No. PFI/Prog/GERC/2026/035

Dated: 21/01/2026

To,

The Secretary
Gujarat Electricity Regulatory Commission
6th Floor, GIFT One
Road 5 C Zone 5, GIFT City
Gandhinagar, Gujarat - 382050

Subject: PFI Comments- Gujarat DISCOMs True Up FY 2024-25 & ARR FY 2026-27 Petitions

Reference: a) GERC inviting Comments on True Up of FY 2024-25 & ARR Petition for FY 2026-27
b) GERC Letter dated 12/01/2026 regarding Time Extension

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the True Up Petitions for FY 2024-25 & ARR Petitions for FY 2026-27 filed by Gujarat DISCOMs, Madhya Gujarat Vij Company Ltd. (MGVCL), Paschim Gujarat Vij Company Ltd. (PGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) & Uttar Gujarat Vij Company Ltd. (UGVCL) before GERC. Our comments/ suggestions on the said Petitions are enclosed herewith for your consideration as *Annexure- I, II, III & IV* respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to secretary@gercin.org .

Warm Regards,

Encl: Annexure – I, II, III & IV

Copy to:

1. **The Hon'ble Chairperson**
   Gujarat Electricity Regulatory Commission
2. **The Hon'ble Member**
   Gujarat Electricity Regulatory Commission

Yours Sincerely,

Executive Director, PFI

ANNEXURE-I

PFI Comments/Suggestions: MGVCL True-Up Petition FY 2024-25

1) PFI is a Policy Research and Advocacy entity, a registered society under the aegis of the Ministry of Power, Government of India, and supported by leading Central Power Sector Organizations, to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and stakeholders concerned with the Power Sector.

2) Hon'ble Gujarat Electricity Regulatory Commission (GERC/Commission) has sought comments / suggestions from various stakeholders on the Tariff Petition filed by Madhya Gujarat Vij Company Ltd. (MGVCL) on True-Up of FY 2024-25. PFI has reviewed and analyzed the said Tariff Petition, and our comments / suggestions are as follows:

A. UNMETERED AGRICULTURE SALES

3) PFI observes that MGVCL has claimed unmetered Agricultural sales of 462 MU for FY 2024-25. There is a very slight reduction in unmetered sales in the last three years. The same can be gathered from the table below.

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Unmetered Ag Sales (MU)	465	464	462
Metered Ag Sales (MU)	923	939	925
Total Ag Sales (MU)	1388	1403	1387
Unmetered Sales (%)	**34%**	**33%**	**33%**

4) MGVCL has claimed Rs. 57 Cr. of RDSS Metering OPEX spend as part of the ARR for FY 2024-25. Despite, such huge spends unmetered sales have not materially decreased. **Further, in similar States like Rajasthan it has been observed that DISCOMs (JVVNL & AVVNL) have successfully converted all unmetered sales to metered sales.**

5) Moreover, detailed calculations for computing AP consumption in line with the MoP Rules have not been provided. In the True-Up Order for FY 2023-24 dated 31/03/2025 the DISCOM had clarified that unmetered sales are calculated using the norm of 1700 Units/HP/Annum. Relevant extract from the said Order is as follows.

> *"As regards consumption by metered and unmetered category consumers, it submitted that Energy sale to Agriculture category consumers is worked out based on:*
>
> *1. Units recorded in the meter during specified period i.e. in the billing period for metered category consumers*
>
> ***2. For the Unmetered category consumers, consumption is assessed based on the consumption norm of 1700 Units/HP/Annum approved by the GERC."***

6) So, the assessment of unmetered Agriculture Sales has been made by MGVCL based on sanctioned load per horsepower (HP) basis. However, MoP issued SOP dtd. 3/07/2023 under Electricity (Amendment) Rules 2022 dtd. 29/12/2022 wherein various provision related to measurement of energy, subsidy billing and collections, etc., has been stipulated. Relevant extract of the said SOP is as follows:

"2.2 Measurement of energy supplied to Subsidized categories

… iv. ***No electricity connection should be released without metering as per extant law and accordingly assessment of energy supplied to subsidized category of consumers is to be computed on the basis of measured energy through proper metering only. In case of agriculture category, where consumer level metering has not been adopted, energy may be measured at Distribution Transformers (DT) and feeder level through proper metering of DTs/feeders.***

v. In case of dedicated agriculture feeder supplying energy to agricultural consumers, energy measured at feeder level through proper metering shall be considered. The consumption reflected in feeders shall be adjusted for normative T&D losses as determined by SERC/JERC for determination of subsidy.

vi. For mixed feeder, till such time the feeders are segregated, energy shall be measured at feeder level and energy consumed by non-agricultural consumers shall be deducted to arrive at energy consumption of agricultural consumers. The consumption *shall be adjusted for normative T&D losses as determined by SERC/JERC for determination of subsidy.*

vii. In no case shall the assessment of energy be computed on the basis of contracted load, per HP basis, flat tariff, lumpsum or any other such parameter.”

7) So, MGVCL has clearly violated the MoP *Electricity (Amendment) Rules 2022* by not computing unmetered Agriculture Sales on the basis of Energy supplied through DT and Feeder level.

8) **Despite the support by GoI through various Schemes like RDSS unmetered Sales keep persisting and the actual Distribution losses cannot be accurately ascertained. Inefficiencies of MGVCL are being borne by honest metered consumers. PFI requests Hon’ble GERC to direct DISCOMs to submit roadmap for reduction in unmetered Agriculture Sales.**

B. HIGHER POWER PURCHASE COST

9) PFI has observed that as per Audited Accounts of FY 2024-25, MGVCL has paid Rs. 28 Cr. of Deviation Settlement Mechanism (DSM Charges) in FY 2024-25. It is pertinent to note that DSM Charges are a penal mechanism to enforce grid discipline.

