Table 1.1: List of Newspapers

Sr. No.	Name of the Newspaper	Language	Date of publication
1.	The Indian Express	English	20/12/2017
2.	Divya Bhaskar	Gujarati	20/12/2017

The Petitioner also published a public notice in the same newspapers on 6th January, 2018 mentioning proposed Transmission Tariff for FY 2018-19.

The Petitioner 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 19th January, 2018.

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

The Commission received objections / suggestions from various consumers / consumer organizations as shown in the Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the petition on 6th February, 2018 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 status of stakeholders who submitted their written suggestion / objections, those who remained present in public hearing, those who could not attend the public hearings and those who made oral submissions is given in the Table below:

Table 1.2: List of Stakeholders

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 06.02.2018
1.	Gondal Chamber of Commerce & Industry	Yes	No	No
2.	Laghu Udyog Bharati - Gujarat	Yes	Yes	Yes
3.	Federation of Gujarat Industries (FGI)	Yes	Yes	Yes
4.	Utility Users' Welfare Association (UUWA)	Yes	Yes	Yes
5.	OPGS Power Gujarat Private Ltd.	Yes	No	No

A short note on 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 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 2016-17.
5. The **Fifth Chapter** deals with the determination of tariff for FY 2018-19.
6. The **Sixth Chapter** deals with the compliance of directives and the new directives issued by the Commission.

1.8 Approach of this order

The GERC (MYT) Regulations, 2016 provide for "Truing up" of the previous year and determination of Tariff for the ensuing year. The Commission has approved ARR for Five years of the Control Period of FY 2016-17 to FY 2020-21 in the MYT Order dated 31st March, 2017.

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 on 31st March, 2017 passed order for truing up of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for the third Control Period i.e. FY 2016-17 to FY 2020-21 and determination of tariff for the FY 2017-18.

GETCO has approached the Commission with the present Petition for "Truing up" of the FY 2016-17 and determination of Tariff for the FY 2018-19.

The Commission has undertaken "Truing up" for the FY 2016-17, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for the FY 2016-17, based on the audited annual accounts and final ARR for FY 2016-17 approved vide Order dated 31st March, 2017.

While truing up of FY 2016-17, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing up for the FY 2016-17 has been considered, based on the GERC (MYT) Regulations, 2016.

The Commission has also considered the difference between provisional and final approved ARR for FY 2016-17, since the tariff for FY 2016-17 was determined by the Commission and recovered by GETCO based on provisional ARR.

Determination of Tariff for FY 2018-19 have been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.

2 Summary of GETCO petition for True-up FY 2016-17 and Determination of Tariff for FY 2018-19

2.1 Introduction

This chapter deals with highlights of the petition as submitted by GETCO for truing up of FY 2016-17 and determination of tariff for FY 2018-19.

2.2 True up for FY 2016-17

Gujarat Energy Transmission Corporation Limited (GETCO) filed the present Petition on 30th November, 2017 seeking approval of truing up for ARR of FY 2016-17 and determination of tariff for FY 2018-19. GETCO has worked out its Aggregate Revenue Requirement (ARR) for FY 2018-19 as a part of the True Up for FY 2016-17. GETCO has presented the actual cost components based on audited annual accounts for FY 2016-17. A summary of the proposed ARR for Truing-up of FY 2016-17 compared with the approved final ARR for FY 2016-17 in "Multi Year Tariff Order" dated 31st March' 2017 is presented in the Table below.

Table 2.1: True up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	2016-17 (Approved)	2016-17 (Actual)	Deviation
1	Operation & Maintenance Expenses	1 ,275.38	1 ,289.42	(14.04)
2	Depreciation	928.61	949.49	(20.88)
3	Interest & Finance Charges	557.14	484.23	72.91
4	Interest on Working Capital	63.35	63.42	(0.07)
5	Return on Equity	694.04	697.68	(3.64)
6	Contingency Reserve	-	-	-
7	**Total Fixed Costs**	**3 ,518.52**	**3,484.25**	**34.27**
8	Add: Provision for Tax	64.62	39.74	24.88
9	**Total Transmission Charges**	**3,583.14**	**3,523.99**	**(59.15)**
10	Less: Expenses capitalized	194.13	209.75	(15.62)
11	Less: Non-tariff Income	331.37	312.52	18.85
12	Add: Incentive for target availability	0.00	27.43	(27.43)
13	**Aggregate Revenue Requirement**	**3 ,057.64**	**3,029.14**	**28.50**

Summary of the Gains /(Losses) allocation to Controllable & Uncontrollable factors is outlined in the table below:

Table 2.2: Summary of Controllable & Uncontrollable factors

(Rs. Crore)

Sr. No.	Particulars	2016-17 (Approved)	2016-17 (Actual)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Operation & Maintenance Expenses	1 ,275.38	1 ,289.42	(4.76)	(9.28)
2	Depreciation	928.61	949.49		(20.88)
3	Interest & Finance Charges	557.14	484.23		72.91
4	Interest on Working Capital	63.35	63.42		(0.07)
5	Return on Equity	694.04	697.68		(3.64)
6	Contingency Reserve	-	-		-
7	**Total Fixed Costs**	**3 ,518.52**	**3,484.25**	**(4.76)**	**39.04**
8	Add: Provision for Tax	64.62	39.74		24.88
9	Less : Non-tariff Income	331.37	312.52		18.85
10	Add: Incentive for target availability	0.00	27.43		(27.43)
11	Less: Expenses capitalized	194.13	209.75		(15.62)
12	**Total ARR**	**3 ,057.64**	**3,029.14**	**(4.76)**	**33.27**
13	Net Gains / Losses on account of Controllable/ Uncontrollable factors	-	-	**(4.76)**	33.27
14	Gain on account of Controllable factors to be passed on to Consumers (1/3 x Sr. No. 13)	-	-	(1.59)	
15	Losses on account of Uncontrollable factors to be passed on to Consumers	-	-	-	33.27

Based on the above sharing of gains and losses and difference between provisional approved ARR for FY 2016-17 and final approved ARR for FY 2016-17 the Petitioner has claimed the following final gap for FY 2016-17.

Table 2.3: Gap for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	Provisional approved ARR for FY 2016-17 vide Order dated 31st March, 2016 in Petition No. 1545 of 2015 – A	2,772.05
2	Final approved ARR of FY 2016-17 in MYT Order dated 31st March, 2017 in Petition No. 1620 of 2016 – B	3,057.64
3	Under-recovery of ARR for FY 2016-17 (A-B)	(285.59)
4	Add: Impact of consequential order passed by Commission on 6.10.2017 and 25.10.2017 pursuant to APTEL Judgment in Appeal No. 201 of 2016	(10.99)
5	Add: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2016-17	33.27
6	Add: Gain / (Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3rd of Total Gain / (Loss) for FY 2016-17	(1.59)
7	Total Gain/ (Loss) of the true up to be addressed in the determination of tariff for FY 2018-19 (3+4+5+6)	(264.90)

2.3 Tariff for FY 2018-19

In accordance with provisions of the GERC MYT Regulations, 2016, ARR for FY 2018-19 as determined in MYT Order dated 31st March 2017 is as follows:

Table 2.4: Approved ARR for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	2018-19
1	Operation & Maintenance Expenses	1,556.19
2	Depreciation	1,132.95
3	Interest & Finance charges	596.86
4	Interest on Working Capital	77.64
5	Return on Equity	846.67
6	Add: Contingency Reserve	-
7	**Total Fixed Costs**	**4210.30**
8	Less: Expenses Capitalized	194.13
9	Add: Provision for Tax	64.64
10	**Total Transmission Charges**	**4,080.79**
11	Less: Non-tariff Income	331.37
12	**Aggregate Revenue Requirement**	**3,749.42**

GETCO has calculated the Transmission tariff for FY 2018-19 after adding the gap of FY 2016-17 as follows:

Table 2.5: Transmission tariff for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	2018-19
1	Aggregate Revenue Requirement for FY 2018-19	3,749.42
2	Add: Revenue Gap for FY 2016-17	264.90
3	**ARR after considering Gap of true-up for FY 2016-17 (1+2)**	**4,014.32**
4	Total MW allocation	25728
5	**Transmission tariff (Rs/MW/day)**	**4,274.79**

Further, GETCO has proposed to allow recovery of transmission charges @ 37.51 Ps/kwh for all types of Short-Term Open Access transactions irrespective whether short-term transaction is done through power exchange or under bilateral arrangement.

2.4 Request of GETCO

1. To admit this petition for True Up of FY 2016-17 and Determination of Tariff for FY 2018-19.
2. To approve the gains/losses for the True Up for FY 2016-17 and allow sharing of such gains/losses as prescribed in the GERC (MYT) Regulations, 2016.
3. To approve the gap between Final ARR of FY 2016-17 & Provisional ARR of FY 2016- 17 and allow the recovery of this gap through the Tariff of FY 2018-19.
4. To allow the recovery of impact of APTEL Judgment in Appeal No. 201 of 2016 dated 7th September, 2017, determined vide consequential orders in the matter dated 6th October, 2017 and 25th October, 2017.
5. To approve Transmission Tariff for FY 2018-19.
6. To approve short-term transaction charges on per kWh basis for all types of short-term transactions including bilateral transactions.
7. To approve Reactive energy charges for solar energy projects.
8. To grant any other relief as the Commission may consider appropriate.
9. To allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
10. 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 Commission's view

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

In response to the public notice inviting objections/ suggestions from the stakeholders on the petition filed by GETCO for True up of FY 2016-17 and Determination of Tariff for FY 2018-19, number of Stakeholders filed their objections/ suggestions in writing. Some of these Stakeholders participated in the public hearings.

The Commission has considered the objections/ suggestions, the issues presented before the Commission and the response of GETCO on the same.

The submissions made by the objectors, response of the Petitioner and the views of the Commission are dealt with hereunder:

3.2 Issue wise submissions and replies

Issue 1: Filing of Tariff Petitions

The Commission has considered the Multi-Year Tariff of energy cost in the previous petition for the years 2016-2021 and hence, the revision of tariff for the year 2018-19 demanded by the Petitioner due to variation in fuel cost may cause for to review of energy tariff. It has become routine practice for the Petitioner to file petition every year keeping existing tariff fixed at maximum fuel cost and not passing variation in fuel cost to the consumers.

GETCO has demanded to review the tariff by considering transmission cost to adjust the financial gap but the same can be adjusted by reviewing transmission costs as well as reviewing the estimated cost of the projects.

Reply of GETCO

GETCO has filed the tariff petition no. 1962 of 2017 within the framework/ guidelines of the GERC (MYT) Regulations, 2016. Petition is based on the legitimate claims and eligibility of GETCO. Respondent has submitted to adjust the financial gap by reducing the transmission losses and reviewing the project estimated cost. However, it is to clarify that transmission losses are uncontrollable technical losses and GETCO makes all possible efforts to maintain its transmission losses below 4%. It is also to mention that GETCO periodically reviews its project estimated cost by revising its Standards of Rates (SoR) and considering Last Purchase Price (LPP) for estimating project cost. Such revisions will reflect the realistic and reasonable project cost estimate. Moreover, GETCO has filed the tariff petition as per the GERC (MYT) Regulations, 2016 wherein approved expenses are compared with normative/ actual expenses and the gains/ losses derived between controllable/ uncontrollable factors are passed on to the consumers through tariff as revenue gap/ surplus.

Commission's view

Objection raised by the Objector and response of the Petitioner have been noted. The Objector suggests to reduce transmission project costs or transmission loss. While appreciating suggestion, the Commission observed that Transmission Losses of GETCO are quite low. Moreover, Transmission Losses for a particular year largely depend upon the quantum and direction of energy flow from generation point to load point. Regarding project cost, the Commission is of the view that the ARR elements like RoE, Depreciation, Interest Charges etc. are allowed based on actual capitalization for the year. Variation in actual Capex vis-à-vis approved Capex is justified by the Petitioner and the same is noted by the Commission while allowing capitalization in the present order. It is observed that variation in Capex is mainly due to the factors not within the control of the Petitioner.

Issue 2: Non-tariff Income

The word 'other income' is used by the Petitioner instead of 'non-tariff income' and thus most of the income covered under the non-tariff income under Regulation 69 of the GERC (MYT) Regulations, 2016 are dropped and this income is commensurate to current assets. This non consideration/ partial consideration of current assets in true up proposal results in fictitious gap. It is also submitted that 10% of Consumer Contribution/ Government Grants and Subsidies and corresponding annual depreciation should be taken as income in profit and loss in Annual Financial Report as per the guidelines of the Institute of Chartered Accountants of India but not being followed in proposals for true up of FY 2016-17 using the word 'etc.' at the end of Regulation 69.2 (n) in the GERC (MYT) Regulations, 2016.

Reply of GETCO

The terminology “Other Income” is used so as to make it appropriate and uniform with Annual Statement of Accounts of GETCO. It is clarified that both other income and non-tariff income is one and the same and GETCO claims Other Income as non-tariff income as per the provisions of Regulation 69 of the GERC (MYT) Regulations, 2016.

It is also clarified that GETCO receives Government Grants/ Subsidies and Consumer Contribution towards cost of capital assets and offers @ 5.28% of the total Government Grants/ Subsidies and Consumer Contributions as deferred income during the year and not 10% of Government Grants/ Subsidies and Consumer Contribution as stated by the respondent.

Commission’s view

The Commission has noted the objection raised and clarification provided. The Commission has considered non-tariff income in accordance with Regulation 69 of the GERC (MYT) Regulations, 2016 based on the figures of Audited Annual Accounts. GETCO has considered deferred income from the Government Grants and Consumer Contribution as other income equivalent to the rate at which depreciation amount is claimed on the assets created out of such Grants and Contribution. The practice followed by GETCO is in line with Accounting Standards. Further, it is to state that deferred income of Rs. 135.83 Crore is considered as other income as shown in Table 4.34 of this order.

Issue 3: Petition not as per the GERC (MYT) Regulations, 2016

GETCO is acting in contravention to the GERC (MYT) Regulations, 2016 and is liable for action under Section 142 of the Electricity Act, 2003 and Regulation 64 of the GERC (Conduct of Business) Regulations, 2004.

Reply of GETCO

The tariff petition no. 1962 of 2017 is filed within the framework/ guidelines of the GERC (MYT) Regulations, 2016. General statement made by the Respondent that GETCO is acting in contravention to Hon’ble Commission’s regulations is not acceptable.

Commission's view

The Commission has noted the objection and clarification provided. The Commission has analysed the petition filed by GETCO and carried out true up and tariff determination exercise after prudence check of the submissions of GETCO in accordance with the GERC (MYT) Regulations, 2016.

Issue 4: Separate approval of transmission charges, wheeling charges, parallel operation charges and other charges recovery of the same to be shown in petition.

GETCO is not showing transmission charges and other charges such as wheeling charges and parallel operation charges separately. Further, confusion is created by approving charges payable to GETCO such as transmission tariff in tariff order of GETCO and wheeling charges in tariff order of Discom and no order on parallel operation charges, receipts from wind power/ solar power consumers etc., leaving GETCO to recover such charges and not to show the same separately.

Reply of GETCO

All the charges recovered are appropriately shown in the tariff petition. Charges such as parallel operation charges (Rs. 28.38 crore) is a part of other income (recovered vide GERC order dated 01.06.2011 in petition No. 256/2003 & 867/2006). Other charges such as reactive energy charges from wind power (recovered vide wind tariff order No. 2 of 2016) and O&M charges for dedicated lines (recovered vide Order No. 3 of 2007) are shown under miscellaneous receipts under the head of other income.

Commission's view

The Commission has noted the Reply of GETCO which is self-explanatory. The Commission has considered the said charges as part of non-tariff income as per Regulation 69.2 of the GERC (MYT) Regulations, 2016 after prudence check.

Issue 5: Mismatch of data of non-tariff income

As per Regulation 69 of the GERC (MYT) Regulations, 2016, GETCO is required to submit details of non-tariff income which is mainly made of current assets of Annual Financial Report. In ARR true up of 2016-17 other income of Rs. 312.52 Crore is shown in Table 1 of petition whereas in Annual Financial Report of 2016-17, it is shown as Rs. 225.66 Crore.

Reply of GETCO

Other Income of Rs. 225.66 Cr as shown in Annual Accounts of FY 2016-17 comprises of other income of SLDC and GETCO. Other Income of Rs. 225.66 Cr includes Rs. 135.83 Cr. (Rs. 52.88 Cr + Rs. 82.95 Cr.) from Income towards Govt. Grants/ Subsidies and Consumer Contribution.

Other Income as non-tariff income of GETCO for regulatory purpose includes Rs. 75 Cr Misc. charges from consumers and Misc. Revenue under the head of Income from other operating activities.

Further, Rs. 4.12 Crore towards interest on staff loans and advances, Rs. 1.36 Crore towards interest on advances to others and Rs. 11.05 Core towards income from scheduling charges of SLDC under the head Miscellaneous Receipts is not considered to determine net value of Non-Tariff Income of GETCO.

Considering above, it is stated that Other Income as non-tariff income of GETCO is Rs. 312.52 Crores. Further detailed explanation in this regard is given at para 3.21 of the petition. To simplify the table is prepared as under:

Sr. No.	Particulars	Amount (Rs. Cr.)
1	Other Income as per Note 34 of Annual Accounts	225.66
2	Interest on Staff loans and advances	4.12
3	Interest on advances to others	1.36
4	Other Miscellaneous Receipts (Income from scheduling charges of SLDC)	11.05
5	Net Other Income (1-2-3-4)	209.13
6	Parallel Operation Charges	28.37
7	Misc. Charges from Consumers	15.23
8	Misc. Revenue	59.78
9	Total Other Income (5+6+7+8)	312.52

All such charges recovered by GETCO are passed on to consumers through other income/ Non-tariff Income by reducing the transmission tariff up to that extent.

Commission's view

The Commission has noted the Reply of GETCO which is self- explanatory. Further, the Commission has not considered Interest on Staff loans as part of Other Income and also excluded Other Income of SLDC and approved the Non-Tariff Income of

GETCO in accordance with Regulation 69 of the GERC (MYT) Regulations, 2016 after prudence check. Item wise break up of Other Income approved by the Commission in truing up of FY 2016-17 is detailed in para 4.11 of this order.

Issue 6: Consideration of deferred income from Government Grants/ Subsidies and Consumer Contribution as part of Other Income

In case of Consumer Contributions and depreciation reserve, 10% amount is transferred to profit and loss account as per regular accounting procedure. This amount of Rs. 52.8795 Crore as per Consumer Contribution plus Rs. 82.9524 Crore Government Grants (Note 20 of AFR) shown as part of Other Income in ARR making violation of Regulation 69.2 (k) of the GERC (MYT) Regulations, 2016.

Reply of GETCO

There is no violation of Regulation 69 of the GERC (MYT) Regulation 2016, where it is stated that Deferred Income from Grant, Subsidy, etc. as per Annual Accounts is to be considered as non-tariff income of GETCO. The same is considered from Note 32 of the annual statement of accounts where income towards Govt. Grants/ Subsidies and Consumer Contribution of Rs. 135.83 Crore has been considered as other income/ Non-tariff Income of GETCO in tariff petition.

Further, the Govt. Grants/ Subsidies and Consumer Contribution are deducted from gross capitalisation to determine the value of net capitalisation for calculating normative debt (70 %)and normative equity (30 %).

Commission's view

The Commission noted the Reply of GETCO which is self-explanatory. It is to mention that such Non-Tariff Income is deducted from ARR to reduce the transmission tariff to that extent.

