

# Executive Summary

---

## 1 Overview

---

M/s. Gigaplex Estate Private Limited (hereinafter referred to as “GEPL” or “the Petitioner”) is a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Plot No. C-30, Block ‘G’, Opp. SIDBI, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.

GEPL, under Section 3 of the Special Economic Zones (SEZ) Act, 2005 (28 of 2005), is setting up a sector specific Special Economic Zone (SEZ) for Information Technology and Information Technology Enabled Services (IT & ITeS) at Plot No. IT-5, Airoli Knowledge Park, TTC Industrial Area, Villages Airoli and Dighe, Thane, Maharashtra, India.

In view of the above, GEPL is a deemed Distribution Licensee in its SEZ area at Plot No. IT-5, Airoli Knowledge Park, TTC Industrial Area, Villages Airoli and Dighe, Thane, in the State of Maharashtra. The Hon’ble Commission, vide Order dated October 26, 2015 in Case No. 198 of 2014, has taken on record the deemed Distribution Licensee status of GEPL and subsequently notified the Specific Conditions of Licence for GEPL on December 23, 2015.

### **1.1 Filing under MERC MYT Regulations, 2015**

Since, the operation of GEPL as a Distribution Licensee commenced from April, 19 2016, GEPL filed the Multi Year Tariff Petition for the third Control Period from FY 2016-17 to FY 2019-20 in accordance with Regulation 5.1 (a) (iii) of the MERC MYT Regulations, 2015, based on actuals of April 2016 to September 2016 and projections for the remaining Control Period, on November 3, 2016. The Hon’ble Commission forwarded Data Gaps Set I on the MYT Petition, and GEPL submitted the replies to the same on December 5, 2016. The Hon’ble Commission held the Technical Validation Session (TVS) on the MYT Petition on December 6, 2016, and communicated Data Gaps Set II, and directed GEPL to submit the revised Petition after incorporating all the replies and changes. Accordingly, GEPL hereby submits its revised MYT Petition after incorporating all the replies and changes

## **2 Approach for filing the Petition**

---

### **2.1 Power Procurement**

The Hon'ble Commission, vide its Order dated May 18, 2016, approved the PPA between GEPL and Global Energy for procurement of short-term power and adopted the tariff discovered through competitive bidding. Further, based on load projections envisaged in accordance with the Capital Investment Plan and existing market scenario for IT & ITeS industries, GEPL proposes to purchase Base Load power for medium-term through competitive bidding in accordance with the FOO Guidelines, and Peak Load power through short-term arrangements/Power Exchange.

### **2.2 Separate Accounting Statements for Distribution Business**

GEPL submits that its power distribution business is not a separate Company, and is a Division of the overall Company, which is a Special Purpose Vehicle (SPV) created for development of the IT/ITeS Business Parks including Special Economic Zone (SEZ) development. Hence, as per the requirement of the Companies Act, 2013, the Accounts are prepared for the Company as a whole with segmental account books for every segment of the company. However, in view of the regulatory requirements, GEPL has started maintaining separate Divisional Accounts for the power distribution business, which shall be audited, and shall be submitted along with the true-up Petition for FY 2016-17 onwards.

### **2.3 Separation of ARR for Wires Business and Supply Business for the Control Period**

GEPL has submitted separate ARR for the Wires Business and Supply Business in the Formats prescribed by the Hon'ble Commission. For the allocation of expenses, the Allocation Matrix specified in Regulation 68 of the MERC MYT Regulations, 2015 has been considered, wherever the actual break-up of expenses and revenue is not available. However, ARR items such as Depreciation, Interest on long-term loan, and Return on Equity, have been considered separately under the Wires Business and Supply Business based on the actual break-up of Fixed Assets for each year of the Control Period between Wires Business and Supply Business.

## **2.4 Approach for MYT Control Period**

The ARR and tariff for wheeling of electricity and retail supply of electricity for the third Control Period from FY 2016-17 to FY 2019-20 has been projected in accordance with the MERC MYT Regulations, 2015.

Further, from FY 2016-17 onwards, GEPL proposes that the category-wise tariffs be determined based on the ARR of GEPL, rather than be linked to the ceiling tariff of MSEDCL, which was only an interim measure adopted till such time the ARR and tariffs could be separately determined for GEPL.

