BEFORE THE
GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR

Filing No.

Case No.

(To be filled by the Office)

IN THE MATTER OF

Petition for approval of truing up for FY 2016-17 and Determination of Revised Aggregate Revenue Requirement for FY 2018-19 and tariff for FY 2018-19 under GERC (Multi Year Tariff) Regulations, 2016 along with other guidelines and directions issued by the GERC from time to time and under relevant Sections of the Electricity Act, 2003, for the Distribution Business (at Vadodara SEZ) of Aspen Infrastructures Limited (Aspen)

AND

IN THE MATTER OF
Aspen Infrastructures Limited
Survey No.26, Village Pipaliya,
Taluka: Waghodia
District: Vadodara – 391760 ... The Petitioner

TABLE OF CONTENTS

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Taluka: Waghodia
District: Vadodara – 391 760 ... The Petitioner

Most Respectfully Showeth:

1 Executive Summary

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 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. 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.

8. On January 18, 2017, Aspen filed a Petition under Section 62 of Electricity Act 2003, as per Regulation 16.2 of GERC (Multi Year Tariff) Regulations, 2016 [GERC MYT Regulations, 2016] for truing up for FY 2015-16, determination of Multi Year ARR for the Control Period from FY 2016-17 to FY 2020-21, and tariff for FY 2017-18. The Hon’ble Commission, vide its Order dated June 30, 2017 in Case No. 1638 of 2017 determined the Multi-Year ARR for FY 2016-17 to FY 2020-21 and tariff for FY 2017-18.

9. The current Petition is being filed as per Regulation 16.3 of GERC MYT Regulations, 2016 for truing up for FY 2016-17 and approval of revised ARR and tariff for FY 2018-19.

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 2016-17

The Hon’ble Commission, vide its Tariff Order dated June 30, 2017 in Case No. 1638 of 2017, approved the Aggregate Revenue Requirement for FY 2016-17, 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 Tariff Order for Aspen. Aspen is herewith submitting the details of actual expenses and revenue for FY 2016-17 in this Petition, for truing up of the same in accordance with the GERC (Multi Year Tariff) Regulations, 2016.

The actual energy sales of Aspen were higher than that approved by the Hon'ble Commission in the Tariff Order for FY 2016-17, at 11.27 Million Units (MU) as against 10.13 MU approved by the Hon'ble Commission in the Tariff Order, as shown in the Table below:

Table 1-1: Energy Sales in FY 2016-17 (Units)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Sales	1,01,32,800	1,12,70,698

Aspen requests the Hon'ble Commission to approve the actual energy sales as indicated above, for truing up of FY 2016-17.

The actual Energy Balance for Aspen's licence area for FY 2016-17 is given in the Table below:

Table 1-2: Energy Balance for FY 2016-17

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Energy Sales (Units)	1,01,32,800	1,12,70,698
Distribution Loss (%)	2.47%	2.30%
Distribution Loss (Units)	2,56,619	2,65,542
Energy procured (Units)	1,03,89,419	1,15,36,240

The actual distribution loss at 2.30% is lower than the approved distribution loss level of 2.47%. 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 1,15,36,240 units as shown in the Table above, which is higher than the approved power purchase quantum of 1,03,89,419 units, on account of the higher actual sales.

The actual cost of power purchase from MGVCL in FY 2016-17 is summarised in the Table below:

Table 1-3: Power Purchase Cost for FY 2016-17

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Power Purchase (Units)	1,03,89,419	1,15,36,240
Power Purchase Cost (Rs. Lakh)	779.21	792.31
Cost per Unit (Rs. /kWh)	7.50	6.87

As can be seen from the above Table, the actual per unit cost of power purchase of Rs. 6.87 per kWh is lower than the rate of Rs. 7.50 per kWh approved by the Hon'ble Commission. Aspen requests the Hon’ble Commission to approve the actual power purchase cost of Rs. 792.31 lakh for FY 2016-17, for the purpose of truing up.

The Hon'ble Commission had approved O&M Expenses of Rs. 35.84 lakh in the Tariff Order. The actual O&M Expenses incurred by Aspen in FY 2016-17 are Rs. 41.65 Lakh as shown in the following Table:

Table 1-4: O&M Expenses for FY 2016-17 (Rs. lakh)

Particulars	**Approved in MYT Order dated 30.06.2017**	**Claimed in True-Up**
Employee Expenses	2.75	3.85
R&M Expenses	0.79	1.64
A&G Expenses	32.30	36.16
Total O&M expenses	**35.84**	**41.65**

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. 41.65 lakh for FY 2016-17, 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 2016-17, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2016-17. Therefore, Aspen has not considered any Income Tax for the purposes of truing up.

Interest on Security deposit received by Aspen from MGVCL has been considered as Non-Tariff Income in FY 2016-17. Further, the income from Facility Maintenance from electricity business of Rs. 41.66 lakh has also been included under the Non-Tariff Income. The actual Non-Tariff Income for FY 2016-17 is as shown in the Table below:

Table 1-5: Non-Tariff Income for FY 2016-17 (Rs. lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Non-Tariff Income	53.84	61.96

Aspen requests the Hon'ble Commission to approve the actual Non-Tariff Income for FY 2016-17, which is higher than the approved Non-Tariff Income, for the purpose of truing up.

Summary of Aggregate Revenue Requirement

In the Order dated 30 June, 2017, the Hon'ble Commission had included the approved Revenue Gap after true-up of FY 2015-16, i.e., Rs. 1.48 crore, in the ARR of FY 2017-18. Hence, the same shall be claimed by Aspen in the true-up for FY 2017-18.