10) It is submitted that in certain States, like Bihar, the Commission does not allow DSM Charges (deviation in a time block is > 15% and / or the frequency of grid is < 49.90 Hz) as part of the Power Purchase Cost stating that the same can be controlled through better power planning. Relevant extract from BERC True-Up Order FY 2023-24 dated 28/03/2025 is as follows.

“ The Commission is of the opinion that the licensees’ under drawal / over drawal of UI energy should be strictly within the specified limit stipulated by CERC so as to ***maintain grid discipline and also to avoid any additional deviation charges, which ultimately result in increase of power purchase cost. The underdrawl and/or overdrawl of Energy above the allowable limit and/ or beyond the allowable time blocks can be controlled through better power planning combined with improved power portfolio management and efficient Grid operation and for this reason the***

Commission is of the view that imposition of additional deviation charges on account of deviation in volume and overdrawl when grid frequency is below that 49.95 Hz are penal in nature and therefore should not be allowed to pass through in the power purchase cost.

As per CERC DSM Regulations 2022 read with CERC Suo-moto order dated 06.02.2023, the charges for deviation in a time block by buyer payable by such buyer in case of deviation by way of overdrawl increases in proportion to % increase of deviation in particular time block

The charges for deviation are maximum, when deviation is beyond 15%. Similarly, the deviation charges are levied irrespective of volume limit when frequency of grid is at critical level. The buyer shall have to pay for deviation by way of overdrawl (i) @ 150% of normal rate of charge for deviation when [49.90 < f < 49.95]; and (ii) @ 200% of normal rate of charge for deviation when [f ≤ 49.90]. In order to maintain the grid discipline and to ensure grid security and to discourage over drawal beyond permissible limits, ***the Commission decides not to approve the cases of overdrawl when the deviation in a time block is beyond 15% and / or the frequency of grid is less than 49.90 Hz.***

The Commission therefore does not find the additional deviation charges as discussed above fit to be considered and allows only net deviation charges of Rs. 1.71 Crore as given in the table below. This amount is to be shared among NBPDCL & SBPDCL in their power purchase ratio at Rs. 0.76 Crores for NBPDCL and Rs. 0.95 Crore for SBPDCL

Sl. No	Particulars	Amount (Rs. Crores)
1	DSM Charges for Bihar level payable	143.80
2	VARh charges	0.72
3	Less : Bhutan Deviation (receivable)	87.95
4	**Net UI Charges**	**56.57**
5	Less : DSM charges payable (overdrawal when F<49.5)	45.74
6	Less : DSM charges payable (Overdrawal - deviation in between 10-15%)	9.12
7	**Net UI allowable**	**1.71**
8	Net UI NBPDCL	0.76
9	Net UI SBPDCL	0.95

11) Hon'ble APTEL in its Order in the matter concerning PSPCL (erstwhile PSEB), as referenced in Appeal No 7, 24 & 122 of 2011, further provides the regulatory basis for such action. The Commission's mandate is to ensure prudent power procurement practices, grid discipline, and protection of consumer interests under the provisions of PSERC MYT Regulations, relevant extract from the said Order is as follows:

"19 (2). …………
At this frequency the Board is not expected to overdraw. Regulation 19(2) allows UI charges if power is purchased through UI mechanism in a judicious and economic manner. Such disallowance was on the basis of the decision of the Forum of Regulators dated 1.8.2009 and according to the appellant, it should be only from that date and not for the entire tariff year 2009-10."

12) **In view of above, PFI requests the Hon'ble Commission to reduce the DSM charges of Rs. 28 Cr. from the power Purchase Cost claimed by MGVCL. The inefficiency of the DISCOM can not be passed on to the consumers at large and may be borne by the Govt. of Gujarat in the form of subsidy.**

C. EMPLOYEE EXPENSES – CONTRIBUTION TO PF TRUSTS

13) PFI notes that as per Audited Accounts, Rs. 69 Cr. of *Contribution to PF Trusts* is part of the Employee Expenses which could potentially include penal interests that should be borne by the DISCOM and not allowed to pass through in the ARR.

14) For instance, in the case of Punjab State Power Corporation Ltd. (PSPCL), Hon'ble PSERC in its Tariff Order dated 28/03/2025 has not allowed interest on GPF and mentioned that initial corpus along with interest was to be fully paid/deposited by PSPCL to the GP Fund Trust on or before 31/03/2023 and no interest on outstanding initial corpus balance was allowable after 31/03/2023. Relevant extract is as follows:

"The reply of PSPCL clearly shows that it had been utilizing Trust funds for repayments of their long-term Loans. The Commission has been allowing interest on long term loans and working capital loans on normative basis, therefore, claim of PSPCL that they have been saving on interest by repaying long term loans is in their own interest and not beneficial to the consumers. Further, had PSPCL made timely payments, the GPF Trust could have earned more interest, which would have benefited the subscribers. The claim

for excess interest on the GPF liability has already impacted the previous tariff structure, thereby increasing the financial burden on consumers.

The Commission observed that since PSPCL did not meet the required deposit timelines and diverted funds, the interest claim on default payment is not allowable.

Thus, the Commission disallows interest on GPF of Rs. 44.91 Crore for FY 2023-24 as initial corpus along with interest was to be fully paid/deposited by PSPCL to the GP Fund Trust on or before 31.03.2023 and no interest on outstanding initial corpus balance was allowable after 31.03.2023."

15) **Therefore, PFI request Hon'ble GERC to review the expenses claimed as *Contribution to PF Trusts* and reduce any penal interest that may have been included in the same.**

D. A&G EXPENSES

D1. OTHER ADMINISTRATIVE & GENERAL EXPENSES

16) PFI notes that in the Audited Accounts, Administrative & General Expenses includes a line item "Other Administrative & General Expenses" which forms ~33% of the A&G expenses. No break-up has been provided for this line item. Relevant extract from the Audited Accounts is as follows.

