



MID TERM

REVIEW OF

BUSINESS

PLAN

UTTAR GUJARAT VIJ COMPANY
LIMITED

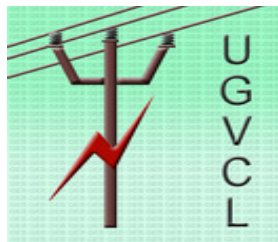
MEHSANA

CASE NO. 1352 OF 2013

Rs. 40/-

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NO:- UGVCL/REGD/COM/GERC/23/290

DTD:- 30/09/2013

To

**The Secretary
Gujarat Electricity Regulatory Commission,
6th Floor, GIFT One,
Road 5C, Zone 5,
Gandhinagar 382 355**

Sub.: - Submission of Petition for Mid Term Review of Business Plan.

Ref.: - Your Office letter vide No. GERC/Tariff/3513/1359 dtd. 5th July, 2013

Dear Sir,

Anent to the above referred letter and further extension of filing date upto 30th September, 2013, UGVCL is hereby filing the petition for Mid Term Review of Business Plan under MYT Regulation framework and Section 62 of the Electricity Act, 2003.

The requisite fees for filing of petition amounting ₹ 10,000/-, as per the Fees, Fines and Charges Regulations - Notification No. 6 of 2005 in accordance with Sr. No. 24. is attached herewith vide Demand Draft No. 394209 dated 28/09/2013, drawn on Bank Of Baroda in your favour, i.e. **GERC, Gandhinagar**.

The soft copy of the petition is also submitted separately.

Kindly accept the said petition duly notarized in five(5) copies and acknowledge.

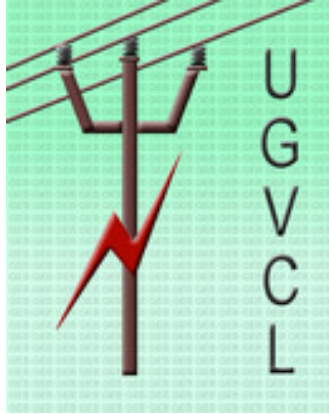
Thanking You,

Yours faithfully,

Encl.: As Above

----sd./----
**Chief Engineer (OP)
UGVCL, Mahesana**

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**



CASE NO: 1352 OF 2013

**Filing of Petition for Mid-term Review of Business Plan
for UGVCL under MYT Regulation framework and
Section 62 of the Electricity Act, 2003.**

Filed by:-

Uttar Gujarat Vij Company Ltd.

Regd & Corp. Office: Visnagar Road, MEHSANA- 384 001

“Save Energy for Benefit of Self and Nation”



**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Filing No:

Case No:

IN THE MATTER OF

Filing of Petition for Mid-term review of Business Plan for UGVCL under MYT Regulation framework and Section 62 of the Electricity Act, 2003.

AND

IN THE MATTER OF

Uttar Gujarat Vij Company Limited,
Visnagar Road,
Mehsana 384001

PETITIONER

THE APPLICANT ABOVE NAMED RESPECTFULLY SUBMITS

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Abbreviations

1.	ARR	Aggregate Revenue Requirement
2.	DGVCL	Dakshin Gujarat Vij Company Limited
3.	FY	Financial Year
4.	GEB	Erstwhile Gujarat Electricity Board
5.	GERC	Gujarat Electricity Regulatory Commission
6.	GETCO	Gujarat Energy Transmission Corporation Limited
7.	GoG	Government of Gujarat
8.	GSECL	Gujarat State Electricity Corporation Limited
9.	GUVNL	Gujarat Urja Vikas Nigam Limited
10.	kWh	Kilo Watt Hour
11.	KV	Kilo Volt
12.	kVA	Kilo Volt Ampere
13.	kVAh	Kilo Volt Ampere Hour
14.	MGVCL	Madhya Gujarat Vij Company Limited
15.	MU	Million Units (Million kWh)
16.	MW	Mega Watt
17.	MYT	Multi Year Tariff
18.	O&M	Operation & Maintenance
19.	PGVCL	Paschim Gujarat Vij Company Limited
20.	PPPA	Power Purchase Price Adjustment
21.	Second Control Period	FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 & FY 2015-16
22.	T&C	GERC (Terms & Conditions of Tariff) Regulation, 2005
23.	UGVCL	Uttar Gujarat Vij Company Limited

1. Introduction

1.1. Preamble

1.1.1. This section presents the background and reasons for filing of this Petition.

1.2. Introduction

1.2.1. The Government of Gujarat (hereinafter referred to as “GoG”) notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after called as “Act”) in May 2003 for the reorganization of the entire power sector in the State of Gujarat.

1.2.2. Pursuant to the above, Government of Gujarat in their letter vide GO / 19th August 2003 had directed GEB to form four Distribution Companies (Discoms) based on geographical location of the circles. Accordingly the four distribution companies had been incorporated with the Registrar of Companies (RoC) on September 15th, 2003. Uttar Gujarat Vij Company Limited (UGVCL) is one of the distribution companies engaged in distribution of electricity in the northern area of Gujarat.

1.2.3. The 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 2004 and 31st March, 2005. The Company has started commercial function w.e.f. 1st April 2005.

1.2.4. 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.

1.2.5. 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.

1.3. History of Petition Filing

1.3.1. The MYT petition filed by the UGVCL under the MYT Framework Regulations was approved by the Hon'ble Commission for the second control period i.e. FY 2011-12 to FY 2015-16. Following the MYT Order, UGVCL filed Truing up for FY 2010-11 and determination of Tariff for FY 2012-13 and Truing up for FY 2011-12 and Determination of tariff for FY 2013-14. The order on the same is issued by the Hon'ble Commission on 2nd June, 2012 and 16th April, 2013 respectively.

1.4. MYT Framework Regulations

The key provisos of MYT Regulation, 2011 issued by GERC are reproduced below.

1.4.1. Section - 16.2 of MYT Regulations:

"16.2 The Multi-Year Tariff framework shall be based on the following elements, for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Company, Transmission Licensee, Distribution Wires Business and Retail Supply Business:

A detailed Business Plan based on the principles specified in these Regulations, for each year of the Control Period, shall be submitted by the applicant for the Commission's approval:

.....

Provided further that a Mid-term Review of the Business Plan may be sought by the Generating Company, Transmission Licensee and Distribution Licensee through an application filed three (3) months prior to the filing of Petition for truing-up for the second year of the Control Period and tariff determination for the fourth year of the Control Period;

1.4.2. Section 17.2 of MYT Regulations:

" 17.2 The filing for the Control Period under these Regulations shall be as under:

.....

- c) In case of Mid-term Review of Business Plan under Regulation 16.2 (i), the Petition shall comprise of:*
- i. Truing Up for the previous year;*
 - ii. Modification of the ARR for the remaining years of the Control Period, if any, with adequate justification for the same;*

- iii. *Revenue from the sale of power at existing tariffs and charges for the ensuing year;*
- iv. *Revenue gap for the ensuing year calculated based on ARR approved in the MYT Order and truing up for the previous year;*
- v. *Application for determination of tariff for the ensuing year.*

1.4.3. Section 19.1 of MYT Regulations:

“19.1 The Generating Company, Transmission licensee, and Distribution Licensee for Distribution Wires Business and Retail Supply Business, shall file a Business Plan for the Control Period of five (5) financial years from 1st April 2011 to 31st March 2016, which shall comprise but not be limited to detailed category-wise sales and demand projections, power procurement plan, capital investment plan, financing plan and physical targets, in accordance with guidelines and formats, as may be prescribed by the Commission from time to time:

Provided that a mid-term review of the Business Plan/Petition may be sought by the Generating Company, Transmission Licensee and Distribution Licensee through an application filed three (3) months prior to the specified date of filing of Petition for truing up for the second year of the Control Period and tariff determination for the fourth year of the Control Period.”

