

**DAKSHIN GUJARAT VIJ COMPANY LIMITED****CIN U40102GJ2003SGC042909**Regd. & Corporate Office: "Urja Sadan", Nana Varachha Road,
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E-mail: acegerc.dgvcl@gebmail.comNo. DGVCL/GHP/C&R/TRU-17-18 / TD-19-20 /19/ **No 00340** Date: **05 JAN 2019**

To,

The Secretary,

Gujarat Electricity Regulatory Commission,

GIFT ONE, Road 5C,

Zone 5, GIFT CITY,

Gandhinagar-382 355.**Sub: - : Data Gaps in the DGVCL Petition No. 1760/2018 for True Up of FY 2017-18, Mid Term Review of ARR for FY 2019-20 to FY 2020-21 and Determination of Tariff for FY 2019-20.****Ref:- Email/GERC/Dated:-18.12.2018.**

Respected Sir,

Hon'ble Commission, vide letter under reference, has directed to provide addition details and clarifications on Data Gaps in the DGVCL Petition No. 1760/2018 ,In this regards point wise compliances are as under.

Please apprise Hon'ble Commission suitably

Thanking you,

Yours faithfully,

Add Chief Engineer (C&R)**Encl.:** as above.**Copy f.w.cs. to:**

The General Manager [Comm.], GUVNL, Vadodara.

..For your kind information.

General Information

The petitioner is required to furnish the CAG certificates of Annual Audited Accounts.

Reply- The copy of enclosed here with as a Annexure-A

1. The Petitioner is required to furnish the detailed working of PGCIL and GETCO losses.

GETCO Losses working:

Month	Energy Injected into GETCO Network	Energy dispatched from GETCO Network	Energy Loss in Mus	Loss in %
Apr-17	8540.9	8179.43	361.46	4.23%
May-17	8797.15	8395.64	401.51	4.56%
Jun-17	7949.98	7603.82	346.15	4.35%
Jul-17	6242.6	6010.22	232.38	3.72%
Aug-17	6982.81	6694.2	288.61	4.13%
Sep-17	7767.9	7463.14	304.76	3.92%
Oct-17	8760.65	8421.93	338.72	3.87%
Nov-17	8242.79	7963.34	279.46	3.39%
Dec-17	8056.37	7791.96	264.41	3.28%
Jan-18	8028.49	7778.85	249.64	3.11%
Feb-18	7421.15	7183.8	237.35	3.20%
Mar-18	8654.88	8383.72	271.16	3.13%
Total	95445.67	91870.05	3575.62	3.75%

PGCIL Losses working:

Units purchased from Central Sector during 2017-18					
Month	PGVCL	UGVCL	MGVCL	DGVCL	Total
Apr/17	1,253,500,914	887,287,858	542,082,300	596,754,680	3,279,625,752
May/17	1,278,746,179	894,874,732	594,598,560	708,996,480	3,477,215,951
Jun/17	1,252,233,811	836,248,623	592,828,023	709,453,590	3,390,764,047
Jul/17	1,039,612,030	644,570,538	442,141,057	523,196,263	2,649,519,888
Aug/17	1,171,287,492	746,553,859	486,688,845	602,193,142	3,006,723,338
Sep/17	1,198,154,928	753,852,029	457,932,480	547,543,657	2,957,483,094
Oct/17	1,582,371,866	1,076,587,755	578,931,560	711,943,857	3,949,835,038
Nov/17	1,516,179,859	1,109,015,510	580,364,256	690,212,960	3,895,772,585
Dec/17	1,388,071,815	969,024,689	537,102,486	615,464,792	3,509,663,782
Jan/18	1,654,028,969	1,140,593,395	635,021,912	723,805,155	4,153,449,431
Feb/18	1,618,018,373	1,115,742,966	603,220,076	727,198,761	4,064,180,176
Mar/18	2,002,216,713	1,410,638,578	684,048,780	839,524,170	4,936,428,241
Total	16,954,422,948	11,584,990,533	6,734,960,335	7,996,287,507	43,270,661,323