33 Other Expenses (₹ in Lakh)

Particulars	For the Period Ended 31st Mar, 2025	For the Year ended 31st March, 2024
Repairs and Maintenance		
Building and Civil Works	907.99	885.99
Plant and Machinery	2,240.67	2,523.68
Lines, Cable Network etc.	7,867.82	6,102.49
Others#	563.82	7,162.80
Total A	11,580.30	16,674.96
Administrative & General Expenses		
Rent, Rates and Taxes	269.41	235.40
Insurance	64.81	45.40
Legal & Professional Fees	307.48	297.86
Auditors' Remuneration	14.24	12.35
Travelling & Conveyance	4,752.25	4,592.59
Advertisement	119.91	144.57
Electricity Charges	706.37	764.40
Corporate Social Responsibilities*	680.88	207.46
Directors sitting fees	5.93	2.00
GERC License Fees	286.86	291.47
RDSS Related Expenses	5,690.81	0.00
Other Administration & General Expenses#	6,449.41	5,392.61
	19,348.36	[illegible]
Less : Directly attributable cost capitalised	-	(1,270.22)
Total B	19,348.36	10,715.89
Other Debit		
Expenses for Energy Conservation	100.51	101.91
Waiver of Delayed Payment Charges	196.05	276.09
Loss on Sale of PPE (Net)	414.64	657.53
Bad & Doubtful debts write-off	3.73	0.00
Miscellaneous Losses & Write-offs	585.39	319.10
Expected Credit Loss Allowance	2,294.55	2,379.99
Less: Expected Credit Loss Allowance no longer required	(141.15)	(76.83)
Cost of Material Purchased for Sale to Related Party	1,109.82	815.42
Total C	4,563.54	4,473.21
Total	35,492.20	31,864.06

None of the items individually account for more than 1% of total revenue.

17) Such lack of transparency as not been noticed in Other States. It is not possible to ascertain if these expenses are legitimate and should be passed on in the ARR.

18) **Hon'ble GERC may direct the DISCOM to submit details of "Other Administrative Expenses". Once the details have been submitted, only expenses that are genuine & allowed as per Regulatory Provisions may be passed on in the ARR.**

D2. MISCELLANEOUS LOSSES & WRITE OFF

19) MGVCL has included *Miscellaneous Losses & Write Off* of Rs. 5.85 Cr. in A&G Expenses. No break-up has been provided for this line item.

20) During True-Up of FY 2023-24, Hon'ble GERC had directed the DISCOM to submit details for Miscellaneous Losses & Write Off. **The DISCOM had submitted that the same comprises of Compensation for Injuries, Deaths- Staff & Outsiders, loss on obsolescence of the stores and other losses and write off of Delayed Payment Charges**. Hon'ble GERC was of the opinion that these items can not to be socialized to the consumers at large and hence did not allow the same to be passed through in the ARR. Relevant extract from the True-Up Order FY 2023-24 is as follows.

"The Commission is of the view that the amount booked against Compensation for Injuries, Deaths- Staff & Outsiders, loss on obsolescence of the stores and other losses and write offs has to be borne by MGVCL. Further, since amount of delay payment charges is not being considered as income in line with MYT Regulations 2016, waiver of delayed payment charges also not considered as an expense. Accordingly, the Commission has disallowed total of Rs 3.19 Crore"

21) Historically, the largest part of *Miscellaneous Losses & Write Offs* is Compensation for Injuries. It is pertinent to note that all penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.

22) PFI submits that Section 57 (2) and Section 59 (1) of the Act focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

"Section 57. (Consumer Protection: Standards of performance of licensee):

(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.

(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice to any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:

Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard...."

Section 59. (Information with respect to levels of performance):

(1) Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely:-

(a) the level of performance achieved under sub-section (1) of the section 57;

(b) the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation."

23) Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.

24) Further, Hon'ble APTEL vide its Judgment dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:

"Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation."

25) PFI observes that MGVCL has not submitted any details or reference of communications forwarded to the Hon'ble Commission w.r.t. electrical accidents and action taken.

26) **In view of above, PFI proposes the Hon'ble Commission to direct DISCOMs to submit case-by-case reason of accident and allow pass through of compensation, if any, only in cases where the reason is not attributable to the DISCOM. For rest of the cases compensation to be paid by Govt. of Gujarat in the form of Subsidy.**

27) **Based on above, PFI requests Hon'ble GERC to provisionally reduce Rs. 5.85 Cr. of *Miscellaneous Losses & Write-offs* from the A&G Expenses and direct MGVCL to submit detailed break-up of Miscellaneous Losses & Write Off. Once details have been provided, only genuine expenses may be passed on in the ARR and the rest may be borne by the Govt. of Gujarat in the form of subsidy.**

D.3 NO REDUCTION IN BILL PRINTING, BILL DESPATCH & METER READING EXPENSES

28) PFI observes that A&G Expenses have risen from Rs. 134 Cr. to Rs. 141 Cr. despite spends of Rs. 57 Cr. on RDSS Metering OPEX.

29) As a result of smart meters, Meter reading can be obtained through SCADA data and does not require physical visit. Bills can also be generated digitally and shared with the consumers online / on mobile.

30) These Savings are not being reflected in the A&G Expenses, rather they have increased, as tabulated below.

(Rs. Cr.)

