

UTTAR GUJARAT VIJ COMPANY LIMITED, MAHESANA

Summary of Case no. 1352/2013:

1. Introduction:

Uttar Gujarat Vij Company Limited (UGVCL) is an unbundled entity of erstwhile Gujarat Electricity Board and one of the distribution companies engaged in distribution of electricity in the north zone area of Gujarat.

Uttar Gujarat Vij Co. Ltd obtained its Certificate of Commencement of Business on the 15th October, 2003. However, the company had not commenced its commercial operations during the financial year ended 31st March, 2005. The Company has started commercial function w.e.f. 1st April 2005.

The Gujarat Electricity Regulatory Commission (hereinafter referred to as "GERC" or "the Hon'ble Commission"), an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, is vested with the authority of regulating the power sector in the State inter alia including setting of tariff for electricity consumers. The Hon'ble Commission is now deemed to be the Commission established under Sub-Section (1) of Section-3 of the Gujarat Electricity Industries (Reorganization and Regulations) Act, 2003.

Under section 62 of the Electricity Act, 2003 and under the MYT Regulations, 2011, UGVCL may file its Mid-term review of Business Plan petition for the remaining control period FY 2014-15 to 2015-16 to the Hon'ble Commission for approval.

Case no. 1352 of 2013.

Petition submitted to Hon'ble Commission is summarised as under.

2. Growth Projections for FY 2014-15 to 2015-16:

The growth rates observed in the energy sold to each consumer category has been analyzed for the purpose of sales projections for the remaining control period FY 2014-15 to 2015-16. The analysis of the growth rate lends insight into the behavior of each category and hence forms the basis of forecasting the sales for each category.

Estimation of sales, connected load and nos. of consumers for RGP, Water Works, Street light category has been made base on the actual growth rate between FY 2008-09 to FY 2012-13, five years CAGR, for GLP category, because of very small numbers, no growth is proposed, while in case of NRGP and LTMD category, growth rate as approved by Hon'ble GERC in the MYT Order dated 6th September, 2011 has been considered. No growth rate is considered for sales to HT Category because of increasing trend opting for Open Access by eligible consumers during FY 2012-13. HT sales have been projected considering open access trend in month of March, 2013 and accordingly effect has been given to projection. However, for the purpose of connected load and numbers of consumers in HT Category the actual growth rate between FY 2008-09 to FY 2012-13 is considered. In case of Agriculture category, average about 20000 nos. of Connection have been proposed considering each connection of average about 15 HP and consumption at 1200 Units per HP per Annum. Accordingly projected numbers of consumers, sales and connected load for each category for FY 2014-15 and for FY 2015-16 are as under.

Projection of Sale

Sales (MU)	Projection		
	FY13-14	FY14-15	FY15-16
Low Tension Consumers			
RGP	1,623	1,778	1,949
GLP	32	32	32
Non-RGP & LTMD	1,394	1,464	1,539
Public Water Works	547	581	618
Agriculture - Unmetered	6,132	6,132	6,132
Agriculture - Metered	1,914	2,290	2,647
Street Light	45	47	49
LT Total	11,687	12,326	12,966
High Tension Consumers			
Industrial HT	3,301	3,301	3,301
Railway Traction	19	21	22
HT Total	3,320	3,322	3,323
TOTAL	15,007	15,647	16,289

Projection of No. of Consumers

No. of Consumers	Projection		
	FY13-14	FY14-15	FY15-16
Low Tension Consumers			
RGP	2,423,470	2,555,249	2,694,192
GLP	19,209	19,209	19,209
Non-RGP & LTMD	282,371	297,591	313,631
Public Water Works	15,336	16,207	17,128
Agriculture - Unmetered	155,009	155,009	155,009
Agriculture - Metered	111,070	130,070	147,070
Street Light	10,333	11,015	11,742
LT Total	3,016,798	3,184,350	3,357,982
High Tension Consumers			
Industrial HT	2,828	3,135	3,476
Railway Traction	1	1	1
HT Total	2,829	3,136	3,477
TOTAL	3,019,627	3,187,486	3,361,459

Projection of Connected Load

Connected Load (MW)	Projection		
	FY13-14	FY14-15	FY15-16
Low Tension Consumers			
RGP	1,961	2,191	2,448
GLP	36	36	36
Non-RGP & LTMD	1,281	1,339	1,400
Public Water Works	261	281	303
Agriculture - Unmetered	2,691	2,691	2,691
Agriculture - Metered	1,318	1,552	1,774
Street Light	30	33	36
LT Total	7,580	8,124	8,688
High Tension Consumers			
Industrial HT	1,743	2,062	2,441
Railway Traction	5	5	5
HT Total	1,747	2,067	2,446
TOTAL	9,327	10,191	11,134

3. **Distribution Losses:** - Based on actual for FY 2012-13, Company has estimated Distribution loss for FY 2014-15 and FY 2015-16 as under.

Distribution Loss for the FY 2014-15 to 2015-16

Particulars	FY 2014-15 (Projected)	FY 2015-16 (Projected)
Distribution Loss	13.50%	13.00%

4. **Energy Requirement and Energy Balance:**

The gross energy requirement for FY 2014-15 and FY 2015-16 is estimated as under.

Energy Requirement and Energy Balance

S.No.	Particulars	Unit	FY 2014-15 (Projected)	FY 2015-16 (Projected)
1	Energy Sales	MUs	15,647	16,289
2	Distribution Losses	MUs	2,442	2,434
		%	13.50%	13.00%
3	Energy Requirement	MUs	18,089	18,723
4	Transmission Losses	MUs	777	805
		%	4.12%	4.12%
5	Total Energy to be input to Transmission System	MUs	18,866	19,528
6	Pooled Losses in PGCIL System	MUs	603	546
7	Total Energy Requirement	MUs	19,469	20,074

5. **Allocation of Power Purchase Cost**

The Hon'ble Commission has allocated power purchase cost based on bulk supply tariff worked out during the MYT Order dated 6th September, 2011. Net power purchase cost worked out in above section for FY 2014-15 & FY 2015-16 is allocated based on methodology adopted by the Hon'ble Commission in their MYT Order dated 6th September, 2011 by working out revenue available for purchase of power

Allocation of Power Purchase Cost

Power Purchase Cost	DGVCL	MGVCL	PGVCL	UGVCL	Total
FY 2014-15					
Projected Power Purchase Cost (Rs. Crores)	7,667	3,911	8,481	6,685	26,743
Projected Energy Purchase (MU)	14,883	9,212	26,820	19,469	70,384
Projected Bulk Supply Tariff (Rs. / kWh)	5.15	4.25	3.16	3.43	3.80
FY 2015-16					
Projected Power Purchase Cost (Rs. Crores)	8,339	4,219	9,240	7,212	29,010
Projected Energy Purchase (MU)	15,543	9,566	27,763	20,074	72,946
Projected Bulk Supply Tariff (Rs. / kWh)	5.37	4.41	3.33	3.59	3.98

6. Capital Expenditure

The scheme-wise projected capital expenditure for the Mid-term review petition from FY 2013-14 to FY 2015-16 is shown as below:

Capital Expenditure Plan

Rs in Crores

Sr. No.	Schemes	FY 2013-14 (Projected)	FY 2014-15 (Projected)	FY 2015-16 (Projected)
A	Distribution Schemes			
	Normal Development Scheme	145	152	155
	System Improvement Scheme	115	121	125
	HVDS in selected sub-division	7	7	7
	Loss reduction - AG	-	-	-
	Loss reduction - Non AG	-	-	-
	Automatic Meter Reading	-	-	-
	Underground Cables	20	21	22
	Aerial Bunch Conductors	-	2	2
	Load shedding transformers	-	-	-
	others	-	-	-
	Total	287	303	310
B	Rural Electrification Schemes - Plan			
	TASP (Wells)	53	30	30
	Scheduled Caste Sub Plan (Wells)	-	-	-
	Scheduled Caste Sub Plan (lighting)	3	3	3
	Petapara	-	-	-
	Electrification of Hutments	11	8	9
	Kutir Jyoti Scheme	1	1	1
	Sagarkhedu Sarvangi Vikas Yojana	6	4	4
	Dark Zone	200	200	200
	Total	274	246	246
C	Central Government Scheme - Plan			
	RGGVY	5	-	-
	R-APDRP Part A	11	10	8
	R-APDRP Part B	-	-	-
	BADP	-	5	7
	SCADA Part A	15	12	10
	SCADA Part B	-	25	26
	Smart Grid	10	20	25
	Total	41	72	76
D	Other Schemes (Non Plan)			
	RE (Tatkal)	-	-	-
	AG Normal (SPA)	113	105	105
	Energy Conservation	0	0	0
	Total	113	105	105
E	Other New Schemes			
	Automation and Computerization	2	2	2
	Civil Work/ New Building	21	20	21
	GIS in Cities	0	0	0
	Other Schemes (Earthing)	20	50	60
	Other Repairing Work / Civil Work	2	2	2
	New Furniture and Fixtures	2	2	2
	Vehical	3	3	4
	BoI GIDC	25	45	50
	Total	75	124	140
F	Capital Expenditure Total	789	850	878

7. Funding of Capitalization

The funding of above mentioned capital expenditure is envisaged through various sources categorised under four headings namely: Consumer Contribution, Grants, Equity and Debt. Grants & consumer contribution are considered in ratio of capitalisation same as actual of FY 2012-13. The remaining expenditure is proposed to be funded through debt and equity in the

ratio of 70:30. The detailed breakup of funding of capitalization for FY 2013-14 to 2015-16 is mentioned below.

Funding Plan of Capitalization

Rs in Crores

Sr. No.	Particulars	FY 2013-14 (Projected)	FY 2014-15 (Projected)	FY 2015-16 (Projected)
1	Capital Expenditure	789	850	878
2	Less : Consumer Contribution	185	199	206
3	Grants	220	237	244
4	Balance CAPEX	385	414	428
5	Debt @ 70%	269	290	299
6	Equity @ 30%	115	124	128

8. Estimation of O&M Expenses has been made considering 10% increase over actuals of 2012-13, and other expenditure has been made based on the nature of expenditure and its historical data.

9. ARR for FY 2014-15 to 2015-16:

The Table below shows projection of Aggregate Revenue Requirement by UGVCL under the remaining control period FY 2014-15 to 2015-16.

Proposed ARR for FY 2014-15 to 2015-16

Rs in Crores

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Projected)	FY 2015-16 (Approved)	FY 2015-16 (Projected)
1	Cost of Power Purchase	7,020	6,685	8,212	7,212
2	Operation & Maintenance Expenses	387	361	409	408
2.1	Employee Cost	317	382	336	420
2.2	Repair & Maintenance	80	78	85	86
2.3	Administration & General Charges	45	64	47	70
2.4	Other Debits	7	7	7	7
2.5	Extraordinary Items	1	1	1	1
2.6	Net Prior Period Expenses / (Income)	-	-	-	-
2.7	Other Expenses Capitalised	(63)	(170)	(66)	(176)
3	Depreciation	209	249	228	294
4	Interest & Finance Charges	87	169	84	182
5	Interest on Working Capital	-	-	6	-
6	Provision for Bad Debts	2	15	2	16
7	Sub-Total [1 to 6]	7,704	7,479	8,941	8,113
8	Return on Equity	131	135	143	153
9	Provision for Tax / Tax Paid	1	27	1	31
10	Total Expenditure (7 to 9)	7,837	7,641	9,085	8,296
11	Less: Non-Tariff Income	92	126	92	128
12	Aggregate Revenue Requirement (10 - 11)	7,745	7,515	8,993	8,168

10. UGVCL request the Hon'ble Commission to approve the Aggregate Revenue Requirement under the remaining control period for FY 2014-15 to 2015-16 without any disallowances.

11. Provisions for availing the copy of Submission:

Petition is available for inspection as well as for sale at **Rs. 40/-** to the interested persons at the office of **The Chief Engineer (Op), Corporate Office, Uttar Gujarat Vij Company Ltd, Visnagar Road, Mehsana - 384 001** and at the office of the **Superintending Engineer of UGVCL, in Charge of O&M Circles**. For obtaining the copy of the petition by post, postage fee @ Rs.50/- (Rupees Fifty) will be payable extra.

NOTE: - The total amount in such event be sent by Money Order or Demand Draft payable in favor of Uttar Gujarat Vij Company Ltd.

The electronic copies of the above mentioned petition are available at website www.guvnl.com and www.ugvcl.com

12. Submission of response:

In accordance with GERC (Conduct of Business) Regulations 2004, it is hereby notified that the persons who are interested in filing their objections/suggestions on the above subject matter petition may file the same with **The Secretary, Gujarat Electricity Regulatory Commission, 6th floor, GIFT One, Road 5C,Zone 5, GIFT City, Gandhinagar – 382 355** along with the document on which they want to rely upon, in five sets, duly supported by an affidavit with the copy to the undersigned on or before 30.11.2013 and also indicate whether they intend to be heard in person. Public hearing of this petition shall be scheduled along with the public hearing of the petition to be filed by UGVCL for truing up for FY 2012 - 13 and determination of tariff for FY 2014-15.