Issue 7: Non transferring 10% depreciation in profit and loss statement as income

In the Profit and Loss Statement of Annual Financial Statement, depreciation is taken as Rs. 951.34 Crore while in ARR True up of FY 2016-17, it is taken as Rs. 949.49 Crore and in Note 2 of Annual Financial Report of FY 2016-17, this figure is Rs. 951.98 Crore and 10% of depreciation amount of Rs. 95.134 Crore is not transferred to ARR as income. Therefore, sum of Rs. 456.63 Crore (225.67+52.88+82.95+95.13) should be taken in total as non-tariff income in all formats of ARR in place of Other Income

Reply of GETCO

It has claimed depreciation of Rs. 949.49 Cr after subtracting SLDC depreciation of Rs. 2.49 Cr from the total depreciation of Rs. 951.99 Cr as per Financial Statement of GETCO for FY 2016-17. Further to clarify that Rs. 951.98 Cr. is the value of Depreciation Reserve Fund. The treatment of deferred income, calculation of depreciation is as per the Accounting Standard (IndAS) and the GERC (MYT) Regulation, 2016. There is no violation of Regulation 69 of the GERC (MYT) Regulation 2016, where it is stated that Deferred Income from Grant, Subsidy, etc. as per Annual Accounts is to be considered as non-tariff income of GETCO. The same is considered from Note 32 of the annual statement of accounts where income towards Govt. Grants/ Subsidies and Consumer Contribution of Rs. 135.83 Crore has been considered as other income/ Non-tariff Income of GETCO in tariff petition.

Commission’s view

The Commission has noted the Reply of GETCO which is self-explanatory. It is also to state that Rs. 225.67 Crore as shown in Note 32 of the Annual Accounts for FY 2016-17 is inclusive of Income towards Government Grants/ Subsidies and Consumer Contribution towards Cost of Capital Assets (Deferred amount). Also, depreciation of Rs. 951.34 Crore as shown in P & L statement of Annual Accounts of FY 2016-17 is inclusive of depreciation of Rs. 2.49 Crore of SLDC and accordingly the same has been negated as narrated in para 4.4 of this order. Treatment of consideration of depreciation of P & L statement in ARR has been explained in detail in para 4.4 of Tariff Order dated 31.03.2017in compliance with order dated 21.07.2016 of Hon’ble APTEL.

Issue 8: Consideration of Government Grants/ Consumer Contribution and Subsidies as equity

In the Tariff Order of FY 2016-17, GETCO has said and the Commission also agreed that Government Grants/ Consumer Contribution and Subsidies are part of equity. This aspect is in violation to Regulation 69.2 (k) of the GERC (MYT) Regulations, 2016, Institute of Chartered Accountants of India guidelines and Regulation 21.3 of the GERC (MYT) Regulations, 2016.

Reply of GETCO

Govt. Grants/ Subsidies and Consumer Contribution are deducted from gross capitalisation to determine the value of net capitalisation for calculating normative debt (70 %)and normative equity (30 %).

Commission's view

The statement made by the Objector regarding the Commission agreeing to consider the Government Grants/ Consumers Contribution/ Subsidies as part of equity is far from truth. The Commission approves normative equity at 30% of Balance Capitalization approved after deducting Government Grants/ Consumer Contribution/ Subsidies from actual capitalization approved during the year as narrated in para 4.3 of this order.

Issue 9: Contingency Fund and Retained Earnings not reflected in ARR.

Contingency fund of Rs. 120.48 Crore as shown in Note 19.1 of Annual Financial Report is considered as other equity and not reflected in ARR and retained earnings of Rs. 1576.51 Crore is not part of ARR.

Reply of GETCO

Note. 19.1 of the Annual Statement of Accounts states that retained earnings of Rs. 1576.71 Cr and Contingency Reserve Fund of Rs. 120.48 Cr. are shown as other equity in Balance Sheet from accounting perspective/ presentation. The Commission allows normative equity (30 % of net capitalization) during the year for RoE calculations. Considering other equity from balance sheet (accounting perspective/ presentation) figures as a part of equity from regulatory perspective is not valid.

Commission's view

As such 'Contingency Fund' and 'Retained Earning' are not part of ARR, but Transfer/ Contribution to Contingency Fund and Return on Equity are part of ARR in accordance with the GERC (MYT) Regulations, 2016. The Commission has allowed RoE on actual equity addition during FY 2016-17 as per the GERC (MYT) Regulations, 2016 as narrated in para 4.7 of this order.

Issue 10: Mismatch of data of Annual Accounts and data submitted in the petition

The Objector has tried pointing out following mismatch of data of Annual Report for FY 2016-17 and data submitted in the petition;

- ARR for FY 2016-17 approved by the Commission is Rs. 3057.64 Crore (3389.01-331.37). The actual non-tariff income is Rs. 456.63 Crore and hence ARR to be approved is Rs. 2932.38 Crore (3389.01-456.63).
- As per the Annual Financial Report of FY 2016-17 other equity includes retained earnings of Rs. 1576.72 Crore, contingency reserve of Rs. 120.48 Crore. As per P & L statement, profit is of Rs. 284.79 Crore, profit after tax is accounted as Rs. 106.55 Crore, in the name of taxes, the profit is reduced to Rs. 81.41 Crore which is not shown in ARR and kept on hand as proposed tax.
- Even though such large sum of money is available, the credit is not given to the amount on which finance cost is calculated.
- The finance cost as per Note 34 of Annual Financial Report for FY 2016-17 is Rs. 640.26 Crore and ARR as per table 1 is Rs. 620.49 Crore. This amount may be reduced on proportionate basis by giving credit of retained earnings and contingency reserve amount.
- This sum in ARR is further required to be reduced by removal of Rs. 63.35 Crore by paying part of security deposit by Discoms to GETCO and Others.

Reply of GETCO

The financial statement is prepared as per the requirements of Companies Act, 2013 and Accounting Standards (Ind AS). As per the financial statement, GETCO has a net profit of Rs. 81.41 Cr which is the actual profit for FY 2016-17. Retained earnings of Rs. 1576.71 Cr and contingency reserve fund of Rs.120.48 Cr shown as other equity in balance sheet from accounting perspective. Finance cost as per Note 34 is Rs. 640.26 Cr which is a statement of facts. Further, actual other income claimed by GETCO is Rs. 312.52 Cr against Rs. 331.37 Cr approved for FY 2016-17 instead of Rs. 456.63 Cr as stated by the Respondent. The tariff determination process as per the guidelines of the GERC (MYT) Regulations,2016 is undertaken by the Commission, wherein approved expenses are compared with normative/ actual expenses and the Gains/ losses derived between controllable / uncontrollable factors are passed on to consumer through tariff as revenue gap/ surplus. In the tariff determination process, normative equity (30 %) and normative debt (70 %) of net capitalization is considered for RoE and Interest and finance charges. Respondent's contentions of comparing and crediting profit shown in statement of profit and loss, other equity from balance sheet, finance cost from annual statement of account of FY 2016-17 is not valid.

Commission's view

The Commission has noted the Reply of GETCO which is self- explanatory. As narrated in above objections, Other Income as depicted in Note 32 of Annual Accounts of FY 2016-17 is inclusive of Income towards Government Grants/Consumer Contribution/Subsidies while the Objector has again added the same in the non-tariff income and thus there has been double addition of same amount. Also, as narrated above, as per Regulation 68.3 of the GERC (MYT) Regulations, 2016, the Transmission Licensee may make an appropriation to the Contingency Reserve of a sum not exceeding 0.5% of the original cost of fixed assets at the beginning of the year, for each year, which shall be allowed in the calculation of aggregate revenue requirement. Also, as per Regulation 68.3.2 of the GERC (MYT) Regulations, 2016, Contingency reserve fund is created to draw upon during the term of the licence except to meet charges as may be approved by the Commission as being (a) Expenses or loss of profits arising out of accidents, natural calamities or circumstances which the management could not have prevented (b) Expenses on replacement or removal of plant or works other than expenses required for normal maintenance or renewal and (c) Compensation payable under any law for the time being in force and for which no other provision is made. Therefore, Contingency Reserve cannot be passed on as a credit for calculation of finance cost. However, interest earned on investment from such contingency reserve fund is considered as part of non-tariff income and thus passed on to the consumers by reduction of ARR for calculation of transmission tariff.

For the issue raised about reduction of ARR by Rs. 63.35 Crore by paying part of security deposit by Discoms to GETCO and others, it is to state that security deposit by Discoms is being collected from the consumers in accordance with the GERC (Security Deposit) Regulations, 2005 to safeguard Discoms from non-payment of electricity bills by the consumers and GETCO being transmission licensee has nothing to do with such security deposit being collected by Discoms from their consumers.

Issue 11: Proportionate sharing of security deposit collected by Discoms and usage of such security deposit as working capital

All the transactions of subsidiaries are maintained and routed through GUVNL. If the approximate distribution of security deposit is made as below then there will be no working capital requirement;

Security deposit distribution by Discom among	App. Percentage
GSECL	41.00
SLDC	1.00
Transmission	6.00
GUVNL	2.00
Discoms	50.00

At present the real controller of finances is GUVNL who is earning from its subsidiaries, carries out business and does not pay for any transmission losses and transmission charges. If such charges are recovered from GUVNL, in place of proposed hike in FY 2018-19 ARR in transmission charges, the proposed tariff will be halved.

Reply of GETCO

The Commission approves the interest on working capital as per the provisions of the GERC (MYT) Regulation, 2016, wherein detailed methodology along with components of working capital are specified.

As per the above methodology, the working capital interest is calculated and claimed in tariff petition to finance the working capital requirement. Linking of transactions of GUVNL, Discoms & GETCO is not valid.

Commission's view

The Commission has noted the Reply of GETCO which is self-explanatory. Security Deposit is being taken from the consumers by the Discoms in accordance with the GERC (Security Deposit) Regulations, 2005 to safeguard Discoms from non-payment of electricity bills by the consumers. Therefore, sharing of such security deposit amongst GUVNL and its subsidiaries is not valid. The Commission approves the Interest on Working Capital as per Regulation 40 of the GERC (MYT) Regulations, 2016

Further, GUVNL being a Holding Company of GSECL, GETCO and four State Owned DISCOMs, is responsible for purchase of electricity from various sources and supply to the four State Owned DISCOMs. The power purchase cost of 4 DISCOMs from GUVNL includes the transmission charge and losses of GETCO.

Issue 12: Non consideration of Wheeling charges and Parallel Operation, SLDC Charges

Wheeling charges and parallel operation charges are not mentioned. Further, SLDC Charges are received as income as shown in Note 24 of the Annual Financial Report and in the Profit and Loss Statement, the net income is reduced from Rs. 106 Crore to Rs. 81 Crore in name of reworking several entries and taxes which is evident from Note 68 B of Annual Financial Report which shows that;

Transfer entries	**Transfer entries**	**By GETCO to**	**Total**
Note 68 B	Note 68 B		
Rs. Crore	Rs. Crore		
2272.32		GUVNL	
	17.89	Discoms	
	12.56	SLDC	
45.44		Reb. To GUVNL	
	2.38	Reb. To UGVCL	
	0.51	GSECL	
6.015		GUVNL	
0.552		GUVNL	
0.632		GUVNL	
5.481		GUVNL	
0.244		GUVNL	
4.354		GUVNL	
	2.711	MGVCL	
0.028		GUVNL	
	0.409	GSECL	
	0.001	GSECL	
	1.106	Others	
2335.066	37.567		2372.633

The Balance as on 31.03.2017 of Rs. 1364.36 Crore payable, is not shown anywhere or references are not found in Annual Financial Report or ARR True up of FY 2016-17.

Reply of GETCO

Parallel Operation Charges of Rs. 28.28 Crore received is mentioned in other income section of the petition. SLDC Charges of Rs. 21.78 Crore is part of SLDC ARR. It is further submitted that as per the requirement of new accounting standards (Ind AS), the financial statement of FY 2016-17 is prepared and as per the requirement of Ind As, other comprehensive income (OCI) remeasurement of transactions related to the fair value is to be shown separately in Statement of Profit & Loss. Accordingly, GETCO has shown the same separately in Statement of Profit & Loss for the period ended in 31st March, 2017. Further, as per the requirement of Ind AS, the company is required to state all the sales/ purchase/ other transactions done between the related parties. Accordingly, GETCO has shown all the related party transactions in Note 68 B. As on 31.03.2017, there is net payable amount of Rs. 1364.36 Crore towards GUVNL.

Commission's view

The Commission has noted the Reply of GETCO which is self- explanatory. Parallel operation charges are part of other income which is passed on to the consumers by deducting the non-tariff income from ARR and thus, reducing the transmission tariff to that extent. Wheeling charges are being levied by the Distribution Utilities from the Open Access consumers for usage of distribution system which are determined by the Commission in tariff orders of respective Discoms. SLDC Charges are levied by SLDC from Generating Companies, Licensees and MTOA beneficiaries and is considered as income of SLDC and accordingly SLDC Charges as shown in Note 31 of Annual Accounts for FY 2016-17 is not considered in truing up of FY 2016-17 of GETCO. Amount of Rs. 1364.36 Crore payable to GUVNL is a balance sheet item and cannot be considered in ARR.

Issue 13: Non submission of wheeling charges, open access charges, units transmitted, and other income

Few information such as bifurcation statement of MW days transmitted, number of units transmitted, wheeling charges received, open access charges, reactive energy charges recovered from wind power, solar power, captive power etc. is not provided and other charges income in true up ARR is Rs. 331.37 Crore whereas in Annual Financial Report it is shown as Rs. 225.66 Crore.

Reply of GETCO

MW days transmitted is 365 days a year while number of units transmitted is as under;

Month	As per SLDC Energy Accounting			As per GETCO Methodology		
	Energy Injected	Energy Supplied	Loss	Energy Injected	Energy Supplied	Loss
Apr-16	7857.02	7535.76	321.26	7914.26	7593.00	321.26
May-16	8197.83	7854.90	342.93	8220.35	7877.42	342.93
Jun-16	7874.49	7488.81	385.68	7902.54	7516.86	385.68
July-16	7040.82	6736.40	304.42	7060.65	6756.23	304.42
Aug-16	6577.08	6321.57	255.50	6690.12	6434.62	255.50
Sep-16	7783.24	7498.10	285.14	7832.21	7547.07	285.14
Oct-16	7257.47	7005.69	251.78	7432.95	7181.17	251.78
Nov-16	6959.76	6714.97	244.79	7087.12	6842.33	244.79
Dec-16	7447.28	7186.74	260.55	7487.74	7227.19	260.55
Jan-17	7451.18	7180.66	270.51	7537.02	7266.51	270.51
Feb-17	7039.12	6781.30	257.82	7097.72	6839.90	257.82
Mar-17	8146.34	7845.49	300.85	8185.13	7884.28	300.85
Overall	89631.64	86150.39	3481.24	90447.82	86966.57	3481.24

Further, it is stated that GETCO recovers transmission charges from its transmission beneficiaries. Other Income is already dealt with earlier issue and charges from open access beneficiaries, wind and solar power billing is a part of transmission charges.

Commission's view

The Commission has noted Reply of GETCO. It is also to mention that transmission system of GETCO is being used 365 days a year by its beneficiaries and therefore there is no need to separately provide MW days transmitted. Further, information on number of units transmitted during the year is also available on SLDC's website as part of Energy Accounting which is verified and accordingly, transmission loss has been considered to work out energy requirement and gain/loss in case of Discoms. The issue about non-tariff income has been dealt with in detail in issue no. 5, however it is to mention again that the Commission approves non-tariff income as per Regulation 69 of the GERC (MYT) Regulations, 2016. Transmission charge determined by the Commission is shared amongst beneficiaries in accordance with Regulation 72 of the GERC (MYT) Regulations, 2016.

Issue 14. Non consideration of Government Grants/ Consumer Contribution/ Subsidies in accordance with guidelines of Institute of Chartered Accountants of India

The Objector stated that 10% of the Consumer Contribution and reserve and surplus and Government Grants / Subsidies and depreciation is transferred as profit which is not in accordance with guidelines of the Institute of Chartered Accountants of India.

The guidelines provided in Chapter 7 of the ICAI Guidelines Ch. 2.2.5 is furnished which reads as;

- Amount received from consumer towards capital/service line contribution is accounted as liability and subsequently recognized as income over life of asset.
- Amount received from consumer towards capital/service line contribution is accounted as reserve as the amount is not refundable and reported under the head reserve and surplus without transferring any proportional amount to life of asset.
- Amount received from consumer towards capital/ service line contribution is accounted as capital reserve as the amount is not refundable and subsequently proportionate amount is transferred to income statement during the expected life of asset.
- To match against depreciation on total cost of such asset reported under the head reserve and surplus without transferring any proportional amount to life of asset.
- Amount received from consumer towards capital/service line contribution is accounted as reduction in the cost of non-current asset and depreciation may be provided on such cost.
- Note on capital service line contributions:

  - Balance of capital/service line contribution at the end of accounting period shall be disclosed as capital reserve under reserves and surplus as in substance it is not redeemable to consumers.

  - Note to the Service line contribution under profit loss account:
    Balance of capital/service line contribution a/c at the end of accounting period shall be disclosed as capital reserve under reserves and surplus wherein this transfer is shown as deduction. The amount transferred matches proportionally against depreciation charged on total cost of such asset in the statement of profit and loss.

It is stated that similar principle is required to be followed for Government Grants and Subsidies and Accounting errors are required to be rectified and ARR is required to be corrected and reduced as per provisions of Regulation 21.3 of the GERC (MYT) Regulations.

Reply of GETCO

Government Grants/ Subsidies and Consumer Contribution are received towards cost of capital assets and @ 5.28% on total Government Grants/ Subsidies and Consumer Contribution is offered as deferred income during the year and not 10% of Government Grants/ Subsidies and Consumer Contributions. GETCO has calculated deferred income @ 5.28% of the total Government Grants/ Subsidies and Consumer Contributions in line with the requirements of new Accounting Standards (Ind AS).

Commission's view

The Commission has noted the Reply of GETCO. It is to state that the issue of treatment of Government Grants/ Consumer Contribution/ Subsidies has already been dealt with in issue no. 2 and accordingly non-tariff income has been approved in accordance with Regulation 69 of the GERC (MYT) Regulations, 2016.

Issue 15: Non-progress of transmission projects

The Objector stated that the petition/ proposal submitted should be in compliance/ accordance with the provisions of the Electricity Act, 2003 and the National Electricity Policy (NEP) and the notifications in this regard. However, looking to the progress of the expansion of the network with huge capital expenditure and more particularly the actions like not creating required network to control loading of elements within specified design capacity, it seems that this prime function to create needed network capacity is neglected.

Reply of GETCO

GETCO submitted that it is a statement of facts and general observation of the Respondent.

Commission's view

The Commission has noted the objection of the Objector and also observed that there has been deviation in CAPEX across schemes. GETCO has capital work in progress of Rs. 4047.378 Crore as on March 2017. However, comments were sought as additional details for deviation in Capex across schemes and it is submitted that there are a number of constraints & external interferences in the project cycle like land acquisition issue, contractor issue, Right of Way issue, delay in statutory clearances, change in economic factors, etc. which hamper the project planning & execution. The

Commission agrees with the response of GETCO and has accordingly approved capitalization for truing up of FY 2016-17, after prudence check.

Issue 16: Recovery of Short Term Open Access Charges

The Objector stated that the Commission in the Order dated 31st March, 2017 indicated recovery of charges for Collective Transactions in terms of Rs./kWh whereas similar treatment for Bilateral Transactions cannot be considered as Bilateral Transactions are taking place for full period with greater commitment as against Collective Transactions dependent on discovery of Market Clearance Price in Power Exchanges.

Reply of GETCO

GETCO has proposed to allow recovery of transmission charges on per kWh basis for all types of short-term transactions irrespective of whether short-term transaction is done through power exchange or under bilateral arrangement. The request of GETCO is to make the recovery of short-term transaction charges in line with the CERC Regulations for sharing of inter-state transmission charges and losses Regulations 2010 and its amendments.

Commission's view

The Commission has noted the objection of the Objector and reply of the Petitioner. The Commission has approved transmission charges for Short-Term Open Access charges as per Regulation 72 of the GERC (MYT) Regulations, 2016.

Issue 17: Less growth of Transformation Capacity

The capacity addition of 9715 MVA during FY 2016-17 is substantially less than 11431 MVA during FY 2015-16.