The ARR approved by the Hon'ble Commission in the Tariff Order for FY 2016-17 and the actual ARR for FY 2016-17 for the purpose of truing up, are given in the Table below:

Table 1-6: Aggregate Revenue Requirement for FY 2016-17 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Power Purchase Expenses	779.21	792.31
O&M Expenses	35.84	41.65
Employee Expenses	*2.75*	*3.85*
R&M Expenses	*0.79*	*1.64*
A&G Expenses	*32.30*	*36.16*
Depreciation	-	-
Interest on Long Term Loan Capital	-	-
Interest on Working Capital	7.22	8.01
Income Tax	-	-
Total Revenue Expenditure	**822.27**	**841.97**
Return on Equity	-	-
Less: Non-Tariff Income	53.84	61.96
Aggregate Revenue Requirement	**768.43**	**780.01**

The actual Revenue from sale of electricity in FY 2016-17 was Rs. 780.00 lakh.

Accordingly, the following Table summarizes the Revenue Gap/(Surplus) for FY 2016-17:

Table 1-7: Revenue Gap/(Surplus) for FY 2016-17 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Aggregate Revenue Requirement	768.43	**780.01**
Revenue from sale of electricity		780.00
Revenue Gap/(Surplus)		**0.01**

Thus, the Revenue Gap for FY 2016-17 works out to Rs. 0.01 lakh. Aspen respectfully submits that the Revenue Gap has been minimised by reducing the distribution losses to 2.30% as compared to the level of 2.47% 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. 0.01 lakh after truing up for FY 2016-17, and allow Aspen to recover this Revenue Gap in FY 2018-19, along with the ARR of FY 2018-19.

Aspen respectfully submits that as the ARR for FY 2016-17 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.

Revised ARR for FY 2018-19 and Tariff for FY 2018-19

Based on the past trend of sales, the energy sales projected for FY 2018-19 is shown in the Table below:

Table 1-8: Revised Projected Energy Sales for FY 2018-19 (MU)

Particulars	Approved in MYT Order	Revised Projections
Energy Sales	11.17	12.28

Distribution Loss

Aspen has proposed the trajectory for Distribution Losses for FY 2018-19 based on the Loss trajectory approved by the Hon'ble Commission in MYT Order for FY 2018-19, as shown in the Table below:

Table 1-9: Proposed Distribution Loss Trajectory for FY 2018-19

Particulars	Approved in MYT Order	Revised Projections
Distribution Loss	2.47%	2.47%

Aspen respectfully requests the Hon'ble Commission to approve the distribution loss for the FY 2018-19 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. In case the actual losses turn out to be lower due to higher sales, as was the case in FY 2016-17, then Aspen shall submit the same at the time of true-up for FY 2018-19, however, for projection purposes, the approved loss levels of 2.47% should be considered.

Energy Balance

Based on the projected Sales and Distribution Loss, the Energy Balance for Aspen's licence area for FY 2018-19 is given in the Table below:

Table 1-10: Revised Projected Energy Balance for FY 2018-19

Particulars	Approved in MYT Order	Revised Projections
Energy Sales (Units)	1,11,69,670	1,22,78,514
Distribution Loss (%)	2.47%	2.47%
Distribution Loss (Units)	2,82,878	3,10,960
Energy procured (Units)	1,14,52,548	1,25,89,474

Power Purchase

In accordance with the total sales, distribution loss and energy requirement, Aspen has estimated the cost of power purchase from MGVCL for FY 2018-19, as shown in the Table below:

Table 1-11: Revised Power Purchase Cost for FY 2018-19

Particulars	Approved in MYT Order	Revised Projections
Power Purchase (Units)	1,14,52,548	1,25,89,474
Power Purchase Cost (Rs. Lakh)	842.91	926.59
Cost per Unit (Rs. /kWh)	7.36	7.36

It may be noted that Aspen has not considered any increase in the tariff of MGVCL, as per MGVCL's Tariff Order in Case No. 1624/2016 dated 31.03.2017, and the Hon'ble Commission has approved the same cost per unit in MYT Order in Case No. 1638 of 2017 of Aspen. Hence, Aspen has considered the rate of Rs. 7.36 per unit for power purchase from MGVCL for FY 2018-19, for projecting the power purchase cost for the Control Period as approved by Hon'ble Commission.

O&M Expenses

Aspen has projected the O&M expenses for FY 2018-19 by escalating the actual O&M expenses of FY 2016-17 as claimed in the true-up for FY 2016-17, with 5.72% twice, to account for the growth of 2 years. The escalation factor of 5.72% has been specified in the GERC MYT Regulations, 2016.

Table 1-12: Revised O&M Expenses for FY 2018-19 (Rs. lakh)

Particulars	Approved in MYT Order	Revised Projections
O&M expenses	40.06	46.55

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 FY 2018-19, Aspen has not considered any depreciation, interest on loans, and return on equity for the FY 2018-19.

Income Tax

In FY 2016-17, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2016-17. Therefore, Aspen has not considered any provisional Income Tax for its business for FY 2018-19. In case Income Tax is actually paid for FY 2018-19, the same shall be claimed at the time of true-up.

Interest on Working Capital

The rate of interest for computing the Interest on Working Capital (IoWC) for FY 2018-19 has been considered as 1-year SBI MCLR as on April 1, 2017, i.e., 8%, plus 250 basis points, in accordance with the First Amendment to the GERC MYT Regulations, 2016. Thus, the effective rate of interest for IoWC works out to 10.50%,

The normative IoWC has been calculated as per the methodology specified in Regulation 40.5 of the GERC MYT Regulations, 2016, as summarised in the Table below:

Table 1-13: Revised IoWC for FY 2018-19 (Rs. lakh)

Particulars	Approved in MYT Order	Revised Projections
IoWC	7.85	8.45

Non-Tariff Income

Aspen has projected the income from Facility Management Charges under Non-Tariff Income for the FY 2018-19, at the same level as the actual income from these Charges in FY 2016-17. The total Non-Tariff Income projected for FY 2018-19 is shown in the Table below:

Table 1-14: Non-Tariff Income for the FY 2018-19 (Rs. lakh)

Particulars	Approved in MYT Order	Revised Projections
Non-Tariff Income	58.06	61.96

Summary of Aggregate Revenue Requirement

Based on the components of ARR discussed above, the projected Aggregate Revenue Requirement for FY 2018-19 is shown in the Table below:

Table 1-15: Projected Aggregate Revenue Requirement for FY 2018-19 (Rs. Lakh)

Particulars	Approved in MYT Order	Revised Projections
Power Purchase Expenses	842.91	926.59
O&M Expenses	40.06	46.55
Depreciation		
Interest on Long Term Loan Capital		
Interest on Working Capital	7.85	8.45

Particulars	Approved in MYT Order	Revised Projections
Income Tax		
Total Revenue Expenditure	**890.82**	**981.59**
Return on Equity		
Less: Non-Tariff Income	58.06	61.96
Aggregate Revenue Requirement	**832.76**	**919.63**

Revenue Gap/(Surplus)

Based on the projected ARR for FY 2018-19 and expected revenue from sales at the existing tariff, the projected Revenue Gap/(Surplus) for FY 2018-19 is shown in the Table below:

Table 1-16: Revenue Gap/(Surplus) for FY 2018-19 (Rs. Lakh)

Particulars	FY 2018-19
Total ARR of FY 2018-19	919.63
Add: Revenue Gap of FY 2016-17	0.01
Net ARR	**919.64**
Revenue from Sales	880.07
Revenue Gap/(Surplus)	**39.57**

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 MGVCL area of supply for FY 2018-19. It is expected that the tariff increase approved for Aspen, by virtue of the MGVCL tariff being the ceiling tariff, would be able to recover all/most of the Revenue Gap of Rs. 39.57 lakh for FY 2018-19.

Segregation of ARR between Wires Business and Supply Business

Aspen has segregated the Revised ARR for the FY 2018-19 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 Wheeling Charges

In accordance with the approach adopted by the Hon'ble Commission in the MYT Order dated June 30, 2017 in Case No. 1638 of 2017, the ARR of the Wires Business computed above, has not been segregated between HT and LT Voltages. Accordingly, the proposed Wheeling Charges are calculated as shown in the Table below:

Table 1-17: Proposed Wheeling Charge at 11 kV for FY 2018-19 (Paise/kWh)

Sl.	Particulars	Units	Amount
1	ARR for the Wires Business	Rs. Lakh	20.17
2	Energy Input at 11 kV	Lakh Units	125.89
3	Wheeling Charge at 11 kV	Paise/kWh	16.02
4	Proposed Wheeling Charges at 11 kV	Paise/kWh	16.00

Further, the Open Access consumers will also have to be bear the Distribution Losses of 2.47%, in addition to the above proposed Wheeling Charges.

Proposed Cross-Subsidy Surcharge

As the CSS works out to be negative based on existing tariff, no CSS is proposed for Open Access consumers for FY 2018-19. In case the CSS works out to be positive based on tariffs approved by the Hon'ble Commission for FY 2018-19, then the same shall be applicable for Open Access consumers.

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 2016-17 and approval of Revised ARR and Tariff for FY 2018-19;
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 2018-19;
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 2018-19;
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.

2 Introduction

The Petitioner, Aspen Infrastructures Limited (hereinafter referred to as Aspen) is a Company incorporated under the provisions of the Companies Act, 1956, with its Registered office at 5th Floor, Godrej Millenium, Koregaon Park Road, Koregaon Park, Pune 411 001, Maharashtra, India.

Aspen is primarily engaged in execution of projects for complete installation of the flagship Company's end-products, hi-technology wind turbines and development of all associated infrastructure required for its operations. Aspen has the capability to undertake infrastructure projects across the spectrum of needs of heavy engineering and hi-tech industries in varied regimes.

Aspen Infrastructures Limited has developed a sector specific Special Economic Zone (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).

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.

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.

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.

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.

Presently, Aspen is catering to electricity needs of consumers/Unit holders in its licensed area. It may be noted that for Aspen, electricity distribution business is not the main activity; it is only one of the support services extended to its consumers under its main activity.

The Hon'ble Commission vide its Order dated October 20, 2012 in Case No. 1240 of 2012 decided not to determine the ARR for FY 2011-12 and FY 2012-13 and approved the ceiling tariff in Aspen's Area of Supply as equivalent to MGVCL tariff. Further, the Hon'ble Commission directed Aspen to file the Petition for the remaining years of the Control Period, i.e., for FY 2013-14 to FY 2015-16 in accordance with the GERC (Multi Year Tariff) Regulations, 2011. In compliance with the Hon'ble Commission's directives, Aspen filed a Petition for approval of the Business Plan and MYT Petition for the remaining years of the second Control Period from FY 2013-14 to FY 2015-16.

The Hon'ble Commission, vide its Order dated May 8, 2013 in Case No. 1271 of 2012, approved the Aggregate Revenue Requirement for FY 2013-14 to FY 2015-16 and determined the tariff for FY 2013-14 for Aspen.

On December 30, 2013, Aspen filed a Petition for approval of Tariff for FY 2014-15. The Hon'ble Commission, vide its Order dated May 29, 2014 in Case No. 1390 of 2014 determined the tariff for FY 2014-15 for Aspen.

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.

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.

On January 18, 2017, Aspen filed a Petition under the Gujarat Electricity Regulatory Commission Regulations (Multi-Year Tariff) Regulations, 2011, for the Truing up of FY 2015-

16 and Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016, for Determination ARR for Control Period, i.e., FY 2016-17 to FY 2020-21 and Determination of Tariff for FY 2017-18. The Hon'ble Commission, vide its Order dated June 30, 2017 in Case No. 1638 of 2017 approved the ARR for the Control Period, i.e., FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18 for Aspen.

Electricity Distribution Business

For Aspen, electricity distribution business is not the main activity; it is only one of the support services extended to its consumers under its main activity. Aspen is currently catering to the electricity needs of consumers in its licensed area.