1.5. Submission by UGVCL to the Hon’ble Commission

- 1.5.1. In accordance with the above provisions, UGVCL hereby submits the petition under section 62 of the Electricity Act, 2003 and MYT Regulations 2011 for Mid-term review for the remaining control period for FY 2014-15 to 2015-16 to the Hon’ble Commission for approval.

2. Executive Summary

2.1. Preamble

2.1.1. This section highlights the summary of Petition for Mid-term review for the remaining control period for FY 2014-15 to 2015-16.

2.2. Mid-term review for FY 2014-15 to 2015-16

2.2.1. UGVCL has projected its Revised Aggregate Revenue Requirement for FY 2014-15 and FY 2015-16 as a part of the Mid-term review process for the remaining control period. The comparison of the revised projections for FY 2014-15 and FY 2015-16 vis-à-vis the figures approved by the Hon'ble Commission is being depicted as under:

Table 1 : Mid-term review for FY 2014-15 and FY 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

3. Mid-term review for FY 2014-15 to 2015-16

3.1. Preamble

3.1.1. This section outlines the Mid-term review petition of UGVCL under the remaining control period for FY 2014-15 to 2015-16, which takes into consideration:

- Provisional Accounts for FY 2012-13;
- Provisions of GERC terms & conditions of Tariff Regulation, 2011;

3.2. Projection of Energy Requirement for FY 2014-15 to 2015-16

3.2.1. Approach for Sales Projection

It has been observed from past experience that the historical trend method has proved to be a reasonably accurate and well accepted method for estimating the load, number of consumers and energy consumption. In light of the above, UGVCL has estimated the above for various customer categories primarily based on the CAGR trends during past years. Wherever the trend has seemed unreasonable or unsustainable, the growth factors have been corrected by the company, to arrive at more realistic projections.

3.2.2. Summary of Growth & Projections

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.

3.2.3. Category-wise Units Sold

The Break-up of the past sales and the CAGR growth rates for different periods (5 years, 3 years and year on year) thereof are as follows. It may be noted that the 5 year CAGR growth rate is for the period between FY 2009 & FY 2013 while the 3 year CAGR growth rate is for the period between FY 2011 & FY 2013. The year on year (YoY) growth rate is for the period between FY 2012 & FY 2013.

Hon'ble Commission has merged commercial and LT-industrial categories and created three new categories named GLP, Non-RGP & LTMD during MYT Order dated 6th September, 2011.

Table 2 : Historical Trend in Category-wise Units Sold

Sales (MU)	Actual				
	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
Low Tension Consumers					
RGP	1,026	1,093	1,272	1,371	1,480
GLP	965	1,075	1,200	1,274	32
Non-RGP & LTMD					1,326
Public Water Works	404	445	462	482	515
Agriculture - Unmetered	5,187	5,556	6008	6,036	6,094
Agriculture - Metered	898	1,180	1,074	1,225	1,536
Street Light	37	38	39	41	43
LT Total	8,517	9,387	10,055	10,429	11,027
High Tension Consumers					
Industrial HT	2,378	2,806	3,250	3,566	3,771
Railway Traction	12	12	14	17	17
HT Total	2,390	2,818	3,264	3,583	3,788
TOTAL	10,907	12,205	13,319	14,012	14,816

Table 3 : Category-wise Growth rates of Units Sold

Sales (MU)	5 years CAGR FY 13 over 09	3 years CAGR FY 13 over 11	FY 13 over FY 12
Low Tension Consumers			
RGP	9.60%	7.88%	7.98%
GLP	-	-	-
Non-RGP & LTMD	-	-	-
Public Water Works	6.25%	5.57%	6.83%
Agriculture	5.82%	3.80%	5.08%
Street Light	3.97%	5.30%	5.46%
LT Total	6.67%	4.72%	5.74%
High Tension Consumers			
Industrial HT	12.22%	7.72%	5.76%
Railway Traction	9.39%	10.78%	1.06%
HT Total	12.21%	7.73%	5.73%
TOTAL	7.96%	5.47%	5.73%

3.2.4. Consumer Profile

The Break-up of the category-wise number of consumers and the CAGR growth rates for different periods (5 years, 3 years and year on year) are as follows:

Table 4 : Category-wise No. of Consumers

No. of Consumers	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
Low Tension Consumers					
RGP	1,859,775	1,997,257	2,126,742	2,228,597	2,298,488
GLP	253,515	270,174	289,602	295,248	19,209
Non-RGP & LTMD					267,930
Public Water Works	11,633	12,266	12,992	13,647	14,511
Agriculture - Unmetered	156,116	155,878	155,581	155,296	155,009
Agriculture - Metered	61,105	65,924	70,288	76,690	90,070
Street Light	7,506	7,939	8,391	9,038	9,693
LT Total	2,349,650	2,509,438	2,663,596	2,778,516	2,854,910
High Tension Consumers					
Industrial HT	1,754	1,872	2,094	2,301	2,551
Railway Traction	1	1	1	1	1
HT Total	1,755	1,873	2,095	2,302	2,552
TOTAL	2,351,405	2,511,311	2,665,691	2,780,818	2,857,462

Table 5 : Growth rate of no. of Consumers

No. of Consumers	5 years CAGR FY 13 over 09	3 years CAGR FY 13 over 11	FY 13 over FY 12
Low Tension Consumers			
RGP	5.44%	3.96%	3.14%
GLP	-	-	-
Non-RGP & LTMD	-	-	-
Public Water Works	5.68%	5.68%	6.33%
Agriculture	3.06%	4.17%	5.64%
Street Light	6.60%	7.48%	7.25%
LT Total	4.99%	3.53%	2.75%
High Tension Consumers			
Industrial HT	9.82%	10.37%	10.86%
Railway Traction	0.00%	0.00%	0.00%
HT Total	9.81%	10.37%	10.86%
TOTAL	4.99%	3.53%	2.76%

3.2.5. Connected Load Profile:

The Break-up of the connected load profile and the CAGR growth rates for different periods (5 years, 3 years and year on year) thereof are as follows.

Table 6 : Category-wise Connected Load

	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
Low Tension Consumers					
RGP	1,127	1,339	1,468	1,633	1,756
GLP	909	1,037	1,207	1,211	36
Non-RGP & LTMD					1,226
Public Water Works	181	192	201	211	243
Agriculture - Unmetered	2,328	2,605	2,642	2,652	2,691
Agriculture - Metered	765	829	870	930	1,083
Street Light	20	27	29	31	28
LT Total	5,330	6,029	6,417	6,668	7,063
High Tension Consumers					
Industrial HT	814	959	1,134	1,244	1,473
Railway Traction	4	5	5	5	5
HT Total	818	964	1,138	1,249	1,477
TOTAL	6,148	6,993	7,555	7,917	8,540

Table 7 : Growth Rate for Connected Load

Connected Load (MW)	5 years CAGR FY 13 over 09	3 years CAGR FY 13 over 11	FY 13 over FY 12
Low Tension Consumers			
RGP	11.72%	9.38%	7.52%
GLP	-	-	-
Non-RGP & LTMD	-	-	-
Public Water Works	7.63%	9.93%	14.90%
Agriculture	5.10%	3.66%	5.36%
Street Light	8.66%	-2.42%	-9.54%
LT Total	7.29%	4.91%	5.91%
High Tension Consumers			
Industrial HT	15.98%	13.96%	18.34%
Railway Traction	2.99%	0.00%	0.00%
HT Total	15.92%	13.91%	18.28%
TOTAL	8.56%	6.31%	7.86%

3.2.6. Growth Projections for FY 2014-15 to 2015-16

This section discusses in detail the basis for taking the growth projections for various categories of consumers as enumerated above. For projecting the sales, no. of consumers and connected load for FY 2014-15 to 2015-16, the base number of FY 2012-13 is considered.