Reply of GETCO

GETCO has undertaken rapid augmentation of transmission network to cater to the power requirement across the State. GETCO has added transmission capacity in the range of around 10% from last five years. Transmission capacity added is as per the system requirement. Addition and growth of transformation capacity is as under;

Comparison of Capacity Addition (MVA) of GETCO			
Particulars	**Addition**	**Total**	**Growth (%)**
Total Capacity as on March 2013	5,977	62,569	10.56
Total Capacity as on March 2014	6,161	68,730	9.85
Total Capacity as on March 2015	11,383	80,113	16.56
Total Capacity as on March 2016	11,431	91,544	14.27
Total Capacity as on March 2017	9,715	1,01,259	10.61

Commission's view

The Commission has noted the objection of the Objector and the justification provided by the Petitioner regarding growth in transformation capacity. The Commission also understands the issues being faced by GETCO in laying the transmission network such as land acquisition issue, contractor issue, Right of Way issue, delay in statutory clearances, change in economic factors, etc. However, the Commission is of the view that transmission planning shall be carried out in accordance with the Manual of CEA on Transmission Planning Criteria and system studies shall be carried out well in advance to avoid any delays. The issues causing delays in completion of transmission projects have been faced by GETCO since long, which in turn, should help GETCO in proper planning with adequate provision for such eventualities.

Issue 18: Capital Expenditure during 2016-17

Against the approved CAPEX of Rs. 632 Crore, GETCO has incurred Rs. 337.57 Crore for 400 kV lines resulting in to delays in commissioning of 400 kV lines thereby sacrificing the system security, increase in losses and adding cost towards interest during construction. Further, against the capital cost approved for 66 kV Sub-stations of Rs. 372 Crore, GETCO has incurred Rs. 509.86 Crore and for lines against Rs. 190 Crore approval, actual expenditure is Rs. 272.32 Crore. On account of this a number of 66 kV Sub-stations and lines commissioned which may not have been approved, the Commission is requested to look into it and suitable actions may be taken.

Reply of GETCO

Deviation from approved capital expenditure in 400 KV line category was due to severe constraints of Right of Way (RoW) and contractual issue. Several 400 KV lines such as 400 KV D/C Vadavi - Halvad line, 400 KV D/C Varsana - Halvad line, 400 KV D/C Wanakbori TPS – Soja, 400 KV S/C Adani - Hadala line LILO at Halvad and 400

KV D/C Kasor - Amreli line under execution were not progressing as planned due to such constraints.

Respondent has to consider the ground realities pertaining to RoW, public/ farmers protest and long delay in statutory clearance. On account of stated reasons, there is short fall of capex from Rs. 632 Crore to Rs. 338 Crore in 400 KV Lines.

Further, the transmission network expansion in 66 KV network is very dynamic and GETCO/ DISCOMs have noted vast changes in power supply system which has become reliable. One should note that 66 KV system is the backbone of Gujarat network and its development has led to full utilization of upstream 400 KV & 220 KV network and simultaneously resulted in reduction of transmission losses.

The Capex of Rs. 510 Crore in 66 KV Sub-station and Rs. 272 Crore in 66 KV line is commensurate with the actual physical work of 98 Nos. of 66 KV Sub-stations and 1264 Ckt Km of 66 KV lines executed against 96 Nos. of Sub-stations and 1177 Ckt Km of transmission lines projected in MYT for the period of FY 2016-17 to FY 2020-21. This quantum of work is done as per the need and strengthening of downstream network, which is in fact more important to reach the consumer and industries as long as the upstream network is strong.

Increase in Capex from Rs. 372 Cr to Rs. 510 Crore in 66 KV Sub-station is due to high land cost, spill over cost & cost of the sub-stations due to advance action. Increase in Capex from Rs. 190 Cr to Rs. 272 Crore in 66 KV line is due to cost of spill over works in transmission lines.

Commission’s view

The Commission has noted the objection raised by the Objector and justification provided by Petitioner regarding deviation in CAPEX across voltage class. Similar objection has been dealt with in past Tariff Orders and accordingly, directives have also been issued to the Petitioner to adhere to the approved CAPEX across voltage class. Further, it has been observed that GETCO has been furnishing same reasons for delay in transmission projects and deviation in Capex across voltage- class. The Commission is of the view that GETCO should adhere to the approved CAPEX and should plan ahead considering the said issues being faced in laying down transmission network and also should adhere to the CEA Manual on Transmission Planning Criteria and should plan transmission network for future based on the system studies.

Issue 19: Interest on Working Capital for FY 2016-17

Interest on Working Capital is considered at the rate of 11.79% which is higher as compared to reducing interest rates in the market. The Commission is requested to look into and suitable actions may be taken.

Reply of GETCO

GETCO has claimed interest on working capital as per the GERC (MYT) Regulations, 2016, where weighted average of SBI Base Rate for FY 2016-17 plus 250 basis points i.e. 11.79% is considered.

Commission's view

The Commission has noted the objection of Objector and reply of the Petitioner about interest rate on Working Capital. The Commission, based on Regulation 40.5 of the GERC (MYT)(First Amendment) Regulations, 2016, has considered weighted average MCLR for FY 2016-17 plus 250 basis points and has, accordingly, approved the Interest on Working Capital at 11.31%.

Issue 20: Transmission Tariff

The Transmission Tariff is proposed for substantial increase from Rs. 3821 per MW/Day to Rs. 4274.79 per MW/Day i.e. increase of about 10%. Number of Sub-stations and lines are operating beyond their designed capacity but strengthening projects are not completed on time and more emphasis is given to new Sub-stations only for 66 kV system.

Reply of GETCO

The rise in transmission tariff of GETCO is legitimate. As stated in petition, during FY 2016-17, existing capacity of GETCO i.e. 101259 MVA is also increased by 10.61% from last year (91544 MVA). Actual transmission losses of GETCO (i.e. 3.85%) are also within limits. GETCO maintained the transmission availability of 99.40% in FY 2016-17, which is higher than the target set by the Commission i.e. 98%. Considering above performance & technical parameters, rise in transmission tariff as asked by GETCO is valid and legitimate as the same is worked out as per the GERC (MYT) Regulations.

Further, the major reason for increase in transmission tariff is due to the consideration of under recovery of Rs. 286 Cr in line with the difference in provisional & final ARR of FY 2016-17. GETCO has recovered the provisional ARR for FY 2016-17 approved vide Order dated 31st March, 2016 in Petition No. 1545 of 2016 (which was same as the ARR of FY 2015-16 approved by the Commission). Subsequently, the Commission approved the final ARR for GETCO for FY 2016-17 vide Order dated 31st March, 2017 in Petition No. 1620 of 2016. Due to this, there is a shortfall in the recovery of approved ARR for FY 2016-17 which is computed and sought to be recovered through revised ARR for FY 2018-19.

Commission's view

The Commission has noted the objection of the Objector and the justification provided by the Petitioner regarding substantial increase in transmission tariff during FY 2016-17 compared to FY 2015-16. The Commission also noted the objection raised by the Objector about the number of Sub-stations and lines operating beyond their designed capacity. Similar objection was also raised during truing up of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for MYT Control Period of FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18 and the Petitioner was directed that transmission planning be done considering the CEA Transmission Planning Criteria and the overloading of transmission elements to be avoided looking to overall safety of the network. The Commission is again of the same view and accordingly insists upon the Petitioner to adhere to the CEA Transmission Planning Criteria and avoid overloading of transmission elements and directs GETCO to submit quarterly report on the average as well as peak loading of various 220 kV, 132 kV and 66 kV Sub-stations in the Gujarat system.

Further, it is apt to mention here that as submitted by the Petitioner, Rs. 286 Crore of under recovery is due to GETCO having recovered ARR for FY 2016-17 based on the provisional ARR approved vide tariff order dated 31st March, 2016 while the final ARR for FY 2016-17 was approved by the Commission vide tariff order dated 31st March, 2017. Higher transmission tariff for FY 2018-19 is due to such under recovery of FY 2016-17 as stated above.

Issue 21: Transmission Planning

Number of lines and Sub-stations are not commissioned within time resulting in to sacrificing the system security, increase in losses and adding cost towards interest during construction. The Commission may consider proper monitoring mechanism through agency to be appointed by the GERC. It is further stated that a number of Sub-stations and lines are planned to strengthen the transmission network but commissioning is getting delayed abnormally, in general. 220 kV Asoj-Jambuva and Kosamba-Vav and Ukai-Mota lines are operating beyond their designed capacity for more than 5 years and hence the Commission is requested to direct GETCO for immediate necessary action and monitoring of the work. As per the Commission's directive, Average and Peak loading of various Sub-stations are submitted in Annexure B-1 without installed capacity and hence it is not possible to comment on under loading/ overloading.

Reply of GETCO

GETCO submitted that it is taking all the necessary steps to complete & put to use the transmission elements but the Respondent has to consider the ground realities pertaining to RoW, public/ farmers protest, contractual issues and long delay in statutory clearances. These issues are beyond the control of GETCO and GETCO is taking all possible actions to overcome such issues.

Respondent has pointed out that the operation of some element beyond designed capacity. It is to clarify that loading in transmission element depends on many factors like local generation planned historically but changed later, seasonal variation and outage. GETCO monitors & controls the loading of transmission elements through load balancing while respecting the merit order. The reason for loading of transmission element up to its full capacity is mainly in Southern region wherein local generation is inoperative due to high cost of fuel.

GETCO is complying the directives of the Commission and submitting the average & peak load of various sub-stations.

Commission's view

The Commission has noted the objection of the Objector and the justification provided by the Petitioner regarding deviation in Capex and overloading of transmission elements. However, as stated above, the Commission is of the view that GETCO should plan transmission network considering the CEA Transmission Planning Criteria and should adhere to approved Capex. GETCO has been submitting average and maximum loading of 220 kV, 132 kV and 66 kV Sub-stations in accordance with directive of the Commission but from now onwards GETCO shall also submit the installed capacity of all the Sub-stations. Further, GETCO shall also make available the status of transmission elements which are running on overload conditions for more than two times in a calendar month, on quarterly basis to the Commission.

Issue 22: Transmission Charges for Bilateral STOA transactions

GETCO has proposed that the transmission charges for both collective and bilateral short - term open access transactions be levied on per kWh basis. The said proposal of GETCO is squarely contrary to Regulation 72.2 of the GERC (MYT) Regulations, 2016 which provides that the transmission charges for STOA transactions (except collective STOA transactions, which are dealt in Regulation 72.3) shall be payable on a per MW, per day basis. Moreover, as the law settled by the Hon'ble Supreme Court of India in PTC India Limited v. Central Electricity Regulatory Commission and Ors., (2010) 4 SCC 603, the Regulatory Commission is bound by its tariff regulations and any determination of tariff must be in consonance with such tariff regulations (para 56). Therefore, it is submitted that GETCO's proposal to levy transmission charges on bilateral STOA transactions on a per kWh basis ought to be rejected by the Commission and such transactions ought to be billed on a per MW, per day basis, in accordance with the MYT Regulations.

Reply of GETCO

GETCO has proposed to allow recovery of transmission charges on per kWh basis for all types of short-term transactions irrespective of whether short-term transaction is done through power exchange or under bilateral arrangement. The request of GETCO is to make the recovery of short-term transaction charges in line with the CERC Regulations of sharing of inter-state transmission charges and losses Regulations 2010 and its amendments.

Commission's view

The Commission has noted the objection of the Objector and the reply of the Petitioner. The Commission has approved the transmission charges for Short-Term Open Access through power exchanges on Rs./kWh basis based on Regulation 72 of the GERC (MYT) Regulations, 2016.

Issue 23: Capital Investment Plan of GETCO

GETCO has significantly deviated from its Capital Investment Plan, as approved by the Commission which is apparent from table of Capital Investment Plan in the petition. GETCO has provided no justification for such deviation, and has been historically deviating from the Capital Investment Plans approved by the Commission. Such significant deviations from the Capital Investment Plan have had a cascading impact on the approved transmission plan, which may have an adverse impact on the coordination and development of the intra-State transmission system. Such whimsical, unregulated capital expenditure by GETCO effectively results in uncoordinated transmission planning in the state, which is in violation of Section 39 (2) (b) and (c) of the Act. GETCO, being the designated State Transmission Utility of the State, is required under the Act to discharge all functions of planning and coordination relating to the intra-State transmission system, and ensure development of an efficient, co-ordinated and economical system of intra-State transmission system lines for smooth flow of electricity from a generating station to the load centres. Such unplanned capital expenditure by GETCO is not in the interest of the users of the intra-State transmission system, as it not only results in uncoordinated and inadequate development of the intra-State transmission system, but it also results in unreasonable and arbitrary transmission costs being foisted on the users of the intra-State transmission system. For instance, while the capacity addition of 9715 MVA for FY 2016-17 is substantially lesser than the 11431 MVA added during FY 2015-16, the approved ARR for GETCO for FY 2016-17 is significantly higher. Therefore, in the interest of ensuring financial discipline in GETCO, and in the interest of the transmission sector in the State, (i) GETCO be directed to provide adequate justification for such deviations; (ii) Any capital expenditure over and above the approved capital expenditure be allowed to be capitalized only after the Commission is satisfied with the justifications provided by GETCO for such deviations and (iii) Going forward, GETCO be directed to obtain prior approval of the Commission before undertaking any significant deviation from the capital investment plan approved by the Commission and the threshold of such deviation may be set by the Commission, preferably not more than 5%.

Reply of GETCO

To improve transmission network availability and to strengthen the transmission network, GETCO had planned CAPEX of Rs. 2,530 Cr. in MYT Order dated 31.03.2017 and incurred an actual CAPEX of Rs. 2,371 Cr with an overall deviation of

6.28 % (lower than the approved). GETCO has capitalized Rs. 2164 Cr against approved capitalization of Rs. 2024 Cr.

The increase in capital expenditure in 400 KV sub-station category against approved capital expenditure is due to early requirement of 400 KV Sanand Sub-station, spill over works and Feeder Bay cost in the existing sub-station.

The deviation from approved capital expenditure in 400 KV line category was due to severe constraints of Right of Way (RoW) and contractual issue. Several 400 KV lines such as 400 KV D/C Vadavi - Halvad line, 400 KV D/C Varsana - Halvad line, 400 KV D/C Wanakbori TPS – Soja, 400 KV S/C Adani - Hadala line LILO at Halvad and 400 KV D/C Kasor - Amreli line under execution were not progressing as planned due to such constraints.

Respondent ought to consider the ground realities pertaining to RoW, public/ farmers protest and long delay in statutory clearances. On account of stated reasons, there is a short fall of capex from Rs. 632 Crore to Rs. 338 Crore in 400 KV Lines.

Further the transmission network expansion in 66 KV network is very dynamic and GETCO/ DISCOMs have noted vast changes in power supply system which has become reliable. One should note that 66 KV system is the backbone of Gujarat network and its development has led to full utilization of upstream 400 KV & 220 KV network and simultaneously resulted in reduction of transmission losses.

The Capex of Rs. 510 Crore in 66 KV Sub-station and Rs. 272 Crore in 66 KV line is commensurate with actual physical work of 98 Nos. of 66 KV Sub-stations and 1264 Ckt Km of 66 KV lines executed against 96 Nos. of Sub-stations and 1177 Ckt Km of transmission lines projected in MYT for the period of FY 2016-17 to FY 2020-21. This quantum of work is done as per the need and strengthening of downstream network, which is in fact more important to reach the consumer and industries as long as the upstream network is strong. The Respondent should recognize the fact that consumers need not wait for new industrial connection due to this fact.

Increase in Capex from Rs. 372 Cr to Rs. 510 Crore in 66 KV Substation is due to high land cost, spill over cost & cost of the substations of the advance action. Further the increase in Capex from Rs. 190 Cr to Rs. 272 Crore in 66 KV line is due to cost of spill over works in transmission lines.

Considering above, the voltage class-wise accurate planning of capex for year on year is very difficult as there are number of constraints & external interferences in the project cycle like Land acquisition issue, contractor issue, Right of Way issue, delay in statutory clearance, change in economical factors, etc. These factors hamper the project planning & execution and since GETCO is having more than 500 ongoing projects which also make it very much impractical to be accurate for each project. Therefore, while calculating deviation an allowance of ± 10% be allowed. The overall deviation in the capital expenditure is around 6.3 % only.

Commission's view

The Commission has noted the objection raised by the Objector and the justification provided by Petitioner regarding deviation in CAPEX across voltage class. Similar objection has been dealt with in the past Tariff Orders and accordingly, directives have also been issued to the Petitioner to adhere to the approved CAPEX across voltage class. Further, it has been observed that GETCO has been furnishing same reasons for delay in transmission projects and deviation in Capex across voltage- class. The Commission is of the view that GETCO should adhere to the approved CAPEX and should plan ahead considering the said issues being faced in laying down transmission network and also should adhere to the CEA Manual on Transmission Planning Criteria and should plan transmission network for future based on the system studies.

Issue 24: The Commission not fulfilling its responsibilities

The Commission is not fully aware of its responsibility of making consumers proactive and has not prepared a list of stakeholders from those who have participated in the public process during the last tariff proposals and should have invited them to send their suggestions by sending separate letter apart from the general public notice as other ERCs in the country like DERC is doing. It is further stated that the Commission has not appointed any authorised consumers' representatives to respect Section 94 (3) and 86 (3) of the Electricity Act, 2003 like MERC has done and has not made any regulations for it.

Reply of GETCO

The observations are generic in nature and statement of facts.

Commission's view

The Commission has always tried making consumers proactive by inviting comments/ suggestions from the stakeholders before finalizing tariff or any regulations. Further, through various regulations, the Commission has provided ample powers to the consumers to raise the issue in various forums such as Consumer Grievances Redressal Forums, Ombudsman, State Advisory Committee and Electricity Supply Code Review Panel which the Objector is of. Tariff petitions are being placed on Petitioners' websites as well as the Commission's website apart from giving public notice in leading Gujarati and English newspapers to invite suggestions/ objections from the public at large.

Issue 25: Non-maintainability of the petition

The petition is not maintainable as it is totally in violation of preamble and principles enumerated in Sections 61,62,64 and 86 of the Electricity Act, 2003 and MYT Regulations, 2011 and 2016 as Section 61(c) contemplates that the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investment while Section 61(e) contemplates that the generation business is to be conducted on the principles rewarding efficiency in performance; here the transmission business is totally in inverse proportion, the inefficiency, non-availability of transmission facilities is being rewarded which is totally against the preamble and very purpose of Electricity Act, 2003. Further, Section 61(f) contemplates that the tariff will be determined on multi-year tariff principles. Moreover, GETCO has failed to initiate timely action against consumers for recovery of outstanding amount and there is no mention in either Annual Report or in the truing up or in ARR petition about such outstanding amount from such consumers. Also, GETCO is not getting its new investment plans approved by the Commission for creation of new sub-stations with cost benefit analysis.

Reply of GETCO

GETCO develops most of the transmission assets at 66 KV level as per the requirement of Distribution Companies (DISCOM) based on their assessment of load growth. Such transmission network expansion in 66 KV network is very dynamic and GETCO/ DISCOMs have noted vast changes in power supply system which has become reliable. One should note that 66 KV system is the backbone of Gujarat network and its development has led to full utilization of upstream 400 KV & 220 KV network and simultaneously resulted in reduction of transmission losses. Such network development is based on the need and strengthening of downstream network, which is in fact more important to reach the consumer and industries as long as upstream network is strong. Also, GETCO develops transmission network for its long term users and at no point GETCO system is not available for long term users. Other open access such as MTOA/ STOA is granted based on the availability of margin after LTOA. Hence the applicant not getting open access is only on account of such margin not being available. Further, capital expenditure by GETCO for the transmission network development is approved by the Commission in the MYT order duly supported by cost benefit analysis. Such network development is created to cater the requirement of consumers at downstream level. GETCO has achieved transmission system availability of 99.40 % in FY 2016-17 against the target of 98% set by the Commission. GETCO takes all the possible measures of security of its payment such as letter of credit, bank guarantee etc. In case of any default, GETCO takes all possible steps for recovery of such outstanding amount.