Aspen is receiving 66 kV supply for various activities with Contract Demand of 2.9 MVA from MGVCL under HTP-I category. The 66 kV power supply is fed through 66 kV, double circuit transmission line of 9.5 km from 220 kV Waghodia substation of the Gujarat Energy Transmission Corporation Limited (GETCO). The operation and maintenance of overhead line up to last transmission tower erected near 66/33 kV substation of Aspen and 66 kV bay at 220 kV Waghodia GETCO substation is carried out by GETCO. It may be noted that though this 66 kV bay and associated 66 kV D/C transmission line of 9.5 km from 220 kV Waghodia GETCO Sub-station to 66 kV SIL SEZ Substation have been paid for by Aspen in the form of Service Line Charges (Consumer Contribution), these assets would be included under the assets of GETCO, as is the usual practice.

The present electricity distribution system of Aspen mainly comprises of the following:

(a) 66/33 kV substation with 1 x 25 MVA transformer and associated switchgears, which comprises one no. of 66/33 kV transformer, two no.s of 33/11 kV 2.5 MVA distribution transformer and one 33/0.415 kV 750 kVA distribution transformer

(b) 33 kV underground distribution network and 11 kV Overhead Line for supply to its consumers and common services in the SEZ area

3 Objective of the Petition

Aspen is hereby submitting this True up and Tariff Petition, for obtaining the Hon'ble Commission's approval for:

1. Truing up for FY 2016-17;
2. Determination of Revised ARR for FY 2018-19; and
3. Determination of the tariff applicable to its consumers for FY 2018-19.

This Petition has been prepared in accordance with Sections 61 and 62 of the Electricity Act, 2003 and has taken into consideration the relevant provisions of the GERC MYT Regulations, 2016.

4 True-up for FY 2016-17

The Hon'ble Commission notified the GERC MYT Regulations, 2016, on March 29, 2016, in exercise of the powers conferred under Section 181 (2) read with Sections 61, 62, 63, 64, 65 and 86 of the Electricity Act, 2003 and under Section 32 of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003, thereby superseding the earlier Regulations, i.e., the GERC (Multi Year Tariff) Regulations, 2011. These Regulations are applicable for the third Control Period of five years beginning from April 1, 2016 to March 31, 2021.

Regulation 16.2 of the GERC (Multi Year Tariff) Regulations, 2016 specifies as under:

"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, SLDC, Distribution Wires Business and Retail Supply Business:

(i) A detailed Multi-Year Tariff Application comprising the forecast of Aggregate Revenue Requirement for the entire Control Period and expected revenue from existing tariffs for the first year of the Control Period to be submitted by the Applicant:

….

(ii) Determination of Aggregate Revenue Requirement by the Commission for the entire Control Period and the tariff for the first year of the Control Period for the Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business;

(iii) Truing up of previous year's expenses and revenue by the Commission based on *Audited Accounts vis-à-vis the approved forecast and categorisation of variation in performance as those caused by factors within the control of the Applicant (controllable factors) and those caused by factors beyond the control of the Applicant (uncontrollable factors):*
…." ***(emphasis added)***

In accordance with Regulation 16.2 of GERC (Multi Year Tariff) Regulations, 2016, Aspen is filing for approval of truing up for FY 2016-17 under GERC (Multi Year Tariff) Regulations, 2016.

The Hon'ble Commission, vide its Order dated June 30, 2017 in Case No. 1638 of 2017, approved the Aggregate Revenue Requirement for FY 2016-17, Multi-Year Aggregate

Revenue Requirement from FY 2016-17 to FY 2020-21 and Tariff for FY 2017-18, 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 2016-17 in this Petition, for truing up of the same under the GERC MYT Regulations, 2016.

Energy Sales

In the Petition for FY 2016-17, the Hon'ble Commission approved the sales figure of 1,01,32,800 units.

However, the actual energy sales of Aspen were higher than that approved by the Hon'ble Commission in the MYT Order for FY 2016-17, at 11.27 Million Units (MU) as against 10.13 MU approved by the Hon'ble Commission in the MYT Order, as shown in the Table below:

Table 4-1: Energy Sales in FY 2016-17 (Units)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Sales	1,01,32,800	1,12,70,698

Aspen requests the Hon'ble Commission to approve the actual energy sales as indicated above for truing up of FY 2016-17.

Distribution Loss & Energy Balance

The actual Distribution Loss and Energy Balance for Aspen's licence area for FY 2016-17 is given in the Table below:

Table 4-2: Energy Balance for FY 2016-17

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Energy Sales (Units)	1,01,32,800	1,12,70,698
Distribution Loss (%)	2.47%	2.30%
Distribution Loss (Units)	2,56,619	2,65,542
Energy procured (Units)	1,03,89,419	1,15,36,240

The actual distribution loss at 2.30% is lower than the approved distribution loss level of 2.47%. 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 1,15,36,240 units as shown in the Table above, which is higher than the approved power purchase quantum of 1,03,89,419 units, on account of the higher actual sales.

Power Purchase Quantum and Cost

The actual cost of power purchase from MGVCL in FY 2016-17 is summarised in the Table below:

Table 4-3: Power Purchase Cost for FY 2016-17

Particulars	**Approved in MYT Order dated 30.06.2017**	**Claimed in True-Up**
Power Purchase (Units)	1,03,89,419	1,15,36,240
Power Purchase Cost (Rs. Lakh)	779.21	792.31
Cost per Unit (Rs./kWh)	7.50	6.87

As can be seen from the above Table, the actual per unit cost of power purchase of Rs. 6.87 per kWh from MGVCL is lower than the rate of Rs. 7.50 per kWh approved by the Hon'ble Commission. Aspen requests the Hon’ble Commission to approve the actual power purchase cost of Rs. 792.31 lakh for FY 2016-17, for the purpose of truing up.