Particulars	FY 2023-24	FY 2024-25
RDSS Metering OPEX	0	57
A&G Expenses (exc. RDSS)	134	141

31) **RDSS expenses should be allowed but commensurate reduction in bill printing, bill dispatch & meter reading expenses should be established otherwise, the purpose of RDSS is defeated. PFI requests Hon'ble GERC to direct MGVCL to share details of bill printing, bill dispatch & meter reading expenses and not allow any increase from the previous year i.e. FY 2023-24.**

E. NON-TARIFF INCOME – FINANCING COST OF DPS

32) PFI observes that MGVCL has not considered Delayed Payment Surcharge received from consumers as part of Non-Tariff Income.

33) However, Hon'ble APTEL in its judgment dtd. 28/11/2013 in Appeal Nos. 14 of 2012 in the matter of NDPL Vs DERC has decided that LPSC received by DISCOMs from the consumers shall be treated as NTI and its Financing Cost has to be allowed by Commission. Relevant extract of the said Judgment is as follows:

"131. The Submissions made by the Appellant on this Issue are as under:

a) *LPSC is levied on consumers who pay their bill after the due date. LPSC received by the distribution licensee is treated as Non-Tariff Income under Regulation 5.23 of the MYT Regulations and the same is deducted to arrive at the ARR. Regulation 5.23 provides as follows:*
b) *"5.23. All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to licenses business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee."*
c) *This Tribunal in Appeal No**. 153 of 2009** has held that the distribution licensee is entitled to the cost of financing the entire outstanding principal amount that attracts LPSC at prevalent market lending rates….*

…

133. Let us see the findings of the Delhi Commission in the impugned order which reads as under:

Table 144: Funding of LPSC (Rs Cr)

Particular	*FY 2009-10*
LPSC Collected (@ 18%)	*16.09*
Principle amount on which LPSC was charged	*89.39*
Interest Rate for funding of Principle of LPSC	*9.5%*
Interest approved on funding of Principle amount of LPSC	*8.49*

135. The Appellant has submitted that the financing of LPSC is required to meet the requirements of working capital. Delhi Commission has submitted that allowing financing cost for LPSC means allowing of additional working capital for the time period between the due date and the actual date of payment. Hence, financing cost of LPSC has to be at the same rate as that approved for working capital funding. The view taken by the Delhi Commission is correct and need not be interfered with.

136. Accordingly decided against the Appellant."

34) Based on the above, PFI requests Hon'ble GERC to consider DPS as part of Non- Tariff Income, netting off the Financing cost associated with the same. PFI based on the methodology shown in the aforementioned APTEL Judgement has computed NTI, as shown below:

(Rs. Cr.)

Particulars	**FY 2024-25**
DPS as per Accounts	51
Principal Amount on which above DPS was levied @18%	284
WC Rate of DISCOM	11.38%
Financing Cost of DPS	32
Net DPS in NTI	**19**

35) As above, DPS for MGVCL has been worked out as Rs. 19 Cr. for FY 2024-25. Basis the judgement of Hon'ble APTEL, PFI requests Hon'ble GERC to consider the same while doing True-Up of FY 2024-25.

F. SUMMARY OF TRUE-UP FY 2024-25

36) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for MGVCL is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales (MU)	13191	13191	0
2	Distribution Loss	8.37%	8.37%	
3	Power Purchase Cost	7132	7104	(28)
3a	***Less:** DSM Charges*		*28*	
4	Transmission Charges	1026	1026	0
5	Operation & Maintenance (O&M) Expenses (5a+5b+5c)	968	962	(6)
5a	Employee Expenses	711	711	
5b	Administrative & General (A&G) Expenses	141	135	
5b-i	*Less: Miscellaneous Losses & Write-offs*		*6*	
5c	Repair & Maintenance (R&M) Expenses	116	116	
6	Return on Equity	189	189	0
7	Interest on Loan	90	90	0
8	Interest on Working Capital	0	0	0
9	Depreciation	327	327	0
10	Other Costs	664	664	0
11	**Aggregate Revenue Requirement (ARR)**	**10,396**	**10362**	**(34)**
12	Less: Non-Tariff Income	257	276	(19)
12a	*Add (to NTI): DPS net of financing Cost*		*19*	
13	**Net ARR**	**10,139**	**10,087**	**(53)**
14	Revenue from Sale of Power	9932	9932	
15	**Revenue (Gap)/Surplus**	**(207)**	**(154)**	

In view of above, elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Gujarat in the form of subsidy. **Accordingly, the revised subsidy is of Rs. 120 Cr. instead of booked subsidy of Rs. 67 Cr. for FY 2024-25 which should be paid by Govt. of Gujarat to MGVCL.**

PFI Comments/Suggestions: MGVCL ARR Petition FY 2026-27

1) PFI has observed that MGVCL has not filed complete petition for ARR of FY 2026-27. MGVCL has only claimed revised Power Purchase Cost and all other expenses and incomes have been considered that same as that approved by Hon'ble GERC in MYT Order for FY 2025-26 to FY 2029-2030 dated 31/03/2025.

2) The said MYT Order was based on the True-Up of FY 2023-24 & now True-Up of FY 2024-25 has been filed which leads to modification in the Opening Balance of GFA, Loan & Equity and other elements of the ARR.

3) Further, Hon'ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011 has directed that Annual Revenue Requirement and tariff determination should be conducted on annual year basis. Relevant extract from the said Order is as follows.

> *"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:*
>
> *(a) No projection can be so accurate as to equal the real situation.*
>
> *(b)The burden/benefits of the past years must not be passed on to the consumers of the future.*
>
> *(c) Delays in timely determination of tariff and truing-up entails:*
>
> *(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.*
>
> *(ii) Cash flow problems for the licensees.*
>
> ....
>
> *65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:*
>
> *(i) Every State Commission has to ensure that Annual Performance Review**,** true-up of past expenses and A**nnual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.***
>
> *(ii) It should be the endeavour of every State Commission to ensure that the **tariff for the financial year is decided before 1st April of the tariff year...***
>
> *(iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of*

submission of the petition, the State Commission must initiate Suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.