Commission's view

The Commission has noted the objection of the Objector and the reply of the Petitioner. The Commission, while truing up of FY 2016-17 and determination of tariff for FY 2018-19, has adhered to the provisions of National Tariff Policy 2016, the Electricity Act, 2003 and the GERC (MYT) Regulations, 2016 and accordingly carried out exercise of truing up of FY 2016-17 and determination of tariff for FY 2018-19, after careful consideration of the submissions made by Petitioner in the petition and additional details sought by the Commission and objections raised by stakeholders. Also, as pointed out in the above objections, issue about deviation of capex has also been thoroughly examined and accordingly directives have been issued. Other financial parameters have also been approved in accordance with the provisions of the GERC (MYT) Regulations, 2016.

Issue 26: Incomplete petition

The Petitioner has not submitted certain information such as certificate of availability on the letterhead of SLDC, energy transmitted, and charges collected accordingly, revenue received by GETCO, the cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 along with Cost Audit Reports, audit para raised by the CAG, etc. Further, ARR of FY 2016-17 has been determined twice which is not in consonance with the GERC (MYT) Regulations, 2016 and this has created huge gap for FY 2016-17.

Reply of GETCO

Transmission system availability certificate duly certified by SLDC has already been submitted to the Commission. Further, Financial Statement is prepared as per the requirements of the Companies Act, 2013 and Accounting Standards (Ins AS). Financial Statement does not cover quantitative information such as energy transmitted, and charges collected. Such details have been submitted to the Commission as additional submission, which is available on the Commission's website. Further, expense true up is carried out by the Commission for GETCO and details related to revenue received are available in the Annual Statement of Accounts of GETCO for FY 2016-17. Moreover, the details related to CAG audit report/ paras and respective certificate has been submitted by GETCO to the Commission as additional submission, which is available on the Commission's website. Further, the Commission vide order dated 02.12.2015 in Suo Motu Petition No. 1534 of 2015 in the matter of applicability of the GERC (MYT) Regulation 2011 beyond 31.03.2016 has decided that the approved ARR of FY 2015-16 of licensees/ generating companies is to be considered as provisional ARR of licensees/ generating companies for FY 2016-17 and licensees / generating companies shall file the ARR for FY 2016-17 based on the new MYT Regulations for FY 2016-17 to FY 2020-21. Respondent was one of the stakeholders of that petition. Accordingly, GETCO has recovered the provisional ARR for FY 2016-17 approved vide Order dated 31st March, 2016 in Petition No. 1545 of 2016 (which was same as the ARR of FY 2015-16 approved by the Commission). Subsequently, the Commission approved the final ARR of GETCO for FY 2016-17 vide Order dated 31st March, 2017 in Petition No. 1620 of 2016. Due to this, there is a shortfall in the recovery of approved ARR for FY 2016-17 which is computed in this Petition and sought to be recovered through revised ARR for FY 2018-19.

Commission's view

The Commission has noted the objection of the Objector and the response of the Petitioner. The transmission availability certificate on the letterhead of SLDC, information on energy transmitted, charges collected, Audit report of CAG and CAG audit paras and compliance by GETCO on these audit paras were sought as additional detail and received by the Commission. The same have been made available on the Commission's website for the knowledge and information of all the stakeholders.

Further, the difference between provisional and final ARR for FY 2016-17 is because provisional ARR for FY 2016-17 was considered same as ARR of FY 2015-16 where legitimate escalation of various costs elements was not considered due to delay in finalisation of MYT Regulations for new control period 2016-17 to 2020-21. Such escalation has been considered in the final ARR for FY 2016-17. Other parameters such as debt, equity, RoE, interest on loan, depreciation were provisionally approved for FY 2016-17 based on approved capex and capitalization for FY 2015-16 which have been finally approved with new capex and capitalization for FY 2016-17 resulting into a gap between provisional and final ARR for FY 2016-17. However, GETCO has recovered transmission tariff during FY 2016-17 based on the provisional ARR for FY 2016-17 which should have been recovered based on final ARR for FY 2016-17 and therefore, such under recovery has arisen which is required to be considered while determining tariff for FY 2018-19.

Issue 27: Loading capacity

GETCO has the loading capacity of 91544 MVA as on 31st March 2016, and added 9715 MVA during 2016-17, Page No.12 Para-3.3 of petition, however GETCO has not mentioned whether this capacity is either more than demand or is in deficit.

Reply of GETCO

The loading capacity of 101259 MVA indicated by the Respondent is the transformation capacity of the entire system consisting of transformers at various voltage class. The above capacity has been installed taking into consideration the 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 Commission has noted the response of the Petitioner which is self-explanatory.

Issue 28: Revenue Gap even after earning on shares

GETCO has earned the Revenue of Rs. 2935.26 Crore as per Annual Report for FY 2016-17 and ARR as per truing up of 2016-17 is Rs.3029.14 Crores. However, GETCO has made the profit of Rs.284.78 Cr. after paying Income Tax of Rs.106.55 Crores. Not only that GETCO has earned Rs.1.69 per share of Rs.10/- which is more than 15 % of the 100 % capital invested. The E.A.2003 and MYT Regulations permit only 14 % RoE. The RoE is Rs.697.68 Crores. Further, it is observed from the Annual Report that the total revenue of GETCO for FY 2016-17 is Rs.2935.26 crores whereas ARR is Rs.3029.14 Cr. and profit after tax is Rs.106.55 Crores. Revenue Gap for 2016-17 is Rs.10.99 crores which is very strange to understand. Why there is such a difference is required to be clarified by GETCO. GETCO has not shown the revenue earned in the truing up chapter against their ARR.

Reply of GETCO

The total revenue of GETCO in FY 2016-17 is Rs. 2935.26 Cr including other income and actual ARR of FY 2016-17 from the truing up is Rs. 3029.14 Cr. The gap of Rs. 264.90 Cr is determined based on shortfall in the recovery of approved ARR for FY 2016-17, gains/ losses on account of controllable and uncontrollable parameters from true up of FY 2016-17 and impact of consequential order passed by the Commission on 6.10.2017 and 25.10.2017 pursuant to APTEL Judgment in Appeal No. 201 of 2016. Comparison of total revenue from Audited Accounts and actual normative ARR from the true up is not appropriate.

Further, the Return on Equity (RoE) and Earning per Share (EPS) are different financial parameters. GETCO getting RoE @14% is as per the provisions of the GERC (MYT) Regulations, 2016. Normative RoE of Rs. 697.68 Cr. is calculated on normative equity addition during FY 2016-17, whereas earning per share represents net profit available per share. Hence, comparing Return on Equity (RoE) and Earning Per Share is not appropriate.

Commission's view

The Commission has noted contentions of the Objector and the reply of the Petitioner. It is necessary to clarify here that truing up is carried out on the basis of the GERC (MYT) Regulations and (Gap)/ Surplus is determined on the basis of gains/ losses on account of controllable and uncontrollable parameters by comparing actual performance of GETCO during the true up year which is FY 2016-17 in this case. Comparison between earning per share with Return on Equity is not proper considering the Commission allows normative Return on Equity at 14% as per the provisions of the GERC (MYT) Regulations, 2016 while earning per share represents profit per share. The same issue was also dealt with in the past tariff order dated 31st March, 2017.

Issue 29: Transmission loss

Transmission loss of 3.57 % was achieved in FY 2013-14 where as in FY 2014-15 it was 3.65 %, in FY 2015-16 it was 3.68 % and in FY 2016-17 it is 3.85% which is more than 2013-14, 2014-15 and 2015-16. GETCO at para 3.7.1 at page 14 of the petition stated that in FY 2016-17, GETCO has maintained its entire transmission system availability to the extent of 99.40 %, more than the benchmark specified in the Regulations for recovery of full transmission charges i.e. 98%. However, GETCO has incurred more losses than previous three years. Further, GETCO has worked out the Transmission loss on higher side than what is achieved which is 3.85% but MYT framework and principles do not allow this practice and the trajectory should be given based on the last achieved and to bring efficiency in the system, it should not be more than 2%. It is also nowhere mentioned in the petition that how the consumers are benefited by investment of such huge funds in the transmission network either by reduction of transmission loss, or by providing the transmission network to Open Access consumers to encourage competition. GETCO has also not mentioned the pooled losses which are required to be reduced as Transmission loss.

Reply of GETCO

Getting reliable and quality power supply is the right of the consumers and providing such power is the responsibility of utility. To avail its right and perform its duty, efficient transmission network is to be developed and its tariff is to be determined as per tariff determination process in line with the GERC (MYT) Regulations and borne by all the beneficiaries.

The rise in transmission tariff of GETCO is legitimate. As stated in petition, during FY 2016-17, existing capacity of GETCO i.e. 101259 MVA is increased by 10.61% from last year (91544 MVA). Actual transmission losses of GETCO (i.e. 3.85%) are also within limits. GETCO maintained the transmission availability of 99.40% in FY 2016-17, which is higher than target set by the Commission i.e. 98%. Considering above performance and technical parameters, rise in transmission tariff as asked by GETCO is valid and legitimate as the same is worked out as per the GERC (MYT) Regulations.

Further, as stated by the Respondent regarding increase in transmission losses of GETCO, it is to state that transmission losses for the FY 2016-17 is 3.85%. Transmission losses are technical losses, uncontrollable in nature and depend on many parameters/ factors such as distance and mismatch between generation and load centres, types of load, reactive power compensation, voltage profile, seasonal variation, etc.

Further, 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 intra-State transmission system.

Commission's view

The Commission has noted explanation provided by the Petitioner which is self-explanatory. The Commission approves Capex of GETCO after due diligence of schemes proposed by GETCO considering its requirement and benefits to the consumers. The Commission has determined transmission tariff for FY 2018-19 considering final ARR as determined in the MYT Order dated 31st March, 2017 based on the GERC (MYT) Regulations, 2016 and considering the trued up revenue gap of FY 2016-17. The Commission has also noted transmission availability achieved by GETCO which is more than the approved transmission availability in the GERC (MYT) Regulations, 2016 and accordingly incentive has been provided. The Commission has also noted justification provided regarding increase of transmission loss during FY 2016-17 compared to previous years, however, the Commission is of the opinion that GETCO shall make all the efforts to maintain transmission loss at lower level. For the objection of reduction of pooled loss from transmission loss, it is to clarify that both are transmission losses i.e. one from SLDC energy account and another from GETCO formula and therefore deduction of pooled losses from transmission losses is not justified.

Issue 30: Usage of depreciation as working capital

GETCO has claimed Depreciation of Rs.949.49 Cr. in the truing up for FY 2016-17. The working capital interest claimed is Rs.538.06 Cr. When the commercial financial principle of accounts is applied, the amount of depreciation can be used as working capital and there should not be any need to have any amount of loan for working capital in view of the fact that the amount of depreciation is not a fund which is to be given to some other party as it is remaining with GETCO only. The amount of Depreciation is used somewhere by GETCO and the revenue generated from such funds should be considered as revenue to reduce the ARR.

Reply of GETCO

Depreciation is utilized in repayment of loans, which GETCO has taken to develop the transmission network. Depreciation cannot be adjusted with working capital requirement. Both depreciation and working capital are meant for different purposes and adjusting the same is not valid.

Commission's view

The Commission has noted the response of the Petitioner which is self-explanatory. Information on depreciation and its treatment is thoroughly provided in Regulation 39 of the GERC (MYT) Regulations, 2016. Accordingly, depreciation has been considered as repayment of loan. Utilization of depreciation towards working capital is not in consonance with the financial principles and the GERC (MYT) Regulations.

Issue 31: Projection of ARR

The ARR is approved on the hypothetical projections based on the past performance parameters of the licensee. In MYT Regulations, the parameters of tariff elements are determined as normative. However, the hypothetically approved ARR is comparable with the actual figures and not with the normative. GETCO has considered all elements of tariff controllable and uncontrollable as normative/actual as mentioned in their petition. GETCO may be directed to clarify whether it is on normative or actual incurred.

Reply of GETCO

The true up of FY 2016-17 has been worked out on the basis of normative parameters as per the GERC (MYT) Regulation, 2016 and actual expenses. Actual expenses such as operation & maintenance expenses, expenses capitalized, other income & income tax have been considered on actual basis and rest are considered as normative expenses. Due to such expenses mix, GETCO has considered the classification as Normative/ Actual in the true up of FY 2016-17.

Further the revenue gap/ surplus has been determined based on gains/ losses on account of controllable and uncontrollable parameters by comparing actual performance during FY 2016-17 with the forecast approved by the Commission.

Commission's view

The Commission has noted the response of the Petitioner which is self-explanatory.

Issue 32: Non-installation of DC Transmission Lines

GETCO has not installed the DC transmission lines which is now possible with the latest technology even for short distance and less MW particularly for wind and solar generators. From the investment list, it seems that GETCO is more interested in building the sub-stations rather than effective loss reduction of transmission lines which is the need of the hour. GETCO has not made any provision for DC transmission line for wind and solar power with low MW and for short distance.

Reply of GETCO

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

Commission's view

The Commission has noted the response of the Petitioner which is self-explanatory. It may be noted that the said issue was adequately dealt with in earlier years' petition.

Issue 33: Collection of PoC Charge

GETCO has not been successful in getting POC charges and cross subsidy, as the private generators are asking for waiver of these charges particularly Essar, and Reliance. 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 about non availability GETCO network and are moving applications in GERC. This is a hurdle in creating competition in the electricity sector.

Reply of GETCO

Parallel Operation Charges (POC) is collected as per the GERC order dated 01.06.2011. There are several POC related petitions under adjudication before the Commission and other higher forums where the CPP's have demanded refund of the POC already collected. Essar Steel and Essar Oil have also filed petition for refund of the POC collected from them by DGVCL & PGVCL respectively. Further, it is to clarify that cross subsidy charges are not collected by GETCO.

Commission's view

The Commission has noted the objection raised by the Objector and response of the Petitioner. It is to clarify here that cross subsidy charges are collected by Discoms, and not by the Petitioner, from open access consumers to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee.

Issue 34: Utilization of network and revenue generation from new investment is not obtainable and Liquidated Damages to be recovered from generators are not submitted in the petition

GETCO has incurred the capital expenditure of Rs.2370.89 Cr. as per Table 7 of the petition against Rs.2530.22 Crores approved in the MYT order. However, the utilization of the network whether done and revenue 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.

Reply of GETCO

GETCO has incurred capital expenditure of Rs. 2370.89 Crore in FY 2016-17. However, GETCO capitalized expenditure of Rs. 2163.93 Cr which is the expenditure on assets put to use and is considered in tariff determination. Such expenditure capitalized 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.

GETCO being the transmission company has no commercial dealings with generating company. Hence the question of liquidated damages does not arise.

Commission's view

The Commission has noted the response of the Petitioner which is self-explanatory. The Commission approved Capex and Capitalization after due diligence in accordance with the GERC (MYT) Regulations, 2016. Further, GETCO has no dealings with the generating companies and hence no liquidated damages are collected. However, in case the transmission capacity booked by the generating companies is not utilized by these generating companies due to delay in commissioning of their projects, GETCO recovers the transmission charges from such generating companies which is part of revenue from transmission charges.

Issue 35: GETCO has not mentioned amount spent from PSDF Fund

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 GETCO should clarify the amount granted, disbursed and used from this fund.

Reply of GETCO

GETCO submitted that at present projects of Automatic Demand Management Scheme and Wind Generation Forecasting Project are sanctioned under Power Sector Development Fund (PSDF). An amount of Rs. 1.35 Crore is received & utilized by SLDC in Automatic Demand Management Scheme.

Further, an amount of Rs. 32.45 Lakh has been received by SLDC in Wind Generation Forecasting Project out of which, Rs. 22.81 Lakh has been utilized.

Commission's view

The Commission has noted response of the Petitioner which is self-explanatory.

4 Truing up for FY 2016-17

4.1 Introduction

This Chapter deals with the Truing up of FY 2016-17.

While doing 'Truing up' of various components of ARR for FY 2016-17, the actuals for FY 2016-17 are compared with the approved ARR as per MYT Order issued on 31.03.2017.

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 2016-17

As per GERC MYT Regulations, 2016, O&M Expenses shall be computed based on the norms provided in Regulation 68.2.1 of the GERC (MYT) Regulations, 2016. As per the norms, O&M expenses shall be computed based on the no. of bays and transmission line length (in Ckt. Km).

GETCO has worked out the normative O&M expenses based on the actual no. of bays and transmission line length (in Ckt. Km) of Rs. 1284.66 Crore in the truing up for FY 2016-17, as against Rs. 1275.38 Crore approved in the MYT order dated 31st March, 2017.

The O&M expenses approved for FY 2016-17 by the Commission in the MYT order dated 31.03.2017 and worked out (based on actual data) by GETCO in the truing up for FY 2016-17 are given in table below:

Table 4.1: O&M Expenses (Normative / Actuals) as submitted by GETCO for FY 2016-17

Sr. No.	Particulars	Unit	2016-17 (Approved)	2016-17 (Actual)
1	**Based on No. of Bays**			
	Average No. of bays during the year	No.	12095.40	12203
	O&M Expenses per bay	Rs. Lakh	7.60	7.60
	Total O&M Expenses based on no. of bays	Rs. Crore	**919.25**	**927.43**
2	**Based on no. of Transmission lines**			
	Average lines length during the year	Ckt Km	55645.44	55817.44
	O&M Exp. per Ckt Km	Rs. Lakh	0.64	0.64
	Total O&M Expenses based on no. of Ckt Km	Rs. Crore	**356.13**	**357.23**

Sr. No.	Particulars	Unit	2016-17 (Approved)	2016-17 (Actual)
3	**Total O&M Expenses (as per Norms)**	**Rs. Crore**	**1,275.38**	**1,284.66**

Petitioner's Submission

GETCO has computed O&M expenses by considering the actual employee costs, R&M expenses and A&G expenses based on the audited annual accounts for the FY 2016-17 for working out gain/ (loss). The Gross O&M expenses as per audited annual accounts are as shown in the table below:

Table 4.2: O&M Expenses (as per Audited Accounts) for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	2016-17 (Actual)
1	Employee Costs	942.72
2	R&M Expenses	252.18
3	A&G Expenses	94.52
4	**O&M Expenses**	**1,289.42**

The Petitioner has also submitted that O&M expenses are controllable in nature, under Regulations 22 of GERC MYT Regulations, 2016. However, as per the methodology adopted by the Commission, the variance in the O&M expenses as approved in MYT order and the normative O&M expense as per actual performance during the year is considered as uncontrollable and variation in the normative O&M expenses and actual as per audited accounts is considered as controllable. The O&M expenses and gains/ (losses) considered in the truing up for FY 2016-17 are summarized in table below:

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

(Rs. Crore)

Sl. No.	Particulars	2016-17 (Approved)	2016-17 (Normative Actuals)	2016-17 (As per audited accounts)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Operations & Maintenance Expenses	1,275.38	1,284.66	1,289.42	(4.76)	(9.28)

Commission's Analysis

GETCO has arrived at the O&M expenses for FY 2016-17, by applying the normative expenses over the actual number of bays and the length of lines and compared it with the approved O&M expenses for the computation of uncontrollable gains/(losses). Further, GETCO has compared the normative actual O&M expenses that it has computed at Rs. 1284.66 Crore with actual O&M expenses as per audited annual accounts at Rs. 1289.42 Crore.

GETCO has submitted the details of Transmission lines and substations during FY 2016-17 as below:

Table 4.4: Network addition of GETCO during FY 2016-17

Sl. No.	Voltage class	Sub-station (Nos.)	Transmission line (in Ckt.KM)
1	400 KV	1	714
2	220 KV	-	958
3	132 KV	1	103
4	66 KV	98	1,264
	Total	**100**	**3,039**

The proviso to Regulation 68.2.1 of GERC MYT Regulations, 2016 provides that:

Transmission Licensee shall submit a certificate from the Chief Electrical Inspector for the number of bays and circuit kilometres of transmission line added during the year at the time of truing up.

The Commission has verified the copies of certificate issued by the Electrical Inspector and found that 25 number of sub-station bays and 183 line Ckt. Kms were already approved in FY 2015-16 and hence not considered the same as addition during FY 2016-17.