Operation & Maintenance Expenses

The Hon'ble Commission had approved O&M Expenses of Rs. 35.84 lakh in the Tariff Order. The actual O&M Expenses incurred by Aspen in FY 2016-17 are Rs. 41.65 Lakh as shown in the following Table:

Table 4-4: O&M Expenses for FY 2016-17 (Rs. lakh)

Particulars	**Approved in MYT Order dated 30.06.2017**	**Claimed in True-Up**
Employee Expenses	2.75	3.85
R&M Expenses	0.79	1.64
A&G Expenses	32.30	36.16
Total O&M expenses	**35.84**	**41.65**

The break-up of the A&G expenses is as under:

Table 4-5: A&G Expenses for FY 2016-17 (Rs. lakh)

Particulars	Actual
Facility Management Expenses (Electricians, supervisors, etc.)	6.69
Security Expenses	4.63
Consultancy Expenses	4.60
Regulatory Charges	20.00
Miscellaneous Expenses	0.24
Total A&G expenses	**36.16**

As can be seen from the above table, 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. 41.65 lakh for FY 2016-17, for the purpose of truing up, as the same is uncontrollable for Aspen.

Capital Expenditure

As stated in the Hon'ble Commission's Order dated December 1, 2009, at that time 66/33kV substation having 2x25 MVA capacity had already been constructed. The relevant extract of GERC Order dated December 16, 2009 is reproduced hereunder:

> *"7.3 The applicant has received sanction of load of 10 MVA from MGVCL vide letter reference No. CE/MGVCL/HT/New/8 dated 4.4.07. Security deposit of Rs. 357.26 lakhs and service line estimate of Rs. 150.36 lakhs have been paid by the applicant to MGVCL/GETCO.*
>
> *…*
>
> *7.7 …*
>
> > *(ii) The applicant has so far spent Rs.16.32 crores for creating necessary infrastructure for distributing electricity within the SEZ area.* ***Some of the investments made by them are as under****:*
> >
> > > ***a. 66 D/C Transmission line of 9.5 KM from 220 KV Waghodia GETCO Sub-station to 66 kV SIL SEZ Substation;***

> ***b. 66 KV bay at 220 kV Waghodia GETCO Sub-station.***
> ***c. 66/33 KV SIL SEZ Sub-station with 2 × 25 MVA Transformers and associated switchgears etc.***
> *d. 33 KV Distribution network and common services. SIL SEZ Sub-station."* ***(emphasis added)***

The entire electricity distribution network inside the SEZ is through underground cables. This capital expenditure required huge capital outlay, which has been funded entirely through Consumer Contribution.

The Hon'ble Commission in its Order dated June 30, 2017 in Case No. 1638 of 2017 approved Nil Capitalisation for FY 2016-17. Aspen requests the Hon'ble Commission to approve the actual nil capital expenditure undertaken by Aspen during FY 2016-17.

Depreciation

Aspen has not considered any depreciation on the Gross Fixed Assets for FY 2016-17, as its assets have been entirely funded through Consumer Contribution, in accordance with regulatory principles, though the Accounts reflect depreciation in accordance with Accounting Principles.

Interest on Long-Term Loan Capital

Since, the entire capital expenditure for Aspen's distribution business has been funded by Consumer Contribution, there are no outstanding loans against the electricity distribution business in FY 2016-17, and therefore, no interest expenditure has been considered during this period.

Income Tax

In FY 2016-17, no Income Tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2016-17. Therefore, Aspen has not considered any Income Tax for the purposes of truing up.

Return on Equity

Aspen has not considered any Return on Equity for FY 2016-17, in accordance with regulatory principles, as its assets have been entirely funded through Consumer Contribution.

Non-Tariff Income

Interest on Security Deposit received by Aspen from MGVCL has been considered as Non-Tariff Income in FY 2016-17. Further, the income from facility maintenance from electricity business of Rs. 41.66 lakh has also been included under the Non-Tariff Income. The Non-Tariff Income for FY 2015-16 is as shown in the Table below:

Table 4-6: Non-Tariff Income for FY 2016-17 (Rs. lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Non-Tariff Income	53.84	61.96

Aspen requests the Hon'ble Commission to approve the actual non-tariff income for FY 2016-17, which is higher than the approved Non-Tariff Income, for the purpose of truing up.

Summary of Aggregate Revenue Requirement

In the Order dated 30 June, 2017, the Hon'ble Commission had included the approved Revenue Gap after true-up of FY 2015-16, i.e., Rs. 1.48 crore, in the ARR of FY 2017-18. Hence, the same shall be claimed by Aspen in the true-up for FY 2017-18.

The ARR approved by the Hon'ble Commission in the Tariff Order for FY 2016-17 and the actual ARR for FY 2016-17 for the purpose of truing up, are given in the Table below:

Table 4-7: Aggregate Revenue Requirement for FY 2016-17 (Rs. Lakh)

Particulars	Approved in MYT Order dated 30.06.2017	Claimed in True-Up
Power Purchase Expenses	779.21	792.31
O&M Expenses	35.84	41.65
Employee Expenses	*2.75*	*3.85*
R&M Expenses	*0.79*	*1.64*
A&G Expenses	*32.30*	*36.16*
Depreciation	-	-
Interest on Long Term Loan Capital	-	-
Interest on Working Capital	7.22	8.01
Income Tax	-	-
Total Revenue Expenditure	**822.27**	**841.97**
Return on Equity	-	-
Less: Non-Tariff Income	53.84	61.96
Aggregate Revenue Requirement	**768.43**	**780.01**

The actual Revenue from sale of electricity in FY 2016-17 was Rs. 780.00 lakh.

Accordingly, the following Table summarizes the Revenue Gap/(Surplus) for FY 2016-17:

Table 4-8: Revenue Gap/(Surplus) for FY 2016-17 (Rs. Lakh)

Particulars	**Approved in MYT Order dated 30.06.2017**	**Claimed in True-Up**
Aggregate Revenue Requirement	**768.43**	**780.01**
Revenue from sale of electricity		780.00
Revenue Gap/(Surplus)		**0.01**

Thus, the Revenue Gap for FY 2016-17 works out to Rs. 0.01 lakh. Aspen respectfully submits that the Revenue Gap has been minimised by reducing the distribution losses to 2.30% as compared to the level of 2.47% 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. 0.01 lakh after truing up for FY 2016-17, and allow Aspen to recover this Revenue Gap in FY 2018-19, along with the ARR of FY 2018-19.