Central Sector Pooled Loss					
Apr/17	43.37	30.70	18.76	20.65	113.48
May/17	50.38	35.26	23.43	27.93	137.00
Jun/17	52.72	35.21	24.96	29.87	142.75
Jul/17	38.47	23.85	16.36	19.36	98.03
Aug/17	43.57	27.77	18.10	22.40	111.85
Sep/17	41.82	26.31	15.98	19.11	103.22
Oct/17	53.01	36.07	19.39	23.85	132.32
Nov/17	48.52	35.49	18.57	22.09	124.66
Dec/17	45.39	31.69	17.56	20.13	114.77
Jan/18	51.11	35.24	19.62	22.37	128.34
Feb/18	50.48	34.81	18.82	22.69	126.80
Mar/18	62.27	43.87	21.27	26.11	153.52
Total	581.104	396.262	232.833	276.545	1,486.744
3.4359%					
Source for Losses: http://www.wrldc.com/Commercial/WR_LOSS/20150406-0412.pdf					

2. The information of FY 2018-19 has not been provided in the petition.

Reply: As per MYT Regulations, 2016, the Petitioner is supposed to submit Petition for True up of FY 2017-18 and Mid-Term Review for FY2019-20 and FY 2020-21. Hence, no information related to FY2018-19 is available in Petition. Relevant information of FY 2018-19 for working out numbers of FY 2019-20 and FY 2020-21 are available in financial model submitted.

Sales:

3. Basis of considering 430 kWh/HP/Annum for computing metering consumption against 475 kWh/HP/Annum approved in MYT Order.

Reply: The Petitioner has adopted the same methodology as adopted in MYT Petition where it has considered weighted average consumption based on the data available for the last five years. The Petitioner in its MTR Petition has considered actual data of FY 2013-14 to FY 2017-18 whereas approval in MYT Order was based on actual data of FY 2011-12 to FY 2015-16. Working of the same is provided in sheet name "Projection-Discom Name" of Revenue Model submitted to the Hon'ble Commission.

4. Petitioner to provide category wise Actual sales for the period April-18 to Dec-18

Reply – The detail may be furnish separately post end of billing cycle for the month of Dec--Jan-19 billed in Feb-19.

Power Purchase Cost

5. While claiming the power purchase cost, the petitioner have shown SLDC charges as part of aforesaid cost, the petitioner is required to indicated the SLDC charge in its Audited Financial Statement.

Reply- The SLDC charge amount Rs. 4.26 crore is reflected under Note No. 33 i.e. Other Expenses covered under the heading of Other Administration & General Expenses in Audited financial Statement for F.Y 2017-18.

6. The petitioner need to reconcile the Power Purchase Cost as submitted in quarterly FPPPA submissions with the Power Purchase Cost submitted in the Petition as well as Form 2.

Reply: Power Purchase cost provided in Form 2 is same as considered for quarterly FPPPA submission. In Form 2, only transmission related cost is not provided. Reconciliation of the same is as under:

SR. NO.	NAME OF AGENCY	Power Purchase for FY 2017-18						
		Mus	FC (Rs-Crore)	VC (Rs-Crore)	Total (Rs-Crore)	FC Rate (Rs./kWh)	VC Rate (Rs./kWh)	Total Rate (Rs./kWh)
1	COST OF POWER PURCHASED	88,829	9,599	22,997	32,596	1.08	2.59	3.67
2	PGCIL & POSOCO	0	1,884	0	1,884	0.21		0.21
3	GETCO	0	2,928	0	2,928	0.33		0.33
	TOTAL COST OF POWER PURCHASED	88,829	14,410	22,997	37,407	1.62	2.59	4.21

7. The Petitioner is required to submit the detailed working of BST.

Reply: Working of the same is provided in sheet name "GAP" of Power Purchase Model.

8. The Petitioner is required to submit the Power Purchase Model for 2019-20 and 2020-21.

Reply: It will be separately mailed to the Hon'ble Commission.

9. Please clarify the basis of computing the Power Purchase Cost for 2019-20 since a lot of variation is seen in comparison to 2017-18 in the fixed and variables cost as well as MUS.

Reply: For working out cost, fixed cost is considered same as of FY 2017-18 for majority of plants. For working out variable cost, merit order is run to work out dispatch units from various power plants. Working of the same is provided in sheet name "Merit Order" of power purchase model.

10. Further in the Sikka Expansion Plant and Other New Plant it has been observed there is a drastic increase in the MUS during 2020-21 as compared to 2019-20 as compared to others, please clarify the reason for the same.