### 3 Aggregate Revenue Requirement for the Control Period

---

#### 3.1 Energy Sales

GEPL has considered the actual energy sales for six months as the base for projecting sales for the entire third MYT Control Period. GEPL has projected the sales for the Control Period on account of existing and future occupancy of the already built and under construction buildings.

#### 3.2 Distribution Loss

GEPL has considered the actual distribution loss for the period from April to September 2016 based on actual energy sales and energy received. Based on past six months data it has been observed that due to partial occupancy of Building No. 2 and 3, the distribution transformers are not fully loaded, resulting in increase in losses from 0.15% in April 2016 to 2.53% in September 2016. The average distribution loss for six months works out to 1.45%. While the occupancy of existing buildings will increase over the next few years, construction of new buildings will lead to increase in no load losses for initial few years. Therefore, GEPL has proposed distribution loss of 1.45% for FY 2016-17 and for the Control Period.

#### 3.3 Energy Balance

GEPL has considered the Intra-State Transmission loss of 3.92% for the Control Period based on the Intra-State Transmission Tariff Order issued by the Hon'ble Commission dated 22 July, 2016 in Case No. 91 of 2016.

#### 3.4 Power Procurement Plan

GEPL has estimated the demand and energy requirement for the Control Period as under:

**Table 3-1: Estimated Demand and Energy Requirement for Control Period**

Year	Base Load (24x7)		Peak Load (8:00 hours to 23:00 hours, Monday to Friday)		Total	
	Maximum Demand (MW)	Consumption (MU)	Maximum Demand (MW)	Consumption (MU)	Maximum Demand (MW)	Consumption (MU)
2017-18	2.25	19.71	2.15	8.82	4.40	28.53
2018-19	4.15	36.35	4.15	17.77	8.30	54.13

Year	Base Load (24x7)		Peak Load (8:00 hours to 23:00 hours, Monday to Friday)		Total	
	Maximum Demand (MW)	Consumption (MU)	Maximum Demand (MW)	Consumption (MU)	Maximum Demand (MW)	Consumption (MU)
2019-20	6.50	57.10	5.50	24.13	12.00	80.98

**Table 3-2: Projected Power Purchase Cost for the Control Period**

Particulars	Source	FY	FY	FY	FY
		2016-17	2017-18	2018-19	2019-20
<b>Power Purchase Quantum (MU)</b>	Base Load and Peak Load	11.65	28.53	54.13	81.22
	Purchase for Solar RPO	-	-	-	-
	Purchase for Non-Solar RPO	-	-	-	-
	Less: Sale of Surplus Power	-	-	-	-
	<b>Total</b>	<b>11.65</b>	<b>28.53</b>	<b>54.13</b>	<b>81.22</b>
<b>Power Purchase Cost (Rs. Crore)</b>	Base Load and Peak Load	4.47	9.80	18.60	27.90
	Purchase of Solar REC	0.04	0.20	0.52	1.00
	Purchase of Non-Solar REC	0.18	0.45	0.89	1.40
	Less: Sale of Surplus Power	-	-	-	-
	<b>Total</b>	<b>4.69</b>	<b>10.45</b>	<b>20.01</b>	<b>30.30</b>
<b>Average Power Purchase Cost (Rs./kWh)</b>	Base Load and Peak Load	3.73	3.44	3.44	3.43
	Purchase of Solar REC	3.50	3.50	3.50	3.50
	Purchase of Non-Solar REC	1.50	1.50	1.50	1.50
	Less: Sale of Surplus Power	-	-	-	-
	<b>Total</b>	<b>4.03</b>	<b>3.66</b>	<b>3.70</b>	<b>3.73</b>

### 3.5 Transmission Charges and MSLDC Charges

GEPL has projected transmission charges at Rs. 0.28/kWh, Rs. 0.32/kWh, Rs. 0.34/kWh and Rs. 0.32/kWh for the Control Period based on the Intra-State Transmission Tariff Order issued by the Hon'ble Commission dated 22 July, 2016 in Case No. 91 of 2016. Further, the MSLDC Charges have been considered based on the short-term Open Access charges approved by the Hon'ble Commission, viz., Scheduling Charges of Rs. 2250 per day and Application Fee of Rs. 5000 per month.