Aspen respectfully submits that as the ARR for FY 2016-17 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.

5 Revised ARR for FY 2018-19

Approach for Filing

The Tariff Petition for determination of revised ARR for FY 2018-19 is being filed in accordance with the GERC MYT Regulations, 2016. Further, the revised ARR for FY 2018-19 has been segregated between Distribution Wires Business and Retail Supply Business based on the allocation matrix specified in Regulation 87 of the GERC (Multi Year Tariff) Regulations, 2016.

Energy Sales

During the last five years of operations, Aspen's energy sales have increased from 8.03 MU in FY 2011-12 to 11.27 MU in FY 2016-17, reflecting a Compounded Annual Growth Rate (CAGR) of 7% for HTP-I category and CAGR of (-)10% for Non-RGP category. However, the sales have been fluctuating from year to year, and had even gone down to 5.39 MU in FY 2012-13, before recovering slowly. The Petitioner is uncertain regarding the movement of sales for FY 2018-19. In the MYT Order dated June 30, 2017, the Hon'ble Commission had accepted the Petitioner's projection of increase in sales from 10.13 MU to 12.31 MU from FY 2016-17 to FY 2020, respectively. However, the actual energy sales have been higher than the original projections, and have reached 11.57 MU in FY 2016-17.

Therefore, for projecting sales for FY 2018-19, Aspen has considered actual sales upto September 2017. From October 2017 to March 2019, category-wise energy sales have been projected as per actual energy sales of FY 2016-17 with appropriate CAGR. Accordingly, Aspen has projected energy sales for FY 2018-19 as shown in the Table below:

Table 5-1: Revised Projected Energy Sales for the FY 2018-19 (MU)

Particulars	Approved in MYT Order	Revised Projections
Energy Sales	11.17	12.28

Distribution Loss

Regulation 20 of the GERC (Multi Year Tariff) Regulations, 2016, specifies that the Hon'ble Commission shall stipulate a trajectory for Distribution Losses for FY 2017-18 onwards, as reproduced below:

"While approving the MYT Petition, the Commission shall stipulate a trajectory for the variables, which shall include, but not be limited to Operation & Maintenance expenses, target plant load factor and distribution losses for FY 2017-18 onwards…"

The Hon'ble Commission has approved the Distribution Loss of 2.47% for each year of the MYT Control Period. Aspen respectfully requests the Hon'ble Commission to approve the distribution loss for FY 2018-19 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. In case the actual losses turn out to be lower due to higher sales, as was the case in FY 2016-17, then Aspen shall submit the same at the time of true-up for FY 2018-19, however, for projection purposes, the approved loss levels of 2.47% should be considered.

Table 5-2: Revised Proposed Distribution Loss Trajectory for the FY 2018-19

Particulars	Approved in MYT Order	Revised Projections
Distribution Loss	2.47%	2.47%

Energy Balance

Based on the revised projected Sales and Distribution Loss, the projected Energy Balance for Aspen licence area for the FY 2018-19 is given in the Table below:

Table 5-3: Projected Energy Balance for FY 2018-19

Particulars	Approved in MYT Order	Revised Projections
Energy Sales (Units)	1,11,69,670	1,22,78,514
Distribution Loss (%)	2.47%	2.47%
Distribution Loss (Units)	2,82,878	3,10,960
Energy procurement (Units)	1,14,52,548	1,25,89,474

Power Purchase Quantum & Cost

The Petitioner has estimated the cost of power purchase from MGVCL for FY 2018-19 based on the projected energy requirement for the licensed area.

Aspen has considered the tariff of MGVCL for FY 2018-19, as approved by the Hon'ble Commission, which was also considered in the Aspen MYT Order, for projecting the power purchase cost for the FY 2018-19. The projected cost of power purchase from MGVCL for the FY 2018-19 is summarised in the Table below:

Table 5-4: Power Purchase Cost for the FY 2018-19

Particulars	Approved in MYT Order	Revised Projections
Power Purchase (Units)	1,14,52,548	1,25,89,474
Power Purchase Cost (Rs. Lakh)	842.91	926.59
Cost per Unit (Rs. /kWh)	7.36	7.36

Operation & Maintenance Expenses

Aspen has projected the O&M expenses for FY 2018-19 by escalating the actual O&M expenses of FY 2016-17 as claimed in the true-up for FY 2016-17, with 5.72% twice, to account for the growth of 2 years. The escalation factor of 5.72% has been specified in the GERC MYT Regulations, 2016

The O&M expenses projected for FY 2018-19 is shown in the Table below:

Table 5-5: Revised O&M Expenses for the FY 2018-19 (Rs. lakh)

Particulars	Approved in MYT Order	Revised Projections
O&M expenses	40.06	46.55

Capital Expenditure

As stated in the above section, the entire capital expenditure has been funded entirely through Consumer Contribution. Further, no capital investment has been envisaged for the FY 2018-19. However, if any capital expenditure is undertaken either through debt or equity, the Petitioner shall approach the Hon'ble Commission at the time of truing up. Therefore, the Petitioner requests the Hon'ble Commission to approve nil capital expenditure for the FY 2018-19.

Depreciation

The Petitioner has not proposed any new capital expenditure for the FY 2018-19. Besides, the existing capital expenditure has been funded entirely through Consumer Contribution. Accordingly, no depreciation has been proposed for the FY 2018-19.

Interest on Long-Term Loan Capital

Since, no new capital expenditure of Aspen's distribution business has been proposed and existing assets are funded by Consumer Contribution, no interest expenditure has been considered for the FY 2018-19.

Return on Equity

The Petitioner has not considered any Return on Equity for the FY 2018-19 as its existing assets have been entirely funded through Consumer Contributions, and there is no proposed equity contribution of Aspen for the FY 2018-19.