The Commission has, therefore, considered total 754 no. of bays and 2240 Ckt. Kms. line additions made during the FY 2016-17. Accordingly, the Commission has worked out the normative O&M expenses of Rs. 1282.93 Crore, and also claimed by GETCO, as detailed in the Table below:

Table 4.5: O&M Expenses Normative in Truing up for FY 2016-17

(Rs. Crore)

Particulars	Claimed			Approved		
	Lines	Bays	Total	Lines	Bays	Total
	(Ckt/km)	(Nos.)		(Ckt/km)	(Nos.)	
At the beginning of the year	54605.44	11811		54605.44	11811	
Addition during the year	2424	784		2240	754	
At the end of the year	57029.44	12595		56845.44	12565	
Average	55817.44	12203		55725.44	12188	
Rate (Rs. Lakh)	0.64	7.60		0.64	7.60	
O&M expenses (Rs. Crore)	**357.23**	**927.43**	**1,284.66**	**356.64**	**926.29**	**1,282.93**

The Commission approves the normative O&M expenses at Rs. 1282.93 Crore in the Truing up for FY 2016-17 against Rs. 1275.38 Crore approved in the MYT Order.

The O&M expenses, as per audited annual accounts, are Rs. 1245.20 Crore for FY 2016-17 excluding O&M expenses of SLDC.

The employee cost of GETCO as per audited annual accounts is Rs. 897.05 Crore (excluding SLDC expenses of Rs. 14.19 Crore). The Commission has considered the said amount and included therein an amount of Rs. 42.42 Crore towards Re-measurement of Defined Benefit Plans as appearing in the Statement of P & L for the year ended 31st March, 2017 to arrive at employee expenses of Rs.939.47 Crore.

The Petitioner vide e-mail dated 12th January, 2018 informed that the aforesaid employee expenses are inclusive of provision of Rs.138.26 Crore towards revision in salaries due to 7th Pay Commission. As the amount is only a provision at this moment, it has been removed by the Commission from the total employee expenses while truing up. The impact in Employee Expenses due to revision in salary shall be considered by the Commission after prudence check as an uncontrollable factor in the year in which the actual pay out occurs. Accordingly, the Commission approves the employee expenses of Rs. 801.21 Crore (Rs. 939.47 Cr- Rs. 138.26 Cr) in the true up of FY 2016-17.

As per audited annual accounts, the R&M Expenses are Rs. 252.18 Crore (excluding SLDC expenses of Rs. 4.06 Crore). It is observed that the Petitioner has spent Rs. 3.52 Crore towards R&M expenses from the contingency reserves. As the Commission has already allowed the expenses towards contingency reserve in the year in which reserve was created, the Commission approves the R&M expenses of Rs. 248.66 Crore after reduction of R&M expenses by Rs. 3.52 Crore. (Rs. 252.18 Cr.-Rs. 3.52 Cr.=Rs. 248.66 Cr.)

The A&G expenses, as per audited annual accounts are Rs. 95.98 Crore (excluding SLDC expenses of Rs. 5.16 Crore), the Petitioner has claimed the A&G expenses of Rs. 94.52 Crore excluding expenses on Corporate Social Responsibilities (CSR) amounting to Rs. 1.46 Crore. Accordingly, the Commission approves A&G expenses as Rs.94.52 Crore.

The Commission accordingly, approves the O&M expenses in truing up at Rs. 1144.39 Crore, as detailed in the table below:

Table 4.6: O&M Expenses Approved in Truing up for FY 2016-17

(Rs. Crore)

Sr. No.	**Particulars**	**Approved in Truing up for GETCO**
1	Employee Costs inclusive of Re-measurement defined plan	801.21
2	R&M Expenses	248.66
3	A&G Expenses	94.52
4	**O&M Expenses**	**1,144.39**

O&M expenses are controllable in nature under the GERC (MYT) Regulations, 2016. However, the Commission is of the view that the variance in the O&M expenses, as approved in the MYT Order and the normative O&M expense, as per actual performance during the year, is uncontrollable and variance between the normative O&M Expenses as per actual performance and the Audited Annual Accounts is controllable. The O&M expenses and Gains / (Losses) considered in the Truing up for FY 2016-17 are summarised in the Table below:

Table 4.7: O&M Expenses and Gains/(Losses) Approved in Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT 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	1,275.38	1,282.93	1,144.39	130.99	138.54	(7.55)

4.3 Capital Expenditure and Capitalization for FY 2016-17

GETCO has furnished the actual capital expenditure at Rs. 2370.89 Crore for FY 2016-17, as against Rs. 2530.05 Crore approved for FY 2016-17, in MYT Order dated 31.03.2017.

Petitioner's Submission

The Petitioner has submitted that in order to ensure unrestricted power flow across the State of Gujarat and maintain an efficient transmission system, GETCO had spent significant amount of capital expenditure for construction of transmission lines and sub-stations during FY 2016-17. GETCO had projected a total capital expenditure of Rs. 2530.05 Crore and was approved in the MYT Order dated 31.03.2017 against which GETCO has incurred actual expenditure of Rs. 2370.89 Crore during FY 2016-17. GETCO has incurred this expenditure in construction of new sub- station and transmission lines required for strengthening the transmission network.

Funding of CAPEX

GETCO has submitted that the Capital Expenditure has been funded through grants, equity and debt during FY 2016-17 as detailed in the Table below:

Table 4.8: Actual Funding of CAPEX

(Rs. Crore)

Sr. No.	Particulars	2016-17 (Actual)
1	CAPEX for the year	2 ,370.89
2	**Capitalization**	**2 ,163.93**
3	Grants	236.98
4	Net Capitalization (2-3)	1926.96
5	Debt (70% of Sr. No.4)	1 ,348.87
6	Equity (30% of Sr. No.4)	578.09

Commission's Analysis

The Commission has noted the capital expenditure, as given in the petition by GETCO and verified the capitalization from the audited annual accounts for FY 2016-17. The actual capitalization as per audited annual accounts for FY 2016-17 is Rs. 2163.93 Crore excluding SLDC. It has been observed that there is deviation in capital expenditure from what has been approved by the Commission. GETCO has submitted the reasons for such deviation in the approved capex vide letter no. ACE(R&C)/Reg./Tariff/ True up FY 2016-17 & Tariff 2018-19/196 dated 30th January, 2018 stating that to improve transmission network availability and to strengthen transmission network, against the approved CAPEX of Rs. 2,530 Crore in the MYT Order GETCO has incurred actual CAPEX of Rs. 2,371 Crore with an overall deviation of 6.28 % (lower than the approved).

GETCO has capitalized Rs. 2164 Cr against approved capitalization of Rs. 2024 Cr. Head wise variation along with reasons are as under:

Sr. No	Particulars	Target Physical Addition	FY 2016-17 Approved	Actual Physical Addition	FY 2016-17 Actual	Reasons for Deviation
	New Projects					
1	400 KV Substations	1 S/S	85	1 S/S	187	Difference is basically of spill over work, Feeder Bay cost in the existing substation and the early requirement of 400 KV Sanand Substation. Spill over work: Spill over work of 400 kV Varsana s/s, 400 kV Kosamba S/s, 400 kV Charanka S/s & 400 kV Halvad S/s amounting Rs 29.10 Cr is considered in FY 2016-17. Feeder Bay works in the existing Substation: Feeder Bay work at 400 kV Amreli & 400 kV Kasor for 400 kV Amreli Kasor Line amounting Rs. 36.30 Cr is considered in FY 2016-17. Early requirement of 400 kV Sanand s/s: Estimated Rs 40 Crs

Sr. No	Particulars	Target Physical Addition	FY 2016-17 Approved	Actual Physical Addition	FY 2016-17 Actual	Reasons for Deviation
						considering GIS equipment in FY 2016-17 as per its time frame of FY 2018-19 but due to the early requirement of this project, it was accelerated and now its time frame is Mar-2018. Therefore, major items were procured in FY 2016-17 only and its capex is Rs 77.96 Cr (Rs 37.96 Cr high as per the estimated cost). Details of spill over & Feeder bay work is as under:

Deviation in Capex of 400 kV Substation				
Sr. No.	Substations	Planned	Actual	Deviation
1	400 kV Varsana s/s	0	10.38	10.38
2	400 kV Kosamba S/s	0	3.60	3.6
3	400 kV Charanka S/s	0	14.37	14.37
4	400 kV Halvad S/s	0	0.73	0.73
5	FB at 400 kV Amreli for 400 kV Amreli Kasor Line	0	14.44	14.44
6	FB at 400 kV Kasor for 400 kV Amreli Kasor Line	0	21.87	21.87
7	400 kV Sanand s/s	40.00	77.96	37.96
Total		40.00	143.35	103.35

Sr. No	Particulars	Target Physical Addition	FY 2016-17 Approved	Actual Physical Addition	FY 2016-17 Actual	Reasons for Deviation
	New Projects					
2	400 KV Lines	544 Ckt KM	632	714 Ckt KM	338	RoW Constraints & Contractual issue. Further, a line was delayed to match the commissioning with substations. Physical achievement is high due to higher stringing during the year as compare to foundation or erection. Details of RoW Constraints

						& Contractual issue is as under:

Sr. No.	400 KV Transmission Lines	Proposed Capex	Actual Capex	Deviation	Reasons
1	400 KV D/C Vadavi - Halvad line	85.18	29.68	55.50	RoW
2	400 KV D/C Varsana - Halvad (Quad Moose)	80.00	47.31	32.69	RoW
3	400 KV D/C Wanakbori TPS - Soja	110.00	34.39	75.61	RoW
4	400 KV S/C Adani - Hadala line LILO at Halvad	30.00	2.16	27.84	Contractual Issue
5	400 KV D/C Kasor - Amreli line (Quad Moose)	30.00	9.86	20.14	Contractual Issue
6	LILO one ckt of 400 KV D/C Kosamba - Chorania line at 400 KV Chharodi s/s (ACSR Twin Moose)	94.00	17.7	76.30	Project is delayed to link with Substation
Total		**429.18**	**141.1**	**288.08**	

Sr. No	Particulars	Target Physical Addition	FY 2016-17 Approved	Actual Physical Addition	FY 2016-17 Actual	Reasons for Deviation
3	220 KV Substation	1 S/S	119	-	119	
4	220 KV Lines	763 Ckt KM	208	958 Ckt KM	367	Deviation due to expediting the work of ongoing lines.
5	132 KV Substation	2 S/S	18	1 S/S	31	Deviation due to early requirement of 132 kV Tankara SS & 132 kV Mota Dahisarda SS.
6	132 KV Lines	116 Ckt KM	19	103 Ckt KM	19	
7	66 KV Substation	96 S/S	372	98 S/S	510	High Land Cost, Spill over cost & cost of the substations of the advance action.
8	66 KV Lines	1177 Ckt KM	190	1264 Ckt KM	272	Cost of Spill over lines.
9	Bus Reactor & SVC		40		-	Delayed due to lack of clarification in GST regime Currently tender finalized _ Expenditure will be incurred in FY 2017-18.
10	Capacitor Bank		24		2	Tender for Supply, Erection, Testing and commissioning of 11KV Capacitor bank at Various

Sr. No	Particulars	Target Physical Addition	FY 2016-17 Approved	Actual Physical Addition	FY 2016-17 Actual	Reasons for Deviation
						66 KV & 132 KV Substations was finalized in May-2017. Expenditure will be incurred in FY 2017-18 onwards.
11	Total of New Projects		1,707		1,844	
	R&M					
12	Renovation and Modernization		353		231	RoW constraints of Link Lines & Outage issue.
13	Augmentation of Sub-station/ Lines		464		291	Delay in transformer supply.
14	City Development Plan		-		4.71	Spill over of Vadodara & Ahmedabad City Development Plan.
15	Total of R&M		817		527	
16	RTU		6.22		-	Earlier it was decided to replace old RTU's in phased manner (i.e. within 5 years). Looking to current requirement, it is decided to replace the old RTUs in one stroke instead of phased manner. Accordingly, activity has been planned.
Total			**2,530**		**2,371**	

GETCO submitted that the voltage class-wise accurate planning of capex for 5 years is very difficult as there are lot of constraint & external interferences in the project cycle like land acquisition issue, contractor issue, Right of Way issue, delay in statutory clearances, change in economical factors, etc. These factors hamper the project planning & execution and since GETCO is having more than 500 numbers of ongoing projects which also make it very much impractical to be accurate for each project. Therefore, GETCO has requested to consider the total capex while calculating deviation with an allowance of ± 10% deviation.

The Commission has noted the submission made by GETCO regarding deviation of CAPEX and-accordingly approves CAPEX and capitalization.

The Petitioner has submitted the funding of the capitalization during the year after reduction of grant by debt and equity in the ratio of 70:30.

With regard to funding of capitalization, Regulation 33 of the GERC (MYT) Regulations, 2016 provides that where the actual equity employed is less than 30% of capital cost approved by the Commission, the actual equity shall be considered. It is observed from Note No. 18 and 19 of the Audited Annual Accounts of FY 2016-17 that there is equity addition of Rs. 348.87 Crore during the year. This equity addition of Rs. 348.87 Crore is inclusive of equity addition of Rs. 6.78 Crore apportioned to SLDC. Thus, net equity addition pertaining to GETCO works out to Rs. 342.09 Crore (324.32 Cr.-6.78 Cr.) for FY 2016-17. Therefore, in light of above observation and aforesaid Regulation, the Commission has restricted the equity addition to the extent of Rs. 342.09 Crore (being actual equity addition and deployed by the Petitioner). Accordingly, the balance capitalization is considered by the Commission as debt.

Accordingly, the funding of CAPEX for truing up of FY 2016-17 is given in the table below:

Table 4.9: Capital Expenditure and Capitalisation approved in the Truing up for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	2016-17
1	CAPEX during 2016-17	2,370.89
2	**Capitalization approved for 2016-17**	**2,163.93**
3	Less: Grants	236.98
4	Balance Capitalization	1,926.96
5	Debt = (4-6)	1584.87
6	Actual Equity	342.09

The addition of above loan and equity will be considered for computation of interest and return on equity for FY 2016-17.

4.4 Depreciation for FY 2016-17

GETCO has claimed Rs. 949.49 Crore towards actual depreciation for FY 2016-17, as against Rs. 928.61 Crore approved for the year in the MYT Order dated 31.03 2017. The depreciation charges approved for FY 2016-17 in the MYT Order and claimed by GETCO in the truing up given in the Table below:

Table 4.10: Depreciation claimed for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	2016-17 Approved in the MYT Order	2016-17 Claimed in Truing up	Deviation + / (-)
1	Gross Block in Beginning of the year	1 8,046.02	18,046.02	
2	Additions during the Year(Net)	2,024.04	2,163.93	
3	**Depreciation for the Year**	928.61	949.49	**(20.88)**
4	**Average Rate of Depreciation**	4.87%	4.96%	
5	**Total Depreciation claimed for 2016-17**	**928.61**	**949.49**	**(20.88)**

Petitioner's Submission

GETCO has submitted that the actual depreciation charge for FY 2016-17 was Rs. 949.49 Crore as against Rs. 928.61 Crore approved.

The Petitioner submitted that value of the gross fixed assets has been considered as per Regulation 39 of GERC (MYT) Regulation, 2016. The depreciation for the FY 2016-17 has been taken from the P&L Statement.

The variation in the amount of depreciation as per the actual cost incurred by GETCO in FY 2016-17 against the amount approved by the Commission is Rs. 20.88 Crore. This can be considered as gain/ (loss) on account of uncontrollable factor and has been appropriately treated.

Accordingly, GETCO has claimed a deprecation of Rs. 949.49 Crore and arrived at a loss of Rs. 20.88 Crore, as detailed in the table below:

Table 4.11: Gains/(Losses) claimed on Depreciation in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17	Gains / (Losses) due to Controllable Factor	Gains / (Losses) due to Uncontrollable Factor
Depreciation	928.61	949.49	-	(20.88)

Commission's Analysis

GETCO has computed the depreciation on the assets at Rs. 949.49 Crore charged to P&L Accounts (minus SLDC depreciation).

The depreciation, as verified from the Audited Annual Accounts for FY 2016-17, is Rs. 951.34 Crore. This includes depreciation of Rs. 2.49 Crore related to SLDC. Therefore, GETCO's depreciation works out to Rs. 948.85 Crore. The depreciation is calculated on straight-line method, at the rates prescribed by the Commission.

The Commission in accordance with the MYT Regulation, 2016 has computed the allowable depreciation for FY 2016-17, as detailed in the Table below:

Table 4.12: Depreciation approved in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in MYT for 2016-17	Approved in the Truing up for 2016-17
GFA in the Beginning of the year	1 8,046.02	18,046.02
Additions during the year (Net)	2,024.04	2,163.93
Depreciation for the year	**928.61**	948.85
Average Rate of Depreciation	4.87%	4.96%
Total Depreciation for the year 2016-17	**928.61**	**948.85**

The Commission, accordingly, approves the depreciation at Rs. 948.85 Crore excluding Rs. 2.49 Crore of SLDC in the Truing up, as per audited accounts for FY 2016-17.

With regard to the computation of Gains / (Losses), Regulation 22.2 of GERC (MYT) Regulations, 2016 considers variations in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. If the gain is on account of lesser capital expenditure and 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. 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 too.

The Commission, accordingly, approves the Gains / (Losses) on account of depreciation, attributing the same to uncontrollable factors in the Truing up for FY 2016-17, as detailed in the Table below:

Table 4.13: Gains / (Losses) due to Depreciation in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factors	Gains / (Losses) due to uncontrollable factors
Depreciation	928.61	948.85	(20.24)	0.00	(20.24)

4.5 Interest and Finance Charges for FY 2016-17

GETCO has claimed Rs. 484.23 Crore towards interest and finance charges in the Truing up for FY 2016-17, as against Rs. 557.14 Crore approved for the year. The interest and finance charges approved in the MYT 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 in MYT for 2016-17	Claimed in Truing up for 2016-17	Deviation +/ (-)
Interest and Finance Charges	557.14	484.23	72.91

Petitioner's Submission

GETCO has submitted that the weighted average rate of interest is 8.79% on the actual loan portfolio during the year FY 2016-17 computed in accordance with Regulation 38.5 of the GERC (MYT) Regulations, 2016.

Further GETCO submitted that the opening loan balance for FY 2016-17 has been considered as the revised closing loan balance for FY 2015-16 approved by the Commission vide consequential order dated 6th October, 2017 issued pursuant to the APTEL Judgment in Appeal No. 201 of 2016.

GETCO has calculated interest on loans by considering Depreciation for the year as repayment of the loan as given below:

Table 4.15: Interest and Finance Charges claimed by GETCO

(Rs. Crore)

Sl. No.	Particulars	2016-17 (Approved)	2016-17 (Actuals)	Deviation + / (-)
1	Opening Loans	5,349.39	5,296.14	
2	Loan Additions during the Year	1,227.68	1,348.87	
3	Repayment during the Year	928.61	949.49	
4	Closing Loans	5,648.46	5,695.52	
5	Average Loans	5,498.93	5,495.83	
6	**Interest on Loan**	**556.14**	**483.08**	
7	Guarantee Charges	1.00	1.15	
8	**Total Interest and Financial Charges**	**557.14**	**484.23**	**72.91**
9	**Weighted Average Rate of Interest on Loan**	10.11%	8.79%	

GETCO has claimed Rs. 72.91 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	2016-17 Approved)	2016-17 (Actuals)	Gains / (Losses) due to controllable factors	Gains / (Losses) due to uncontrollable factors
Interest & Finance Charges	557.14	484.23	-	72.91

Commission's Analysis

The Commission has examined the submission of GETCO. As per the consequential order dated 6th October, 2017 issued by the Commission, the opening loan value is Rs. 5296.14 Crore. The Commission has verified the capitalisation of assets during the FY 2016-17 from the audited annual accounts and approved the asset addition of Rs. 2163.93 Crore. The Commission has deducted the Consumer Contribution and Govt. Grant of Rs. 236.98 Crore from capitalisation and approved the balance capitalization of Rs. 1926.96 Crore for FY 2016-17. Considering the normative Debt Equity Ratio of 70:30 towards funding the balance capitalization of Rs. 1926.96 Crore, the normative equity works out to Rs. 578.09 Crore. Since the actual equity infusion of Rs. 342.09 Crore is less than the normative equity, the Commission has considered the actual equity to arrive at the balancing figure of Rs. 1584.87 Crore as debt (82%) used for financing the capitalization as provided in Regulation 33 of the GERC (MYT) Regulations, 2016.