At present, GEPL is paying the transmission charges and MSLDC charges as a short - term Open Access (OA) Consumer, as GEPL is yet to enter into long-term/medium term PPA, which is an essential requirement under MERC (Transmission Open Access) Regulations, 2016. However, being a Distribution Licensee, GEPL is entitled to share the TTSC and MSLDC charges in accordance with the MERC MYT Regulations, 2015. In this regard, GEPL humbly submits that the Hon'ble Commission may kindly determine its share of TTSC and MSLDC charges payable during the Control Period in accordance with the provisions of MERC MYT Regulations, 2015.

### **3.6 Operation & Maintenance Expenses**

For GEPL, the O&M expenses have to be determined on a case-specific basis. In view of the above, GEPL has projected its O&M expenses for the Control Period as under:

#### **Employee Expenses**

GEPL has entered into a Corporate Services Agreement with K Raheja Corporate Services Private Ltd. (KRCSPL). As per the said Agreement, Employee Expenses are payable to KRCSPL at 35 paise per unit of energy sale for FY 2016-17 and further escalation of 12% shall be applied annually, to arrive at the norm for subsequent years. Accordingly, norms have been computed as 39 paise/kWh, 44 paise/kWh, and 49 paise/kWh, for FY 2017-18, FY 2018-19, and FY 2019-20, respectively.

The proposed arrangement with KRCSPL is more economical as the utilisation of full-time employees would have been poor. Given the low volume of sales, if employees are hired for each of the support functions like engineering, design, administration, legal, Finance, Accounts, Human Resources, etc., it will work out to be costlier. Since, MBPPL operates in a limited area, the employee requirement for all support services would not be round the clock. Hence, it is prudent for it to have Corporate Services support for various functions from KRCSPL as and when required.

The Hon'ble Commission will appreciate that the employees on the payroll of KRCSPL are not exclusively working for GEPL and hence, the methodology of charging GEPL on per unit basis of sales was evolved. If GEPL would have deployed the employees on its own rolls on a full-time basis, the employee costs work out to be quite high as compared to the services cost hired from KRCSPL, as mentioned above. The outsourcing model works out to be cheaper precisely because of the part-utilisation of employees, and if

KRCSPL were to deploy resources for GEPL on an exclusive basis, then the charges would also be higher than the present applicable charges mentioned in the Agreement, and the outsourcing model would not be viable. The Hon'ble Commission will appreciate that the present model is evolved for optimisation of employee costs and utilisation of resources.

### **R&M Expenses**

GEPL has entered into an Agreement with Vatsa Electric Company for providing technicians for repair and maintenance of the distribution network, on a per technician basis. For shortlisting R&M vendor / contractor GEPL invited quotes from three vendors who are into the power distribution business and having adequate experience. M/s Vatsa Electric Company emerged as L1 bidder and GEPL signed the contract / agreement with them on February 11, 2016. M/s Vatsa Electric Company is offering the same services to other Distribution Licensees and Franchisees, such as MBPPL, TPDDL Delhi, TPC-D Mumbai, Crompton Greaves Jalgaon, and Essel Infra Nagpur. In this Agreement, escalation factor of 7%, in view of normal annual increase in Wholesale Price Index over the three-year period up to December 2015, has been considered for projecting the R&M expenses for subsequent years. In addition, GEPL also incurs certain other R&M expenses towards materials, spares and consumables, cable rectification, etc., which have been projected based on actuals for H1 of FY 2016-17 and considering the asset increase over the Control Period.

### **A&G Expenses**

The provisional expenses in H1 of FY 2016-17 have been doubled for estimating the expenses for FY 2016-17. Thereafter, an escalation factor of 2.97% has been considered, after reducing 1% for efficiency factor as stipulated in the MYT Regulations, 2015, based on the three-year average inflation factor from April to March of respective years, considering 60% weightage for WPI and 40% weightage for CPI, in accordance with the approach followed by the Hon'ble Commission in the recent MYT Orders for other Utilities.

Further, the O&M expenses have been allocation in the ratio of 65:35 between Wires Business and Supply Business, as specified in the Allocation Matrix.

The proposed O&M expenses are much lower than the O&M expenses that would have been incurred if actual employees would have been hired.