Interest on Working Capital

The Petitioner has calculated Interest on Working Capital for the FY 2018-19 as per Regulation 40.5 of the GERC (Multi Year Tariff) Regulations, 2016, as reproduced below:

"40.5 Retail Supply of Electricity

(a) The Distribution Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

(i) Operation and maintenance expenses for one month; plus
(ii) Maintenance spares at one (1) per cent of the historical cost; plus

(iii) Receivables equivalent to one (1) month of the expected revenue from sale of electricity at the prevailing tariffs;

minus

Amount held as security deposits under clause (a) and clause (b) of sub-section (1) of Section 47 of the Act from consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up;…"

The rate of interest for computing the Interest on Working Capital (IoWC) for FY 2018-19 has been considered as 1 year SBI MCLR as on April 1, 2017, i.e., 8%, plus 250 basis points, in accordance with the First Amendment to the GERC MYT Regulations, 2016. Thus, the effective rate of interest for IoWC works out to 10.50%.

Table 5-6: Revised IoWC for FY 2018-19 (Rs. lakh)

Particulars	Approved in MYT Order	Revised Projections
O&M Expenses for 1 Month	3.34	3.88
Maintenance spares @ 1% of the historical cost		
Receivables equivalent to 1 month of expected revenue from sale of electricity	63.80	76.64
Subtract: Amount held as security deposit		
Total Working Capital requirement	**67.13**	**80.52**
Interest rate @ 11.80% (SBBR as on April 1, 2016 + 250 basis points)	11.70%	10.50%
Interest on working capital	**7.85**	**8.45**

Income Tax

Regulation 41.1 of the GERC (Multi Year Tariff) Regulations, 2016 specifies as under:

"41.1 The Commission in its MYT Order shall provisionally approve Income Tax payable for each year of the Control Period, if any, based on the actual income tax paid, including cess and surcharge on the same, if any, as per latest Audited Accounts available for the Applicant, subject to prudence check."

In FY 2016-17, no income tax was payable by Aspen even under the MAT rule, as there was a book loss shown in the Accounts for FY 2016-17. Therefore, Aspen has not considered any provisional Income Tax for its business for FY 2018-19. In case Income Tax is actually paid for FY 2018-19, the same shall be claimed at the time of true-up.

Non-Tariff Income

Aspen has projected the income from Facility Management Charges under Non-Tariff Income for FY 2018-19 at the same level as the actual income from these Charges in FY 2016-17. The total Non-Tariff Income projected for the FY 2018-19 is shown in the Table below:

Table 5-7: Non-Tariff Income for the FY 2018-19 (Rs. lakh)

Particulars	Approved in MYT Order	Revised Projections
Non-Tariff Income	58.06	61.96

Summary of Aggregate Revenue Requirement

Based on the components of ARR discussed above, the estimated Aggregate Revenue Requirement for FY 2018-19 is shown in the Table below:

Table 5-8: Aggregate Revenue Requirement for the FY 2018-19 (Rs. Lakh)

Particulars	Approved in MYT Order	Revised Projections
Power Purchase Expenses	842.91	926.59
O&M Expenses	40.06	46.55
Depreciation		
Interest on Long Term Loan Capital		
Interest on Working Capital	7.85	8.45
Income Tax		
Total Revenue Expenditure	**890.82**	**981.59**
Return on Equity		
Less: Non-Tariff Income	58.06	61.96
Aggregate Revenue Requirement	**832.76**	**919.63**

Revenue Gap/(Surplus)

Based on the projected ARR for FY 2018-19 and expected revenue from sales at the existing tariff, the projected Revenue Gap/(Surplus) for FY 2018-19 is shown in the Table below:

Table 5-9: Revenue Gap/(Surplus) for FY 2018-19 (Rs. Lakh)

Particulars	FY 2018-19
Total ARR of FY 2018-19	919.63
Add: Revenue Gap of FY 2016-17	0.01
Net ARR	**919.64**
Revenue from Sales	880.07
Revenue Gap/(Surplus)	**39.57**

6 Retail Tariff for FY 2018-19

The second proviso to Section 62 (1) of the EA 2003 specifies as under:

> "*Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity.*"

Aspen's licence area overlaps with the licence area of MGVCL, and thus, falls under the situation envisaged under the above proviso to Section 62(1) of the EA 2003. Further, consumers have opted to set up their Units within the SEZ area, under the presumption that the electricity tariff will be the same as that applicable within MGVCL's area of supply, and the consumers would not be adversely affected by virtue of opting to set up their Units within the SEZ. It will also create a lot of problems if the tariffs within the SEZ and outside the SEZ for the same category of consumer are different, and may result in migration of consumers outside the Licence area.

The Hon'ble Commission in its Order dated June 30, 2017 in Case No. 1638 of 2017 in the matter of Aspen ruled as under:

> ***"4.3.2 Tariff determination for FY 2017-18***
> ***…***
> ***Commission's Analysis***
> *The Commission decides to keep the tariffs of ASPEN distribution area as per MGVCL tariff schedule effective from 1st April, 2017…"*

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 MGVCL area of supply for FY 2018-19.

It is expected that the tariff increase approved for Aspen, by virtue of the MGVCL tariff being the ceiling tariff, would be able to recover all/most of the Revenue Gap of Rs. 39.57 lakh for FY 2018-19.

7 Wheeling Charges and Cross-Subsidy Surcharge

Regulation 87.1 of the GERC (Multi Year Tariff) Regulations, 2016 specifies that the ARR is to be segregated as per the Allocation Matrix between the Distribution Wire Business and Retail Supply Business, for determination of Wheeling Charges.