RGP

The company has witnessed a growth in the units sold in the last five years to this category. The CAGR growth rate between FY 2008-09 and FY 2012-13 was 9.60%. The Company expects this trend to continue for the remaining control period.

The number of consumers added in the category has witnessed a CAGR of 5.44% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

The connected load added in the category has witnessed a CAGR of 11.72% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

GLP

In absence of past trend and considering category having lower sales, no. of consumers and connected load, no growth has been proposed over actuals of FY 2012-13.

Non-RPG & LTMD

The growth of Sales for Non-RPG & LTMD category is considered 5.08% which is approved by the Commission in the MYT Order dated 6th September, 2011 for LT-Industrial category. The company expects this trend to continue for the remaining control period.

The growth of number of Consumers for Non-RPG & LTMD category is considered 5.39% which is approved by the Commission in the MYT Order dated 6th September, 2011 for LT-Industrial category. The company expects this trend to continue for the remaining control period.

The growth of connected load for Non-RPG & LTMD category is considered 4.53% which is approved by the Commission in the MYT Order dated 6th September, 2011 for LT-Industrial category. The company expects this trend to continue for the remaining control period.

Public Water Works

The Sales growth rate between FY 2008-09 and FY 2012-13 was 6.25%. The company expects this trend to continue for the remaining control period.

The number of consumers added in the category has witnessed a CAGR of 5.68% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

The connected load added in the category has witnessed a CAGR of 7.63% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

Agriculture

UGVCL, based on internal targets is planning to release new connections under this category. Accordingly, the additional connected load expected in this category is going to increase based on its average HP of Discom. For calculation of sales, average consumption for additional connection is considered 1200 kWh/HP/Annum is taken.

Table 8 : New Connections to Agriculture Consumers

Agriculture Meterd	No. of Connections	Average HP of Discom	HP Increase	MW Increase	Per HP Consumption	Additional Sale (MU)
FY 2013-14	21,000	15.00	315,000	235	1,200	378
FY 2014-15	19,000	16.50	313,500	234	1,200	376
FY 2015-16	17,000	17.50	297,500	222	1,200	357

Further, since the company has stopped issuing unmetered connections (A1 slab); a 0% growth rate has been assumed in the A1 slab for number of consumers and connected load. Sale is worked out based on consumption norm of 1700 kWh/HP/Annum.

The number of connections, unit sales and the load as estimated above have been added to the FY 2012-13 details to arrive at an estimate of the sales projections from this category for the remaining control period for FY 2014-15 to 2015-16.

Street Light

The Sales growth rate between FY 2008-09 and FY 2012-13 was 3.97%. The company expects this trend to continue for the remaining control period.

The number of consumers added in the category has witnessed a CAGR of 6.60% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

The connected load added in the category has witnessed a CAGR of 8.66% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

Industrial HT

Considering the recent trend of opting for open access by various HT industrial consumers, growth rate of sales for this category of consumer was 5.76% between FY 2011-12 and FY 2012-13. In fact, Opting for Open Access by eligible consumers has increased gradually during the year FY 2012 -13. As per data available, a total 418.25 MU have been given as set off against HT bills to the open access consumers for the FY 2012-13. In FY 2013-14 from Apr-13 to July-13, total 269.98 MU have been given as set off against HT bills to the open access consumers & 74.55 MU set off is given for the month of July-13. So, it can be safely assumed that total @ 895 MU will be given as set off against HT bills for the FY 2013-14. Thus HT sales will further go down by @ 470 MU. More ever there are other eligible consumers in pipeline for availing power supply through Open Access, and prevailing recessionary trend, it is very difficult to estimate any growth for this category. Considering the fact, sale for FY 2014-15 and 2015-16 is estimated @ 3301 MU.

The number of consumers added in the category has witnessed a CAGR of 10.86% between FY 2011-12 and FY 2012-13. Considering the recent trend of opting for open access by various HT industrial consumers, the company expects this year on year trend to continue for the remaining control period.

The connected load added in the category has witnessed a CAGR of 18.34% between FY 2011-12 and FY 2012-13. Considering the recent trend of opting for open access by various HT industrial consumers, the company expects this year on year trend to continue for the remaining control period.

Railway Traction

The Sales growth rate between FY 2008-09 and FY 2012-13 was 9.39%. The company expects this trend to continue for the remaining control period.

The number of consumers added in the category has witnessed a CAGR of 0.00% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

The connected load added in the category has witnessed a CAGR of 2.99% between FY 2008-09 and FY 2012-13. The company expects this trend to continue going forward.

Thus the following table summaries the growth rate assumptions and the resultant projected numbers of the sales, number of consumers and connected load within various tariff categories for the remaining control period FY 2014-15 to 2015-16.

Table 9 : Growth Rate of Sale, No. of Consumers and Connected Load

	Sales (MU)	No. of Consumers	Connected Load (MW)
Low Tension Consumers			
RGP	9.60%	5.44%	11.72%
GLP	0.00%	0.00%	0.00%
Non-RGP & LTMD	5.08%	5.39%	4.53%
Public Water Works	6.25%	5.68%	7.63%
Agriculture	-	-	-
Street Light	3.97%	6.60%	8.66%
High Tension Consumers			
Industrial HT	-	10.86%	18.34%
Railway Traction	9.39%	0.00%	2.99%

Table 10 : 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

Table 11 : 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

Table 12 : 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

3.3. Distribution Losses

3.3.1. The company has made significant efforts in reduction of distribution losses during recent years. The steady loss reduction in other than AG category can be seen from following table.

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
% Dist. Loss of Non-AG	10.89%	10.27%	9.56%	9.28%	8.75%	8.50%*	8.25%*	8.00%*

* Figures are projection

3.3.2. These efforts shall continue and will be enhanced. As UGVCL is an agriculture consumer dominated area and is having large numbers of AG unmetered connections. AG losses are directly related to nos. of hours of three phase power supply given as well as on monsoon. In FY 2012-13, UGVCL has provided

10 hours of power supply for 261 days which has resulted into high overall losses which are more than 14%. In view of above projection of distribution losses for remaining control period FY 2014-15 to 2015-16 are as shown below:

Table 13 : 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%

3.4. Energy Requirement and Energy Balance

3.4.1. Transmission losses for FY 2014-15 & FY 2015-16 are proposed 4.12% same as approved in MYT Order dated 6th September, 2011. Pooled losses on PGCIL system are proposed same as approved in MYT Order dated 6th September, 2011.

3.4.2. The energy requirement for company will be met by supply from GUVNL. Based on the information provided above, Energy Balance of the company for the remaining control period FY 2014-15 to 2015-16 is as shown below:

Table 14 : 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

3.5. Power Purchase – Bulk Supply Tariff

3.5.1. It is submitted that when the erstwhile Gujarat Electricity Board (GEB) was unbundled into seven entities, it was decided by the State Government that Gujarat Urja Vikas Nigam Limited (GUVNL) shall purchase the entire power requirement from GSECL, central generating stations, traders, MPPs, IPPs and any other source to meet the demand of DISCOMs and shall perform the activity of bulk supplier of power to all the four Distribution companies at bulk supply tariff. In accordance with the arrangement related to power procurement the distribution licensees have entered into bulk supply arrangement / agreement with GUVNL to meet the supply obligation.

3.5.2. It is also submitted that the State Government has envisaged uniform retail supply tariff in the four DISCOMs (of the unbundled GEB), so that the consumers in the similar category in the State could have a similar tariff. It is

further submitted that since 84% - 93% of the total cost incurred by DISCOMs is for power purchase, the same plays a major role in determining the ARR for the DISCOM for a particular year. Since the consumer profile and consumption pattern are different in the four distribution companies, the revenue earning capabilities of each of the DISCOMs differs resulting in different Annual Revenue Requirement. Therefore, it is necessary to build a mechanism in the projection to give them a level-playing field. This is proposed to be achieved by differential bulk supply tariff (BST) to each of the DISCOMs to ensure uniform retail consumers tariffs in the four DISCOMs.

3.6. Power Purchase Sources

3.6.1. The various sources of power purchase by GUVNL consist, of State generating plants (GSECL), central sector – NTPC and NPC, renewable sources of power – hydro, solar and wind, IPPs, other sources, etc. The power purchase sources have been differentiated into existing and additional capacity envisaged during the control period.

(i) Existing capacity with GUVNL

The existing capacity contracted by GUVNL, consists of: GSECL plants, IPPs, central sector plants and renewable sources, RLNG gas based plants where the plants which are commissioned and likely to get commissioned before 31st March, 2014. The existing contracted capacity tied up by GUVNL as on 31st March, 2014 is 19321 MW. The names of the existing power plants, their operational parameters, capacity allocated to GUVNL, their fixed cost as per capacity contracted, along with the variable cost of generation per unit are given below:

Table 15 : Existing Capacity contracted by GUVNL

Power Plants	Rated Capacity allocated to GUVNL	Auxilliary Consumption (%)	Plant Load Factor (%)	Fixed Cost (Rs. Crores)	Variable Cost (Rs./Unit)
GSECL PLANTS					
Ukai TPS	850	9	75%	334	2.59
Ukai Hydro	305	1	13%	25	0.00
Gandhinagar I to IV	660	10	79%	265	3.55
Gandhinagar V	210	9	85%	100	2.93
Wanakbori I to VI	1,260	9	85%	471	2.98
Wanakbori VII	210	9	85%	98	2.77
Sikka TPS	240	11	71%	115	4.01
Kutch Lignite I to III	215	12	75%	220	1.96
Kutch Lignite IV	75	12	75%	121	0.99
Kadana Hydro	242	1	6%	59	0.00
Utran Gas Based	135	4	80%	30	2.87
Dhuvaran Gas Based - Stage-I	107	3	80%	47	3.20
Dhuvaran Gas Based - Stage-II	112	3	80%	54	2.33
Utran Extension	375	3	80%	209	3.90
Ukai Expansion 6	500	9	80%	333	1.68
Total of GSECL plants	5,496			2,481	
IPPs					
ESSAR	300	3	0%	-	2.79
GPEC	655	3	70%	320	4.24
GIPCL II (165)	165	3	80%	22	3.63
GIPCL-SLPP	250	10	75%	152	1.25
GSEG	156	3	80%	59	2.90
GIPCL - I (145)	145	3	80%	8	4.00
GMDC - Akrimota	250	10	75%	156	1.18
GIPCL, Expansion	250	10	80%	291	1.46
Total of IPPs	2,171			1,008	
SHARE FROM CENTRAL SECTOR					
NPC - Tarapur- 1&2	160	10	80%	-	0.96
NPC - Kakrapar	125	13	80%	-	2.38
NPC - Tarapur- 3&4	274	10	80%	-	2.87
NTPC - KORBA	360	8	85%	197	0.98
NTPC - VINDHYACHAL - I	230	9	85%	125	1.44
NTPC - VINDHYACHAL - II	239	8	85%	155	1.33
NTPC - VINDHYACHAL - III	266	8	85%	248	1.33
NTPC - KAWAS	187	3	85%	99	2.34
NTPC - JHANOR	237	3	85%	155	2.35
NTPC - Sipat Stage - I	540	8	85%	382	1.40
SSNNL - Hydro	232	1	14%	-	2.05
NTPC - Kahalgaon (New)	141	8	85%	128	1.96
NTPC - Sipat Stage-II	273	7	85%	235	1.28
NTPC - Mauda STPS-I	240	7	85%	313	2.98
NTPC - Vindhyachal STPS-IV	240	7	85%	254	1.00
NTPC - KORBA II	96	7	85%	110	0.97
Mundra UMPP	1,805	-	80%	1,148	1.43
Total from Central Sector	5,645			3,549	
OTHERS					
Captive Power Plant (MU)	8		80%		2.65
Renewable					
Wind Farms	1,908	-	23%	-	3.37
Solar	857	-	20%	-	14.04
Biomass	30	-	80%	-	4.28
Hydro	6	-	70%	-	3.35
Competitive Bidding					
APPL	2,000	-	80%	1,657	1.63
Aryan	200	-	80%	255	0.40
Essar - 1000 MW	1,000	-	80%	786	1.46
Total Capacity	19,321			9,734	

(ii) Capacity additions for FY 2014-15 to FY 2015-16

The capacity addition available for the State, which includes capacity additions of GSECL, central stations, IPPs and others and competitive bidding capacity, is given in the table below with details of capacity allocated to Gujarat and unit-wise tentative commissioning schedule. PPAs are already entered into for various stations and are expected to get commissioned during the control period FY 2014-15 to FY 2015-16. GUVNL will purchase power from these stations.

The total additional capacity envisaged to get commissioned and allocated to GUVNL is arrived at 3269 MW. The additional capacity envisaged during the control period, along with operational parameters, fixed cost, variable cost per kWh and CoD are given below:

Table 16 : Capacity Addition during the remaining control Period

Sr. No.	Particulars	Rated Capacity allocated to GUVNL	Auxilliary Consumption (%)	Plant Load Factor (%)		Fixed Cost (Rs. Crores)	Variable Cost (Rs./Unit)	CoD
				2014-15	2015-16			
1	Sikka 3 & 4	500	10	0%	80%	670	3.26	Apr-15
2	Dhuvaran CCPP Ext - 3	360	2.9	7%	80%	328	7.94	Mar-15
3	GSEG Expansion	351	3.5	0%	7%	238	7.94	Mar-16
4	GSPC-Pipavav	702	2.9	0%	7%	640	7.94	Mar-16
5	BECL	500	11	20%	80%	865	1.21	Jan-15
6	NTPC kakrapar addition	476	13	0%	7%	-	2.38	Mar-16
7	NTPC - Lara	140	9	0%	7%	207	1.05	Mar-16
8	NTPC - Mauda STPS - II	240	7	0%	7%	380	1.05	Mar-16
	Total Capacity Addition	3,269				3,328		

(iii) Other issues for consideration

- Essar Power having capacity of 300 MW has no fuel supply agreement and hence plant load factor is 0% considered for FY 2014-15 & FY 2015-16. If gas is made available by some source then power generated from the plant will be purchased by GUVNL and accordingly payments will be made.
- GSEG Expansion, GSPC Pipavav and Dhuvaran CCPP Ext-3 gas based plants do not have fuel supply agreements as on date. GSEG expansion is in ready situation and GSPC Pipavav & Dhuvaran CCPP Ext-3 will be ready for generation shortly. GUVNL has assumed that fuel supply agreement will take some time and generation for GSEG Expansion, GSPC Pipavav and Dhuvaran CCPP Ext-3 will come in March 2016, March 2016 and March 2015 respectively. Cost implication of these plants is considered accordingly. If there is any cost implication on GUVNL for these plants because of early commissioning, same will be passed on to the consumers.

- Base rates for calculation for power purchase cost are considered actual for FY 2012-13 and hence the Hon'ble Commission is requested to revise FPPPA accordingly. The Hon'ble Commission is requested to freeze minimum FPPPA as per actual (weightage average of Q1 to Q4) FPPPA of FY 2012-13 of 120 paisa/kWh in place of existing level of 61 paisa/kWh.

3.7. Power Purchase Cost

3.7.1. In order to minimize the power purchase cost, GUVNL has worked out a comprehensive merit order despatch (MOD) as below:

- The dispatch from individual generating stations is worked out based on the merit order for the variable cost of each generating unit.
- The NPC power plants, renewable, captive power plants and hydro plants have been considered as must run power plants and so they have been excluded from merit order calculations.
- The RLNG spot gas based power plants PLF is considered at 1% due to the high variable cost.
- The power purchase availability from these plants has been capped in order to minimize the impact of the high variable cost of generation from these plants.
- During merit order despatch, at least 5% availability of each plant has been considered to take care of the peak loads and peak season.
- The balance power based on the 80% availability, or the actual availability whichever is low, is considered to meet any additional demand which is not met after inclusion of must run power plant and 5% capacity of the other plant.
- Fixed costs for GSECL have been taken as approved by the Commission for FY 2014-15 in its order dated 11th April, 2011 and the same has been taken in future years, as well. Variable costs are taken as per actual for FY 2012-13. Transmission tariff for GETCO has been taken as approved by the Commission for the remaining control period in MYT order dated 31st March, 2011.
- For IPP, central sector, renewable and competitive bidding, fixed cost and variable costs are taken as per actual for FY 2012-13. The availability has been projected based on the operation of a plant in a particular year and the past trend of energy availability from the plants.

3.7.2. Based on the above factors, the plant-wise dispatchable energy and cost of purchase by GUVNL from various plants of GSECL, central generating stations,



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IPPs and other sources, the generation fixed cost due to the capacity contracted, and variable cost of generation per unit are given in table below. The dispatchable energy (MU) based on the allocated capacity and merit order stacking consists both for supplying power to DISCOMs as well as for trading purpose.

Table 17 : Projected Power Purchase cost for FY 2014-15

Power Purchase Cost FY 2014-15	Available Mus	Dispatch Mus	Fixed Cost (Rs. Crores)	Variable Cost (Rs./Unit)	Variable Cost (Rs. Crores)	Total Cost (Rs. Crores)
GSECL PLANTS						
Ukai TPS	5,082	2,560	334	2.59	663	997
Ukai Hydro	345	345	25	0.00	0	25
Gandhinagar I to IV	4,111	260	265	3.55	92	357
Gandhinagar V	1,339	84	100	2.93	24	125
Wanakbori I to VI	8,035	502	471	2.98	150	621
Wanakbori VII	1,339	84	98	2.77	23	121
Sikka TPS	1,329	94	115	4.01	37	152
Kutch Lignite I to III	1,243	1,243	220	1.96	244	464
Kutch Lignite IV	434	434	121	0.99	43	165
Dhuvaran oil	-	-	-	0.00	-	-
Kadana Hydro	126	126	59	0.00	0	59
Utran Gas Based	505	32	30	2.87	9	39
Dhuvaran Gas Based - Stage-I	616	38	47	3.20	12	59
Dhuvaran Gas Based - Stage-II	642	642	54	2.33	150	204
Utran Extension	2,005	125	209	3.90	49	258
Ukai Expansion 6	3,206	3,206	333	1.68	540	873
Sikka 3 & 4	-	-	-	3.26	-	-
Dhuvaran CCPP Ext - 3	208	153	28	7.94	122	149
Total of GSECL plants	30,564	9,927	2,509		2,158	4,667
IPPs						
ESSAR	-	-	-	2.79	-	-
GPEC	2,328	166	320	4.24	70	390
GIPCL II (165)	559	35	22	3.63	13	35
GIPCL-SLPP	1,478	1,478	152	1.25	185	336
GSEG	858	54	59	2.90	16	74
GIPCL - I (145)	843	53	8	4.00	21	29
GMDC - Akrimota	1,478	1,478	156	1.18	175	331
GSEG Expansion	-	-	-	7.94	-	-
GIPCL, Expansion	1,577	1,577	291	1.46	230	521
GSPC-Pipavav	-	-	-	7.94	-	-
BECL	780	780	216	1.21	94	311
Total of IPPs	9,901	5,620	1,224		804	2,027
SHARE FROM CENTRAL SECTOR						
NPC - Tarapur- 1&2	1,009	1,009	-	0.96	97	97
NPC - Kakrapar	767	767	-	2.38	183	183
NPC kakrapar addition	-	-	-	2.38	-	-
NPC - Tarapur- 3&4	1,728	1,728	-	2.87	497	497
NTPC - Lara	-	-	-	1.05	-	-
NTPC - KORBA	2,323	2,323	197	0.98	227	424
NTPC - VINDHYACHAL - I	1,467	1,467	125	1.44	211	336
NTPC - VINDHYACHAL - II	1,549	1,549	155	1.33	206	360
NTPC - VINDHYACHAL - III	1,724	1,724	248	1.33	229	477
NTPC - KAWAS	971	971	99	2.34	228	327
NTPC - JHANOR	1,231	1,231	155	2.35	290	445
NTPC - Sipat Stage - I	3,500	3,500	382	1.40	489	870
SSNNL - Hydro	283	283	-	2.05	58	58
NTPC - Kahalgaon (New)	914	914	128	1.96	179	307
NTPC - Sipat Stage-II	1,789	1,789	235	1.28	228	463
NTPC - Mauda STPS-I	1,573	98	313	2.98	29	343
NTPC - Vindhyachal STPS-IV	1,573	1,573	254	1.00	157	411
NTPC - Mauda STPS-II	-	-	-	1.05	-	-
NTPC - KORBA II	629	629	110	0.97	61	172
Mundra UMPP	12,649	12,649	1,148	1.43	1,808	2,955
Total from Central Sector	35,680	34,205	3,549		5,176	8,725
OTHERS						
Captive Power Plant (MU)	56	56	-	2.65	15	15
Renewable						
Wind Farms	3,844	3,844	-	3.37	1,296	1,296
Solar	1,501	1,501	-	14.04	2,108	2,108
Biomass	210	210	-	4.28	90	90
Hydro	37	37	-	3.35	12	12
Competitive Bidding						
APPL	14,016	14,016	1,657	1.63	2,280	3,937
Aryan	1,402	1,402	255	0.40	56	311
Essar - 1000 MW	7,008	7,008	786	1.46	1,024	1,810
RLNG						
ESSAR - 300	-	-	-	5.34	-	-
GPEC - 655	22	22	216	5.21	12	228
Utran Gas Based - 135	5	5	24	5.77	3	27
Utran Extension - 375	7	7	57	4.96	3	60
Dhuvaran Gas Based - Stage 1 - 107	1	1	8	5.26	1	9
Dhuvaran Gas Based - Stage 2 - 112	2	2	10	5.26	1	11
GIPCL II (160) - 165	7	7	22	5.49	4	26
GSEG - 156	3	3	14	5.21	1	15
GIPCL - I (145) - 42	2	2	1	5.49	1	2
NTPC - KAWAS - 187	4	4	31	5.59	2	33
NTPC - JHANOR - 237	5	5	48	5.59	3	51
Total	104,276	77,884	10,410		15,050	25,460

Table 18 : Projected Power Purchase cost for FY 2015-16

Power Purchase Cost FY 2015-16	Available Mus	Dispatch Mus	Fixed Cost (Rs. Crores)	Variable Cost (Rs./Unit)	Variable Cost (Rs. Crores)	Total Cost (Rs. Crores)
GSECL PLANTS						
Ukai TPS	5,082	2,527	334	2.59	654	988
Ukai Hydro	345	345	25	0.00	0	25
Gandhinagar I to IV	4,111	260	265	3.55	92	357
Gandhinagar V	1,339	84	100	2.93	24	125
Wanakbori I to VI	8,035	502	471	2.98	150	621
Wanakbori VII	1,339	84	98	2.77	23	121
Sikka TPS	1,329	94	115	4.01	37	152
Kutch Lignite I to III	1,243	1,243	220	1.96	244	464
Kutch Lignite IV	434	434	121	0.99	43	165
Dhuvaran oil	-	-	-	0.00	-	-
Kadana Hydro	126	126	59	0.00	0	59
Utran Gas Based	505	32	30	2.87	9	39
Dhuvaran Gas Based - Stage-I	616	38	47	3.20	12	59
Dhuvaran Gas Based - Stage-II	642	642	54	2.33	150	204
Utran Extension	2,005	125	209	3.90	49	258
Ukai Expansion 6	3,206	3,206	333	1.68	540	873
Sikka 3 & 4	3,154	197	670	3.26	64	734
Dhuvaran CCPP Ext - 3	2,450	153	328	7.94	122	450
Total of GSECL plants	35,960	10,091	3,479		2,214	5,692
IPPs						
ESSAR	-	-	-	2.79	-	-
GPEC	2,328	166	320	4.24	70	390
GIPCL II (165)	559	35	22	3.63	13	35
GIPCL-SLPP	1,478	1,478	152	1.25	185	336
GSEG	858	54	59	2.90	16	74
GIPCL - I (145)	843	53	8	4.00	21	29
GMDC - Akrimota	1,478	1,478	156	1.18	175	331
GSEG Expansion	30	30	20	7.94	24	44
GIPCL, Expansion	1,577	1,577	291	1.46	230	521
GSPC-Pipavav	60	60	54	7.94	47	102
BECL	3,119	3,119	865	1.21	377	1,242
Total of IPPs	12,329	8,049	1,947		1,158	3,105
SHARE FROM CENTRAL SECTOR						
NPC - Tarapur- 1&2	1,009	1,009	-	0.96	97	97
NPC - Kakrapar	767	767	-	2.38	183	183
NPC kakrapar addition	247	247	-	2.38	59	59
NPC - Tarapur- 3&4	1,728	1,728	-	2.87	497	497
NTPC - Lara	81	81	18	1.05	8	26
NTPC - KORBA	2,323	2,323	197	0.98	227	424
NTPC - VINDHYACHAL - I	1,467	1,467	125	1.44	211	336
NTPC - VINDHYACHAL - II	1,549	1,549	155	1.33	206	360
NTPC - VINDHYACHAL - III	1,724	1,724	248	1.33	229	477
NTPC - KAWAS	971	971	99	2.34	228	327
NTPC - JHANOR	1,231	1,231	155	2.35	290	445
NTPC - Sipat Stage - I	3,500	3,500	382	1.40	489	870
SSNNL - Hydro	283	283	-	2.05	58	58
NTPC - Kahalgaon (New)	914	914	128	1.96	179	307
NTPC - Sipat Stage-II	1,789	1,789	235	1.28	228	463
NTPC - Mauda STPS-I	1,573	98	313	2.98	29	343
NTPC - Vindhyaachal STPS-IV	1,573	1,573	254	1.00	157	411
NTPC - Mauda STPS-II	142	142	32	1.05	15	47
NTPC - KORBA II	629	629	110	0.97	61	172
Mundra UMPP	12,649	12,649	1,148	1.43	1,808	2,955
Total from Central Sector	36,149	34,675	3,599		5,258	8,857
OTHERS						
Captive Power Plant (MU)	56	56	-	2.65	15	15
Renewable						
Wind Farms	3,844	3,844	-	3.37	1,296	1,296
Solar	1,501	1,501	-	14.04	2,108	2,108
Biomass	210	210	-	4.28	90	90
Hydro	37	37	-	3.35	12	12
Competitive Bidding						
APPL	14,016	14,016	1,657	1.63	2,280	3,937
Aryan	1,402	1,402	255	0.40	56	311
Essar - 1000 MW	7,008	7,008	786	1.46	1,024	1,810
RLNG						
ESSAR - 300	-	-	-	5.34	-	-
GPEC - 655	22	22	216	5.21	12	228
Utran Gas Based - 135	5	5	24	5.77	3	27
Utran Extension - 375	7	7	57	4.96	3	60
Dhuvran Gas Based - Stage 1 - 107	1	1	8	5.26	1	9
Dhuvran Gas Based - Stage 2 - 112	2	2	10	5.26	1	11
GIPCL II (160) - 165	7	7	22	5.49	4	26
GSEG - 156	3	3	14	5.21	1	15
GIPCL - I (145) - 42	2	2	1	5.49	1	2
NTPC - KAWAS - 187	4	4	31	5.59	2	33
NTPC - JHANOR - 237	5	5	48	5.59	3	51
Total	112,569	80,946	12,153		15,542	27,694

3.8. Transmission and other Cost

3.8.1. It is submitted that the total power purchase cost for the company for the remaining control period FY 2014-15 to FY 2015-16 consists of: transmission charges, GUVNL charges and SLDC fees and charges and GUVNL costs.

Transmission charges

3.8.2. Transmission charges to GETCO are calculated as per the approved charges for GETCO in the MYT Order for the remaining control period FY 2014-15 to FY 2015-16. PGCIL charges are worked out, based on provisional accounts of FY 2012-13, with escalation of 5% every year.

3.8.3. Based on the transmission charges for PGCIL and GETCO, the transmission costs included in the calculation of bulk supply tariff of all DISCOMs is given below:

Table 19 : Projected Transmission charges for FY 2014-15 and FY 2015-16

Particulars	2014-15	2015-16
Escalation for PGCIL Charges	5%	5%
PGCIL Charges (Rs. Crore/Annum)	790.72	830.26
GETCO Charges (Rs/ MW/Day)	3,029.08	2,727.17
GETCO Charges (Rs Crores/ MW/Annum)	0.11	0.10
SLDC Fees (Rs./MW/Half Year)	363.43	313.14
SLDC Charges (Rs./MW/Month)	295.16	251.02

3.9. GUVNL Cost:

3.9.1. GUVNL is entrusted with the function of supplying power to DISCOMs and the overall coordination between the subsidiary companies. It also undertakes the function of raising and managing overall loan portfolio of GUVNL and its subsidiaries. GUVNL will charge Rs.0.04 for every transaction of the unit.

3.10. SLDC Fees and Charges

3.10.1. It is submitted that SLDC fees and charges have been taken as approved by the Commission in the SLDC MYT Order dated 31st March, 2011 as shown in table above.

3.11. Trading

3.11.1. GUVNL has projected trading of surplus power based on its capacity to sell. The Hon'ble Commission has approved trading units of 10678 MU and 11807 MU for FY 2014-15 & FY 2015-16 respectively. GUVNL is able to sale 7147 MU during FY 2012-13 at the rate of Rs. 3.88 per kWh. Lack of demand in the market is attributable to below given reasons:

- Deteriorating financial conditions of Discoms - affecting the credit worthiness and capability to purchase power to meet ever increasing demand
- Discoms resorting to load shedding to balance out the demand supply gap;
- Lack of enforcement of USO affects creation of demand in the market;
- Lack of demand in the markets is hampering GUVNL's ability to sell power;

3.11.2. As discussed above, market situation is not very encouraging to sale more power. GUVNL still proposes higher trading units in comparison to FY 2012-13. GUVNL has projected 7500 MU & 8000 MU for FY 2014-15 & FY 2015-16 respectively. Trading cost is calculated based on average variable cost of the power plants. The trading MUs envisaged for FY 2014-15 and FY 2015-16, are given below:

Table 20 : Trading of energy envisaged for FY 2014-15 and FY 2015-16

Particulars	2014-15	2015-16
Trading Units (MU)	7500	8000

3.12. Total Power Purchase cost

3.12.1. The total power purchase cost consists of the cost of power purchase from various generating stations, transmission charges of PGCIL and GETCO, SLDC charges, GUVNL costs and trading units.

3.12.2. The total fixed costs, due to the capacity contracted, are passed on to the DISCOMs as shown in the Table below:

Table 21 : Projected Fixed cost for DISCOMS for FY 2014-15 and FY 2015-16

Year	Particulars					Discom
	Fixed Cost (Rs Crs)	GETCO Cost (Rs Crs)	PGCIL Charges (Rs Crs)	SLDC Charges (Rs Crs)	Total Fixed Cost (Rs Crs)	Fixed Cost (Rs Crs)
FY 2014-15	10,410	2,401	791	10	13,611	13,611
FY 2015-16	12,153	2,520	830	10	15,512	15,512

3.12.3. The total variable cost (energy cost) due to generating energy to supply power to DISCOMs, as well as for trading purpose, include additional 4 paise/unit payable to GUVNL for the supply of such power. The basic purpose is to have an average variable cost to DISCOMs, as well as trading of power. The total variable cost is given in the Table below:

Table 22 : Projected Variable cost for DISCOMS and trading of energy from FY 2014-15 and FY 2015-16

Year	Particulars					Discom		Trading	
	Variable Cost (Rs Crs)	GUVNL Cost (Rs Crs)	Total Variable Cost (Rs Crs)	Total MU's despatched	Variable Cost (Rs/unit)	MU's	Variable Cost (Rs Crs)	MU's	Variable Cost (Rs Crs)
FY 2014-15	15,050	312	15,361	77,884	1.97	70,384	13,882	7,500	1,479
FY 2015-16	15,542	324	15,866	80,946	1.96	72,946	14,298	8,000	1,568

3.13. Net Power Purchase Cost

- 3.13.1. As discussed earlier, demand for trading is going down and margins are also getting stiffer due to availability of hydro power, competition from new & efficient power plants, deteriorating paying capacity of Discoms. The average sale price of traded power has gone down from Rs. 5.37/kWh in FY 2009-10 to Rs. 3.88/kWh in FY 2012-13. In such scenario, it is not possible to trade power at the rate which covers fixed cost, variable cost along with profit margin.
- 3.13.2. It is submitted that trading revenue for GUVNL is calculated, based on per unit variable cost of power plus Rs. 1.00 per unit of contribution. Hence, the revenue earned from sale of power to trade is subtracted from the total power purchase cost for DISCOMs to obtain the net power purchase cost. The net power purchase cost is shown below:

Table 23 : Projected Net Power Purchase cost for FY 2014-15 and FY 2015-16

Year	Discom Fixed Cost (Rs Crs)	Discom Variable Cost (Rs Crs)	Total Power Purchase Cost (Rs Crs)	Trading Cost (Rs Crs)	Contribution from Trading	Total Trading Revenue (Rs Crs)	Net Cost (Rs Crs)
FY 2014-15	13,611	13,882	27,493	1,479	750	2,229	26,743
FY 2015-16	15,512	14,298	29,810	1,568	800	2,368	29,010

3.14. Allocation of Power Purchase Cost

- 3.14.1. 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. Revenue available for purchase of power is worked out based on likely revenue from various sources i.e. revenue from sale of power, non-tariff income and agriculture subsidy and aggregate revenue requirement other than power purchase.

Table 24 : 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

3.15. Estimation of ARR for the remaining control period FY 2014-15 to 2015-16

The components for the calculation of total expenses for the Mid term review petition for the remaining control period FY 2014-15 to 2015-16 are as follow:

- Operation & Maintenance Cost
- Depreciation
- Interest on Loan and Financial Charges
- Interest on Working Capital
- Provision for Bad Debts
- Return on Equity
- Provision for Tax

3.16. Capital Expenditure

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

Table 25 : 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
	Veohcal	3	3	4
	BoI GIDC	25	45	50
	Total	75	124	140
F	Capital Expenditure Total	789	850	878

3.17. Funding of CAPEX

3.17.1. UGVCL is expecting that all the capital expenditure incurred during the year will be capitalized in the same year. 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 the remaining control period FY 2013-14 to 2015-16 is mentioned below.

Table 26 : 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

3.18. Operation & Maintenance Expenses

3.18.1. The O&M expenses consist of Employee cost, Administration & General Expenses, Repair and Maintenance expenses, Other Debits, Extraordinary Items, and Net Prior Period Expenses.

3.18.2. The company has considered growth rate over the actuals for FY 2012-13 for the components like Employee cost, Repair and Maintenance Cost & Administration & General Charges to work out expenses for remaining control period.

3.18.3. Company has witnessed inflation factor of 9.63% p.a. based on Consumer Price Index (CPI). Company has considered the point to point CAGR between March 2010 and March 2013 in the CPI for Industrial Workers (as published by Labour Bureau, Government of India) to smoothen the inflation curve. In line with the same, company proposes increase of 10% over actuals for FY 2012-13 to work out employee cost, R&M cost and A&G cost for remaining control period.

3.18.4. Other debits are proposed same as actuals of FY 2012-13 except bad and doubtful debts as company has sought for provision for bad and doubtful debts as separate head. Extraordinary items are projected same as actuals of FY 2012-13 for remaining control period. Net prior period expenses are considered as zero as it cannot be projected. Other expenses capitalised are proposed based on capital expenditure of the respective year.

3.18.5. The O&M expenses during the remaining control period FY 2014-15 to 2015-16 are as below:

Table 27 : Proposed O&M Expenses 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	Employee Cost	317	382	336	420
2	Repair & Maintenance	80	78	85	86
3	Administration & General Charges	45	64	47	70
4	Other Debits	7	7	7	7
5	Extraordinary Items	1	1	1	1
6	Net Prior Period Expenses / (Income)	-	-	-	-
7	Other Expenses Capitalised	(63)	(170)	(66)	(176)
8	Operation & Maintenance Expenses	387	361	409	408

3.19. Provision for bad and Doubtful Debts

3.19.1. UGVCL has projected provision for bad & doubtful debts for the remaining control period FY 2014-15 to 2015-16 as 0.2% of annual revenue requirement considering various new schemes from government like Amnesty scheme.

Table 28 : Bad and Doubtful Debts 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	Provision for Bad Debts	2	15	2	16

3.20. Depreciation

3.20.1. UGVCL has considered the opening gross block of fixed assets of FY 2012-13. The projected assets addition in FY 2012-13 has been considered to arrive at the estimated Gross Block in the beginning of the FY 2013-14 and thereof. Depreciation has been calculated taking into consideration the opening balance of assets in the beginning of the year and the projected capitalisation. The GERC regulations specify that the CERC rates have to be used for computation of the depreciation to be charged during the year. The projected depreciation for the remaining control period FY 2014-15 to 2015-16 is as shown below:

Table 29 : Depreciation 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	Gross Block in Beginning of the year	3,796	4,312	4,143	5,162
2	Additions during the Year (Net)	347	850	382	878
3	Depreciation for the Year	209	249	228	294
4	Average Rate of Depreciation	5.27%	5.25%	5.27%	5.25%

3.21. Interest on Loan

3.21.1. The interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding

loans. Further, the projected capital expenditure and the funding of the same also have a major bearing on the long-term interest expenditure.

3.21.2. The Opening balance of Loan for FY 2012-13 is considered same as approved by the Hon'ble Commission as closing loan for FY 2011-12 while truing up in the Tariff Order dated 16th April, 2013. The normative loan addition in the remaining control period FY 2014-15 to 2015-16 is computed as per the capex funding plan discussed above.

3.21.3. The repayment of loan has been computed assuming that the portion equal to depreciation for the year would be repaid in every Financial Year.

3.21.4. The interest on the opening loans has been computed considering the weighted average rate of interest for the FY 2012-13 @ 9.75%.

3.21.5. Prevailing RBI bank rate is 9.5% and hence interest on security deposits has increased substantially as against approved by the Hon'ble Commission in its MYT Order dated 6th September, 2011. UGVCL proposes security deposit based on Year-on-Year growth rate of 11.29% over actuals of FY 2012-13 for remaining control period and applied interest rate of 9.5% to work out interest on security deposit. Other Finance Charges are proposed same as actuals of FY 2012-13 for remaining control period which comprises of guarantee charges. UGVCL submits that it has been allocated some Govt. of Gujarat Guarantees, where it is required to pay the guarantee charges. These are the legacy loans which have come from the erstwhile GEB. These charges are, thus, beyond control of UGVCL and hence require to be considered in the total financial cost.

3.21.6. The Interest and Finance Charges for the remaining control period FY 2014-15 to 2015-16 is projected as tabulated below.

Table 30 : Interest & Financial Charges 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	Opening Loans	601	591	570	632
2	Loan Additions during the Year	179	290	197	299
3	Repayment during the Year	209	249	228	294
4	Closing Loans	570	632	539	638
5	Average Loans	586	612	554	635
6	Interest on Loan	55	75	52	77
7	Interest in Security Deposit	30	89	30	99
8	Other Finance Charges	2	6	2	6
9	Total Interest & Financial Charges	87	169	84	182

3.22. Interest on Working Capital

3.22.1. The interest on working capital has been calculated based on the normative working formula by the Hon'ble Commission in its Terms and Conditions of Tariff Regulations.

3.22.2. Amount held as security deposit from consumers is considered based on Year-on-Year growth rate of 11.29% over actuals of FY 2012-13 for remaining control period.

3.22.3. According to Regulation 41.2 (b) of GERC (Multi Year Tariff) Regulation, 2011, *"Interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed."*. UGVCL has used the rate of interest for computing the interest on working capital for the remaining control period for FY 2014-15 to FY 2015-16 as 14.45% which is the SBAR as on 1st April, 2013. The projection of the Interest on Working Capital is as shown below:

Table 31 : Interest on Working Capital 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	O & M expenses	32	30	34	34
2	Maintenance Spares	38	55	41	67
3	Receivables	516	626	575	681
4	less: Amount held as security deposit from consumers	597	936	597	1,041
5	Total Working Capital	(11)	(224)	53	(260)
6	Rate of Interest on Working Capital	11.75%	14.45%	11.75%	14.45%
7	Interest on Working Capital	-	-	6	-

3.23. Return on Equity

3.23.1. As per the Tariff regulations issued by the Hon'ble Commission, a return @ 14% on the equity base is considered as reasonable and hence allowed by Hon'ble Commission. Accordingly, UGVCL has computed the Return on Equity considering a rate of return at 14%.

3.23.2. The return on equity has been computed @ 14% on average equity based upon the opening balance of equity and normative additions during the year, which has been arrived at by considering 30% of the capital expenditure net of consumer contribution and grants as funded from equity as already explained above. Accordingly, the normative return on equity for the remaining control period FY 2014-15 to 2015-16 is as shown below:

Table 32 : Return on Equity 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	Opening Equity Capital	901	901	977	1,026
2	Equity Additions during the Year	77	124	84	128
3	Closing Equity	977	1,026	1,062	1,154
			-		-
4	Average Equity	939	963	1,019	1,090
5	Rate of Return on the Equity	14%	14%	14%	14%
6	Return on Equity	131	135	143	153

3.24. Taxes

3.24.1. UGVCL has calculated tax by applying MAT rate of 20.008% over return on equity of respective year and the same has been shown in table below.

Table 33 : Taxes 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	Return On Equity		135		153
2	MAT Rate		20.008%		20.008%
3	Tax	1	27	1	31

3.25. Non-Tariff Income

3.25.1. UGVCL has considered the Non-Tariff Income for the remaining control period FY 2014-15 to 2015-16 by considering growth rate of 2% over actuals for FY 2012-13.

Table 34 : Non-Tariff Income 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	Total Non-Tariff Income	92	126	92	128

3.26. ARR for FY 2014-15 to 2015-16 under the remaining control period

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

Table 35 : 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

3.26.2. 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.

4. Prayer

UGVCL respectfully prays to the Hon'ble Commission;

1. To admit this petition seeking for Mid-term Review of Business Plan & Aggregate Revenue Requirement for the remaining Control Period of FY 2014-15 to FY 2015-16.
2. To approve Mid-term Review of Business Plan & Aggregate Revenue Requirement of the remaining control period of FY 2014-15 to 2015-16 as requested in this petition.
3. To approve revised capital expenditure for FY 2013-14 to 2015-16 as proposed in this petition.
4. To increase the freeze FPPPA amount from 61 paisa/kWh to actual (weighted average of Q1 to Q4) FPPPA of FY 2012-13.
5. The Hon'ble Commission is requested to consider approved parameters/ARR of GSECL, GETCO and SLDC while finalizing ARR.
6. To grant any other relief as the Hon'ble Commission may consider appropriate. The petitioner craves leave of the Hon'ble Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
7. Pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

Declaration that the subject matter of the petition has not been raised by the petitioner before any other competent forum, and that no other competent forum is currently seized of the matter or has passed any orders in relation thereto.

---sd./---

PETITIONER

Date : 28.09.2013

Place : Mehsana



**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

Filing No:

Case No:

IN THE MATTER OF

Filing of Petition for Mid-term review of Business Plan for UGVCL under MYT Regulation framework and Section 62 of the Electricity Act, 2003.

AND

IN THE MATTER OF

Uttar Gujarat Vij Company Limited,
Visnagar Road,
Mehsana 384001

PETITIONER



Affidavit verifying the Petition

I, **Smt. Chhayaben**, wife of **Shri Ranjitkumar Desai**, aged **57 years**, working at **Registered & Corporate Office, Visnagar Road, Mahesana**, do solemnly affirm and say as follows:

- I. I am the **Chief Engineer(Operations)** of the **Uttar Gujarat Vij Company Limited (UGVCL)**, the Petitioner in the above matter and am duly authorized by the said the Petitioner to make this affidavit.
- II. The Statements made in the petition application herein above are true to my knowledge and belief, which I believe them to be true.

Solemnly affirmed at **Mahesana** on this **28th day of September, 2013**, that the contents of the above affidavit are true to my knowledge and no part of it is false and nothing material has been concealed there from.

--sd./-
(C R Desai)
Chief Engineer(Op)
UGVCL, Mahesana

Place: Mehsana

Date : 28th September, 2013.

Identified before me