The repayment for the FY 2016-17 has been considered equal to the depreciation allowed for FY 2016-17.

As per first proviso to Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Transmission Licensee shall be considered as the rate of interest. As per aforesaid Regulation, GETCO has worked out the weighted average interest rate as 8.79% and applied the same on the debt of Rs 1584.87 Crore. The other finance charges of Rs. 1.14 Crore as claimed have been verified from the Audited Annual Accounts which are excluding Rs. 0.0041 Crore pertaining to SLDC. The Commission has worked out weighted average rate of interest as 8.61% considering opening balance, opening rate of interest, closing balance and closing rate of interest for each loan portfolio. Based on the actual capitalisation by GETCO during FY 2016-17 and the approved normative borrowings considering the interest rate of 8.61%, 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 2016-17

(Rs. Crore)

Particulars	Approved in MYT for 2016-17	Approved in Truing up for 2016-17
Opening Loans	5349.39	5296.14
Loan Addition during the Year	1227.68	1584.87
Repayment during the year	928.61	948.85
Closing Loans	5648.46	5932.16
Average Loans	5498.93	5614.15
Weighted Average Rate of Interest on Loan	10.11%	8.61%
Interest on Loan	556.14	483.26
Other Finance Charges	1.00	1.14
Total Interest & Finance Charges	**557.14**	**484.40**

The Commission accordingly, approves Interest and Finance charges of Rs. 484.40 Crore for FY 2016-17.

As noted in Para 4.4 above, the Commission is of the view that the parameters which affect 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 2016-17, as detailed in the Table below:

Table 4.18: Approved Gains/(Losses) in Interest & Finance Charges in Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in MYT for 2016-17	Approved in Truing up for 2016-17	Deviation + (-)	Gains /(Losses) due to controllable factor	Gains/(Losses) due to uncontrollable factor
Interest and Finance Charges	557.14	484.40	72.74	0.00	72.74

The Commission accordingly approves gain on account of uncontrollable factor as Rs. 72.74 Crore.

4.6 Interest on Working Capital for FY 2016-17

GETCO has claimed Rs. 63.42 Crore towards interest on working capital in the Truing up for FY 2016-17, as against Rs. 63.35 Crore approved for the year. The amount of interest on working capital approved for FY 2016-17 and claimed by GETCO in the Truing up are given in the Table below:

Table 4.19: Interest on working capital claimed by GETCO

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17	Deviation +/(-)
Interest on Working Capital	63.35	63.42	(0.07)

Petitioner's Submission

GETCO has submitted that Working Capital is computed based on the norms provided in the GERC (MYT) Regulations, 2016 by considering O&M expenses, Receivables for 1 month and maintenance spares 1% of historical cost (i.e. GFA).

GETCO has further submitted that as per the GERC (MYT) Regulations, 2016, GETCO has considered weighted average of SBI Base Rate plus 250 basis points i.e. 11.79%. The comparison of actual value of interest on working capital based on above methodology and the value approved by the Commission is shown in the Table below. This deviation has been considered as gain / (loss) to GETCO on account of uncontrollable factor;

Table 4.20: Interest on Working Capital and Gains / (Losses) claimed in Truing up

(Rs. Crore)

Sl. No.	Particulars	Approved for 2016-17 in MYT Order	2016-17 Claimed in Truing up	Deviation + / (-)
1	O&M Expenses (1 Month)	106.28	107.45	
2	Maintenance Spares (1% of cost)	180.46	180.46	
3	Receivables (1 Month)	254.75	250.14	
4	**Total Working Capital**	541.49	538.06	
5	Rate of Interest on Working Capital	11.70%	11.79%	
6	**Interest on Working Capital**	**63.35**	**63.42**	**(0.07)**

Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon as provided under the GERC (MYT) Regulations, 2016.

The working capital comprises of one month's O&M expenses, maintenance spares at 1% of historical cost and receivables equivalent to one month of transmission charges calculated on target availability level.

With regard to rate of interest on working capital, the Commission vide notification no. 7 of 2016 dated 2nd December, 2016 has amended its Regulation 40.2 (ii) of GERC (MYT) Regulations, 2016 as given under:

Interest shall be allowed at a rate equal to the State Bank Base Rate (SBBR) / 1 year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable as on 1st April of the financial year in which the petition is filed plus 250 basis points:

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

In line with the above proviso to Regulation 40.2 (ii), the Commission has considered the weighted average of 1 year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.81% prevailing during the financial year 2016-17 plus 250 basis points. Accordingly, the rate of interest on working capital has been worked out to be 11.31%.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon are recalculated at 11.30%, as detailed in the Table below:

Table 4.21: Interest on Working Capital approved in Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in Truing up for 2016-17
O&M Expenses (1 Month)	95.37
Maintenance Spares (1% of opening GFA)	180.46
Receivable (1 Month)	237.01
Total Working Capital	512.84
Rate of Interest	11.31%
Interest on Working Capital	**58.00**

The Commission, accordingly, approves the interest on working capital at Rs. 58.00 Crore in the Truing up for FY 2016-17.

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 2016-17, as detailed in the Table below:

Table 4.22: Gains/(Losses) in Interest on Working Capital Approved in Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016-17	Deviation + (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Interest on Working Capital	63.35	58.00	5.35	-	5.35

4.7 Return on Equity (ROE) for FY 2016-17

GETCO has claimed Rs. 697.68 Crore towards return on equity in the Truing up for FY 2016-17, as against Rs. 694.05 Crore approved for the year. The ROE approved for FY 2016-17 in the MYT Order and claimed by GETCO in the Truing up are given in the Table below:

Table 4.23: Return on Equity claimed by GETCO for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17	Deviation + / (-)
Return on Equity	694.05	697.68	(3.63)

Petitioner's Submission

GETCO has submitted that the return on equity has been computed @ 14% as provided in the GERC (MYT) Regulations, 2016. The deviation in return on equity is considered as Uncontrollable factor. The comparison between the actual values of return on equity for FY 2016-17 with the values approved by the Commission in MYT order dated 31.03.2017 is shown in the Table below:

Table 4.24: Return on Equity claimed by GETCO for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	2016-17 (Approved)	2016-17 (Actuals)	Deviation + / (-)
1	Opening Equity	4,694.39	4,694.39	
2	Equity Additions during the Year	526.15	578.09	
3	Closing Equity	5,220.54	5,272.48	
4	Average Equity	4,957.47	4,983.43	
5	Rate of Return on Equity	14%	14%	
6	**Return on Equity**	**694.05**	**697.68**	**(3.64)**

Commission's Analysis

The Commission has examined the submission of GETCO. Return on Equity is being allowed on the average equity deployed during the year considering Opening Equity and addition to Equity. 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 2015-16 is considered as the opening equity for FY 2016-17 and equity addition during FY 2016-17 as Rs. 342.09 Crore as mentioned in para 4.3 and 4.5 above.

Accordingly, the Commission has computed the Return on Equity for FY 2016-17, as detailed in the table below:

Table 4.25: Approved Return on Equity in the truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016-17
Opening Equity Capital	4694.39	4694.39
Equity Additions during the year	526.15	342.09
Closing Equity	5220.54	5036.48
Average Equity	4957.47	4865.48
Rate of Return on the Equity	14%	14%
Return on Equity	**694.04**	**681.16**

The Commission approves Return on Equity at Rs. 681.16 Crore in the Truing up for FY 2016-17.

The Commission is of the view that Return on Equity depends on the amount of capitalisation during the financial year and that the parameters affecting the capitalisation are uncontrollable in nature, as noted in Para 4.4 above. Hence, the factors affecting Return on Equity are uncontrollable. The Commission accordingly approves the gains and (losses) on account of Return on Equity in the Truing up for FY 2016-17, as detailed in the Table below:

Table 4.26: Gains / (Losses) in Return on Equity approved in the Truing up

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016-17	Deviation + (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Return on Equity	694.04	681.16	12.88	-	12.88

4.8 Contribution to Contingency Reserve for FY 2016-17

GETCO has not claimed any contribution towards contingency reserve as per audited accounts in the Truing up for FY 2016-17 as detailed in the Table below:

Table 4.27: Contingency Reserve claimed by GETCO

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17
Contingency Reserve	0.00	0.00

Petitioner's Submission

Contribution to Contingency Reserve for FY 2016-17 is nil as per the audited annual accounts of GETCO, which is same as approved in the MYT Order dated 31.03.2017.

Commission's Analysis

Regulation 68.3 of the GERC (MYT) Regulations, 2016 specifies that where the Transmission Licensee has made an appropriation to the contingency reserve a sum 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. As GETCO has not claimed any contingency reserve, the Commission approves "nil" amount as per audited accounts 2016-17.

The Commission accordingly approves the contribution to contingency reserve as Rs. 0.00 Crore in the Truing up for FY 2016-17.

It is observed that Petitioner has shown reduction of Rs. 3.52 Crore from the opening contingency reserve of Rs. 124 Crore during FY 2016-17, which has already been dealt with, while dealing with O&M Expenses in this order.

4.9 Income Tax for FY 2016-17

GETCO has claimed the actual Income Tax of Rs. 39.74 Crore in the Truing up for FY 2016-17, as against Rs. 64.62 Crore approved for the year in MYT Order dated 31.03.2017 as given in the Table below:

Table 4.28: Income tax claimed by GETCO

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17	Deviation + / (-)
Income Tax	64.62	39.74	24.88

Petitioner's Submission

GETCO has submitted that the actual tax paid is Rs. 39.74 Crore, as against the approved tax of Rs. 64.62 Crore, resulting in an uncontrollable gain of Rs. 24.88 Crore.

Commission's Analysis

The Commission has observed that the actual current tax expenses as per audited accounts is Rs. 52.18 Crore. This includes Rs. 1.27 Crore pertaining to SLDC. The Commission has verified from the annual accounts and the tax Challans that Income Tax of Rs. 52.18 Crore has been paid / provided during FY 2016-17 towards current year's tax.

The Commission, accordingly, approves the income tax at Rs. 50.91 Crore (Rs, 52.18 Crore minus Rs. 1.27 Crore) in the Truing up for FY 2016-17.

As regards the computation of Gains / (Losses), Regulation 22.1 (h) of the GERC (MYT) Regulations, 2016 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 2016-17, as detailed in the Table below:

Table 4.29: Gains / (Losses) approved in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016	Deviation + / (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable Factors
Income Tax	64.62	50.91	13.71	-	13.71

4.10 Capitalisation of Expenses for FY 2016-17

GETCO has claimed capitalization of expenses of Rs. 209.75 Crore. The capitalisation of expenses approved for the year in MYT Order was Rs. 194.13 Crore. The approved and claimed capitalization of expenses are given in the Table below:

Table 4.30: Expenses capitalized during FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17	Deviation + (-)
Expenses Capitalized	194.13	209.75	(15.62)

Commission's Analysis

The capitalisation of expenses consists of three elements: (i) capitalisation of interest, (ii) capitalisation of O&M expenses and (iii) capitalization of depreciation. As far as capitalisation of interest is concerned, it 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, it is required to be deducted from the ARR. 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 MYT Order and they need to be trued up as per the audited accounts.

Regarding non-consideration of capitalization of depreciation, since the capitalization is considered for debt-equity ratio and for normative computation of interest on loan, capitalization of depreciation is not deducted from the ARR.

The Commission has verified the capitalization of expenses and the actual O&M Expenses capitalised during FY 2016-17 as per audited accounts are Rs. 209.75, as detailed below:

Table 4.31: O&M expenses capitalized during FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Amount
1	Employee Cost	184.23
2	R&M Expenses	0.13
3	A&G Expenses	25.39
4	**Total**	**209.75**

The Commission, accordingly, approves the capitalisation of O&M expenses at Rs. 209.75 Crore, as per the audited annual accounts in the Truing up for FY 2016-17. The Commission considers the variation in capitalisation of O&M expenses as uncontrollable as given in the Table below:

Table 4.32: Gains / (Losses) in O&M expenses capitalized approved in the Truing up

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016-17	Deviation + / (-)	Gains/ (Losses) Controllable factor	Gains/ (Losses) Uncontrollable factor
O&M Expenses Capitalised	194.13	209.75	(15.62)	-	(15.62)

4.11 Non-tariff Income for FY 2016-17

GETCO has claimed Non-Tariff Income at Rs. 312.52 Crore in the Truing up for FY 2016-17, as against Rs. 331.37 Crore approved for the year. The details are given in detail in the Table below:

Table 4.33: Non-Tariff Income claimed by GETCO for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17	Claimed in Truing up for 2016-17	Deviation + / (-)
Non-Tariff Income	331.37	312.52	18.85

Petitioner's Submission

GETCO submitted that Miscellaneous Receipts include Non-tariff income like pro-rata charges, reactive energy charges, O&M charges for dedicated lines and supervision charges for deposit work as approved by the Commission.

GETCO has also submitted the amount of deferred income of Rs. 135.83 Crores for FY 2016-17 towards grants/consumer contribution as per Audited Annual Accounts.

Commission's Analysis

The Commission observes that GETCO has not considered Rs. 1.36 Crore towards Interest on Advances to Others as Non-Tariff Income. The Non-Tariff Income of GETCO is Rs. 313.85 Crore after deducting the non-tariff income of Rs. 11.07 Crore relating to SLDC for FY 2016-17.

The Commission, accordingly, approves the Non-Tariff Income of Rs. 313.85 Crore as actual, as per the audited annual accounts in the Truing up for FY 2016-17 as detailed in the Table below:

Table 4.34: Approved Non-Tariff Income for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Total	SLDC	Net GETCO amount
1	Interest on Advances to Others	1.36	0.03	1.33
2	Income from Investments deposits.	10.44		10.44
3	Interest on Advances to Staff.	-		0.00
4	Interest from Banks (other than on Fixed Deposits).	-		0.00
5	Income from Trading -Stores, Scrap etc.	4.29		4.29
6	Penalties received from suppliers and consumers	38.86	0.00	38.85
7	Revenue subsidy & grant	0.19		0.19
8	Miscellaneous Receipts.	18.60	1.00	17.60

Sl. No.	Particulars	Total	SLDC	Net GETCO amount
9	Contribution and Grants towards cost of capital assets	135.83		135.83
10	Gain on Foreign exchange fluctuation	10.20		10.20
11	Misc. Charges from Consumers	76.79	10.04	66.75
12	Parallel Operation Charges	28.38		28.38
13	**Non-Tariff Income (Total)**	**324.93**	**11.07**	**313.85**

The Commission considers the Non-tariff income as uncontrollable and, accordingly, approves the Gains / (Losses) on Non- tariff income in the Truing up for FY 2016-17, as detailed in the Table below:

Table 4.35: Gains / (Losses) on Non-Tariff income approved in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016-7	Deviation + / (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Non-Tariff Income	331.37	313.85	17.52	0.00	17.52

4.12 Incentive for Target availability for FY 2016-17

GETCO has claimed Incentives of Rs. 27.43 Crore for Transmission Availability in the Truing up for FY 2016-17, as against Rs. 0.00 Crore approved for the year as per MYT Order dated 31.03.2017 as shown in the Table below:

Table 4.36: Incentive for Target Availability claimed by GETCO

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in Truing up for 2016-17	Deviation + (-)
Incentive on Transmission Availability	0.00	27.43	(27.43)

Petitioner’s Submission

GETCO has achieved an availability of 99.40% for its transmission network during FY 2016-17 as certified by SLDC as against targeted availability of 98.50%. GETCO further submitted that it has computed the incentive on higher availability based on the target availability of 98.50% and the same is presented in the Table given below. The incentive is calculated on Aggregate Revenue Requirement.

Table 4.37: Incentive Claimed for higher Availability

Sr. No.	Particulars	2016-17
1	Target Availability as per MYT Regulations (%)	98.50%
2	Actual Availability (%)	99.40%
3	Aggregate Revenue Requirement (Rs. Crore)	3001.72
4	**Incentive for Transmission System Availability (Rs. Crore)**	**27.43**

Commission's Analysis

The Commission has verified availability of Transmission system from SLDC certificates and found availability to be 99.40%. Incentive has to be given as per the formula mentioned in Regulation 73.1 of the GERC (MYT) Regulations, 2016 as shown below:

Incentive = ATC x [Annual availability achieved – Target Availability]/ Target Availability

The Commission hereby approves incentive of Rs. 25.99 for the Truing up for FY 2016-17 as detailed in the Table below:

Table 4.38: Incentive approved for higher availability

Sr. No.	Particulars	2016-17
1	Target Availability as per MYT Regulations (%)	98.50%
2	Actual Availability (%)	99.40%
3	Aggregate Revenue Requirement (Rs. Crore)	2844.12
4	**Incentive for Transmission System Availability (Rs. Crore)**	**25.99**

The Commission considers the deviation in incentive as uncontrollable and accordingly approves the gain/(loss)in the Truing Up for FY 2016-17 as given in the Table below:

Table 4.39: Gains/ (losses) approved on the Incentive in the truing up

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up for 2016-17	Deviation + (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Incentives	0.00	25.99	(25.99)	-	(25.99)

4.13 Gains / (Losses) under "Truing up"

The Commission reviewed the performance of GETCO under Regulation 21 of the GERC (MYT) Regulations, 2016, with reference to the Audited Annual Accounts for FY 2016-17.

The Commission has computed the sharing of Gains and (Losses) for FY 2016-17, based on the Truing up for each of the components discussed in the above paragraphs.

The fixed charges approved for FY 2016-17 in the MYT Order dated 31.03.2017, claimed by GETCO in Truing up (Gains / (Losses)), computed in accordance with the GERC (MYT) Regulations, 2016 are given in the Table below:

Table 4.40: Approved in Truing up Order for FY 2016-17

(Rs. Crore)

Sr. No.	Fixed Charges	Approved for 2016-17 in MYT Order	Actual claimed in Truing up for 2016-17	Approved in Truing up for 2016-17	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	1275.38	1289.42	1144.39	130.99	138.54	(7.55)
2	Depreciation	928.61	949.49	948.85	(20.24)		(20.24)
3	Interest & Finance Charges	557.14	484.23	484.40	72.74		72.74
4	Interest on Working Capital	63.35	63.42	58.00	5.35		5.35
5	Return on Equity	694.04	697.68	681.16	12.88		12.88
6	Contingency Reserve	0.00	0.00	0.00	-		-
7	**Total Fixed Costs**	**3,518.52**	**3,484.25**	**3,316.80**	**201.72**	**138.54**	**63.18**
8	Less: Expenses Capitalised	194.13	209.75	209.75	(15.62)		(15.62)
9	Add: Provision for Tax	64.62	39.74	50.91	13.71		13.71
10	**Total Transmission Charges**	**3,389.01**	**3,314.24**	**3,157.97**	**231.04**	**138.54**	**92.50**
11	Less: Non-tariff Income	331.37	312.52	313.85	17.52		17.52
	Aggregate Revenue Requirement	**3,057.64**	**3,001.72**	**2,844.12**	**213.52**	**138.54**	**74.98**
12	Add: Incentive for Achieving Target Availability	0.00	27.43	25.99	(25.99)		(25.99)
13	**Total Revenue Requirement**	**3,057.64**	**3,029.15**	**2,870.10**	**187.54**	**138.54**	**48.99**

- **This Table indicates a controllable gain of Rs. 138.54 Crore and an uncontrollable gain of Rs. 48.99 Crore.**

4.14 Sharing of Gains / (Losses) for FY 2016-17

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

The relevant Regulations of GERC (MYT) Regulations, 2016 are extracted below:

"Regulation 23. Mechanism for pass-through of Gains or Losses on account of uncontrollable factors

23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or 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.

23.2 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.

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

Regulation 24. Mechanism for sharing of Gains or Losses on account of controllable factors

24.1 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 21.6;*

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.*

24.2 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 21.6; 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 2016-17, is summarised in the Table below:

Table 4.41: Revenue gap for 16-17

Sr. No.	Particulars	Claimed	Approved
1	Provisional approved ARR for FY 2016-17 vide Order dated 31st March, 2016 in Petition No. 1545 of 2015 - A	2772.05	2772.05
2	Final approved ARR of FY 2016-17 in MYT Order dated 31st March, 2017 in Petition No. 1620 of 2016 - B	3057.64	3057.64
3	Under-recovery of ARR for FY 2016-17 (A-B)	(285.59)	(285.59)
4	Add: Impact of consequential order passed by Commission on 6.10.2017 and 25.10.2017 pursuant to APTEL Judgment in Appeal No. 201 of 2016	(10.99)	(10.99)
5	Add: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2016-17	33.27	48.99
6	Add: Gain / (Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3rd of Total Gain / (Loss) for FY 2016-17	(1.59)	46.18
7	**Total Gain/ (Loss) of the true up to be addressed in the determination of tariff for FY 2018-19 (3+4+5+6)**	**(264.90)**	**(201.40)**

The Commission has arrived at a Gap of Rs. 201.40 Crore in truing up of FY 2016-17 after adjustment of consequential order dated 6.10.2017 and 25.10.2017. This Gap is carried forward to ARR of FY 2018-19 for determination of transmission charges.

5 Determination of Transmission Charges for FY 2018-19

5.1 Introduction

This Chapter deals with the determination of transmission charges for the FY 2018-19 for GETCO

5.2 Determination of Transmission Tariff for FY 2018-19

The table below summarizes the Annual Revenue Requirement, as approved by the Commission in MYT order dated 31.03.2017 for the FY 2018-19.

The approved ARR for FY 2018-19 is given in the Table below:

Table 5.1: Approved ARR for FY 2018-19

(Rs. Crore)

Sr. No.	Fixed Charges	2018-19
1	Operation & Maintenance Expenses	1556.19
2	Depreciation	1132.95
3	Interest & Finance Charges	596.86
4	Interest on Working Capital	77.64
5	Return on Equity	846.67
6	Contingency Reserve	0.00
7	**Total Fixed Costs**	**4210.30**
8	Add: Provision for Tax	64.64
9	Less: Expenses Capitalized	194.13
10	**Total Transmission Charges**	**4080.79**
11	Less: Non-tariff Income	331.37
12	**Aggregate Revenue Requirement**	**3749.43**
13	Add: Incentive for achieving target availability	0.00
14	**Total Revenue Requirement**	**3749.42**

GETCO has submitted the total loading projected for GETCO system for FY 2018-19 as detailed below:

Table 5.2: Total Loading in MW

Stations	2018-19
GSECL Plants	5881
IPPs	5919
Share from Central Sector	5925
CPP Wheeling	227

Stations	2018-19
Wind Farm Capacity	5868
Solar Project	1780
Bio mass Project	41
Mini Hydel	88
Total Loading in MW	**25728**

The Petitioner has submitted Transmission Tariff for FY 2018-19, based on the truing up of FY 2016-17. The Commission has determined the revenue gap/surplus, based on the truing up of FY 2016-17.

The Petitioner's proposal and the Commission's approved transmission Tariff for FY 2018-19 are given in the Table below:

Table 5.3: Transmission Tariff for FY 2018-19

Sr. No.	Particulars	Unit	Claimed	Approved
1	Aggregate Revenue Requirement approved in Tariff Order for FY 2018-19	Rs. Crore	3749.42	3749.42
2	Add: Revenue Gap / (Surplus) for FY 2016-17	Rs. Crore	264.90	201.40
3	ARR after considering Gaps of true-up for FY 2016-17 (1+2)	Rs. Crore	4014.32	3950.82
4	Total MW allocation	MW	25727.94	25727.94
5	Transmission tariff Rs/ MW/ day	Rs./MW/ Day	4274.79	4207.17

The Commission, accordingly, approves the Annual Tariff for Transmission for FY 2018-19, as mentioned above.

Regulation 72.1 of the GERC (MYT) Regulations, 2016 has specified a formula for sharing of the Aggregate Revenue Requirement of the Transmission Licensee, as approved by the Commission by all long-term users and medium-term users of the transmission system on monthly basis in the ratio of their respective contracted transmission capacities to the total contracted transmission capacity. Accordingly, the Transmission ARR for FY 2018-19 as approved by the Commission shall be shared by all long-term and medium-term users of the transmission system on monthly basis.

Regulation 72.2 of the GERC (MYT) Regulations, 2016 specifies formula for levy of transmission charges on Rs./MW/day basis from short-term users of the transmission system The Commission has already worked out Transmission Charges of Rs. 4207.17/MW/day for FY 2018-19 and accordingly the transmission charges from short-term shall be recovered for FY 2018-19.

Regulation 72.3 of the GERC (MYT) Regulations, 2016 specifies the recovery of transmission charges for short-term collective transactions through power exchanges in Rs./kWh terms as per the formula given below:

TC (Rs/kWh) = Transmission ARR/ Total units wheeled,

Where,

TC (Rs/kWh) = Transmission Charges payable in the case of short-term collective transactions through power exchanges;

Transmission ARR = Aggregate Revenue Requirement of the Transmission Licensee,

Total units wheeled = total energy units wheeled through the transmission system, which shall be equal to the total energy input into the intra-State transmission system during the financial year.

The Commission has determined Transmission ARR of Rs. 3950.82 Crore for FY 2018-19 as shown in the Table above. The Commission has taken Energy input of 89632 MUs of Transmission System for FY 2016-17 and Transmission Capacity utilised of 21547 MW during FY 2016-17 as submitted by the Petitioner. Total estimated wheeled units during FY 2018-19 works out as 107024 MUs on proportionate basis considering the Transmission Loading Capacity of 25728 MW as submitted by the Petitioner. As per the above formula, transmission charges payable in the case of short-term collective transactions through power exchanges comes out to;

TC (Rs/kWh) = Rs. 3950.82 Crore/107024 Mus

= 36.92 Ps./kWh

5.3 Reactive Energy Charges

Petitioner's submission

GETCO has submitted that the Commission vide Tariff Order in Petition No. 862 of 2006 had determined reactive energy charges for drawal of reactive power from grid by the wind energy producers. Subsequently, the Commission vide Order No. 2 of 2016 dated 30th August, 2016 in the matter of determination of tariff for procurement of power by distribution licensees and others from wind power projects have determined the reactive energy charges as under;

"10 paise/kVARh – For the drawal of reactive energy at 10% or less of the net energy exported.

50 paise/kVARh – For the drawal of reactive energy at more than 10% of the net active energy exported".

It is further mentioned in the order that any change in the reactive energy charges for wind power projects if addressed in the Commission's transmission tariff order effective from time to time shall be made applicable to wind power projects.

The Petitioner further mentioned that in the Order No. 3 of 2015 dated 17th August, 2015 in the matter of determination of tariff for procurement of power from solar energy projects by distribution licensees and others, it is mentioned that reactive energy charges shall be paid by solar energy developers as determined by the Commission in the tariff order of GETCO from time to time.

Petitioner requested to approve the reactive energy charge for solar energy projects in line with the wind power projects on the basis of drawal of reactive energy from the grid by solar energy projects.

Commission's Analysis:

The Commission has gone through the submission made by the Petitioner and decides to make reactive energy charges applicable for wind energy projects to solar energy projects also. Thus, the reactive energy charges to be paid to GETCO for drawal of reactive energy from the grid by solar energy generators, wind energy generators, CPPs who are also consumers and not to IPPs which are generating companies are as under;

Table 5.4: Reactive Energy Charges

Sr. No.	Category	Approved rate
1	For the drawal of reactive energy at 10% or less of the net energy exported.	10 paise/kVARh
2	For the drawal of reactive energy at more than 10% of the net active energy exported	50 paise/kVARh

The above rate for reactive energy charges shall be applicable w.e.f. 1st April, 2018.

6 New Directives

6.1 Compliance of Directives issued by the Commission

In the Tariff Orders issued by GERC on 31st March, 2015, 31st March, 2016 and 31st March, 2017, the Commission had given certain directives to GETCO. 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 31st March, 2015, 31st March, 2016

Directive 2 and 3: GETCO to plan their network to avoid transmission constraints and to submit quarterly report on voltage-wise peak loading

GETCO, in the Tariff Order dated 31st March, 2015 and 31st March, 2016 was directed to submit report on reasons for the transmission constraints and area wise planning on transmission constraint elements. Further, in the Tariff Order dated 31st March, 2017, compliance on submission of report on transmission planning to avoid transmission constraints was noted and it was directed to carry out transmission planning in accordance with the CEA Transmission Planning Criteria to minimize transmission constraints and to keep the Commission informed about transmission planning being carried out to avoid such transmission constraints by 30th September, 2017. Further, based on an objection received from a stakeholder about a few transmission elements operating beyond loading capacity, it was directed to keep the Commission informed on a quarterly basis about average as well as peak loading of various 220 kV, 132 kV and 66 kV sub-stations in the Gujarat system.

Compliance by GETCO:

The report is being submitted by GETCO on transmission planning so as to avoid transmission constraints in GETCO system. Further, such report has also been submitted with the petition attached as Annexure A to the petition.

GETCO has submitted report on average as well as peak loading of various 220 kV, 132 kV and 66 kV sub-stations in the Gujarat for 2nd quarter of FY 2017-18 with the tariff petition attached as Annexure B to the petition.

Commission's comments:

Compliance of the directive is noted. While appreciating the efforts being made by GETCO in eliminating such transmission constraints and GETCO's ability to cater maximum demand up to 15966 MW during FY 2017-18 (as on September, 2017), it is apt to mention that the Commission has again received objection from Federation of Gujarat Industries about a few transmission elements still operating in overload conditions and thus causing damage to the transmission grid. The objection and the response of the Petitioner on the same are detailed in Chapter 3 of this order, and GETCO in the response has furnished that transmission elements in the Southern region which are operating up to its full capacity due to inoperative local generation because of high fuel cost.

GETCO has also submitted the planned work to resolve the issue of overloading of transmission line with targeted month of completion. In this regard GETCO is directed to complete the work as per the target and keep the Commission informed about the progress made in these works on quarterly basis.

6.3 Compliance of Directives issued vide T.O. dated 31st March, 2017

Directive 1 and 2: Prior concurrence for any deviation in capitalization across voltage classes/schemes and quarterly submission of scheme wise progress report

The Commission, while observing deviation in capitalization across voltage classes/ scheme, directed GETCO to have prior concurrence with due justification for any deviation in capitalization across voltage classes/schemes. Further, based on inability of GETCO to incur capitalization approved by the Commission and having deviated approved capitalization during second MYT Control Period i.e. FY 2011-12 to FY 2015-16, GETCO was directed to keep the Commission apprised about progress made in scheme-wise capitalization and also to have prior approval of the

Commission while incurring CAPEX in excess of Rs. 50 Crore over the approved capitalization with due justification.

Compliance by GETCO:

GETCO has submitted that the directives are well taken and seriously considered. GETCO is monitoring its capital expenditure in detail and based on the system requirement and priority, GETCO is incurring capital expenditure. GETCO has further submitted that the deviation in capitalization across voltage classes/ schemes can only be ascertained by GETCO at the end of project completion or at the end of financial year, when the value of assets commissioned is shifted from Capital Work in Progress to Fixed Assets. Moreover, transmission assets above 66 kV require more than 2-3 years to complete and when it is completed and put to use, then only it is capitalized.

Details of scheme-wise physical and financial progress of the assets approved by the Commission for FY 2017-18 in the MYT Order for FY 2016-17 to FY 2020-21 is annexed with this Order as Annexure I.

Detail status report of Scheme-wise financial progress (Rs. in Crore) of the 132 KV & above sub-stations approved by the Commission for the FY 2017-18 is annexed with this Order as Annexure II.

Scheme-wise physical & financial progress of the 132 KV & above transmission lines approved by the Commission for the FY 2017-18 in MYT for FY 2016-17 to FY 2020-21 is annexed with this Order as Annexure III.

Over and above, GETCO has considered Capital expenditure of Rs. 533 Crore in 66 KV Voltage level in FY 2017-18 having 95 Nos. of 66 KV sub-stations (Capex of Rs. 4 Crore per sub-station) & 900 Ckt Km of 66 KV transmission lines (Capex of Rs. 0.17 Crore per Ckt Km of Line). Against the projections, GETCO has booked the capital expenditure of Rs. 221.81 Crore in sub-stations (Rs. 380 Crore - proposed for FY 2017-18) and Rs. 75.40 Crore in transmission lines (Rs. 153 Crore - proposed for FY 2017-18) as on Sept. 2017. As per the past trend & experience, the Capital expenditure of 66 KV Voltage schemes will speed up at the end of financial year i.e. around Feb & March 2018. GETCO is optimistic about achieving the target set by the

Commission and will be more vigilant on the deviation in approved capital expenditure & capitalization.

Over and above, GETCO has incurred Capital expenditure of Rs. 122 Crore (as on August 2017) in Renovation & Modernization against Rs. 465 Crore proposed in MYT for the FY 2017-18.

Few transmission assets are spilled over from last years and considered in current year i.e. FY 2017-18. Such spilled over assets, where capital expenditure has been incurred in FY 2017-18 are separately shown as spilled over Sub-stations & Transmission lines in Annexure IV of this Order:

Further, GETCO is not leaving any stone unturned in executing planned capital expenditure. GETCO has experienced in past that there has been slow progress in EHV transmission lines as compared to sub-stations. The major reasons of such slow progress resulted in to deviation/ variance from approved capital expenditure & capitalization are as under:

- Constraint of Right of Way (RoW) for transmission lines.
- Lack of suitable land for the sub-station.
- Lengthy process for statutory approvals.
- Lack of approved contractors to carryout work, etc.

Such issues were also brought to the notice of the Commission in past.
GETCO has considered above mentioned constraints and has proactively taken several steps to ensure that the above mentioned constraints do not affect GETCO in overall functioning specially in execution of transmission assets.

- Inventory management,
- Advance application for statutory clearance,
- Regular project review meeting at all levels,
- Regular monitoring of capital expenditure booking, etc.

GETCO is taking all possible steps to control the deviation in capital expenditure & capitalization across voltage class/ schemes.

Commission's comments:

While noting the compliance of GETCO, it is to state that the said deviation has also been observed during FY 2016-17. Explanation for such deviation was sought and provided by GETCO where same reasons have been furnished by GETCO such as RoW, public/farmers protest and long delay in statutory clearances. Stakeholders have also raised the objection on deviation in capex across voltage class/ schemes which are detailed in Chapter 3 of this Order. Though, justification provided by GETCO for deviation of Capex across voltage class/ schemes have been noted, the Commission has a strong opinion that GETCO should adhere to approved Capex and should plan ahead considering the said issues being faced in laying down transmission network and also should adhere to criteria specified in the Manual of CEA on Transmission Planning Criteria and should plan transmission network for future based on the system studies. GETCO is further directed to submit report on scheme wise physical and financial progress of voltage-class wise transmission schemes as against approved schemes in the MYT Order dated 31.03.2017, on half yearly basis regularly.

Directive 3: Submission of copies of MoUs signed with DISCOMs /copies of Management approval for 66 kV sub-stations.

Considering significant amount of Capex for 66 kV voltage-class proposed for the MYT Control Period of FY 2016-17 to FY 2020-21, GETCO was directed to submit copies of MOUs signed with DISCOMs/ copies of Management approval for 66 kV sub-stations.

Compliance by GETCO:

GETCO submitted that it develops 66 kV network as per the requirement of Distribution Companies. Every Discom assesses the load growth and submits its requirement to GETCO for creation of new 66 kV sub-stations after due approval of MDs of respective Discoms as per the direction given by GUVNL. GETCO puts up the proposal before its Board for administrative approval. As per the requirement and in consultation with Discoms, GETCO applies for land before appropriate Collector and various Municipal Corporations, GIDC, etc. As per the availability of suitable land, GETCO informs about yearly target of executing 66 kV sub-stations to each Discom. Out of current year's target, GETCO have received land for 111 number of sub-stations and work is under progress for 109 number of sub-stations.

Commission's comments.

Compliance of GETCO is noted. It is observed that GETCO erects new 66 kV sub-stations as per Discom's requirement. However, since, every year huge chunk of capital expenditure is being incurred on creation of new 66 kV sub-stations, it is now time to look at the reasonableness of the proposals received from Discoms. GETCO is directed to prepare a report for all the 66 kV sub-stations commissioned since FY 2016-17 till date comprising the details of MW capacity of sub-stations and maximum loading in the year after commissioning of sub-station and submit the same to the Commission latest by 30th September, 2018.

Directive 4: Calculation of Depreciation

Considering Regulation 39 of the GERC (MYT) Regulations, 2016 about charging deprecation on assets transferred under the Transfer Scheme as per the rates specified in the GERC (MYT) Regulations, 2016 for a period of 12 years from the date of Transfer Scheme and thereafter and spread the depreciation over the balance useful life of the assets and completion of period of 12 years on 31.03.2017, GETCO was directed to consider the depreciation for FY 2017-18 in accordance with the GERC (MYT) Regulations, 2016.

Compliance by GETCO:

GETCO has initiated the process for computing the depreciation as per the GERC (MYT) Regulations, 2016.

Commission's comments:

Compliance of GETCO is noted. The Commission shall consider depreciation in accordance with Regulation 39 of the GERC (MYT) Regulations, 2016 while truing up of FY 2017-18.

6.4 New Directives:

Directive 1: Submission of peak and average loading of transmission elements

The Commission, while dealing with objections/ suggestion of the stakeholders, has observed that many transmission elements are functioning on overloading conditions. GETCO has been directed to adhere to the Manual of CEA on Transmission Planning Criteria to avoid such overloading operation of transmission elements. The Commission has been directing GETCO to submit report on peak and average loading of various 220 kV, 132 kV and 66 kV sub-stations. GETCO is directed to keep submitting the said reports at quarterly interval along with the report on peak loading and average loading of transmission elements. GETCO shall also apprise the Commission on quarterly basis about the transmission elements which are running in overload condition for more than two times in a calendar month.

COMMISSION'S ORDER

The Commission approves the components of transmission charges and the Transmission tariff for GETCO for FY 2018-19, as shown in the Tables below:

(Rs. Crore)

Sr. No.	Fixed Charges	2018-19
1	Operation & Maintenance Expenses	1556.19
2	Depreciation	1132.95
3	Interest & Finance Charges	596.86
4	Interest on Working Capital	77.64
5	Return on Equity	846.67
6	Contingency Reserve	0.00
7	**Total Fixed Costs**	**4210.30**
8	Add: Provision for Tax	64.64
9	Less: Expenses Capitalized	194.13
10	**Total Transmission Charges**	**4080.79**
12	Less: Non-tariff Income	331.37
13	**Aggregate Revenue Requirement**	**3749.43**
14	Add: Incentive for achieving target availability	0.00
15	**Add: Revenue Gap for FY 2016-17**	**201.40**
15	**Total Revenue Requirement**	**3950.82**

Transmission Tariff

Sl. No.	Particulars	Unit	2018-19
1	**Transmission Tariff**	**Rs./MW/Day**	**4207.17**
2	**Transmission Tariff for STOA collective transactions**	**Ps./kWh**	**36.92**

This order shall come into force with effect from 1st April, 2018.

Sd/-	Sd/-	Sd/-
P. J. THAKKAR	**K. M. SHRINGARPURE**	**ANAND KUMAR**
Member	Member	Chairman

Place: Gandhinagar
Date: 31/03/2018

ANNEXURE I

Details of scheme-wise physical and financial progress of the assets approved by the Commission for FY 2017-18 in the MYT Order for FY 2016-17 to FY 2020-21

Voltage Class	CAPEX Approved by GERC for FY 2017-18 under MYT	CAPEX incurred in Projects approved by GERC for FY 2017-18	Total CAPEX Incurred till 30-Sep-2017 including Spill Over projects
400 KV Substation	204.11	126.86	134.15
400 KV Line	561.21	137.82	144.65
220 KV Substation	361.85	7.83	36.64
220 KV Line	327.66	60.74	116.45
132 KV Substation	17.71	1.39	7.22
132 KV Line	31.91	0.48	0.74
66 KV Substation	380	221.81	221.81
66 KV Line	153	75.52	75.52
Total	**2037.45**	**632.45**	**737.18**

ANNEXURE II

Detail status report of Scheme-wise physical & financial progress (Rs. in Crore) of the 132 KV & above substations approved by the Commission for the FY 2017-18

Voltage Class	Name of the Substation	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30.09.2017)	Status	Target	Works
400 KV	400 KV Zerda	20	-	-		2018-19	Augmentation of existing substation
400 KV	400 KV Chharodi (GIS)	40	115.03	200	WIP	2018-19	New Substation
400 KV	400 KV Soja	10	0.007	23.54	Completed	2016-17	Augmentation of existing substation
400 KV	400 KV Chorania	5	0.078	0.471	Completed	2016-17	Augmentation of existing substation
400 KV	400 KV Bhachunda (GIS)	26.26	9.57	15.22	WIP	2019-20	New substation
400 KV	Up-gradation of 220 KV Vav to 400 KV level (GIS)	43.16	1.68	1.68	WIP	2019-20	New substation
400 KV	400 KV Bhogat	54.69		3.98	NIT done	2020-21	New substation
400 KV	400 KV Kasor (4th ICT)	5	0.5	34	Completed	2016-17	Augmentation of existing substation
Total (400 KV)		**204.11**	**126.86**				
220 KV	400 KV Chharodi (GIS)	12	-	-	WIP	2017-18	220/66 KV system at 400 KV Chharodi (Sanand) substation
220 KV	400 KV Bhachunda	12	-	-	WIP	2018-19	220/66 KV system at Bhachunda
220 KV	400 KV Kasor	13.62	-	-	Completed	2016-17	220/66 KV system at existing 400 KV Kasor SS
220 KV	220 KV	19.99	-	-			New

Voltage Class	Name of the Substation	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30.09.2017)	Status	Target	Works
	Rajula						Substation
220 KV	220 KV Santej	13.08	3.78	26.6	WIP	2018-19	New Substation
220 KV	220/66 KV Bagodara	18.99	0.66	22.54	WIP	2019-20	New Substation
220 KV	220 KV Visavadar	20	-	-	WIP	2017-18	220/132 KV system at existing 220 KV Visavadar SS
220 KV	220 KV Kawant (220/132)	20.36	0.18	5.43	WIP	2017-18	New Substation
220 KV	220 KV Kawant (132/66)	5.31	-	-	WIP	2017-18	132/66 KV system at 220 KV Kawant SS
220 KV	400 KV Kalavad	21	0.66	9.3	WIP	2019-20	New Substation (220/66 KV system in Phase-1 and 400/220 KV in Phase-2)
220 KV	220 KV Gariyadhar	30	-	-	Yet to award		New substation
220 KV	220 KV Barejdi	19.58	-	0.98	Yet to award		New Substation
220 KV	220 KV Virpore	15	-	4.5	Yet to award		New Substation
220 KV	220 KV MotiGop	14	0.75	3.17	WIP	2019-20	New Substation
220 KV	Up-gradation of 132 KV Wankaner to 220 KV (GIS)	17.5	-	4.12	WIP	2019-20	220/66 KV system at 220 KV Wankaner substation
220 KV	220 KV Makansar	10	-	4.39	Yet to award		New substation
220 KV	220 KV Amod (up-gradation of 66 KV to 220 KV - Hybrid)	30.09	0.54	1.64	WIP	2018-19	New substation

Voltage Class	Name of the Substation	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30.09.2017)	Status	Target	Works
220 KV	220 KV Babara	26.88	0.92	0.92	Yet to award		New substation
220 KV	220 KV Zalod	8.11	0.33	6.2	WIP	2019-20	New substation
220 KV	220 KV Sarigam (Umagam)	29.58	-	-	WIP	2019-20	New substation
220 KV	220 KV Bhat (up-gradation of 66 KV - GIS)	4.76	-	-	Yet to award		New substation
Total (220 KV)		**361.85**	**7.82**				
132 KV	132 KV Pipli	5	-	-	Yet to award		New Substation
132 KV	Up-gradation of 66 KV Tankara to 132 KV	12.71	1.39	5.67	Completed	2017-18	New Substation
Total (132 KV)		**17.71**	**1.39**				
Total		**583.67**	**136.07**				

ANNEXURE III

Scheme-wise physical & financial progress (Rs. in Crore) of the 132 KV & above transmission lines approved by the Commission for the FY 2017-18 in MYT for FY 2016-17 to FY 2020-21

Voltage class	Name of Transmission line	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30th Sept 2017)	Status	Target
400 KV	LILO of proposed 400 KV D/C Vadavi - Zerda line at Sankhari (Twin Moose)	37.03	5.36	16.48	WIP	2017-18
400 KV	400 KV Essar - Amreli line (Twin Moose)	20	0.22	158.75	WIP	2018-19
400 KV	400 KV D/C Vadavi - Halvad line	20	2.55	89.28	WIP	2018-19
400 KV	400 KV S/C Adani - Hadala line LILO at Halvad	20	0.64	0.82	WIP	2017-18
400 KV	400KV D/C WANAKBORI TPS (EXISTING SWITCHYARD) - WANAKBORI UNIT NO.8 LINE (TIE LINE)	1.05	-	-	WIP	2017-18
400 KV	LILO one ckt of 400 KV D/C Kosamba - Chorania line at 400 KV Chharodi s/s (ACSR Twin Moose)	10	8	55.19	WIP	2017-18
400 KV	400 KV D/C Varsana - Halvad (Quad Moose)	30	6.34	162.63	WIP	2018-19
400 KV	400 KV D/C Kasor - Amreli line (Quad Moose)	10	1.48	302.73	WIP	2018-19
400 KV	400 KV D/C Wanakbori TPS - Soja	20	24.94	59.33	WIP	2018-19
400 KV	LILO of existing 400 KV S/C Wankabori - Soja line at 400 KV Dehgam (PG) substation (Twin moose)	6	4.07	4.07	WIP	2018-19
400 KV	400 KV D/C Soja - Zerda line (Twin moose)	50	31.66	115.38	WIP	2019-20
400 KV	LILO of one circuit of 400 KV D/C Ukai - Kosamba line at 400 KV Vav substation	30	9.93	19.29	WIP	2018-19
400 KV	LILO of one circuit of 400 KV D/C Jhanor - Navsari line at 400 KV Vav substation	15	1.95	4.07	WIP	2018-19
400 KV	LILO of both circuits of 400 KV D/C Mundra – Zerda line	15	-	-	WIP	2018-19

Voltage class	Name of Transmission line	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30th Sept 2017)	Status	Target
	at Charanka substation					
400 KV	400 KV D/C Bhachunda - Varsana line	42		0.06	WIP	2020-21
400 KV	400 KV D/C Adani - Zerda line-1	50	0.22	103.56	WIP	2020-21
400 KV	400 KV D/C Shapar - Fedra line (twin moose)	37.5	-	-	Re-tender	2020-21
400 KV	400 KV D/C Hadala - Shapar line (Twin Moose)	39	17.84	17.86	WIP	2019-20
400 KV	LILO of one ckt of 400 KV D/C Kosamba - Chorania at 400 KV Fedra	10	4.17	19.04	WIP	2018-19
400 KV	400 KV D/C Bhogat - Kalavad line	50.63	14.83	14.83	WIP	2020-21
400 KV	LILO of both circuits of 400 KV D/C Essar - Hadala line at 400 KV Kalavad s/s	18	0.03	10.78	WIP	2017-18
400 KV	LIL O of one ckt of proposed 400 KV D/C Wanakbori - Soja line at Prantij s/s	5	3.59	27.39	-	2020-21
400 KV	400 KV D/C Sankhari - Prantij	10	-	-	-	2020-21
400 KV	400 KV D/C Bhachunda - Bhuj Pool (PG) line	15	-	-	-	2020-21
Total (400 KV)		**561.21**	**137.82**			
220 KV	Rectification of 132 KV D/C Gotri - Jambuva line to charge at 220 KV level	7.5	-	-	-	2016-17
220 KV	Termination of one D/C line of 220 KV 2 X D/C Achhalia - Jambuva line at Jarod s/s	10.55	-	15.77	WIP	2017-18
220 KV	LILO of 220kV S/C Kasor-Vartej line and 220kV S/C Karamsad-Vartej line at 400kV Pachchaam S/s on M/C tower	10.25	4.04	16.19	WIP	2018-19
220 KV	LILO of proposed 220 KV D/C Sankhari - Jangral line at Sankhari (400 KV) s/s	19	2.04	22.28	Commissioned (2017-18)	Line charged on 23.09.2017.
220 KV	220 KV D/C Gavasad - Salejda line	7.79	0.6	44.68	WIP	2018-19
220 KV	LILO of 220 KV S/C Zagadia - Haldarwa line at Jhanor	2.4	1.81	4.32	WIP	2017-18

Voltage class	Name of Transmission line	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30th Sept 2017)	Status	Target
	TPS					
220 KV	LILO of one circuit of 220 KV D/C Akrimota TPS – Nakhatrana line at Bhachunda substation	10.74	7.16	16.43	WIP	2017-18
220 KV	LILO of one circuit of 220 KV D/C GPPC - Savarkundla line at 220 KV Rajula substation	2.64	-	-	-	2017-18
220 KV	LILO of 220 KV S/C Vadavi - Chhatral line at 220 KV Santej substation	5.07	-	6.38	WIP	2018-19
220 KV	LILO of both circuits of 220 KV D/C Tebhda- Rajkot line at proposed 400 KV Kalavad substation	13.12	0.37	6.13	WIP	2017-18
220 KV	LILO of 220 KV S/C Salejada - Chorania line at 220 KV Bagodara substation	2.13	-	-	Line charged on 01.06.2017	2017-18
220 KV	220 KV D/C Vadodara (PG)-Vyankalpura Line	9.39	-	-		2018-19
220 KV	220KV D/C Vadodara(PG) – Jambuva line	10			WIP	2018-19
220 KV	LILO of 220 KV S/C Tappar - Hadala line at 220 KV Bhachau substation	1.8	0.87	1.28	Line charged on 06.07.2017.	2017-18
220 KV	LILO of one circuit of 220 KV D/C MotiPaneli-Sardargadh Line at 220 KV Shapur SS	8.47	-	-		2019-20
220 KV	LILO of one ckt of 220 KV D/C Vyankatpura - Achhalia line at 220 KV Kawant	20	13.13	34.77	WIP	2018-19
220 KV	220 KV D/C Bhatia - Kalavad line	17.24	1.26	59.57	WIP	2018-19
220 KV	220 KV D/C Kalavad - Kangasiali	20	0.15	23.08	WIP	2018-19
220 KV	220 KV D/C Chorania - Botad line	15	0.61	12.37	WIP	2018-19
220 KV	LILO of oncckt of 220 KV D/C Amreli - Dhasa at 220 KV Botad	13	1.11	16.21	WIP	2017-18
220	LILO of 220 KV S/C Vapi	12	-	-		2020-21

Voltage class	Name of Transmission line	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30th Sept 2017)	Status	Target
KV	(GETCO) - Bhilad line at Chikhli substation					
220 KV	LILO of 220 KV D/C Tebhda - Rajkot (Nyara) line at 220 KV MotiGop substation	10.5	3.72	3.72	WIP	2018-19
220 KV	220 KV D/C Bhogat (400 KV) - MotiGop line	10.68	9.69	9.74	WIP	2019-20
220 KV	LILO of one circuit of 220 KV D/C Hadala - Sartanpar line at 220 KV Wankaner SS	4.27	2.66	5.06	WIP	2017-18
220 KV	LILO of 220 KV S/C Lalpar - Sartanpar line at 220 KV Wankaner SS on M/C tower by dismentalling of existing 132 KV S/C Lalpar - Wankaner line	11.2	-	-	WIP	2018-19
220 KV	LILO of one circuit of 220 KV D/C Gandhinagar TPS - Chhatral line at 400 KV Vadavi substation	4.58	-	-	WIP	2019-20
220 KV	LILO of one circuit of 220 KV D/C Kasor - Gavasad line at 220 KV Gotri substation	12	-	-		2019-20
220 KV	220 KV Bhogat - Bhatia line	7.32	3.01	3.01	WIP	2018-19
220 KV	220 KV Bhogat - Ranavav line	13.73	-	0.05	WIP	2019-20
220 KV	220 KV D/C Amreli - Babara line	3.05	-	-	-	2019-20
220 KV	220 KV D/C Babara - Gondal-II line	5	-	-	-	2019-20
220 KV	220 KV D/C Babara - Shapar line	12.81	-	-	-	2019-20
220 KV	LILO of 220 KV S/C Kadana - Godhra line at 220 KV Zalod	12.43	8.51	16.14	WIP	2018-19
220 KV	220 KV D/C Wanakbori TPS - Zalod line along with one circuit LILO at SavdasnaMuvada	2	-	-	-	2021-22
Total (220 KV)		**327.66**	**60.74**			
132 KV	LILO of 132 KV S/C Junagadh - Talala line at 220 KV Shapur	9.14	-	-	WIP	2017-18
132 KV	LILO of circuit of 132 KV S/C Gondal - Haripur line at 220	9.27	-	-	WIP	2017-18

Voltage class	Name of Transmission line	Amount Considered in MYT for FY 2017-18	Capital Expenditure (01-04-2017 to 30-09-2017)	Total Capital Expenditure (as on 30th Sept 2017)	Status	Target
	KV Visavadar substation					
132 KV	LILO of 132 KV S/C Wankaner - Jamnagar line at 132 KV Tankara substation	2.8	0.48	0.92	Line work Completed	2017-18
132 KV	132 KV S/C Sankhari (400 KV)- Deesa Line	5.7	-	0.19	Survey work under progress	2019-20
132 KV	LILO of Both Circuit of 132 KV D/C Jasdan wind farm-Jasdan line at 220 KV Babara Substation on M/C Tower Line	3	-	-	Survey work done, BoQ under preparation	2019-20
132 KV	132 KV D/C Limkheda- Zoz Line	2	-	-	-	2019-20
Total (132 KV)		**31.91**	**0.48**			
Total		**920.78**	**199.04**			

ANNEXURE IV

Spilled over Substations

Sr. No.	Voltage	Name of Project	CAPEX as on 30-09-2017
1	400	400KV Amrel ICT and FB	1.75
2	400	400KV Tappar (Varsana)	0.01
3	400	400KV SHAPAR S/S	0.01
4	400	400/220 Ahmadpura (kalipur) (Prantij)	0.01
5	400	Asoj 400KV S/s (Amount for 315 MVA ICT-3 & 500 MVA ICT-4 WORKS)	0.22
6	400	400/220/66 KV Charanka (including cable)	2.26
7	400	400KV Veloda	0.90
8	400	FB for 400KV Amreli - Kasor line	2.13
Total (A)			**7.29**
1	220	220KV Maglana	6.86
2	220	220KV Botad	0.78
3	220	220 KV Vallabhipur	0.73
4	220	220 KV Talaja (Shelavadar)	0.81
5	220	220/66KV Bhachau s/s	0.20
6	220	220 KV Suva (Near Dahej)	1.30
7	220	220KV Gondal	0.16
8	220	220KV Morbi S/S (F.B. Tappar)	0.02
9	220	220KV Kamlapur S/S	1.81
10	220	220KV Gomta(Gondal -II)	1.52
11	220	220 kvBhutiya -3 bay work	0.21
12	220	220 KV Faredi (Modasa)	0.94
13	220	220/66KV Jarod (Vyankatpura) s/s	0.56
14	220	220 KV Gotri (Phase-I)	8.88
15	220	220KV Bechraji (Maruti)	0.57
16	220	220 KV Mogar	0.02
17	220	220/66KV Popda (Bhestan) s/s	0.14
18	220	220kv Jangral S/S (for O/G bay of Kalana S/S)	0.34
19	220	220/66KV Sadla (Chotila) (Shapar) s/s	0.02
20	220	220KV Charadva	1.01
21	220	4 nos of FB for 220 kv Line at 400 kvChoraniya S/s	0.08
22	220	220KV FB AT 220KV Jamnagar S/S Jamnagar-Hadala	1.76
23	220	220 KV FB for 220kv Radhanpur-Sankhari (Veloda) line	0.09
Total (B)			**28.81**
1	132	132KV Vajdi S/S	0.16
2	132	132 KV MotaDahisarda	2.52

Sr. No.	Voltage	Name of Project	CAPEX as on 30-09-2017
3	132	132 KV Vaghasiya (prop.GIDC)	2.52
4	132	132KV Zoz	0.01
5	132	132 KV Bhavnath	0.04
6	132	132 KV Chandkheda (Zundal/Khorj)	0.42
7	132	Transformer bay at Mehmadavad s/s	0.02
8	132	132 KvSarvala	0.15
		Total (C)	**5.83**
		Total (A+B+C)	**41.94**

Spilled over Transmission lines

Sr. No.	Voltage	Name of Project	CAPEX as on 30-09-2017
1	400	400 KV Mundra - Zerda line 2 - Anjar expenditure	0.38
2	400	LILO at 400kV Varsana s/s from 400kV Mundra-Zerda line No:02	0.04
3	400	400 KvCharanka - Sankhari(veloda) Line	4.66
4	400	400 kv D/C Vadavi-Zerda line	0.66
5	400	OPGW 400 KV Zerda - Varsana Line	0.90
6	400	400KV Kosamba - Chorania line Bharuch Expenditure	0.07
7	400	400 KV D/C Kosamba - Achhalia line	0.11
8	400	400kv I/C Ukai-Kosamba to Zanore -Nav. Line	0.01
		Total (A)	**6.83**
1	220	220kv D/C BECL - Botad Line	1.96
2	220	220kv D/C Halvad - Sadla Line	0.41
3	220	LILO Of 220 Kv Jamnagar - Jetpur Line No.2 At SikkaTps	0.65
4	220	220kv D/C Jamnagar - Hadala LINE	0.96
5	220	220kv D/C Radhanpur - Sankhari Line	15.82
6	220	220kV D/C Chorania-Salejada line	15.35
7	220	220kV D/C Vyankatpura-Waghodia (765kV PGCIL) line	4.2
8	220	220kV LILO of both ckt. of 220kV D/C Mobha - Mangrol line at 220kV Amod S/s	2.13
9	220	LILO OF 132KV S/C Ranasan - Vijapur Line AT 132KV Chiloda S/S	
10	220	220KV Otha (Mahuva)-Sagapara (Palitana) line	0.59
11	220	220 KvAmreliVisavadar	0.16
12	220	220 KvSkdSagapara Line	0.99

Sr. No.	Voltage	Name of Project	CAPEX as on 30-09-2017
13	220	220 KvAmreliDhasa Line	0.98
14	220	LILO of TapparNanikhakhar at 220 KV Kukma s/s	0.98
15	220	220KV KAMLAPUR S/S	0.96
16	220	220 KvGodhraWanakbori line	0.13
17	220	220 KvGodhra-Chandrapura Line (OPGW)	0.16
18	220	220KV Gawasad-KosambaLine (OPGW)	0.63
19	220	220KV Nyara-Tebhda Line	2.52
20	220	220KV D/C Visavadar - Timdi line	0.30
21	220	220 KV KasorHeranj Line	0.22
22	220	220 kvBarejadiPirana Line	2.96
22	220	LILO of 220KV s/c Navsari - Vav line at s/s near 220 KV Popda s/s	0.05
23	220	LILO of 220KV S/C Navsari - Bhilad line at Atul s/s	0.01
24	220	220kv Palanpur-Amirgadh Line	1.05
25	220	220 kvHalvad-MobiLilo at 400 KvHalwad S/s	1.56
Total (B)			**55.71**
1	132	132 KV LILO Vaghasiya (prop.GIDC)	0.03
2	132	132KV D/C Ode - Manjusar Line	0.11
3	132	132KV D/C Tilakwada - ChhotaudepurLinE	0.12
Total (C)			**0.26**
Grand Total of Line (A+B+C)			**62.8**