### 3.7 Capital Expenditure and Capitalisation

GEPL has proposed capital expenditure and capitalisation for the Control Period based on the Detailed Project Report (DPR) submitted to the Hon'ble Commission on 11 July, 2016. Before start of distribution operations on April 19, 2016, GEPL had capitalised assets worth Rs. 4.83 Crore and the same has been considered as the opening GFA for FY 2016-17.

The Capital Expenditure and Capitalisation proposed for the Control Period are as under:

**Table 3-3: Projected Capital Expenditure and Capitalisation for Control Period (Rs. Crore)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Capital Expenditure	20.38	36.55	32.42	0.30
Capitalisation	20.38	36.55	32.42	0.30

### 3.8 Debt: Equity Ratio

GEPL has considered the normative debt:equity ratio of 70:30 as provided in Regulation 26 of the MERC MYT Regulations, 2015. Further, as discussed in the next Section, GEPL has proposed to not levy any Schedule of Charges towards service connection charges, hence, the Consumer Contribution has been projected as zero for the Control Period.

### 3.9 Depreciation

GEPL has calculated depreciation as per Regulation 27 of the MERC MYT Regulations, 2015 for the Distribution Wires and Retail Supply Business, separately by applying the average depreciation rate of 5.28% on the average GFA during the year.

### 3.10 Interest on Loan

GEPL has computed the Interest on Loan as per Regulation 29 of the MERC MYT Regulations, 2015. The normative repayment of the loan has been considered equal to the projected depreciation for the year, in accordance with the MERC MYT Regulations, 2015. As the Distribution Licensee entity of GEPL does not have any loans, the rate of interest has been considered based on the weighted average rate of interest on the actual



loan portfolio of GEPL as a whole as on 1 April, 2016, in accordance with the fourth proviso of Regulation 29.5 of the MERC MYT Regulations, 2015.

### **3.11 Interest on Working Capital and Consumers' Security Deposit**

GEPL has computed the normative Interest on Working Capital as per Regulation 31 of the MERC MYT Regulations, 2015. For computation of working capital requirement, the revenue from sale of power at prevailing tariff has to be considered. The prevailing tariff applicable for GEPL is the composite tariff for Wires and Supply Business, and hence, separate revenue for Wire and Supply Business at prevailing tariff could not be determined. Hence, interest on working capital has been computed for the composite business and then allocated to the Wires Business and Supply Business as per the Allocation Matrix specified in the MERC MYT Regulations, 2015.

GEPL has projected the Consumer Security Deposit (CSD) by considering the CSD equal to one month's revenue from existing tariffs for FY 2016-17 and equal to one month's revenue from proposed tariffs from FY 2017-18 onwards, as the revised tariffs are likely to come into force from FY 2017-18 onwards. The rate of interest for computation of IoWC and CSD has been considered as 10.80% considering the applicable SBI Base Rate as on the date of filing of Petition (9.30%) plus 150 basis points.

### **3.12 Return on Equity**

GEPL has computed the Return on Equity Capital for the Control Period in accordance with Regulation 28 of the MERC MYT Regulations, 2015 for Distribution Wires and Retail Supply Business separately.

### **3.13 Income Tax**

The actual Income Tax as per latest Audited Accounts is not available for GEPL, as it is yet to complete one year of operations as a Distribution Licensee. Further, GEPL, by virtue of being the SEZ Developer has engaged in other business also, and hence, the Income Tax paid/payable by GEPL has to be allocated to the regulated Distribution Business, in accordance with the proviso to Regulation 33.1, as reproduced above.

In the present MYT Petition, GEPL has projected Income tax for the Control Period on the projected RoE, considering the same as book profit, at MAT rate. Further, this is a

projection for the Control Period, and there is no history for previous years, as GEPL has commenced operations as a Distribution Licensee in FY 2016-17 only. The actual Income Tax liability shall have to be trueed up at the time of true-up.

### **3.14 Provisioning for Bad Debts**

GEPL has not considered provisioning for bad debts as it has not envisaged any outstanding receivables during the Control Period, and also because the Audited Accounts for FY 2016-17 are not available at present, due to which the amount of receivables, if any, are not known.

### **3.15 Contribution to Contingency Reserves**

GEPL has considered the Contribution to Contingency Reserves in accordance with Regulation 34 of the MERC MYT Regulations, 2015 at 0.5% of original cost of fixed assets.

### **3.16 Non-Tariff Income**

GEPL has projected the Non-Tariff Income of Rs. 0.01 Crore for Retail Supply Business on account of sale of tender documents. GEPL has projected the non-tariff income on account of the interest income from the investment of contribution to contingency reserves based on the GFA and contribution to contingency reserves projected in the MYT Petition. GEPL has not projected any non-tariff income from Processing Fees and Operating Charges for Open Access transactions, as no consumer may opt for Open Access. Moreover, it is difficult to project the Open Access quantum, if any, and hence, the Hon'ble Commission may consider such income if any, at the time of true up. Further, no Other Business Income has been envisaged during the Control Period from the use of the licensee area assets.

### **3.17 Aggregate Revenue Requirement**

The projected ARR for the Distribution Wires Business for the Control Period is summarised in the Table below:

**Table 3-4: Projected ARR for Distribution Wires Business for the Control Period (Rs. Crore)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1.	O&M expenses	0.76	1.29	2.26	3.30
2.	Depreciation	0.71	2.19	3.93	4.74
3.	Interest on Loan Capital	1.05	3.12	5.44	6.20
4.	Interest on Working Capital	0.001	0.002	0.006	0.012
5.	Interest on Consumers' Security Deposit	0.01	0.02	0.04	0.05
6.	Provision for Bad and Doubtful Debts	-	-	-	-
7.	Contribution of Contingency Reserves	0.02	0.12	0.31	0.47
8.	Income Tax	0.12	0.38	0.68	0.83
9.	<b>Total Revenue Expenditure</b>	<b>2.68</b>	<b>7.13</b>	<b>12.65</b>	<b>15.60</b>
10.	Return on Equity	0.65	1.99	3.58	4.33
11.	<b>Aggregate Revenue Requirement</b>	<b>3.33</b>	<b>9.12</b>	<b>16.23</b>	<b>19.93</b>
12.	Less: Non Tariff Income	0.00	0.00	0.01	0.02
13.	<b>Net Aggregate Revenue Requirement</b>	<b>3.33</b>	<b>9.12</b>	<b>16.22</b>	<b>19.91</b>

GEPL requests the Hon'ble Commission to approve the projected ARR for the Wires Business for the Control Period, as shown in the Table above.

The projected ARR for the Retail Supply Business for the Control Period is summarised in the Table below:

**Table 3-5: Projected ARR for Retail Supply Business for the Control Period (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1.	Power Purchase Cost	4.69	10.45	20.01	30.30
2.	O&M expenses	0.41	0.70	1.21	1.78
3.	Depreciation	0.01	0.03	0.05	0.06
4.	Interest on Loan Capital	0.01	0.03	0.04	0.06
5.	Interest on Working Capital	0.012	0.021	0.052	0.109

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
6.	Interest on Consumers' Security Deposit	0.07	0.17	0.32	0.45
7.	Provision for Bad and Doubtful Debts	0.00	0.00	0.00	0.00
8.	Contribution of Contingency Reserves	0.00	0.00	0.00	0.01
9.	Intra-State Transmission Charges	0.00	0.91	1.84	2.60
10.	MSLDC Fees & Charges	0.00	0.09	0.09	0.09
11.	Income Tax	0.00	0.00	0.01	0.01
<b>12.</b>	<b>Total Revenue Expenditure</b>	<b>5.21</b>	<b>12.41</b>	<b>23.64</b>	<b>35.46</b>
13.	Return on Equity	0.01	0.02	0.04	0.05
<b>14.</b>	<b>Aggregate Revenue Requirement</b>	<b>5.22</b>	<b>12.43</b>	<b>23.68</b>	<b>35.51</b>
15.	Less: Non Tariff Income	0.01	0.00	0.00	0.00
<b>16.</b>	<b>Total Aggregate Revenue Requirement</b>	<b>5.21</b>	<b>12.43</b>	<b>23.68</b>	<b>35.51</b>

GEPL requests the Hon'ble Commission to approve the projected ARR for the Supply Business for the Control Period, as shown in the Table above.

## 4 Tariff Philosophy and Tariff Design for the MYT Control Period

### 4.1 Revenue Gap/(Surplus) at existing tariff

Since, the existing tariff is a composite tariff for Distribution Wires and Retail Supply Business, combined Revenue Gap has been projected for the Control Period.

**Table 4-1: Projected Revenue Gap/(Surplus) at existing Tariff for the Control Period (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1.	ARR for Distribution Wires Business	3.33	9.12	16.22	19.91
2.	ARR for Retail Supply Business	5.21	12.43	23.68	35.51
3.	ARR for Combined Wire Business & Retail Supply Business	8.54	21.55	39.89	55.42
4.	Less: Revenue at Existing Tariff	8.91	20.41	38.26	57.02
5.	<b>Revenue Gap/(Surplus)</b>	<b>(0.37)</b>	<b>1.14</b>	<b>1.63</b>	<b>(1.60)</b>

From the above Table, it is observed that there is a projected Revenue Surplus for FY 2016-17 and FY 2019-20, , and a projected Revenue Gap for FY 2017-18 and FY 2018-19. Hence, the tariff is required to be correspondingly adjusted in order to recover the ARR of the Wires Business and Supply Business.

The Average Cost of Supply (ACoS) to be recovered from the revised tariff for the Control Period is determined as under:

**Table 4-2: Projected Revenue Requirement from Revised Tariff for the Control Period (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1.	ARR for (Wire + Retail Supply Business)	8.54	21.55	39.89	55.42
2.	Energy Sales (MU)	11.48	27.02	51.25	76.91
3.	Average Cost of Supply (Rs. /kWh)	7.44	7.98	7.78	7.21

## 4.2 Determination of Wheeling Charges

Common Wheeling Charges have been proposed for HT and LT category based on the ARR for Wires Business and projected energy sales as under:

**Table 4-3: Proposed Wheeling Charges for the Control Period**

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1.	ARR for Distribution Wires Business (Rs. Crore)	3.33	9.12	16.22	19.91
2.	Energy Sales (MU)	11.48	27.02	51.25	76.91
3.	Wheeling Charges (Rs./kWh)	2.90	3.38	3.16	2.59

GEPL requests the Hon'ble Commission to approve the Wheeling Charges as proposed above for the Control Period.

## 4.3 Philosophy for Retail Supply Tariff

GEPL proposes the following tariff philosophy for the determination of Retail Supply Tariff for the Control Period:

### **Reduction of Cross-subsidy**

At present, the applicable ceiling tariff for the area of supply of GEPL is the tariff of MSEDCL for industrial and commercial categories. The cross-subsidies between consumer categories in MSEDCL's area of supply are a historical legacy, and the Hon'ble Commission is attempting to reduce the cross-subsidies through appropriate tariff design every year. If the same tariff design is continued for GEPL's area of supply, then the cross-subsidy structure will continue between commercial and industrial Consumers.

The Electricity Act, 2003 also mandates gradual reduction of cross-subsidies in a progressive manner in the area of supply of licensee. In order to achieve this objective of the Electricity Act, 2003, and since, the tariff for GEPL is being determined for the first time, GEPL desires that from the beginning itself, there is no cross-subsidy between consumer categories in its area of supply. Hence, GEPL has proposed category-wise tariffs in such a manner that the Average Billing Rate (ABR) for each consumer category

shall be equal to the Average Cost of Supply (ACoS). This will reduce/eliminate the cross-subsidy in the area of supply of GEPL and consumers will be benefited.

### **Rationalisation of Tariff Categories**

The existing tariff schedule applicable to the area of supply of GEPL includes two HT categories, viz., HT Industrial (HT-I) and HT Commercial (HT-II) and two LT Categories having three and two sub-categories, viz., LT Commercial (LT-II-A, LT II-B and LT-II-C) and LT Industrial (LT V-B(i) and LT V-B(ii)).

GEPL has proposed the following categories/sub-categories for revised tariff:

- (a) HT Supply Category (HT)
- (b) LT Supply Category and load  $\leq$  20 kW (LT A)
- (c) LT Supply Category and load above 20 kW (LT B)

### **Time of Day Tariff**

The issues related to ToD tariff in GEPL area of supply are summarised as under:

- (a) The consumers in GEPL area are having fixed load pattern and are governed by fixed working hours. The loads of such consumers are not likely to shift to night hours merely because of introduction of night off-peak rebate.
- (b) The objective of ToD tariffs is not to earn additional revenue because consumers cannot shift their consumption, but to incentivise shifting of consumption from peak to off-peak hours, to optimise the power purchase costs.
- (c) After understanding the load pattern of the SEZ area, GEPL has already optimised its power purchase expenses by contracting the power for two different time slots.
- (d) GEPL is having its peak load during the afternoon hours, hence, there is no need to shift the load from evening peak hours to afternoon timings.

GEPL proposes to discontinue the Time of Day tariff for its area of supply. GEPL humbly requests the Hon'ble Commission to approve the discontinuation of Time of Day tariff for the area of supply of GEPL from FY 2016-17 onwards.

### **Increase in Fixed Charges and Demand Charges**

In the recent Tariff Orders issued by the Hon'ble Commission for BEST, RInfra-D and TPC-D, the Fixed Charges and Demand Charges have been increased slightly, to increase the recovery of Fixed Costs through Fixed/Demand Charges. Accordingly, GEPL has

also proposed to increase the Fixed Charges and Demand Charges to the same levels as approved by the Hon'ble Commission for each year of the Control Period.

#### 4.4 Tariff Proposal for the Control Period from FY 2016-17 to FY 2019-20

Based on the tariff philosophy discussed in the earlier paragraphs, GEPL proposes the following tariff for its area of supply for the Control Period from FY 2016-17 to FY 2019-20 in such a way that Average Billing Rate for each tariff category will match Average Cost of Supply.

**Table 4-4: Proposed Tariff for the Control Period**

Year	Consumer Category	Fixed Charges (Rs./month) /Demand Charges (Rs./kVA/month)	Energy Charges (Rs./kWh)	Wheeling Charges (Rs./kWh)
FY 2016-17	HT	230.00	3.95	2.90
	LT A (0-20 kW)	280.00	4.24	2.90
	LT B (>20 kW)	230.00	4.31	2.90
FY 2017-18	HT	240.00	4.10	3.38
	LT A (0-20 kW)	290.00	4.35	3.38
	LT B (>20 kW)	240.00	4.52	3.38
FY 2018-19	HT	250.00	4.16	3.16
	LT A (0-20 kW)	300.00	4.40	3.16
	LT B (>20 kW)	250.00	4.63	3.16
FY 2019-20	HT	260.00	4.17	2.59
	LT A (0-20 kW)	310.00	4.41	2.59
	LT B (>20 kW)	260.00	4.62	2.59

GEPL humbly requests the Hon'ble Commission to approve the category-wise tariffs for the Control Period as proposed above.

Since, in the proposed tariff, Average Billing Rate for each consumer category is matched with the Average Cost of Supply, the cross-subsidy is proposed to be eliminated. The



proposed cross-subsidy trajectory during the Control Period is given in the following Table:

**Table 4-5: Proposed Cross-subsidy Trajectory for the Control Period**

Year	Category	Projected Average Cost of Supply (Rs/kWh)	Average Billing Rate (Rs/kWh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)		
			Existing Tariff	Previous Order	Proposed Tariff	Existing Tariff	Previous Order	Proposed Tariff
FY 2016-17	HT	7.44	7.93	7.20	7.44	107%	97%	100%
	LT A (0-20 kW)		5.91	5.25	7.44	79%	71%	100%
	LT B (>20 kW)		6.89	6.03	7.44	93%	81%	100%
FY 2017-18	HT	7.98	7.44	7.20	7.98	93%	90%	100%
	LT A (0-20 kW)		7.44	5.25	7.98	93%	66%	100%
	LT B (>20 kW)		7.44	6.03	7.98	93%	76%	100%
FY 2018-19	HT	7.78	7.98	7.20	7.78	103%	93%	100%
	LT A (0-20 kW)		7.98	5.25	7.78	103%	68%	100%
	LT B (>20 kW)		7.98	6.03	7.78	103%	77%	100%
FY 2019-20	HT	7.21	7.78	7.20	7.21	108%	100%	100%
	LT A (0-20 kW)		7.78	5.25	7.21	108%	73%	100%
	LT B (>20 kW)		7.78	6.03	7.21	108%	84%	100%

#### 4.5 Determination of Cross Subsidy Surcharge

GEPL has computed CSS by adopting the Formula stipulated in the Tariff Policy, as under:

**Table 4-6: Proposed Cross-Subsidy Surcharge for the Control Period**

Year	Consumer Category	T	C	L	C/(1-L/100)	D	CSS
		Rs./kWh	Rs./kWh	%	Rs./kWh	Rs./kWh	Rs./kWh
FY 2016-17	HT	7.44	4.03	5.37%	4.26	3.18	0.00
	LT A (0-20 kW)	7.44	4.03	5.37%	4.26	3.18	0.00
	LT B (>20 kW)	7.44	4.03	5.37%	4.26	3.18	0.00
FY 2017-18	HT	7.98	3.66	5.37%	3.87	3.70	0.41
	LT A (0-20 kW)	7.98	3.66	5.37%	3.87	3.70	0.41
	LT B (>20 kW)	7.98	3.66	5.37%	3.87	3.70	0.41
FY 2018-19	HT	7.78	3.70	5.37%	3.91	3.50	0.37
	LT A (0-20 kW)	7.78	3.70	5.37%	3.91	3.50	0.37
	LT B (>20 kW)	7.78	3.70	5.37%	3.91	3.50	0.37
FY 2019-20	HT	7.21	3.73	5.37%	3.94	2.91	0.36
	LT A (0-20 kW)	7.21	3.73	5.37%	3.94	2.91	0.36
	LT B (>20 kW)	7.21	3.73	5.37%	3.94	2.91	0.36

GEPL humbly requests the Hon'ble Commission to approve the category-wise Cross Subsidy Surcharge for the Control Period as proposed above.

#### 4.6 Schedule of Charges

The Hon'ble Commission vide Order dated October 26, 2015 had approved the same Schedule of Charges for GEPL's area of supply that is applicable in the MSEDCL area of supply.

GEPL is serving the consumers located inside one complex, hence, there is no additional cost incurred in serving consumers for disconnection, reconnection, application for connection, etc. However, there are certain services such as processing fees for open access, operating charges for open access and administrative charges for cheque bouncing for which GEPL has decided to levy charges.

In view of this, GEPL has proposed following Schedule of Charges for the 3rd Control Period:

Sr. No.	Schedule of Charges	Applicable (Yes/No)	Proposed Charges	Reasons
1.	Administrative charges for cheque bouncing	Yes	Rs. 350/- irrespective of cheque amount	In case of cheque bounce, the bank imposes a charge of Rs. 350/- on the Licensee, irrespective of the cheque amount, and this amount has to be recovered from the specific consumer rather than being loaded on the ARR
2.	Processing Fees for Open Access	Yes	Rs. 2500/- per application	The Petitioner has not received any such Application till date. However, OA Applications may come in the future, and there will be a cost of processing the same. However, as the Hon'ble Commission has approved Rs. 2,500/- per Application for MBPPL, the same is being proposed for GEPL.
3.	Operating charges for Open Access	Yes	Rs. 2500/- per month	The Petitioner has not received any such Application till date. However, as the Hon'ble Commission has approved Rs. 2,500/- per Application for MBPPL, the same is being proposed for GEPL.

---

## 5 Prayers

---

GEPL prays to the Hon'ble Commission as under:

- i. To admit the MYT Petition as per the provisions of MERC (MYT) Regulations 2015 as amended from time to time and consider for further proceedings before the Hon'ble Commission;
- ii. To approve the ARR for FY 2016-17 to FY 2019-20 and its recovery through tariff and approve the tariff schedule, as proposed by GEPL;
- iii. To determine GEPL's share of Transmission Charges and MSLDC Charges, and consider the same while approving the ARR for GEPL for the Control Period;
- iv. To provide interim relief for extending the existing Short-Term PPA with Global Energy for another 6 months till medium term PPA is signed;
- v. To discontinue the Time of Day Tariff for area of supply of GEPL;
- vi. To approve the proposed Schedule of Charges to be recovered from the consumers;
- vii. Condone any inadvertent omissions, errors, short comings and permit GEPL to add/change/modify/alter this filing and make further submissions as may be required at a future date; and
- viii. Pass such other and further Orders as deemed fit and proper in the facts and circumstances of the case.