Respected Sir/Madam,

I am directed to forward the below mentioned additional details required from M/s UGVCL in the Petition No. 1839/2019 for True up of FY 2018-19 and Determination of Tariff for FY 2020-21. You are requested to submit those details in **soft copy (in MS Excel/PDF) and hard copy within 15 days.**

1. **True-Up for FY 2018-19**

1. **Significant increase in sales is observed in Industrial HT Category. In this regard, UGVCL should:**
   1. **Submit the reasons for the same.**

Compliance: -

The energy sale for Industrial HT Category approved in the MYT Order 1622/2016 dated 31th March, 2017, by the Honourable commission was based on Y-o-Y (FY 2015-16 against FY 2014-15) 1.81% CAGR. However, during MTR proceedings, it was observed that the growth rates (5 Year, 3 Year & Y-o-Y) were significantly varying considering the actual sale of FY 2012-13 to FY 2017-18. The Hon’ble Commission in the MTR order dated 24thApril, 2019, in the above referred case, approved the HT energy sales realistically considering a 3 year CAGR of 12.82% as submitted by UGVCL against previously approved Y-o-Y CAGR of 1.81%.

Sales of Industrial HT for FY 2018-19 was projected by UGVCL to be 7241 MU in the MTR Petition considering revised growth rate. Against 7241 MU, the actual sales of Industrial HT during FY 2018-19 was7621.20 MU.

It is highlighted that increase in HT Industrial sales is due to reduction in Open Access, Wind Farm and CPP consumption from 1346 MUs (FY 2015-16) to 881 MUs (FY 2018-19). The Sales in the Industrial HT Category has increased due to above factors.

* 1. **Clarify whether this trend of sales increase is expected to continue**

Compliance:***-***

UGVCL expects sales as considered in Mid Term review petition

* 1. **Explain the increase in revenue by around 40% as against the increase in sales by around 59%**

Compliance: -

W.r.t.MUs, reference can be taken to answer **1. a** above.W.r.t. Revenue it is submitted that the tariff charged to consumers is in line with tariff order and the FPPPA rate approved by the Hon’ble Commission from time to time. Relationship observed between revenue and sales is not linear, because revenue has variable component which is linear with sales, as well as fixed component. In case of increase in sales of existing consumers, variable charges like energy charges will increase, but revenue through fixed charge does not change proportionately.

1. **As regards sales to agricultural category, UGVCL should:**
   1. **submit the break-up of revenue from sales to metered agricultural category and un-metered agricultural category.**

**Compliance: -**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Particulars** | **Sales(MU)** | | **Revenue (Rs. Crores)** | |
| **FY 2018-19 (Approved)** | **FY 2018-19 (Actual)** | **FY 2018-19 (Approved)** | **FY 2018-19 (Actual)** |
| 1 | Agriculture - Metered | 3,714 | 3,406 | 840.51 | 862.80 |
| 2 | Agriculture - Unmetered | 6,219 | 6,331 | 1,807.22 | 2229.61 |
| **3** | **Total** | **9,933** | **9,737** | **2,647.73** | **3,092.41** |

* 1. **Explain the increase in revenue by around Rs. 440 crore as compared to approved revenue, though the actual metered sales are lower by around 300 MUs and the unmetered sales are higher by around 110 MUs.**

**Compliance: -**

Increase in Revenue in Agriculture category is due to an amount of Rs. 223.94 Crore receivedagainst previous years subsidy deficit.Approved FPPPA rate is Rs.1.49/unit whereas actual average FPPPA rate is Rs.1.71/unit.Accordingly, revenue has increased as compared to approved revenue.

* 1. **Explain why the metered sales are lower than approved sales, while the unmetered sales are higher than respective approved sales**

**Compliance: -**

Decrease in sale of metered consumers is on account of higher projection made for new connections release to the AG consumers during FY 2015 -16, i.e., 25,000 nos of connections were expected to be released every year.Therefore, 461 MUwere projected every year. Actual release of connections was lesser which is 16810, 22416 and 17175 for FY 2016-17, FY 2017-18 and FY 2018-19, respectively.

1. **UGVCL should furnish sale of energy as per monthly return under Form A specified in Rule 6 (1) (A) filed with the Chief Electrical Inspector and Collector of Electricity Duty.**

**Compliance: -**Form A is Provided in Annexure- A

1. **UGVCL should submit category-wise number of consumers, connected load, contract demand and billed demand for FY 2018-19 for all categories.**

**Compliance: -**Requested information has been submitted in **Revenue Model**. There is no change in data as submitted in Revenue Model.

1. **UGVCL should submit the comparison of actual Average Billing Rate (ABR) vis-à-vis the approved ABR for each category and explain the difference in ABR for each category.**

**Compliance: -**

Approved vs actual ABR are as follows for various tariff categories.

| **Particulars** | **Sales (MU)** | | **Revenue (Rs. Crore)** | | **ABR (Rs. /unit)** | |
| --- | --- | --- | --- | --- | --- | --- |
| **FY 2018-19 Approved** | **FY 2018-19 Actual** | **FY 2018-19 Approved\*** | **FY 2018-19 Actual** | **Approved ABR** | **Actual ABR** |
| RGP | 2,379 | 2,256 | 1,206.90 | 1,180.48 | 5.07 | 5.23 |
| GLP | 52 | 50 | 28.55 | 29.90 | 5.49 | 6.02 |
| Non-RGP & LTMD | 1,829 | 1,935 | 1,221.35 | 1,395.38 | 6.68 | 7.21 |
| Public Water Works | 780 | 745 | 376.78 | 393.33 | 4.83 | 5.28 |
| Agriculture - Metered | 3,714 | 3,406 | 840.51 | 862.80 | 2.26 | 2.53 |
| Agriculture - Unmetered | 6,219 | 6,331 | 1,807.22 | 2229.61 | 2.90 | 3.52 |
| Public Lighting | 62 | 56 | 33.15 | 32.32 | 5.35 | 5.82 |
| Industrial HT | 4,802 | 7,621 | 3,739.03 | 5,229.57 | 7.79 | 6.86 |

*\* Approved revenue contains revenue from FPPPA charges at Rs. 1.49/unit*

The rate charged to consumers is in line with tariff order issued by GERC and the FPPPA rate approved by GERC time to time. The increase in Actual ABR in comparison to the approved ABR of the consumer categories is due the increase in actual FPPPA revenue in FY 2018-19 vis-à-vis FPPPA charge/unit considered by the commission in the Tariff Order.

UGVCL has received additional subsidy as discussed in ‘Query 2.b’ for sales in agricultural category during FY 2018-19. As a result, the ABR of Agricultural consumer during FY 2018-19 is higher than the approved level.

Regarding Industrial HT Consumer, consumption has significantly increased during FY 2018-19 in comparison to FY 2017-18 due to higher market price in other options like open access, solar, CPP units etc. However, the fixed charges have remained the same. Hence, the per unit realisation of fixed charges is reduced. This has reduced the ABR of HT Industrial category.

1. **UGVCL should justify the higher Distribution Losses of 11.19% as compared to approved Distribution Losses of 9.80%.**

**Compliance: -**

T&D losses ofNon- AG categories feeder has reduced from 6.99% during FY 2017-18 to 6.22% during FY 2018-19. i.e. the T&D losses for the agricultural category feeders has increased to 14.80% during FY 2018-19 in comparison to 8.76% during FY 2017-18.

Further it may be noted that the UGVCL is having AG dominant consumer mix and weightage of AG category of feeder is 42% in terms of consumption. Due to errant rain in the year 2018-19, power consumption of AG category was scheduledmore than 8 hours. Same is observed as rise in consumption (13.23 %) for the metered tariff AG consumers in table below.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Discom** | **FY: April-17 to March-18** | | | **FY: April-18 to March-19** | | | **Difference (Per HP Consumption)** | **%Rise** |
| **MUs** | **HP** | **Monthly Per HP Consumption** | **MUs** | **HP** | **Monthly Per HP Consumption** |
| **1** | **2** | **3** | **4=2/3\*10^6** | **5** | **6** | **7=5/6\*10^6** | **8=7-4** | **9 =(8/4)\*100** |
| **UGVCL** | **2,736** | **31,66,990** | 864 | **3,406** | **34,53,505** | 986 | **122** | **14.16%** |

Above table shows that consumption of metered agricultural consumers has increased during FY 2018-19 vis-à-vis FY 2017-18. Similarly, consumption of unmetered agricultural consumers has increased during FY 2018-19. Along with higher consumption by unmetered consumers, connected distribution loss has increased.

1. **UGVCL should submit clarification of 54 MU shown under the head ‘local power purchase by Discom’ mentioned in Table 9.**

Compliance: -

UGVCL has purchased power from Solar (20.84 MUs) and Wind energy generators (33.36 MUs) in line with Govt. Policy and agreements entered with the respective power generator.

1. **UGVCL should submit the reasons for claiming Intra-state Transmission Loss of 3.95% whereas GETCO in its Petition has claimed Transmission loss of 3.92%.**

Compliance: -

The Petitioner has computed Intra-state Transmission Loss as per data available on SLDC website. Same is submitted below for ready reference.

| **Month** | **Energy Injected into GETCO Network(in MU)** | **Energy Dispatched from GETCO Network (in MU)** | **Energy Losses**  **(in MU)** | **% Losses** |
| --- | --- | --- | --- | --- |
| Mar-19 | 8937.83 | 8613.99 | 323.84 | 3.62 |
| Feb-19 | 7886.03 | 7576.31 | 309.72 | 3.93 |
| Jan-19 | 8615.7 | 8271.79 | 343.91 | 3.99 |
| Dec-18 | 8726.13 | 8372.8 | 353.33 | 4.05 |
| Nov-18 | 8309.82 | 8003.83 | 306 | 3.68 |
| Oct-18 | 10037.63 | 9623.27 | 414.36 | 4.13 |
| Sep-18 | 9131.76 | 8734.85 | 396.91 | 4.35 |
| Aug-18 | 8498.44 | 8165.13 | 333.32 | 3.92 |
| Jul-18 | 7754.05 | 7438.33 | 315.72 | 4.07 |
| Jun-18 | 8977.01 | 8571.88 | 405.13 | 4.51 |
| May-18 | 9327.94 | 8991.6 | 336.34 | 3.61 |
| Apr-18 | 8955.62 | 8641.28 | 314.34 | 3.51 |
| **Total** | **105157.96** | **101005.06** | **4152.92** | **47.37** |
|  | A | B |  | C=B/A |
|  | 210315.92 | 202010.12 | 8305.84 | 3.9492% |

However, GETCO computes transmission loss as per methodology approved by the Hon’ble Commission in Order No. 990 /2010. In Table 10 of Tariff Petition by GETCO for Truing up of FY 2018-19, actual transmission loss for FY 2018-19 as per SLDC and as per revised methodology approved in Order no. 990/2010 both are mentioned. Actual transmission loss for FY 2018-19 as per SLDC in table 10 mentioned above matches with that submitted by the Petitioner.

1. **UGVCL should submit documentary proof for claiming PGCIL system losses of 504 MU for FY 2018-19.**

Compliance: -

PGCIL System losses are applicable as notified by Regional Load Dispatch Centre (WRLDC) under CERC PoC Regulations. The losses notified by WRLDC is annexed herewith as **Annexure-B**.

During FY 2018-19, power purchased by GUVNL through PGCIL System was 50743 MUs, wherefore system loss incurred annual is 1624.54 MU. Accordingly, PGCIL system loss allocated to UGVCL is 504.18 MU.

1. **As regards power purchase expenses, UGVCL should submit GUVNL**
   1. **source-wise power purchase per unit cost approved in MYT Order and source wise-per unit power purchase cost now claimed in Truing-up.**

Compliance:***-***

The details of source wise power purchase statement i.e. Power purchase cost approved in the MYT Order dated 31.3.2017 and Actual power purchase cost for FY 2018-19 is annexed herewith as per **Annexure-C**.

* 1. **UGVCL should provide source-wise reasoning for increase/decrease in per unit cost of power purchase with respect to the approved rates.**

Compliance: -

The details of increase / decrease in the actual power purchase cost for FY 2018-19 vis-à-vis approved power purchase cost is included in **Annexure-C** above.

It is to state that the approved power purchase cost by the Hon’ble Commission for FY 2018-19 in the order dated 31.3.2017 is based on actual power purchase cost of FY 2015-16. Moreover, in case of power stations of central Sector and GSECL, the power purchase is as per the respective order of Hon’ble CERC/GERC. Therefore increase/ decrease in power purchase cost in respect of these stations is due to change in approved parameters and increase/ decrease in landed cost of fuel. Further, rate for purchase of power from RE based projects is as per the tariff determined by Hon’ble Commission / adopted by Hon’ble Commission. In respect of other stations, mainly there is increase in variable cost and reasons for the same are as under:

| **No** | **Station** | **Approved Variable cost (Rs/Unit)** | **Actual Variable cost (Rs/Unit)** | **Reason** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| 1 | CLP India | 3.20 | 5.34 | Due to increase in Gas price as compared to FY 2015-16 |
| 2 | GSEG | 2.59 | 7.49 |
| 3 | GSEG Exp | 4.29 | 6.41 |
| 4 | GMDC | 0.93 | 1.12 | Due to non-availability of lignite from Panadhro mine, lignite is to be transported from far end mine at Mata no Madh |
| 5 | Adani Power | 1.59 | 3.05 | Due to implementation of Suppl. PPA w.e.f 15.10.2018 as approved by CERC |
| 6 | ACB | 0.66 | 0.81 | Due to change in law |
| 7 | CGPL | 1.60 | 1.83 |

* 1. **UGVCL should also list unapproved sources, if any, from whom power was procured during FY 2018-19.**

***Compliance: -***

Due to non-availability of power from certain approved stations and also to economise cost of power, power purchase was undertaken from short term sources when market condition was favourable to DISCOMs. The power purchase arrangement from GMR Chhatisgarh under coal tolling was separately approved by Hon’ble Commission. The details is as under:

|  |  |  |
| --- | --- | --- |
| No | Source | MUs |
| 1 | NTPC Solapur (Un-requisite 100 MW quantum allocated by MoP for 3 months) | 50 |
| 2 | Power Exchanges | 6407 |
| 3 | Other short-term sources including GMR(Coal Tolling arrangement) | 4245 |

* 1. **Reconciliation of power purchase cost with Form 2 of the Petition formats submitted by UGVCL**

**Compliance: -**

The Hon’ble Commission has approved in Bulk Supply Tariff (BST) Mechanism for allocation of power purchase cost incurred by GUVNL to DISCOMs. Accordingly, power purchase cost for FY 2018-19 is allocated to DISCOMs on bulk supply basis and therefore in Form-2 of the petition, is the combined power purchase cost incurred by GUVNL.Summarised detailed power Purchase cost of Individual Discom is provided in reply to query sr. no. 10-e.

* 1. **Show the DISCOM-wise power purchase considered from various sources, as Form 2 submitted by UGVCL summarises the combined power purchase of all 4 State DISCOMs**

**Compliance: -**

The information provided in Form – 2 of Petition is aggregate power purchased by GUVNL on behalf of four DISCOMs. The details of power purchase cost of individual DISCOM is as under:

Rs Crore

| **Particulars** | **DGVCL** | **MGVCL** | **PGVCL** | **UGVCL** | **Total for DISCOMS** | **Sale to GACL from Adani** | **Amt. not passed on to DISCOMs** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Under BST mechanism** | | | | |
| Power Purchased through GUVNL | 12001.68 | 5340.20 | 15417.99 | 11218.15 | 43978 | 106 | 679 | 44763 |
| Less: Sale of surplus power through GUVNL | 0 | 0 | 1.15 | 139.65 |  | - | - | - |
| Add: UI payable | 102.49 | 0 | 0 | 0 |  | - | - | - |
| Less:UI receivable | 0 | 7.50 | 60.45 | 0.76 |  | - | - | - |
| Add: Local Purchase by DISCOMs (Solar & Wind) | 22.68 | 17.44 | 48.43 | 35.14 |  | - | - | - |
| SLDC Charges | 1.23 | 0.52 | 1.37 | 0.99 |  |  |  |  |
| **Total** | **12128.09** | **5350.66** | **15406.20** | **11113.87** |  | - | - | - |

1. **UGVCL should reconcile the power purchase expenses of Rs. 11,113.87 crore claimed in the Petition with the amount of Rs. 11,254.28 crore as per the Audited Accounts.**

**Compliance: *-***

Power Purchase Cost of Rs. 11,254.28 Crore as shown in Note 29 of Audited Accountis net off by the Revenue of Rs. 0.76 Crore &Rs. 139.65 Crore form sale of Power to GUVNL & DSM Charges as shown in table below:

| **S no.** | **Particular** | **FY 2018-19**  **(in Rs. Crore)** |
| --- | --- | --- |
| 1 | Power Purchase Cost as per Not 29 of Audit A/C | 11,254.28 |
| 2 | Less: Revenue from Sale of Power to GUVNL\* | 0.76 |
| 3 | Less: Revenue from DSM Unscheduled Interchange\* | 139.65 |
|  | **Net Power Purchase Cost** | **11,113.87** |

\*Accounted under Revenue from sale of Power (Note 27)

Accordingly, UGVCL has Claimed Rs. 11,113.87 Crore of Net Power Purchase Cost in the petition.

1. **UGVCL should submit the status of RPO compliance for FY 2018-19, and cumulative shortfall/surplus till FY 2018-19, if any, separately for Solar and Non-Solar RPO.**

**Compliance: -**

For FY 2018-19, the RPO target stipulated by Hon’ble Commission was 12.70% against which the actual target achieved is 12.04%. Thus, there is shortfall of 0.66% in RPO target achievement during FY 2018-19 due to various uncontrollable factors, for which GUVNL has filed a petition before the Hon’ble Commission. The details of RPO compliance is as under:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RPO** | **Wind** | **Solar** | **Others** | **Total** |
| **Stipulated RPO for FY 2018-19** | 7.95% | 4.25% | 0.50% | 12.70% |
| **Achieved for FY 2018-19** | 9.02% | 2.77% | 0.25% | 12.04% |
| **Shortfall (-) / Excess (+)** | * **0.66%** | | | |

1. **As regards average power purchase cost of Rs. 4.15/kWh considered in Table 11 of the Petition.**
   1. **provide computation for the rate of Rs. 4.15/kWh**

**Compliance: -**

The Petitioner has computed average power purchase cost as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **Amount** | **Unit** | **Formula** | **Reference in Petition** |
| Cost of Power Purchase | 11,113.87 | Rs. Crore | A | Table 10 |
| Total Energy Requirement | 26,762 | MU | B | Table 9 |
| Avg. power purchase cost | 4.15 | Rs./kWh | C=A/B\*10 |  |

* 1. **Explain the difference with the average rate of Rs. 4.54/kWh worked out from Form F2 submitted by UGVCL, i.e., total power purchase cost of Rs. 44763 crore for purchase of 98688 MU.**

**Compliance: -**

After unbundling of Gujarat Electricity Board, Gujarat Urja Vikas Nigam Limited (GUVNL), which is holding company of all 4 state distribution companies, does bulk power purchase of electricity and sale to four discoms. Form 2 submitted along with the Petition contains power purchase by GUVNL, not by the Petitioner alone. Average power purchase cost computed above corresponds to allocated power purchase cost of the Petitioner out of overall cost of power purchase of GUVNL. Therefore, avg. power purchase cost in Form F2 cannot be compared to that submitted in Table 11.

1. **UGVCL should explain reasons for incurring capex against schemes that were not approved by the Commission for FY 2018-19 (SKJY, etc.) as seen in Table 13 of the Petition.**

**Compliance: -**

Sardar KrushiJyotiYojana launched by Govt. of Gujarat for Rural Agricultural sector to provide the uninterrupted power supply to Agricultural Consumers, the replacement of deteriorated conductor of Agricultural feeders, replacement of deteriorated poles & their related work was proposed. The Govt. of Gujarat has approved Rs. 100 Crore against the scheme in FY 2017-18. Further, Discom wise budgetary provision was allocated by GUVNL, and UGVCL was given target of Rs.12 Crorefor FY 2017-18 and Rs. 16.40 Crore for FY 2018-19 was allotted.

In MYT Order (Case No. 1622/2016),the Govt. of Gujarat had not directed for such scheme, hence same is not been included in the petition. Hence same was not approved by Hon’ble GERC at that time.However, capital expenditure of said scheme was projected under Mid-term review petition and same was approved by Hon’ble Commission vide tariff order of dated 24 April, 2019.

1. **As regards the capital expenditure incurred and capitalisation during FY 2018-19, UGVCL should submit the detailed reasons and justification for increase/(decrease) in cost of all schemes (against which capital expenditure is greater than Rs 10 crore) compared to approved scheme cost, with break-up into:**
   1. **Variation due to delay in execution of the project compared to approved timelines, and justification for the same**
   2. **Variation due to change in scope of work, and justification for the same.**
   3. **Variation due to increase in price**

**Compliance: -**

1. Normal Development Scheme – FY. 2018-19 (Approved) Rs. 177.00 Crore, (Actual)Rs. 259.63 Crore, Diff. Rs. 82.63 Crore.

During the FY: 2018-19, growth of UGVCL in terms of number of consumers and load has exceeded than projected due to potential development at the periphery of Ahmedabad, Gandhinagar city area. Day by day the underground work and work by AB cable has been increased to avoid the accident. Which result in increase in overall cost.

Variation due to change in scope of work than routine development by overhead HT /LT line & Transformer.

1. System Improvement Scheme: - FY. 2018-19 (Approved) Rs. 40.00 Crore – FY. (2018-19) Rs. 28.85 Crore, Diff. Rs. 11.15 Crore

The actual capital expenditure under this scheme has decreased in comparison to the approved capital expenditure because UGVCL has carried out some of the work of similar nature under different scheme, like SKJY, IPDS & DDUGJY.

1. Under Ground cables: - Expenditure in underground cables scheme relatedtoconversion of overhead line to underground network in the area of mahanagarpalika.Under this scheme,the Hon’ble commission has approved capital expenditure of Rs. 100 Crore. However, due to delay in necessary DPR approval, execution of work could not be carried out in FY 2018-19 as per approved schedule.
2. Dark Zone: - FY. 2018-19 (Approved) Rs. 100.00 Crore – FY. (2018-19) Rs. 149.19 Crore, Diff. Rs. 49.19 Crore.

During the FY 2018-19, the actual wells electrified 11844 nos. against the target of 11150 wells. Capital expenditure under this scheme has increased due to higher no. of wells being electrified during the FY: 2018-19.

1. DDUGJY :-

Rs. 122.03 Crore DPR was approved under the said scheme in May – 2016. As per the approved DPR, execution of work in field was carried out later. Further, it is to be noted that as per guidelines of REC, execution of work under the said scheme should be completed before March, 2019. Therefore, UGVCL has expedited all field work and booked material along with the payment to the contractors in FY 2018-19 to meet aforesaid deadline. Further, work has been completed in March,2019. Hence, actual expenditure is more than budgetary provision. However, it has not exceededcapital expenditure approved in DPR.

1. IPDS :-

Capital expenditure ofRs. 102.22 Crore was approved in DPR for the said scheme in May, 2016. As per guidelines of PFC, execution of work under the said scheme should be completed before March, 2019. Hence, UGVCL has expedited the field work. Turnkey order was placed in June, 2018 for carrying out underground work in Sabarmati Circle and Himmatnagar Circle for an amount of Rs. 16.41 Crore and Rs. 8.71 Crore respectively. These works were completed within time.

1. Smart Grid :-

* The broad scope of the pilot project:

1. AT&C Loss Reduction
2. Peak Load Management
3. AMI for Industrial, commercial & residential consumers,
4. Outage Management and,
5. Demand Side Management and Demand Response and ToU tariff for consumers.

PO under this scheme was awarded in June, 2017.Budgetary provision made in FY 2017-18 of Rs 15 Crore could not be utilised in therespective financial year. Instead, that amount has been utilised in FY 2018-19 as milestone wasachieved during FY 2018-19.Therefore,capital expenditure of Rs 29.34 Crore has been incurred in FY 2018-19.

1. AG Norms (SPA)

Due to more no. of wells electrified, the proposed infrastructure work increased.

1. DISS:- FY. 2018-19 (Approved) Rs. 5.00 Crore – FY. (2018-19) Rs. 19.13 Crore, Diff. 14.13 Rs. Crore

This scheme is provided to shift the HT/LT line and Transformer centre which obstacles to public place under the Nagarpalika and MahaNagarpalika area.

This scheme is funded by Govt. of Gujarat during the FY: 2018-19, Govt. of Gujarat during the FY 2018-19 Govt. of Gujarat has sanctioned Rs. 100 crores for FY 2018-19 and extent the scope of work for shifting of Distribution Infrastructure obstructing to the existing roads or during road winding in the Rural and Urban areas under the DISS Scheme. Same has been provisionally allocated to UGVCL (Rs. 20 Crore) by GUVNL in FY 2018-19.

1. Solar Homelight- MNRE has stopped grant for solar home light vide e mail dt. 29.8.2018. GUVNL proposed solar home light without financial assistance from Central Government but rejected by GOG financial department. Hence, no target given by GUVNL for FY 2018-19. Hence deviation observed.
2. **The Commission in MYT Order dated 31 March 2017 had approved Scheme-wise capital expenditure and capitalization for FY 2018-19. As against this approval, UGVCL should submit the following details:**
   1. **Actual scheme-wise Capital expenditure incurred during FY 2016-17 to FY 2018-19 vis-à-vis capital expenditure approved**
   2. **Actual scheme-wise Capitalisation for FY 2016-17 to FY 2018-19 vis-à-vis capitalisation approved**
   3. **Actual scheme-wise funding of capitalised works with break-up of Grants, Loans, Consumer Contribution, Equity, etc.**

***Compliance: -***Requested information is provided in Annexure – D

* 1. **Cost-benefit analysis for capitalised works**

***Compliance: -***UGVCL, like other Discoms, has universal service obligation to serve its consumers. UGVCL must undertake capex to serve its obligation. Moreover, most of the capex schemes of UGVCL are carried out under various government approved schemes like IPDS, DDUGJY, R-APDRP. which have clear objectives and receive financial assistance. Benefit of such schemes is increased revenue due to addition of new consumers and serving of universal service obligation of the Discom***.***

1. **UGVCL should give head-wise reasons for significant increase in employee cost as compared to that approved, apart from the arrears of Rs. 74.37 Crore paid during FY 2018-19.**

***Compliance: -***

Actual growth rate of Employee Cost is 12.97% against the 5.72% growth rate taken (as per MYT) at thetime of projection. So, approved figure of FY 2018-19 is Rs.446.81 crores vis-à-vis actual Rs.540.55 crores. Further, it is to state that the increase in expense is on account of (1) Inflationary increase& Base pay revision as per the 7th pay Commission recommendation (2) increase in number of employees (3) Rate of Dearness Allowance and promotions and fresh recruitment etc as compared to base years and hence, there is a variation in approved vs actual expenses.

1. **UGVCL should reconcile the amount reflecting in annual accounts for employee expenses (Rs. 469.09 Crore), as against the amount claimed in Truing-up Petition (Rs. 540.55 Crore).**

***Compliance: -***

As submitted in para. 3.10.6 of the Petition, provision made towards impact of 7th Pay Commission of Rs. 41.68 Crore is deducted from employee expenses, because actual payment is not done. The Petitioner will submit expense done out of this provision of Rs. 41.68 Crore as and when the actual expenses are incurred from it.

The Petitioner has added Re-measurement of the defined benefit plans of Rs. 33.18 Crore from Profit & Loss account for FY 2018-19 in Employee Expenses.

Employee Expenses Capitalisedhave been deducted separately under head ‘Other Expenses Capitalised’ in the Petition instead of considering as part of Employee Expenses. Accordingly, Employee Expenses are reconciled as shown in table below.

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs. Crore)** |
| Employee Expenses as per Audited Accounts | 469.09 |
| LESS: Provision towards impact of 7th Pay Commission | (41.68) |
| ADD: Employee Expenses Capitalised\* | 79.96 |
| ADD: Re-measurement of the defined benefit plans | 33.18 |
| Employee Expenses claimed in the Petition | 540.55 |

*\*Considered separately under ‘Other Expenses Capitalised’ of Rs. 92.24 Crore. Hence, added back in computation of Employee Expenses.*

In Order in Case No. 1699/2018 dated 31 March, 2018; the Hon’ble Commission had ruled as follows:

*“On enquiry with UGVCL it is informed that employee expenses include a provision of Rs. 80.36 Crore towards 7th Pay Commission. As payment on this account is yet to be made, the Commission disallows this provision for employee expenses, to the extent of Rs. 80.36 Crore for the purpose of true up of 2016-17. However, as and when the actual is made, the Commission would consider such claims, which would be accounted for during the true up of the respective year as uncontrollable factor”*

Accordingly, arrears of 7th Pay Commission paid in FY 2018-19 were paid from cumulative provision till FY 2017-18 and are not captured in audited accounts of FY 2018-19. Therefore, actual employee expenses of UGVCL for Truing-up of FY 2018-19 is Rs. 614.92 Crore including Rs. 74.37 Crore towards payment of arrears of 7th Pay Commission instead of Rs. 540.55 Crore claimed in the Petition.

1. **UGVCL should provide the heads under which the actual amount of arrears paid during the year (Rs. 74.37 Crore) is accounted for in the audited accounts of FY 2018-19.**

**Compliance:-**

Arrears paid during the FY 2018-19 are paid from cumulative provision for 7th Pay Commission till end of FY 2017-18 and are not captured in audited accounts of FY 2018-19. The Hon’ble Commission is requested to consider the same.Therefore, actual employee expenses of UGVCL for Truing-up of FY 2018-19 is Rs. 614.92 Crore including Rs. 74.37 Crore towards payment of arrears of 7th Pay Commission instead of Rs. 540.55 Crore claimed in the Petition.

1. **UGVCL should submit the break-up of ‘Other Administration & General Expenses’ of Rs. 16.99 Crore considered under A&G expenses in the Accounts.**

**Compliance:-**

|  |  | Rs. In Crore |
| --- | --- | --- |
| **A/c Head** | **Deceptions** | **FY 2018-19** |
| 76151 | Other Fees & Subscriptions | 0.56 |
| 76152 | Books And Periodicals | 0.03 |
| 76165 | Guest House Expenses | 0.09 |
| 76166 | Upkeep of Office/Boards Premises. | 1.11 |
| 76168 | Expenditure Incurred on Consumer Billing & Collection | 2.89 |
| 76170 | Gardening & Horticultural Expenses | 0.13 |
| 76171 | Conference/Meeting Expenses | 0.22 |
| 76176 | Hospitality Expenses | 0.01 |
| 76178 | Vehicle Expenses ForMotor Car | 0.02 |
| 76183 | Spares Device Maintenance | 0.01 |
| 76184 | Expenses for Use of Sports Club or Similar Facility | 0.03 |
| 76185 | Expenses for Gift to Employees | 0.03 |
| 76186 | Expenses for Lok Adalat | 0.03 |
| 76187 | Expenses for Celebration of Events/Festival Etc | 0.50 |
| 76198 | License Fees to GERC License Fees to Gujarat | 3.04 |
| 76270 | Incidental Stores Expenses | 8.19 |
| 76501 | Revenue Stamps on Receipts Issued by Board | 0.12 |
|  | **Total Other Administration & general Expenses** | **16.99** |

1. **UGVCL should reconcile the amount reflecting in annual accounts for A&G expenses (Rs. 85.04 Crore) as against the amount claimed in Truing-up Petition (Rs. 90.05 Crore).**

**Compliance: -**

The Petitioner has not claimed expenses of Rs. 0.35 Crore against CSR out of Rs. 85.04 Crore as Accounted in A&G Expense (Note 32). Additionally, the Petitioner has considered Energy Conservation Expense, R&D Expense and Miscellaneous Losses & Write-offs of Rs. 0.28 Crore, Rs. 0.15 and Rs. 4.92 Crore respectively in Note 32 of Audited Accounts under Other Debits. Accordingly, reconciliation of A&G Expenses is submitted as shown in table below.

|  |  |
| --- | --- |
| **Particulars** | **Amount**  **(Rs. Crore)** |
| A&G Expenses as per Audited Accounts | 85.04 |
| LESS: Expenses towards Corporate Social Responsibility (CSR) | (0.35) |
| ADD: Expenses from Energy Conservation | 0.28 |
| ADD: Miscellaneous Losses & Write-offs | 4.92 |
| ADD: R&D Expense | 0.15 |
| A&G Expenses claimed in the Petition | 90.05 |

1. **UGVCL should clarify whether it has claimed the expenses of Rs. 0.35 crore against Corporate Social Responsibility (CSR) under A&G expenses.**

**Compliance: -**

The Petitioner has not claimed the expenses against Corporate Social Responsibility (CSR) under A&G expenses as shown in response to query above.

1. **UGVCL should submit head/sub-head wise reasoning for increase in A&G expenses as compared to approved (Rs. 80.02 Crore) and as compared to the amount claimed in Truing-up of FY 2017-18.**

**Compliance: -**

Actual growth rate of A&G Expense is more than 10.00%. But 5.72% growth rate was taken (as per MYT) at the time of projection. Therefore, approved figure of FY 2018-19 is Rs.80.02 crores vis-à-vis actual Rs.90.05 crores.Further, due to increased scale of distribution operations, segregation of the existing sub-divisions and creation of new sub divisions is unavoidable. This has resulted in increased expenses on account of rent, furniture and fixtures, computers, printers,mobile phones for spot billing, stationery, etc. These expenses increase along with increase in numbers of consumers and scale of operations are unavoidable to the distribution licensee.

1. **As regards****‘Other expense capitalized’**
   1. **UGVCL should reconcile the amount claimed in the Petition with the amounts appearing in the Audited Accounts under various heads, i.e., employee expenses capitalised (Rs. 79.96 crore), Finance Cost capitalised (Rs. 1.23 crore), A&G expenses capitalised (Rs. 12.29 crore)**
   2. **UGVCL should explain the significant reduction in the amount****though the actual capitalisation is higher as compared to approved capitalisation for FY 2018-19.**

**Compliance: -**

UGVCL has only claimed Employee expense capitalised and A&G Expense capitalised.

At the time of approval ofOther expense capitalized in MYT Order, the Rate of Capitalization i.e. ‘Head office Supervision Charges’ (HOSC) was considered as 25%. From the FY 2016-17, UGVCL has changed the Rate of Capitalization (HOSC) from 25% to 15%. Hence there is reduction in the ‘Other expense capitalized’ as compared to approved amount in MYT order.

1. **UGVCL should reconcile the opening GFA as specified in Note 2 of the audited accounts (Rs. 4895.79 Crore) as compared to the opening GFA claimed in Table 23 of the Tariff Petition (Rs. 6352.54 Crore).**

**Compliance: -**

In Tariff Petition, UGVCL has considered Rs. 6,352.54 Crore as opening GFA for FY 2018-19 which is same as closing GFA approved in MTR Order for True-up of FY 2017-18.

Audited opening GFA (Rs. 4895.79 Crore) is specified in Note 2 of the audited accounts. This variation is on accounts of adjustment as per the requirement of IndAS adopted from FY 2015-16. Change in accounting standards is not made to impact GFA approved by the Hon’ble Commission.

1. **Regarding the computation of depreciation, UGVCL should:**
   1. **Clarify whether the deprecation on assets which already depreciated up to 90% of GFA has been considered.**

Compliance: -depreciation is charged up to 90% of the gross Value of Assets and after that, UGVCL is not charging any depreciation.

* 1. **Confirm whether depreciation has been claimed on assets funded by grants and consumer contribution.**

**Compliance: -**The depreciation is charged as per the rates specified in MYT regulation 2016 (5.28%) on the assets created from Grants, Subsidies and consumer contribution. Similarly, the deferred revenue is also booked on these assets at the rate of 5.28% to match the depreciation expense in Note 28 ‘Other Income’. Same is considered in Tariff Petition as Non-Tariff Income.

* 1. **Justify the average rate of depreciation of 5.55% claimed, when the bulk of the assets are in the Plant & Machinery and Lines & Cable network category, which has depreciation rate of 5.28%.**

**Compliance: -**

The Rate of Depreciation applicable on the assets is as per the GERC MYT Regulation, 2016 and same is mentioned in Note 1.3 ‘Property, Plant and Equipment’ of the Audited Account. Accordingly, UGVCL has claimed the depreciation as computed in the audited account.

The Calculation of Average rate of Depreciation has been done based on Depreciation amount and the average of opening and closing balance. It is to be noted that by doing this the addition has been considered half whereas for the addition made in 1st half of the year, amount of depreciation will be higher than the depreciation on half value.

* 1. **Justify the higher depreciation rates considered for all assets as compared to the depreciation rates specified in the GERC MYT Regulations, as seen from Form 5.**

**Compliance: -**

Depreciation has been calculated based on the depreciation rates mentioned in GERC MYT regulation, 2016 only. Same has been clarified in Note 1 – 1.3 –(iii) of the audited account.

1. **As regards the interest on loan, UGVCL should**
   1. Provide detailed computation of weighted average interest rate on actual loan portfolio for FY 2018-19 along with the supporting documents substantiating the loan amounts and the interest rate paid on the respective loans.Following will be provided.

In Rs. Crore

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particular** | **Opening Loan** | **Additions** | **Repayments** | **Closing Loan** | **Interest** | **Interest considered** |
|  |
| PFC Loan | 30.70 | 0.68 | 1.04 | 30.34 | 4.75 | 2.75 |
| ADB | 26.40 | 0.00 | 3.80 | 22.60 | 2.45 | 2.45 |
| APDRP | 10.88 | 0.00 | 2.21 | 8.67 | 1.08 | 1.08 |
|  |  |  |  |  |  |  |
| **Total** | **67.98** | **0.68** | **7.05** | **61.61** | **8.29** | **6.28** |
| **Weighted Average Interest Rate** | | | | | | **9.69 %** |

* 1. justify the increase in interest rate to 9.69% as against the approved rate of 7.27%.

**Compliance: -**

Interest rate has been calculated based on actuals of audited financial statements.

1. **UGVCL should submit the details of consumer security deposit for FY 2018-19 in the following format:**

**Compliance: -**

| **Sr. No.** | **Particulars** | **FY 2018-19**  **(in Crore)** |
| --- | --- | --- |
| 1 | Opening Balance | 1,257.76 |
| 2 | Addition during the year | 151.12 |
| 3 | Closing balance | 1,408.88 |
| 4 | Actual Interest Paid/adjusted on CSD | 78.19 |

1. **UGVCL should reconcile the revenue of Rs. 12,014.87 Crore shown in Table 37 for FY 2018-19 against the amount of Rs. 12,183.30 Crore reflecting in audited accounts.**

**Compliance: -**Following is the reconciliation of Rs. 12,183.30 in Note 32 ‘Revenue from Operations’ of Audited Account:

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs. Crore)** |
| ‘Revenue from Operation’ as per Audited Accounts | 12,183.30 |
| LESS: Delay Payment Charges from Consumer | (28.01) |
| LESS: Sale of Power to GUVNL | (0.76) |
| LESS: DSM Charges Income (UI) | (139.65) |
| **Total Revenue as shown in Table 37** | **12,014.87** |

UGVCL has claimed Rs. 120.80 Crore of (Other Income Consumer Related) after excluding Rs. 28.01 Crore ‘Delayed payment charges from consumer’. In addition, UGVCL has also gained Revenue of Rs. 540.68 Crore from ‘agriculture subsidy’ accounted under Rs. 689.50 Crore of ‘Other Operating Revenue’.

Revenue of Rs. 0.76 Crore & Rs. 139.65 Crore from the ‘Sale of Power to GUVNL’ & ‘DSM Charges Income’ respectively has been reduced from the Power Purchase cost of UGVCL to determine the Net Power Purchase Cost.

1. **UGVCL should reconcile the Other Income as reflecting in Audited Accounts against the amount claimed in Truing-up Petition (Rs. 120.80 Crore) under the head Other Income (Consumer related) in Table 37.**

**Compliance: -**

Other Income Consumer related claimed in the petition is accounted under ‘Other Operating Income’ in Note 27. ‘Other Income’ in Note 28 is accounted primarily under ‘Non-Tariff Income’.Rs. 120.80 Crore of claimed in Truing-up under head of Other Consumer Related Income is as follows:

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs. Crore)** |
| Meter Charges / Service line charges | - |
| Recoveries for theft of power / Malpractices | 16.95 |
| Wheeling Charges Recoveries | 0.06 |
| Cross Subsidy Surcharge | 13.71 |
| Addl. Surcharge | 6.63 |
| Miscellaneous Charges from Consumers | 83.45 |
| **Other Consumer related Income as shown in Table 37** | **120.80** |

Additionally, UGVCL submits that in Note 28 ‘Other Income’ in audited financial accounts, Miscellaneous Income of Rs. 47.70 Crore includes Rs. 20.55 Crore towards ‘Provision towards bad and doubtful debts no longer required’. Following paragraph explains philosophy for booking ‘Provision towards bad and doubtful debts no longer required’ as ‘Other Income’.

UGVCL books provision towards bad and doubtful debt as expense. Whenever any receivable is written off by utilizing this provision, there is corresponding reduction in outstanding provision. However, sometimes, the Discom manages to collect receivable against which expense was done by way of provision for bad and doubtful debt. In such case, the provision is no longer required and has to be reversed. Such reversal is done by way of booking ‘Provision towards bad and doubtful debts no longer required’ as ‘Other Income’. However, such booking is valid and necessary only if expense is booked corresponding to provision. As the Discom books provision as expense in audited accounts, this is valid as well as necessary. However, the Hon’ble Commission has not allowed provision against bad and doubtful debt as expense in ARR of previous years. Only actual bad and doubtful debts written off are considered in true-up of ARR of the previous years. Accordingly, there is no need to book ‘Provision towards bad and doubtful debts no longer required’ as ‘Other Income’.

Therefore, Non-Tariff Income considered for True-up of FY 2018-19 which includes miscellaneous income should be reduced by ‘Provision towards bad and doubtful debts no longer required’ for purpose of computation of ARR. This amount is Rs. 20.55 Crore. Even though it is not shown separately and is included in miscellaneous income, it can be shown to be equal to Rs. 20.55 Crore by way of tables below.

As per Note 7 ‘Trade Receivables’ of audited accounts for FY 2018-19, outstanding provision for bad and doubtful debts has increased by Rs. 49.13 lakh as shown in table below.

(Rs. Lakh)

|  |  |  |
| --- | --- | --- |
| **Particulars** | **FY 2018-19** | **FY 2017-18** |
| Allowance for bad and doubtful debts  (Unsecured Considered Good) | 3652.33 | 1922.43 |
| Allowance for bad and doubtful debts (Credit impaired) | 6085.08 | 7765.85 |
| Total cumulative provision for bad and doubtful debts | 9737.41 | 9688.28 |
| Difference | 49.13 | |

Increase is only Rs. 49.13 lakh in spite of provision for bad and doubtful debt being Rs. 2104.63 lakh as per Note 32 ‘Other Expenses’. The difference is attributed to ‘Provision No Longer Required’ of Rs. 2055.50 lakh as shown in table below.

|  | **Entry** | **Amount**  **(Rs. Lakh)** | **Remark** |
| --- | --- | --- | --- |
| A | Provision for bad and doubtful debt | 2104.63 | Note 32 ‘Other Expenses’ |
| B | Provision No Longer Required | 2055.50 | Booked as part of Miscellaneous Income (Rs. 4770.04 lakh) in Note 28 ‘Other Income’ |
| C | Difference | 49.13 | C=A-B |

In view of above, the Hon’ble Commission is requested to consider Non-Tariff Income as Rs. 151.15 Crore instead of Rs. 171.70 Crore as submitted in the Petition, i.e., lower by Rs. 20.55 Crore.

1. **Regarding Income Tax, UGVCL should submit the following:**
   1. **Copies of Challans and ITR6**

**Compliance: -**Requested Challans & ITR- 6 are provided in **Annexure – E&F**respectively.

* 1. **Confirm whether any refund of income tax has been received in FY 2018-19**

**Compliance-**During the year under consideration UGVCL has not received any refund. However, for Two years the refund is adjusted against the demand raised by the department.

* 1. **Computation of Income Tax refund payable of Rs. 0.95 Crore for FY 2018-19**

**Compliance: -**Copy of ITR is provided in **Annexure – F.**

1. **Furnish the head-wise details of claim of subsidy to Government of Gujarat and actual subsidy received in FY 2018-19.**

|  |  |  |
| --- | --- | --- |
|  |  | **Rs. In Lakhs** |
| **Sr. No.** | **Subsidy** | **FY 2018-19** |
| **Received** |
| 1 | HP based Tariff Compensation | 93,747.56 |
| 2 | FPPPA Subsidy | 1,57,739.62 |
| 3 | AG SUBSIDY | 54,068.35 |
|  | **Total Subsidy** | **3,05,555.53** |

1. **Furnish details of the loan, if any, converted into grant during FY 2018-19. Also furnish impact of such conversion on various elements of ARR.**

**Compliance: -**No loan has been converted into grant during FY 2018-19

1. **Furnish the certificate from CAG on Annual Accounts of the Company for FY 2018-19.**

**Compliance: -**Provided in **Annexure –G**.

1. **Tariff for FY 2020-21**
2. UGVCL has stated in para 4.8.1 that ‘part of estimated revenue gap will be mitigated through efficiency measures.’ UGVCL should list out the efficiency measures proposed to be undertaken and detailed procedure on how the gap will be mitigated through these measures.

Compliance: -

As mentioned in the petition, it is envisaged that part of estimated revenue gap will be mitigated through efficiency measures such as:

1. reduction in distribution losses,
2. reduction in technical losses due to network strengthening / modernisation of distribution network,
3. Economisation in power purchase cost etc.

1. **Compliance to Directives**
2. **UGVCL should submit the timeline for submission of Cost to Serve Report.**

Cost of Service Report will be submitted to Hon’ble Commission in due course.

1. **UGVCL should submit the actual number of defective meters in FY 2017-18, FY 2018-29, and FY 2019-20 (till September 2019), as per the following format:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sl.** | **Particulars** | **FY 2017-18** | **FY 2018-19** | **FY 2019-20**  **(Sep 19)** |
| 1 | Opening number of Defective meters | 3729 | 7101 | 5609 |
| 2 | Additional defective meters during the year | 99927 | 97408 | 52177 |
| 3 | Defective meters replaced during the year | 96555 | 98900 | 51193 |
| 4 | Closing number of Defective meters | 7101 | 5609 | 6593 |

1. **UGVCL to give timeline for** **submission of report on Pilot Project on Scheme for Installation of solar pump for agriculture consumers.**

**Compliance: -**

The agriculture consumption varies with the season. Further, in case of solar generation, there is substantial seasonal impact. Therefore, one cycle covering all seasons is essential for proper study of the scheme outcome.

UGVCL has requested to the Hon’ble Commissionvide letter no. UGVCL/COM/GC/SKY/371 dated 04/06/2019 to approve the time limit up to September 2019.However, due to prolonged monsoon period during this year, it is requested to extend the time limit further, so that the calculation covering all seasons can be submitted. Accordingly, a report will be submittedon completion of financial year 2019-20.