The specified Allocation Matrix for segregation of expenses between the Distribution Wires Business and Retail Supply Business is as under:

Table 7-1: Allocation Matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business

Sr. No.	Particulars	Wires Business (%)	Retail Supply Business (%)
1.	Power Purchase Expenses	0	100
2.	Intra-State Transmission Charges	0	100
3.	Employee expenses	60	40
4.	A&G expenses	50	50
5.	R&M expenses	90	10
6.	Depreciation	90	10
7.	Interest on long-term capital investment	90	10
8.	Interest on working capital and consumer security deposit	10	90
9.	Bad debts written off	0	100
10.	Income Tax	90	10
11.	Transmission Charges	0	100
12.	Contribution to contingency reserves, if any	100	0
13.	Return on Equity	90	10
14.	Non-Tariff Income	10	90

Based on the Allocation Matrix, the estimated Aggregate Revenue Requirement for FY 2018-19 for the Distribution Wires Business and Retail Supply Business is shown in the Tables below:

Table 7-2: Aggregate Revenue Requirement for Distribution Wires Business for the FY 2018-19 (Rs. Lakh)

Particulars	FY 2018-19
O&M Expenses	25.52
Depreciation	
Interest on Long Term Loan Capital	
Interest on Working Capital	0.85
Income Tax	
Total Revenue Expenditure	**26.37**
Return on Equity	
Less: Non-Tariff Income	6.20
Aggregate Revenue Requirement	**20.17**

Table 7-3: Aggregate Revenue Requirement for Retail Supply Business for the FY 2018-19 (Rs. Lakh)

Particulars	FY 2018-19
Power Purchase Expenses	926.59
O&M Expenses	21.03
Depreciation	
Interest on Long Term Loan Capital	
Interest on Working Capital	7.61
Income Tax	
Total Revenue Expenditure	**955.22**
Return on Equity	
Less: Non-Tariff Income	55.76
Aggregate Revenue Requirement	**899.46**
Revenue Gap of FY 2016-17	**0.01**
Total ARR	**899.47**

Note: The entire Revenue Gap of FY 2016-17 has been considered against the Supply Business

Proposed Wheeling Charges

In accordance with the approach adopted by the Hon'ble Commission in the MYT Order dated June 30, 2017 in Case No. 1638 of 2017, the ARR of the Wires Business computed above, has not been segregated between HT and LT Voltages. Accordingly, the proposed Wheeling Charges are calculated as shown in the Table below:

Table 7-4: Proposed Wheeling Charge at 11 kV for FY 2018-19 (Paise/kWh)

Sl.	Particulars	Units	Amount
1	ARR for the Wires Business	Rs. Lakh	20.17
2	Energy Input at 11 kV	Lakh Units	125.89
3	Wheeling Charge at 11 kV	Paise/kWh	16.02
4	Proposed Wheeling Charges at 11 kV	Paise/kWh	16.00

Further, the Open Access consumers will also have to be bear the Distribution Losses of 2.47%, in addition to the above proposed Wheeling Charges.

Proposed Cross-Subsidy Surcharge

In accordance with the approach adopted by the Hon'ble Commission in the MYT Order dated June 30, 2017 in Case No. 1638 of 2017, Aspen has computed the Cross-Subsidy Surcharge (CSS) based on the Formula stipulated in the revised Tariff Policy, 2016, as under:

The Formula for computation of CSS is as under:

$S = T – [C / (1 - L/100) + D + R]$

Where,
S is the surcharge;
T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;
C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;
D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;
L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level; and
R is the per unit cost of carrying regulatory assets.

The CSS based on the above formula is computed as shown in the Table below:

Table 7-5: Computation of CSS for FY 2018-19 (Rs/kWh)

Sr. No.	Particulars	FY 2018-19
1	T - Tariff for HT Category (Rs./kWh)	7.17
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	7.36
3	D - Wheeling Charge (Rs./kWh)	0.16

Sr. No.	Particulars	FY 2018-19
4	L - Aggregate T&D Loss (%)	2.47%
5	R - per unit cost of carrying regulatory assets (Rs/kWh)	0.00
6	**S = Cross Subsidy Surcharge (Rs./kWh)**	**-0.54**

Note: The Tariff for HT Category has been considered equal to the Average Billing Rate of HT I Category based on Aspen's existing tariff. The same shall have to be revised, based on the tariff approved by the Hon'ble Commission

As the CSS works out to be negative based on existing tariff, no CSS is proposed for Open Access consumers for FY 2018-19. In case the CSS works out to be positive based on tariffs approved by the Hon'ble Commission for FY 2018-19, then the same shall be applicable for Open Access consumers.

8 Compliance with Directives

In the MYT Order dated June 30, 2017 in Case No. 1638 of 2017, the Hon'ble Commission had directed Aspen as under:

"Directive 1:
The Commission directs Aspen to procure power through competitive bidding as sufficient time of 9 years of operation starting from FY 2008-09 has been given to Aspen to attain full-grown maturity as a distribution licensee."

In this regard, Aspen humbly submits that though Aspen has been in operation for 9 years as observed by the Hon'ble Commission, the number of consumers as well as the sales have not really grown and matured, and there is significant uncertainty regarding the electricity business, going forward. Aspen has also got part of the licence area de-notified due to the lack of growth in its business. In case Aspen does receive competitive bids for its small requirement of around 3 MW and contracts for such power in the medium-term, then it will be bound to offtake certain minimum requirement, and in case of failure to do so, may become liable to pay certain fixed charges. On the contrary, purchase from MGVCL gives Aspen the flexibility to draw power as per requirement, and the consumers also are not adversely affected, as the retail tariffs in Aspen's licence area are maintained at the same level as charged by MGVCL. Further, in case of power procurement through competitive bidding, Aspen will have to obtain the necessary Open Access clearances and approvals and undertake the power purchase activity in a more rigorous manner.

Under these circumstances, Aspen humbly submits that it is more advisable to continue to procure power from MGVCL as at present, rather than initiating a competitive bidding process with its attendant expenses and risks.

9 Prayers

In view of above facts and circumstances, Aspen prays to the Hon'ble Commission as under:

i) Admit the Petition for approval of truing up for FY 2016-17, and revised ARR and tariff for FY 2018-19.
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 2018-19.
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 2018-19.
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.

Place:

Date:

Signature of the Petitioner

Name & Designation: