

**Executive Summary of Petition filed by Aspen Infrastructures Limited for approval of  
truing up for FY 2015-16, Multi Year ARR for Control Period FY 2016-17 to FY 2020-21 and  
Tariff for FY 2017-18  
(Petition No. 1638 / 2017)**

1. The Petitioner, Aspen Infrastructures Limited (hereinafter referred to as Aspen), is a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at 5th Floor, Godrej Millenium, Koregaon Park Road, Koregaon Park, Pune 411 001, Maharashtra, India.
2. Aspen is has developed a sector specific SEZ for Hi-tech engineering products and related services at Village Alwa and Pipaliya, Taluka Waghodia, District Vadodara in the State of Gujarat, under Section 3 of the SEZ Act, 2005 (28 of 2005).
3. Aspen has been notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce), Government of India, vide Notification No. S.O. 1084(E) dated July 3, 2007.
4. In accordance with the Ministry of Commerce & Industry (Department of Commerce) Notification dated March 3, 2010 and under the provisions of the Electricity Act, 2003 (EA 2003) and in view of the Hon'ble Commission's Order dated December 16, 2009 in the matter of grant of distribution licence, Aspen is a deemed Distribution Licensee in its SEZ area at Vadodara.
5. The Hon'ble Commission, vide its Order dated August 17, 2015 in suo-motu Petition No. 1446 of 2014, has reiterated the status of Aspen as a deemed licensee in the SEZ area, and directed the Secretary of the Hon'ble Commission to issue the licence to Aspen.
6. The Ministry of Commerce & Industry (Department of Commerce) had notified the areas of 100.9900 hectare, 9.6761 hectare and 4.9778 hectare vide notifications S.O.1084(E) (dated July 3, 2007), S.O.1669(E) (dated July 11, 2008), and S.O.1366(E) (dated May 27, 2009), respectively. Hence, the total notified area under the SEZ was 115.6439 hectare. Subsequently, based on a proposal from Aspen, the Ministry of Commerce & Industry (Department of Commerce), de-notified areas of 10.4241 hectare, 52.4588 hectare, and 1.2130 hectares vide its Notifications S.O.2001(E) dated August 4, 2014, S.O.2505(E) dated September 24, 2014, and S.O.-(E) dated April 16, 2015, respectively, thereby making the resultant notified area of the SEZ as 51.5480 hectare. Aspen had submitted the map of the resultant SEZ area and SEZ notification dated April 16, 2015 issued by Ministry of Commerce & Industry, Government of India, to the Hon'ble Commission,

and the Hon'ble Commission has approved the reduced licence area, in its Order in suo-motu Petition No. 1446 of 2014.

7. On January 19, 2015, Aspen filed a Petition for approval of Tariff for FY 2015-16. The Hon'ble Commission, vide its Order dated April 23, 2015 in Case No. 1479 of 2015 determined the tariff for FY 2015-16 for Aspen.
8. In accordance with the directions of the Hon'ble Commission vide its Order dated December 2, 2015 in suo-motu Petition No. 1534 of 2015, Aspen filed a Petition for approval of truing up for FY 2014-15 and provisional ARR and Tariff for FY 2016-17. The Hon'ble Commission, vide its Order dated April 4, 2016 in Case No. 1560 of 2016 determined the provisional ARR and tariff for FY 2016-17.
9. The current Petition is being filed as per Regulation 16.2 of GERC (Multi Year Tariff) Regulations, 2016 for truing up for FY 2015-16, determination of Multi Year ARR for the Control Period FY 2016-17 to FY 2020-21, and tariff for FY 2017-18.
10. It may be noted that since the values are small, they have been represented in Rs. Lakh instead of Rs. Crore.

**True up for FY 2015-16**

The Hon'ble Commission, vide its MYT Order dated April 23, 2015 in Case No. 1479 of 2015, approved the Aggregate Revenue Requirement for FY 2015-16, wherein the sales, energy balance and power purchase quantum and cost were revised, while the other components were considered at the same level as approved in the MYT Order for Aspen. Aspen is herewith submitting the details of actual expenses and revenue for FY 2015-16 in this Petition, for truing up of the same in accordance with the GERC (Multi Year Tariff) Regulations, 2011.

The actual energy sales of Aspen were higher than that approved by the Hon'ble Commission in the Tariff Order for FY 2015-16, at 10.10 Million Units (MU) as against 6.01 MU approved by the Hon'ble Commission in the Tariff Order, as shown in the Table below:

**Table 0-1: Energy Sales in FY 2015-16 (Units)**

Particulars	Approved in Tariff Order for FY 2015-16	Actual
Sales	60,06,600	1,01,00,538

Aspen requests the Hon'ble Commission to approve the actual energy sales as indicated above for truing up of FY 2015-16.

The actual Energy Balance for the Aspen licence area for FY 2015-16 is given in the Table below:

**Table 0-2: Energy Balance for FY 2015-16**

Particulars	Approved in Tariff Order for FY 2015-16	Actual
Energy Sales (Units)	60,06,600	1,01,00,538
Distribution Loss (%)	2.70%	2.47%
Distribution Loss (Units)	1,66,679	2,55,722
Energy procured (Units)	61,73,279	103,56,260

The actual distribution loss at 2.47% is lower than the approved distribution loss level of 2.70%. Aspen humbly requests the Hon'ble Commission to approve the actual distribution loss achieved by Aspen, which is lower than the approved loss levels in percentage terms.

In accordance with the request for approving the actual sales and actual distribution losses, Aspen requests the Hon'ble Commission to approve the actual power purchase quantum of 103,56,260 units as shown in the Table above, which is higher than the approved power purchase quantum of 61,73,279 units, on account of the higher actual sales.

The actual cost of power purchase from MGCVCL in FY 2015-16 is summarised in the Table below:

**Table 0-3: Power Purchase Cost for FY 2015-16**

Particulars	Approved in Tariff Order for FY 2015-16	Actual
Power Purchase (Units)	61,73,279	1,03,56,260
Power Purchase Cost (Rs. Lakh)	482.75	740.42
Cost per Unit (Rs./kWh)	7.82	7.15

As can be seen from the above Table, the actual per unit cost of power purchase of Rs. 7.15 per kWh is lower than the rate of Rs. 7.82 per kWh approved by the Hon'ble Commission. Aspen requests the Hon'ble Commission to approve the actual power purchase cost of Rs. 740.42 lakh for FY 2015-16, for the purpose of truing up.

The Hon'ble Commission had approved O&M Expenses of Rs. 22.47 lakh in the MYT Order.

The actual O&M Expenses incurred by Aspen in FY 2015-16 are Rs. 34.67 Lakh as shown in the following Table:

**Table 0-4: O&M Expenses for FY 2015-16 (Rs. lakh)**

<b>Particulars</b>	<b>Approved in MYT Order</b>	<b>Actual</b>
Employee Expenses	-	3.60
R&M Expenses	-	-
A&G Expenses	-	31.07
<b>Total O&amp;M expenses</b>	<b>22.47</b>	<b>34.67</b>

The major part of the A&G expenses consists of the Petition filing fees paid to the Hon'ble Commission, in accordance with the GERC (Fees, Fines & Charges) Regulations, 2005, and the remaining expenses are all justified expenses on facility management, security, consultancy fees, etc. Hence, Aspen respectfully submits that the actual A&G expenses should be allowed, as Aspen is entitled to recover the regulatory fees paid to the Hon'ble Commission, from its consumers.

Hence, Aspen requests the Hon'ble Commission to approve the actual O&M expenses of Rs. 34.67 lakh for FY 2015-16, for the purpose of truing up, as the same is uncontrollable for Aspen.

As the entire GFA of Aspen has been built up with the help of consumer contributions, Aspen has not claimed depreciation, interest on loans and return on equity, in accordance with regulatory principles, though the Accounts reflect depreciation in accordance with Accounting Principles.

Further, in FY 2015-16, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2015-16. Therefore, Aspen has not considered any Income Tax for the purposes of truing up.

Interest on Security deposit received by Aspen from MGVCCL has been considered as Non-Tariff Income in FY 2015-16. Further, the income from Facility Maintenance from electricity business of Rs. 34.67 lakh has also been included under the Non-Tariff Income. The actual Non-Tariff Income for FY 2015-16 is as shown in the Table below:

**Table 0-5: Non-Tariff Income for FY 2015-16 (Rs. lakh)**

<b>Particulars</b>	<b>Approved in MYT Order</b>	<b>Actual</b>
Non-Tariff Income	30.37	66.70

Aspen requests the Hon'ble Commission to approve the actual Non-Tariff Income for FY 2015-16, which is higher than the approved Non-Tariff Income, for the purpose of truing up.

### Summary of Aggregate Revenue Requirement

The ARR approved by the Hon'ble Commission in the Tariff Order for FY 2015-16 and the actual ARR for FY 2015-16 for the purpose of truing up, are given in the Table below:

**Table 0-6: Aggregate Revenue Requirement for FY 2015-16 (Rs. Lakh)**

Particulars	Approved in Tariff Order for FY 2014-15	Actual
Power Purchase Expenses	482.75	740.42
O&M Expenses	22.47	34.67
Employee Expenses		
R&M Expenses		
A&G Expenses		
Depreciation		
Interest on Long Term Loan Capital		
Other Expenses		
Income Tax		
<b>Total Revenue Expenditure</b>	<b>505.22</b>	<b>775.09</b>
Return on Equity		
Less: Non-Tariff Income	30.37	66.70
<b>Aggregate Revenue Requirement</b>	<b>474.85</b>	<b>708.38</b>
Add: Revenue Gap for FY 2013-14	19.62	19.62
<b>Net ARR for FY 2015-16</b>	<b>494.47</b>	<b>728.00</b>

The actual Revenue from sale of electricity in FY 2015-16 was Rs. 727.16 lakh.

Accordingly, the following Table summarizes the Revenue Gap/(Surplus) for FY 2015-16:

**Table 0-7: Revenue Gap/(Surplus) for FY 2015-16 (Rs. Lakh)**

Particulars	Approved in Tariff Order for FY 2015-16	Actual
Aggregate Revenue Requirement	494.47	728.00
Revenue from sale of electricity	481.98*	727.16
<b>Revenue Gap/(Surplus)</b>	<b>12.49*</b>	<b>0.84</b>

**Note:** The Hon'ble Commission had projected additional revenue of Rs. 28.20 lakh with the revised tariffs, and approved a corresponding Revenue Gap of Rs. 12.49 lakh in the Tariff Order for FY 2015-16

Thus, the Revenue Gap for FY 2015-16 works out to Rs. 0.84 lakh, as compared to the Revenue Gap of Rs. 12.49 lakh approved by the Hon'ble Commission in the Tariff Order for FY 2015-16. The Hon'ble Commission had directed the Petitioner to make up the Revenue Gap of Rs. 12.49 lakh by taking measures to improve operational efficiency and reducing costs. Aspen respectfully submits that the Revenue Gap has been minimised by reducing the distribution losses to 2.47% as compared to the level of 2.70% approved by the Hon'ble Commission, which enabled Aspen to reduce the quantum of power purchase and hence, the power purchase costs, which is the biggest head of ARR of Aspen.

Accordingly, Aspen requests the Hon'ble Commission to approve the above-mentioned Revenue Gap of Rs. 0.84 lakh after truing up for FY 2015-16, and allow Aspen to recover this Revenue Gap in FY 2017-18, along with the ARR of FY 2017-18.

Aspen respectfully submits that as the ARR for FY 2015-16 was approved for the combined Wires and Supply Business, the true-up for this year has to be also be undertaken in a combined manner. However, as the FY 2015-16 values form the base for the MYT Control Period; Aspen has given the break-up of expenses between the Wires Business and Supply Business for FY 2015-16 in the Formats submitted along with the Petition, only for reference purposes.

**Multi Year ARR for Control Period FY 2016-17 to FY 2020-21 and Tariff for FY 2017-18**

Based on past trend of sales, the energy sales projected for the Control Period from FY 2016-17 to FY 2020-21 is shown in the Table below:

**Table 0-8: Projected Energy Sales for the Control Period FY 2016-17 to FY 2020-21 (MU)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Energy Sales	10.13	10.64	11.17	11.73	12.31

**Distribution Loss**

Aspen has proposed the trajectory for Distribution Losses for the Control Period from FY 2016-17 to FY 2020-21 based on the actuals for FY 2015-16, as shown in the Table below:

**Table 0-9: Proposed Distribution Loss Trajectory for the Control Period FY 2016-17 to FY 2020-21**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Distribution Loss	2.47%	2.47%	2.47%	2.47%	2.47%

Aspen respectfully requests the Hon'ble Commission to approve the distribution loss for the Control period as 2.47%, without any reduction, as the losses are already very low and highly dependent on the quantum of sales, as lower sales have led to higher no-load losses in the past.

### Energy Balance

Based on the projected Sales and Distribution Loss, the Energy Balance for Aspen's licence area for the Control Period from FY 2016-17 to FY 2020-21 is given in the Table below:

**Table 0-10: Projected Energy Balance for the Control Period FY 2016-17 to FY 2020-21**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Energy Sales (Units)	1,01,32,800	1,06,38,590	1,11,69,670	1,17,27,303	1,23,12,818
Distribution Loss (%)	2.47%	2.47%	2.47%	2.47%	2.47%
Distribution Loss (Units)	2,56,539	2,69,344	2,82,790	2,97,000	3,11,829
Energy procured (Units)	1,03,89,339	1,09,07,934	1,14,52,459	1,20,24,303	1,26,24,647

### Power Purchase

In accordance with the total sales, distribution loss and energy requirement, Aspen has estimated the cost of power purchase from MGCVL for the Control Period from FY 2016-17 to FY 2020-21, as shown in the Table below:

**Table 0-11: Power Purchase Cost for Control Period FY 2016-17 to FY 2020-21**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Power Purchase (Units)	1,03,89,339	1,09,07,934	1,14,52,459	1,20,24,303	1,26,24,647
Power Purchase Cost (Rs. Lakh)	742.78	779.86	818.79	859.67	902.59
Cost per Unit (Rs./kWh)	7.15	7.15	7.15	7.15	7.15

It may be noted that Aspen has not considered any increase in the tariff of MGCVL, as MGCVL's Petition is pending for approval before the Hon'ble Commission, and Aspen has no means of assessing the likely increase/reduction in MGCVL tariff. Hence, Aspen has considered the actual average rate of power purchase from MGCVL for FY 2015-16, for projecting the power purchase cost for the Control Period.

### O&M Expenses

Aspen has projected the O&M expenses for the Control Period as per the methodology specified in the GERC (Multi Year Tariff) Regulations, 2016.

**Table 0-12: O&M Expenses for the Control Period FY 2016-17 to FY 2020-21 (Rs. lakh)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
O&M expenses	35.32	37.34	39.48	41.74	44.12

### Capital related expenses

As the entire GFA of Aspen has been built up with the help of consumer contribution, and no capital investment has been envisaged for the Control Period from FY 2016-17 to FY 2020-21, Aspen has not projected depreciation, interest on loans, and return on equity for the Control Period.

### Income Tax

In FY 2015-16, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2015-16. Therefore, Aspen has not considered any provisional Income Tax for its business for the Control Period from FY 2016-17 to FY 2020-21. In case Income Tax is actually paid for any year of the Control Period, the same shall be claimed at the time of true-up.

### Interest on Working Capital

Interest on Working Capital (IoWC) for the Control Period has been calculated as per the methodology specified in Regulation 40.5 of the GERC (Multi Year Tariff) Regulations, 2016.

**Table 0-13: IoWC for the Control Period FY 2016-17 to FY 2020-21 (Rs. lakh)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
IoWC	7.30	7.65	7.99	8.39	8.75

### Non-Tariff Income

Aspen has projected the income from Facility Management Charges under Non-Tariff Income for the Control Period from FY 2016-17 to FY 2020-21 at the same level as the actual income from these Charges in FY 2015-16. Aspen has projected lower Non-Tariff Income from Security Deposit kept with MGVCL, as the amount of deposit has been reduced from Rs. 357.26 lakh to Rs. 232.26 lakh at the beginning of FY 2016-17. The total Non-Tariff Income projected for the Control Period is shown in the Table below:

**Table 0-14: Non-Tariff Income for the Control Period FY 2016-17 to FY 2020-21 (Rs. lakh)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Non-Tariff Income	54.41	54.41	54.41	54.41	54.41

### Summary of Aggregate Revenue Requirement

Based on the components of ARR discussed above, the projected Aggregate Revenue Requirement for the Control Period from FY 2016-17 to FY 2020-21 is shown in the Table below:

**Table 0-15: Projected Aggregate Revenue Requirement for the Control Period from FY 2016-17 to FY 2020-21 (Rs. Lakh)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Power Purchase Expenses	742.78	779.86	818.79	859.67	902.59
O&M Expenses	35.32	37.34	39.48	41.74	44.12
Depreciation					
Interest on Long Term Loan Capital					
Interest on Working Capital	7.30	7.65	7.99	8.39	8.75
Income Tax					
<b>Total Revenue Expenditure</b>	<b>785.40</b>	<b>824.85</b>	<b>866.26</b>	<b>909.80</b>	<b>955.47</b>
Return on Equity					
Less: Non-Tariff Income	54.41	54.41	54.41	54.41	54.41
Revenue Gap for FY 2015-16		0.84			
<b>Aggregate Revenue Requirement</b>	<b>730.99</b>	<b>771.28</b>	<b>811.85</b>	<b>855.39</b>	<b>901.06</b>

### Segregation of ARR between Wires Business and Supply Business

Aspen has segregated the ARR for the Control Period between Distribution Wires Business and Retail Supply Business as per the Allocation Matrix specified in Regulation 87.1 of the GERC MYT Regulations, 2016.

### Proposed Tariff

As Aspen is still in the process of development of the SEZ, and the sales are yet to reach significant levels, Aspen requests the Hon'ble Commission to allow Aspen to continue to charge consumers in the SEZ area at the same tariff that shall be applicable for the respective category of consumers in the MGCVCL area of supply for FY 2017-18.

**Prayers**

In view of the above facts and circumstances, Aspen prays that the Hon'ble Commission may be pleased to:

- i) Admit the Petition for approval of truing up for FY 2015-16 and approval of Multi Year ARR for the Control Period from FY 2016-17 to FY 2020-21 and Tariff for FY 2017-18;
- ii) Allow Aspen to continue to charge consumers in the SEZ area at the same Wheeling Charge that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY 2017-18;
- iii) Allow Aspen to continue to charge consumers in the SEZ area at the same Retail Tariff that shall be applicable for the respective category of consumers in the MGVCL area of supply for FY 2017-18;
- iv) Condone any inadvertent omissions/errors/shortcomings and permit Aspen to add/change/modify/alter this filing and make further submissions as may be required at a future date;
- v) Pass such Orders as the Hon'ble Commission may deem fit in the facts of the present case.