....

(v) Truing up should be carried out regularly and preferably every year…".

4) Therefore, PFI requests Hon'ble GERC to direct DISCOMs to file complete ARR Petition for FY 2026-27.

A. NFA approach for Return on Equity

5) Under Section 181 of the Electricity Act, 2003, SERC has been defined specific function to frame Regulations. Sub-Section (1) of Section 181 stipulates that "*The State Commission may, by notification make regulations **consistent with this Act** and the rules generally to carry out the provisions of this Act.*"

6) Section 61 of the Electricity Act, 2003, pertains specifically to framework of Tariff Regulations by appropriate Commission. Sub-Section (d) of Section 61 stipulates that while framing Tariff Regulations, appropriate Commission may be guided by various factors including "***safeguarding of consumers' interest** and **at the same time, recovery of the cost of electricity** in a reasonable manner;"*

7) Taking an ideal case of Transformer, whose useful life is 25 years. Based on such useful life, Depreciation is first calculated for 12 years which is linked to 70% of loan repayment. Balance Depreciation till 90% is segregated over balance useful life of 25 years.

8) As mandated u/s 61 (d), stipulated above, there has to ***be recovery of cost of Electricity in a reasonable manner***. Beneficiaries pay for the cost of electricity till 25 years. Initially, Capital Cost is split into 70 : 30 :: Debt : Equity which is being currently dealt as follows :

- **<u>For 1st 12 years</u>** *(ref: Regulation 21.1 (viii) HERC Tariff Regulations, 2019)*

- Loan Repayment equivalent to 70% of Capital Cost, is being linked to Depreciation and its Interest portion is allowed as separate line item in Fixed Cost.

- Return on Equity is allowed yearly on 30% of Capital Cost without depreciating the equity base since, depreciation is being linked to Debt component.

" 21.1. (viii) In case any moratorium period on repayment of loan is availed of by the generating company or the licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

Provided that the repayment for each year of the control period shall be deemed to be equal to the depreciation allowed for the corresponding year."

- **Balance Useful Life of 13 years**

  - Loan has been fully repaid whose principal payment was linked to Depreciation i.e., asset has now been 70% Depreciated.

  - Depreciation is still allowed as an expense in Fixed Cost till 25 years but Equity Base is not reduced.

  - Till 100% Loan repayment, which translates to recovery of 70% of Capital Cost, Depreciation used to reduce the Loan Base by linking with loan repayment but once loan is fully repaid Depreciation is still allowed as an expense in Annual Fixed Charges and RoE is allowed on total Equity Base which is same as that on Year 1.

9) So, a utility, after 12 years (when loan has been fully repaid) receives Depreciation in Fixed Charges and also RoE on full Equity Base. Rather, after 12 years, RoE should be allowed on Net Fixed Asset basis and Equity Base should be reduced by Depreciation since Depreciation is allowed as an expense even after 12 years recovered from consumers.

Other SERCs where NFA approach is adopted

10) Andra Pradesh Electricity Regulatory Commission, Delhi Electricity Regulatory Commission.

CERC Order dtd. 13/08/2021 – NFA Approach for Emission Control System

11) Hon'ble CERC in it's Order dtd. 13/08/2021 related to determination of Compensation on account of installation of Emission Control System has considered NFA approach as follows:

> *"36. We have considered all the suggestions and comments of the stakeholders. **However, the Commission notes that the approach of net fixed assets and cost of capital employed suggested in the draft Suo-Motu order satisfies the principle of economic restitution.** The Commission is aware of the concerns and financial position of the generating companies. However, compensation for change in law cannot be a mechanism to improve their financial position. Accordingly, the proposed approach of servicing investment through cost of capital employed is appropriate, being consistent with the principle of economic restitution."*

CERC Order dtd. 30/07/2016 – NFA Approach for BTPS

12) Hon'ble CERC in it's Order dtd. 30/07/2016 related to Truing up of Fixed Cost of 705 MW of BTPS (3 x 95 + 2 x 210) for the period from 1/4/2009 to 31/03/2014, had decided NFA approach post repayment of loan, tabulated as follows:

> *"63. The respondent, BRPL has requested the Commission to direct the petitioner to furnish the actual Corporate tax paid against the BTPS duly audited and certified by the Auditors. In response the petitioner has submitted that the Commission has already upheld the contention of the Petitioner, and therefore, this is a settled matter. **As per methodology under NFA approach, return would be provided on constant equity component till the loans are fully paid and once the***

loans are fully repaid subsequent depreciation recovery would be utilized towards notional reduction in equity. *In other words, return on equity would be calculated on reducing equity base once the loan is fully repaid notionally. The net equity worked out on cash basis as on 1.4.2009 is ₹17946.58 lakh whereas ₹17848.20 lakh has been considered by the petitioner for purpose of tariff. The grossing up of the base rate has been done with respect to the actual tax rate applicable to the petitioner for the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14. Accordingly, return on equity has been worked out on the normative net equity as on 1.4.2009 after accounting for the admitted actual additional capital expenditure for the period 2009-14 as above. Return on Equity has been computed as under:-*

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Opening notional equity	17923.71	15699.11	13873.71	14063.84	12366.63
Addition due to Additional Capitalisation	14.65	174.78	781.73	279.06	25.00
Repayment of Equity (balance of depreciation after repayment of loan)	2239.25	2000.18	591.60	1976.27	2448.21
Closing Equity	15699.11	13873.71	14063.84	12366.63	9943.42
Average Equity	16811.41	14786.41	13968.77	13215.23	11155.02
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
Tax rate (%)	33.990	33.218	32.445	32.445	33.990
Rate of Return on Equity (Pre Tax) (%)	23.481	23.210	22.944	22.944	23.481
Return on Equity (Pre Tax)	**3947.49**	**3431.93**	**3204.99**	**3032.10**	**2619.31**

13) In view of above, it is noted that since beneficiaries are required to pay for the useful value of the assets in operation, therefore NFA approach would be in tandem with Section 61 (d) of the Act.

14) GFA approach leads DISCOMs to earn return on depreciated assets. Therefore, the capital cost may be divided in the ratio of loans and equity and the loan amount may be reduced to the extent of depreciation accrued. Once the loan is fully repaid, further depreciation must reduce the Equity component as still depreciation is allowed to be recovered in Fixed Cost even after full repayment of loan.

15) **Working Methodology of GFA and proposed NFA Approach is Annexed herewith as Appendix-1 (only RoE, IoL and Depreciation), wherein it may be noted that from 20th Year onwards Equity Base is reduced, after repayment of Loan, through Depreciation. Cumulative RoE till 25 years is Rs. 105.60 Cr. whereas under NFA approach is Rs. 95.71 Cr.**

16) It is also observed that Hon'ble Commission in Regulation 32.1 of GERC (Multi-Year Tariff) Regulations, 2024 has already directed DISCOMs to follow the same principle of reduction of equity. The relevant extract is as follow:

"Provided that in case of a generating station or a transmission system or a communication system or a distribution system, which has completed its useful life as on or after April 01, 2025, the excess of accumulated depreciation net of cumulative repayment of normative loan attributable to such asset, shall be utilized for reduction of the equity over the period of next five financial years in equal tranches:

Provided also that depreciation admissible after the completion of useful life and the balance depreciation, if any, shall be first adjusted against the repayment of balance outstanding loan, if any and thereafter shall be utilized for reduction of equity"

17) **In view of above, PFI requests the Hon'ble Commission to direct DISCOMs to submit the details in line with the Regulation.**

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PRAYERS BEFORE HON'BLE GERC:-

1) **To consider the comments / suggestions of Power Foundation of India (PFI) on True-Up Petition FY 2024-25 & Tariff Petition FY 2026-27 of MGVCL.**
2) **To reduce DSM Charges from Power Purchase Cost on account of DSM Charges being an enforcement mechanism for grid discipline.**
3) **To reduce Miscellaneous Losses & Write-Offs from A&G Expenses.**
4) **To consider Delayed Payment Surcharge received from consumers as part of Non-Tariff Income adjusted for financing cost of the same.**
5) **To review Contribution to PF Trusts under Employee Expenses & Other A&G Expenses under A&G Expenses.**
6) **To direct MGVCL to share details of bill printing, bill dispatch & meter reading expenses and not allow any increase from the previous year i.e. FY 2023-24 since RDSS Metering OPEX is being allowed.**
7) **The inefficiency of the MGVCL can not be passed on to the consumers of Gujarat and may be borne by the Govt. of Gujarat in the form of subsidy. Accordingly, the revised subsidy is of Rs. 120 Cr. instead of booked subsidy of Rs. 67 Cr. for FY 2024-25 which should be paid by Govt. of Gujarat to MGVCL.**
8) **To direct DISCOMs to file complete ARR Petition for FY 2026-27.**
9) **To direct DISCOMs to share details if NFA Approach is being followed.**
10) **To consider the additional submissions, if any, made by PFI for True-Up Petition FY 2024-25 & Tariff Petition FY 2026-27 of MGVCL.**

GFA Approach

Assumptions:

a) **Initial Capital Cost = Rs. 100 Cr., (b) Useful Life = 25 Years (c) D:E::70:30 (d) Cost of Debt = 8% e) RoE = 16%**

Capital Expenditure

Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
Opening GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100
Addition	Rs Cr	0	0	0	0	0	0	0	0	0	0
Decapitilisation	Rs Cr	0	0	0	0	0	0	0	0	0	0
Closing GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100

Depreciation

Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
Opening Accumulated	Rs Cr	0	5.25	10.19	14.85	19.23	23.36	27.25	30.91	34.36	37.60
Balance Dep.	Rs Cr	90.00	84.75	79.81	75.15	70.77	66.64	62.75	59.09	55.64	52.40
Depreciation Rate	%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%
Balance useful life	Years	25	24	23	22	21	20	19	18	17	16
Current Year Depreciation	Rs Cr	5.25	4.94	4.66	4.38	4.13	3.89	3.66	3.45	3.25	3.06
Closing Accumulated	Rs Cr	5.25	10.19	14.85	19.23	23.36	27.25	30.91	34.36	37.60	40.66
Average Accumulated Depreciation	Rs Cr	2.63	7.72	12.52	17.04	21.30	25.30	29.08	32.63	35.98	39.13
Asset Net of Depreciation	Rs Cr	94.75	89.81	85.15	80.77	76.64	72.75	69.09	65.64	62.40	59.34

Interest on Loan

Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
Opening Loan	Rs Cr	70.00	64.75	59.81	55.15	50.77	46.64	42.75	39.09	35.64	32.40
Repayment during the year	Rs Cr	5.25	4.94	4.66	4.38	4.13	3.89	3.66	3.45	3.25	3.06
Closing Loan	Rs Cr	64.75	59.81	55.15	50.77	46.64	42.75	39.09	35.64	32.40	29.34
Average Loan	Rs Cr	67.38	62.28	57.48	52.96	48.70	44.70	40.92	37.37	34.02	30.87

Return on Equity

Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
Gross Fixed Asset	Rs Cr	100.00	89.81	85.15	80.77	76.64	72.75	69.09	65.64	62.40	59.34
Average Equity	Rs Cr	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Average Capex loan	Rs Cr	70.00	62.86	59.61	56.54	53.65	50.93	48.36	45.95	43.68	41.54
Cost of Debt, Rd	%	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Rate of Return on Equity, Re	%	16.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Return on Equity	Rs Cr	4.80	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Interest on Loan	Rs Cr	5.39	4.98	4.60	4.24	3.90	3.58	3.27	2.99	2.72	2.47
Return on Working Capital	Rs Cr	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Annual Fixed Cost

Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
Return on Equity	Rs Cr	4.80	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Interest on Loan	Rs Cr	5.39	4.98	4.60	4.24	3.90	3.58	3.27	2.99	2.72	2.47
Depreciation	Rs Cr	5.25	4.94	4.66	4.38	4.13	3.89	3.66	3.45	3.25	3.06
Annual Fixed Cost	**Rs Cr**	**15.44**	**14.13**	**13.45**	**12.82**	**12.22**	**11.66**	**11.13**	**10.64**	**10.17**	**9.73**

Capital Expenditure

Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
Opening GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Addition	Rs Cr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Decapitilisation	Rs Cr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Depreciation

Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
Opening Accumulated	Rs Cr	40.66	43.54	46.25	49.61	52.98	56.34	59.71	63.08	66.44	69.81	73.17	76.54	79.90	83.27	86.63
Balance Dep.	Rs Cr	49.34	46.46	43.75	40.39	37.02	33.66	30.29	26.92	23.56	20.19	16.83	13.46	10.10	6.73	3.37
Depreciation Rate	%	5.83%	5.83%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%
Balance useful life	Years	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Current Year Depreciation	Rs Cr	2.88	2.71	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37
Closing Accumulated	Rs Cr	43.54	46.25	49.61	52.98	56.34	59.71	63.08	66.44	69.81	73.17	76.54	79.90	83.27	86.63	90.00
Average Accumulated Depreciation	Rs Cr	42.10	44.89	47.93	51.30	54.66	58.03	61.39	64.76	68.12	71.49	74.85	78.22	81.59	84.95	88.32
Asset Net of Depreciation	Rs Cr	56.46	53.75	50.39	47.02	43.66	40.29	36.92	33.56	30.19	26.83	23.46	20.10	16.73	13.37	10.00

Interest on Loan

Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
Opening Loan	Rs Cr	29.34	26.46	23.75	20.39	17.02	13.66	10.29	6.92	3.56						
Repayment during the year	Rs Cr	2.88	2.71	3.37	3.37	3.37	3.37	3.37	3.37	3.37						
Closing Loan	Rs Cr	26.46	23.75	20.39	17.02	13.66	10.29	6.92	3.56	**0.19**						
Average Loan	Rs Cr	27.90	25.11	22.07	18.70	15.34	11.97	8.61	5.24	1.88						

Return on Equity

Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
Gross Fixed Asset	Rs Cr	56.46	53.75	50.39	47.02	43.66	40.29	36.92	33.56	30.19	26.83	23.46	20.10	16.73	13.37	10.00
Average Equity	Rs Cr	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Average Capex loan	Rs Cr	39.52	37.63	35.27	32.92	30.56	28.20	25.85	23.49	21.14	18.78	16.42	14.07	11.71	9.36	7.00
Cost of Debt, Rd	%	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Rate of Return on Equity, Re	%	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Return on Equity	Rs Cr	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Interest on Loan	Rs Cr	2.23	2.01	1.77	1.50	1.23	0.96	0.69	0.42	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Return on Working Capital	Rs Cr	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Annual Fixed Cost

Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year	Total
Return on Equity	Rs Cr	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	**105.60**
Interest on Loan	Rs Cr	2.23	2.01	1.77	1.50	1.23	0.96	0.69	0.42	0.15	0.00	0.00	0.00	0.00	0.00	0.00	**49.08**
Depreciation	Rs Cr	2.88	2.71	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	**90.00**
Annual Fixed Cost	**Rs Cr**	**9.31**	**8.92**	**9.33**	**9.06**	**8.79**	**8.52**	**8.25**	**7.98**	**7.72**	**7.57**	**7.57**	**7.57**	**7.57**	**7.57**	**7.57**	**244.68**

NFA APPROACH

Capital Expenditure

S.No.	Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
A	Opening GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100
B	Additional Capitalisation	Rs Cr	0	0	0	0	0	0	0	0	0	0
C	Decapitilisation	Rs Cr	0	0	0	0	0	0	0	0	0	0
D	Closing GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100
E	Average GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100

Depreciation

S.No.	Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
B	Opening Accumulated	Rs Cr	0	5.25	10.19	14.85	19.23	23.36	27.25	30.91	34.36	37.60
C	Balance Dep.	Rs Cr	90.00	84.75	79.81	75.15	70.77	66.64	62.75	59.09	55.64	52.40
D	Depreciation Rate	%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%	5.83%
E	Balance useful life	Years	25	24	23	22	21	20	19	18	17	16
F	Current Year Depreciation	Rs Cr	5.25	4.94	4.66	4.38	4.13	3.89	3.66	3.45	3.25	3.06
G	Closing Accumulated Depreciation	Rs Cr	5.25	10.19	14.85	19.23	23.36	27.25	30.91	34.36	37.60	40.66
H	Average Accumulated Depreciation	Rs Cr	2.63	7.72	12.52	17.04	21.30	25.30	29.08	32.63	35.98	39.13
I	Asset Net of Depreciation	Rs Cr	94.75	89.81	85.15	80.77	76.64	72.75	69.09	65.64	62.40	59.34

Interest on Loan

S.No.	Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
A	Opening Loan	Rs Cr	70.00	64.75	59.81	55.15	50.77	46.64	42.75	39.09	35.64	32.40
B	Repayment during the year	Rs Cr	5.25	4.94	4.66	4.38	4.13	3.89	3.66	3.45	3.25	3.06
C	Closing Loan	Rs Cr	64.75	59.81	55.15	50.77	46.64	42.75	39.09	35.64	32.40	29.34
D	Average Loan	Rs Cr	67.38	62.28	57.48	52.96	48.70	44.70	40.92	37.37	34.02	30.87

Return on Equity

S.No.	Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
A	Asset Net of Depreciation	Rs Cr	100.00	89.81	85.15	80.77	76.64	72.75	69.09	65.64	62.40	59.34
B	Average Equity	Rs Cr	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
C	Average Capex loan	Rs Cr	70.00	62.86	59.61	56.54	53.65	50.93	48.36	45.95	43.68	41.54
G	Cost of Debt, Rd	%	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
H	Rate of Return on Equity, Re	%	16.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
J	Return on Equity	Rs Cr	4.80	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
K	Interest on Loan	Rs Cr	5.39	4.98	4.60	4.24	3.90	3.58	3.27	2.99	2.72	2.47

Annual Fixed Cost _ RoE on NFA Basis

S.No.	Particulars	UoM	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
A	Return on Equity	Rs Cr	4.80	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
B	Interest on Loan	Rs Cr	5.39	4.98	4.60	4.24	3.90	3.58	3.27	2.99	2.72	2.47
D	Depreciation	Rs Cr	5.25	4.94	4.66	4.38	4.13	3.89	3.66	3.45	3.25	3.06
F	**Annual Fixed Cost**	**Rs Cr**	**15.44**	**14.13**	**13.45**	**12.82**	**12.22**	**11.66**	**11.13**	**10.64**	**10.17**	**9.73**

Capital Expenditure

S.No.	Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
A	Opening GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
B	Additional Capitalisation	Rs Cr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C	Decapitilisation	Rs Cr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D	Closing GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
E	Average GFA	Rs Cr	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Depreciation

S.No.	Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
B	Opening Accumulated	Rs Cr	40.66	43.54	46.25	49.61	52.98	56.34	59.71	63.08	66.44	69.81	73.17	76.54	79.90	83.27	86.63
C	Balance Dep.	Rs Cr	49.34	46.46	43.75	40.39	37.02	33.66	30.29	26.92	23.56	20.19	16.83	13.46	10.10	6.73	3.37
D	Depreciation Rate	%	5.83%	5.83%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%
E	Balance useful life	Years	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
F	Current Year Depreciation	Rs Cr	2.88	2.71	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37
G	Closing Accumulated Depreciation	Rs Cr	43.54	46.25	49.61	52.98	56.34	59.71	63.08	66.44	69.81	73.17	76.54	79.90	83.27	86.63	90.00
H	Average Accumulated Depreciation	Rs Cr	42.10	44.89	47.93	51.30	54.66	58.03	61.39	64.76	68.12	71.49	74.85	78.22	81.59	84.95	88.32
I	Asset Net of Depreciation	Rs Cr	56.46	53.75	50.39	47.02	43.66	40.29	36.92	33.56	30.19	26.83	23.46	20.10	16.73	13.37	10.00

Interest on Loan

S.No.	Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
A	Opening Loan	Rs Cr	29.34	26.46	23.75	20.39	17.02	13.66	10.29	6.92	3.56						
B	Repayment during the year	Rs Cr	2.88	2.71	3.37	3.37	3.37	3.37	3.37	3.37	3.37						
C	Closing Loan	Rs Cr	26.46	23.75	20.39	17.02	13.66	10.29	6.92	3.56	**0.19**						
D	Average Loan	Rs Cr	27.90	25.11	22.07	18.70	15.34	11.97	8.61	5.24	1.88						

Return on Equity

S.No.	Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year
A	Asset Net of Depreciation	Rs Cr	56.46	53.75	50.39	47.02	43.66	40.29	36.92	33.56	30.19	26.83	23.46	20.10	16.73	13.37	10.00
B	Average Equity	Rs Cr	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	26.63	23.27	19.90	16.54	13.17	9.81
C	Average Capex loan	Rs Cr	39.52	37.63	35.27	32.92	30.56	28.20	25.85	23.49	21.14	18.78	16.42	14.07	11.71	9.36	7.00
G	Cost of Debt, Rd	%	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
H	Rate of Return on Equity, Re	%	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
J	Return on Equity	Rs Cr	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	3.73	3.26	2.79	2.32	1.84	1.37
K	Interest on Loan	Rs Cr	2.23	2.01	1.77	1.50	1.23	0.96	0.69	0.42	0.15	0.00	0.00	0.00	0.00	0.00	0.00

Annual Fixed Cost _ RoE on NFA Basis

S.No.	Particulars	UoM	11th Year	12th Year	13th Year	14th Year	15th Year	16th Year	17th Year	18th Year	19th Year	20th Year	21st Year	22nd Year	23rd Year	24th Year	25th Year	Total
A	Return on Equity	Rs Cr	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	***3.73***	***3.26***	***2.79***	***2.32***	***1.84***	***1.37***	**95.71**
B	Interest on Loan	Rs Cr	2.23	2.01	1.77	1.50	1.23	0.96	0.69	0.42	0.15	0.00	0.00	0.00	0.00	0.00	0.00	**49.08**
D	Depreciation	Rs Cr	2.88	2.71	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	3.37	**90.00**
F	**Annual Fixed Cost**	**Rs Cr**	**9.31**	**8.92**	**9.33**	**9.06**	**8.79**	**8.52**	**8.25**	**7.98**	**7.72**	**7.09**	**6.62**	**6.15**	**5.68**	**5.21**	**4.74**	**234.78**