Reply: Available units depend on the commissioning date of the power plant whereas Dispatch units depend on Merit Order Dispatch run based on variable cost of power plants. Detailed working of the same is provided in sheet name "Merit Order" of power purchase model.

O&M Expenditure

12. Petitioner is required to furnish the detail computation of Re-measurement of the defined benefit plans of RS. 45.20 crore along with financial implication of such adjustment.

Reply- The details computation copy of attached here with as **Annexure-B**.

13. In form 3.3, Petitioner has claimed the Miscellaneous Losses of Rs. 1.95 Crore & others of Rs. 11.93 Crore, the petitioner is required to indicate the aforesaid cost in its Annual Audited Accounts and furnish the detail break-up of Such Cost.

Reply- The Details are enclosed here with As per **Annexure-C**

14. As per Annual Accounts, Note 33, shows computer billing and EDP charges of Rs. 36.92 Lakhs. The same needs to be reconciled with Form 3.3 of the Petition.

Reply- The reconciliation of from No. 3.3 with annual Account Note No.33 "Other Expenses" is enclosed herewith as **Annexure-D**

Extraordinary Items

15. It is observed that at para 3.10.13, the petitioner stated that

"There are outstanding dues of Rs. 440.40 Crore of M/s. Essar Steel India Limited written off as recorded in the Note 46 of the audited annual accounts for FY 2017-18. It is submitted for consideration of the Commission that for previous financial years till F.Y 2016-17, the amount of Cross subsidy surcharge has been assessed on M/s. Essar Steel India Limited and accounted in books as receivable during relevant years. This has been contested by M/s. ESIL as not payable by filing petition before GERC. M/s. ESIL had earlier filed petition in the matter before the Central Electricity Regulatory Commission who dismissed the petition on grounds that dispute raised falls within jurisdiction of GERC. Besides this claim which has been accounted in books as receivable, the Company also has other legal claims which are of a recurring nature, which have not been recognized and reflected in receivables as per the Company's accounting policy in compliance with Ind AS.

The Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016 (IBC) has been initiated against M/s Essar Steel Limited. The CIRP has been approved by the Hon'ble National Company Law Tribunal, Ahmedabad and it is ongoing. The Company has filed its claim with the designated Resolution Professional.

Accordingly, the outstanding dues of Rs. 440.40 Crore of M/s. Essar Steel India Limited written off in the audited annual accounts for FY 2017-18 are claimed as an uncontrollable parameter

In view of above submission of petitioner, the petitioner is required to provide the following information:

- a) DGVCL is required to submit year wise breakup of the amount shown as Revenue receivable from M/s Essar.

Reply: - Bills issued to M/s ESIL towards CSS and booked as revenue under the head of CSS in the Audited Annual Accounts which are receivable from M/s ESIL are tabulated as under:

Particulars	Years	Amount Rs. In Crore
CSS Accounted for & Outstanding	2016-17	180.99
CSS Accounted for & Outstanding	2015-16	158.68
CSS Accounted for & Outstanding	2014-15	7.79
CSS Accounted for & Outstanding	2013-14	53.58
Delay Payment charges (Accounted from time to time Under the head of CSS)		39.36
Total		440.40

- b) Details of the claims filed before the Resolution Professional (Affidavit submitted before CERC in 151/MP 2016 (NCLT)).

Reply: - Details is enclosed at **Annexure D1**.

15. (c) Details of claims towards cross subsidy Surcharge w.e.f 06/11/2018 and prior to it.

Reply- The same is replied in annexure D1.

15. (d) It is to be clarified by DGVCL as to whether ESIL is paying the current Cross Subsidy Surcharge w.e.f 06/11/2018

Reply- M/s ESIL is not paying the current Cross Subsidy Surcharge.

- 15(e) Provide the records showing income for CSS being reflected in the previous year's ARR and Commission Order on it.

Reply- Yes the same is reflected in previous year True up Petition under the head "Other Consumer related Income" further to this as desire the Board resolution for write -Off of due of M/s ESIL is attached herewith as a **Annexure-E**

Depreciation

16. It is submitted in the Petition that Depreciation is calculated as per MYT Regulations and directives in the MYT Order. Petitioner is required to submit a detailed calculation of Depreciation to suffice the statement made in the Petition for True up and MTR years.

Reply: The Company, being engaged in electricity business, is covered under the Electricity Act, 2003 and provisions of the Electricity Act supersede the provisions of the Companies Act, 2013. Accordingly, the Company charges depreciation on straight line method at the depreciation rates, the methodology and the residual value as prescribed in GERC (MYT) Regulations, 2016. The depreciation for the first 12 years is charges at the rate of depreciation indicated in GERC (MYT) regulation, 2016 and after completion of 12 years from date of commercial operation the remaining depreciable value is spread over the balance useful life of the assets.

Annexure-F

Sr.no.	Description	Value of Fixed asset (Rs. In Crore) as on 31.03.2018	Depreciation (Rs. In Crore) for F.Y 2017-18
01	Assets (line & Cables) - 12 years life completed	3136.39	176.40
02	Remaining Assets	1385.56	81.03
	Total	4521.95	257.43

Working of depreciation for FY 2019-20 and FY 2020-21 is provided in sheet name "F3.1" of Discom model.

Interest on Term Loan

17. The petitioner has claimed the interest rate of 10.03%, please furnish the detail computation and working of Weighted avg. interest rate of 10.03% claimed in petition.

Particular	FY 2017-18 (Actual)				
	Opening Loan	Additions	Repayments	Closing Loan	Interest
PFC	39.17	8.63	3.05	44.76	4.11
REC	6.22	-	6.22	-	0.21
State Govt. Loan APDRP	19.64	-	3.32	16.32	2.00
Total	65.03	8.63	12.58	61.08	6.32
Weighted average rate of interest during the FY 2017-18					10.03%

Forms**Interest on Working Capital Loan**

18. Reconcile the security deposits from customer shown in petition with audited financial statement note 19.

Income Tax

19. Please also furnish the income tax challan for payment made during the year, along with 26 AS statement and refund if any relieved for previous year. Please furnish the copy of income tax return for FY 2017-18

Reply- Enclosed here with as **Annexure-G**

Proposed Changes in the Tariff Structure

20. The petitioner has proposed exclusion of following consumers from the Agriculture category
a. Floriculture, b. Horticulture, c. Sericulture, d. Fisheries, e. Dairy, f. Tissue Culture activities and g. Nursery.

With regard to above, the petitioner is required to furnish the existing consumers, connected load and sales under each category of aforesaid consumers.

Reply:

Regarding details of connections for Floriculture, Nursery etc. it is to submit that as such no information is readily available with the Discoms as they are small consumers. Further, some of the Agriculture consumers used to utilize their connection interchangeably for the above purposes. Moreover, such types of consumers are there in Urban/ Gamtal or in the other than Agriculture areas also, therefore, it won't be possible to bill such consumers under Agriculture category. Therefore, to clarify the applicability more explicitly, the change is proposed

Forms

21. DCVCL is required to submit Form No. 4.3 – Capital Work in Progress – Project-wise Details, Form 9 – No Tariff Income and Form 12 - Expected Revenue at Proposed Tariff.

1. CWIP: Discom envisages to capitalize all the schemes within same year and hence there will not be any CWIP schemes.
2. Revenue from Proposed Tariff: Discom has not proposed any increase in tariff and hence revenue from proposed tariff will be same as revenue from existing tariff.
3. Non-Tariff Income

Sr. No.	Particulars	Rs in Crores			
		FY 2017-18 Actual	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
1	Interest from others		-	-	-
2	Income from sale of scrap	0.67	0.67	0.67	0.67
3	Gain on sale of fixed assets (net)	0.02	0.02	0.02	0.02
4	Income from Staff Welfare Activities		-	-	-
5	Grant for energy conservation	0.29	0.29	0.29	0.29
6	Capital grants (Deferred amount 10% W.Back)	139.34	139.34	139.34	139.34
7	Cons. contribution (Deferred amount 10% W.Back)				
8	Provisions no longer required		-	-	-
9	Miscellaneous receipts	20.54	20.54	20.54	20.54
10	Interest on income tax refund		-	-	-
11	Grant for Research and Development expenses		-	-	-
12	Net Other Income	160.86	160.86	160.86	160.86