

**GUJARAT ENERGY TRANSMISSION CORPORATION LIMITED****Sardar Patel Vidyut Bhavan, Race Course, Vadodara-390 007**

Phone No.: 0265-2310583-86 (PBX 3901)

Fax No.0265-2337918, 2338164

E-Mail : [gmfa.getco@gebmail.com](mailto:gmfa.getco@gebmail.com) Website : [www.getcogujarat.com](http://www.getcogujarat.com)

Corporate Identity No. (CIN) : U40100GJ1999SGC036018

**Ref: GM(F&A)/Reg./Tariff /True Up-2017-18 & Tariff- 2019-20/****Date : 31.12.18**

To

**The Secretary**

Gujarat Electricity Regulatory Commission  
6th Floor, GIFT ONE,  
Road 5C, Zone 5,GIFT City,  
Gandhinagar - 382355,  
Gujarat, India.

**Sub:** Additional submission on GETCO Tariff Petition No. 1757 of 2018 for True Up of FY 2017-18 and determination of Tariff for FY 2019-20 under section 62 of Electricity Act, 2003 and GERC MYT Regulations, 2016.

**Ref:** 1. GERC email dated 18.12.18 for Data Gaps in the GETCO Petition No. 1757/2018.  
2. ACE(R&C) /EE-C/3168 dated 28.12.2018

Dear Sir,

With reference to above subject, under reference, it is to state that Hon'ble commission has asked various details for which point no. 8, 12 and 14 was submitted vide letter under reference 2. Following are the point wise GETCO compliances for the remaining points:

**O&M Expenses:**

1. Whether Employee and A&G expenses are inclusive of any provision during the year. If, yes, please furnish the detail of each provision including its amount and the purpose for which it has been created.

**GETCO Compliance:** The Corporate Office as well as field offices are making the provision of various expenses of Employee benefit as well as A&G expenses. The provisions made in the annual Accounts consist significantly of

- a. The Provision for 7<sup>th</sup> Pay Commission of FY 2017-18,
- b. Performance Incentive of FY 2017-18,
- c. DA Arrears for Jan-18 to Mar-18,
- d. Gratuity of FY 2017-18 and
- e. Leave Encashment of FY 2017-18.

The details of above provisions are as under:

Sr. No.	Particulars	Amount (Rs. In Crores)	Remarks
1.	Provision for 7 <sup>th</sup> Pay Commission of FY 2017-18	94.97	While submitting the employee cost in True Up for F.Y. 2017-18, GETCO has not considered the above figure in computation

			and hence this provision is not included in Employee Cost.
2.	Performance Incentive of FY 2017-18	16.20	This provision is included in Employee Cost in True Up for F.Y. 2017-18
3.	DA Arrears for Jan-18 to Mar-18	2.61	This provision is included in Employee Cost in True Up for F.Y. 2017-18
4.	Leave Encashment of FY 2017-18	63.98	This provision is included in Employee Cost in True Up for F.Y. 2017-18
5.	Gratuity of FY 2017-18- Total	147.90	This provision is included in Employee Cost in True Up for F.Y. 2017-18

2. In Note 22 of annual audited accounts, the petitioner has made an addition to the provision for leave encashment during FY 2017-18. Whether, the same is included in the employee expenses given at Note 33.

**GETCO Compliance:** GETCO had made provision of Rs.63.98 crores attributable to Leave Encashment on retirement and the same is also included in the expense group Employee Cost i.e. Note-33 of Annual Audited Accounts of FY 2017-18.

3. While claiming the employee expenses, the petitioner has considered the Re-measurement of the defined benefit plans of Rs. 117.17 Crore under employee expenses head, please furnish the financial implication of such claim. Please also clarify, whether the aforesaid Re-measurement is any kind of provision as per accounting standard?

**GETCO Compliance:** Total Gratuity Provision (Defined Benefit Plan) for FY 2017-18 is Rs. 147.92 crores as per LIC Certificate. The Defined Benefit Plan consists of Current Service Cost, Past service cost and (gain)/loss from settlements and Net Interest on net defined benefit liability (included in Employee Cost) and also Re-measurement of the net defined benefit liability (considered in Other comprehensive income). The accounting of Gratuity is done as per the requirements of Ind AS-19. The details of the same is as under;

Particulars	Description	Amount (in Rs. Crores)	Disclosed under
Current Service Cost	Increase in the present value of the defined benefit obligation resulting from employee service in the current period	15.59	Employee Cost under Note No. 33.
Past service cost and (gain)/loss from settlements	The change in the present value of defined benefit obligations caused by employee service in prior periods. This cost arises from changes in post-employment benefits or other long-term employee benefits. The change in this cost may either be positive or negative	6.90	Employee Cost under Note No. 33.

Particulars	Description	Amount (in Rs. Crores)	Disclosed under
Net Interest Cost	Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time	8.24	Employee Cost under Note No. 33.
Re-measurement of the net defined benefit liability (considered in Other comprehensive income).	Required disclosure related to defined benefit plans are made in Significant Accounting Policy No. 10. And Also the detailed calculation of Defined Benefit Plan is shown under the Note 39. The Provision and its accounting is made as per the Ind AS 19 requirement.	117.17	Other comprehensive income

4. It is observed that petitioner has significantly deviated under the following items of capital expenditure as compared to approved in MYT order for FY 2017-18.

- a. The expenditure incurred is significantly more than the approved figure under the following items:

Particulars	FY 2017-18	FY 2017-18
	Approved	Actual
New Projects		
400 KV Substations	204.00	240.73
66 KV Substation	380.00	680.98
66 KV Lines	153.00	361.67
Total of New Projects	737.00	1283.38
R&M	260.00	316.69
City Development Plan and ASSIDE Scheme	-	3.06
Total	997.00	1603.13

- b. The expenditure incurred is significantly lesser than the approved figure under the following items:

Particulars	FY 2017-18	FY 2017-18
	Approved	Actual
<b>New Projects</b>		
400 KV Lines	561.00	442.47
220KV Substation	362.00	109.41
132 kv Substation	18.00	12.32
Capacitor Bank	25.00	0.00
Bus Reactor & SVC	65.00	19.89
<b>Total of New Projects</b>	<b>1031.00</b>	<b>584.09</b>

Augmentation of Sub-station/ Lines		
<b>Total of R&amp;M</b>		
RTU	5.98	0.56
<b>Total</b>	<b>1036.98</b>	<b>584.65</b>

In view of above observations, the petitioner is required to furnish justification for its claim of capital expenditure incurred for FY 17-18.

**GETCO Compliances:**

Reason for deviation in the capex is as under:

**400 kV Substation:**

- **Planned: Rs 204 Cr, Actual: Rs 240.73 Cr, Diff.: Rs – 36.73 Cr**

Substation	Planned	Actual	Deviation	Reason/Current Status
400 kV Bhachunda	26	21.5	5	Minor deviation, WIP
400 kV Bhogat	55	0	55	Tender is delayed, WIP
400 kV Sanand	40	160	-120	Planned in FY 2018-19 but Early Commissioned
400 kV Vav	43	8.41	35	Tender is delayed, WIP
400/220/66 KV Charanka	0	2.26	-2	Final bill payment not envisaged earlier
400KV Veloda	0	2.59	-3	Final bill payment not envisaged earlier
Soja Bay	0	4.08	-4	Line Bay cost not envisaged
<b>Total</b>	<b>164</b>	<b>199</b>	<b>-35</b>	

**400 kV Transmission Lines:**

- **Planned: Rs 561 Cr, Actual: Rs 442.47 Cr, Diff.: Rs 118.53 Cr**

Name of Line	Planned	Actual	Difference	Reason/Current Status
400 kV Bhachunda - Varsana	42	15.56	26.44	RoW issue
400 kV Shapar - Pachcham	37.5	0	37.5	Re-tendered due to GST
400 kV Hadala - Shapar	39	21.2	17.8	RoW issue
400 kV Bhogat - Kalawad	50	26	24	RoW issue
400 kV Bhachunda - Bhuj pool	15	0	15	Yet to tenderized
<b>Total</b>	<b>183.5</b>	<b>62.76</b>	<b>120.74</b>	

**220 kV Substation:**

- Planned: Rs 362 Cr, Actual: Rs 109.41 Cr, Diff.: Rs 252.59 Cr

Name of 220 kV S/s	Planned	Actual	Difference	Reason
220 kV Babara	26.88	1	25.88	Land Issue due to Farmer agitation
220 kV Sarigam	29.58	0	29.58	Modality changed from AIS to Digital looking to the scarcity of land
220 kV Virpore	15	0.08	14.92	Tender delayed
220 kV Amod	30	1.59	28.41	Civil work under progress
220 kV Mesanka	30	0	30	Tender delayed
220 kV Kawant	25.67	8.71	16.96	Major expenses incurred in FY 2016-17
220 kV Visavadar	20	0	20	
220 kV Bagodara	18.99	5	13.99	Delay in start of work
220 kV Rajula	20	0	20	Yet to tenderized
220 kV Kalawad	21	0.66	20.34	Due to change in the tender modalities
220 kV Wankaner	17.5	0	17.5	as it is under KfW loan
220 kV Makansar	10	0	10	Delayed in Tender
220 kV Santej	13.08	5.25	7.83	WIP
<b>Total</b>	<b>277.7</b>	<b>22.29</b>	<b>255.41</b>	

**132 kV Line:**

- Planned: Rs 32 Cr, Actual: Rs 15.8 Cr, Diff.: Rs 16.2 Cr

Name of 132 kV Tr. Line	Planned	Actual	Difference	Reason
LILO of 132 KV S/C Junagadh - Talala line at 220 KV Shapur	9.14	2.32	6.82	RoW issue
LILO of circuit of 132 KV S/C Gondal - Haripur line at 220 KV Visavadar substation	9.27	1.18	8.09	
<b>Total</b>	<b>18.41</b>	<b>3.5</b>	<b>14.91</b>	

- 66 kV Substation:**

- Planned: Rs 380 Cr, Actual: Rs 680.98 Cr, Diff.: Rs -300.98 Cr
- Major deviation is due to the capex incurred for the spill over works mainly in the form of Final bill payment, Final Land payment and minor works pending at the last year commissioned substation.
- Apart from above capex is also incurred on the substation under Advance action.
- Capex incurred on the planned 98 substations is Rs 352.35 Crs
- Capex incurred on Spill over work is Rs. 161.28
- Capex incurred on Advance action work is Rs 48.14
- Apart from above amount of interest capitalized is also referred under the capex

- **66 kV Transmission Line**

- Planned: Rs 153 Cr, Actual: Rs 361.67 Cr, Diff.: Rs -208.67 Cr
- Major deviation is due to the capex incurred on under ground cable.
- During planning U/G cable is not considered as location of substation and route map of transmission lines is not available. Therefore, approx. 7 Km length is considered per substation taking average Rs 17 lacs per Km.
- In FY 2017-18, 135 Km of U/G cable is laid having average per Km cost of Rs 1.9 Crs making it Rs 256 Crs.

**Depreciation:**

5. Please furnish the detail computation of depreciation along with the depreciation rates. The petitioner is also required to justify whether directive of 12 years method is compiled or not?

**GETCO Compliance:** The Company charges depreciation on the straight line method at the rates specified in GERC (MYT) Regulations, 2016, provided that the remaining depreciable value as on 31<sup>st</sup> March of the year closing after a period of 12 years from date of commercial operation is spread over the balance useful life of the assets. Thus, GETCO, being a Transmission Licensee which is formed as a result of a Transfer Scheme, the depreciation on assets transferred under the Transfer Scheme is charged as per rates specified in GERC, MYT Regulations for a period of 12 years from the date of the Transfer Scheme, and thereafter depreciation is spreaded over the balance useful life of the assets. The depreciation rates/range of Property Plant and Equipment are as follows:

Sr. No.	Asset Description	Percentage (Up to)
1	Buildings	3.34%
2	Hydraulic Works	5.28%
3	Other Civil Works	3.34%
4	Plant & Machinery	5.28%
6	Lines & Cable Net-Work	5.28%
7	Vehicles	9.50%
8	Furniture-Fix & Elect-Light & Fan Installations	6.33%
9	Office Equipments	6.33%
10	IT Equipments - Computer and Computer related equipments	15.00%
11	Leasehold Land	3.34%
12	Any other assets not covered above	5.28%

Useful Life of the Assets as specified in GERC, MYT Regulations, 2016 and subsequently adopted by GETCO for the purpose of calculating deprecation after the period of 12 years is as under;

Asset Description	Useful Life
AC and DC sub-station	35 years
Gas Insulated Sub-station (GIS)/Hybrid sub-station	35 years
Transmission line (including HVAC and HVDC)	35 years

Depreciation on additions/deletions to PPE during the year is provided for on a pro-rata basis with reference to the date of additions/deletions. The same is also disclosed in Significant Accounting Policy No. 1.

Further it is to mention that, Depreciation is calculated as per the methodology mentioned in Accounting Policy No. 1. Hence the regulations of GERC in respect to Depreciation is complied with.

**Interest and finance Charges:**

6. The petitioner is required to compute weighted average rate of loan in the format followed in the previous petition.

**GETCO Compliance: The same is provided in Sheet Name “Loan Details for 2017-18” of the GETCO Financial Model which is submitted to the Hon’ble Commission. The same is reproduced as below;**

Particular	FY 2017-18 (Actuals)				
	Opening Loan	Additions	Repayments	Closing Loan	Interest
REC	26500000000	1018500000	1375925000	26142575000	2274999346
State Bank of India TL - II -400 CR.	2400449577	0	300449577	2100000000	179538418
State Bank of India TL - III -400CR.	1645509000	0	300000000	1345509000	116177067
State Bank of India TL -I V 2000 CR.	11039737000	350000000	0	11389737000	901086919
STATE BANK OF INDIA TL-V	2717800000		254100000	2463700000	209342461
United Bank of India T.L.-1 200 CR.	249961500	0	150000000	99961500	14116061
United Bank of India T.L.-2(Refi) 200 CR.	100000000	0	100000000	0	1769114
Corporation Bank T.L.-1 100 CR.	500000000	0	75000000	425000000	37685720
Corporation Bank TL - II -300 CR.	269902000	0	225000000	44902000	11321281
Bank of India T.L.-I 200 CR.	349998000	0	150000000	199998000	21729543
Bank of India T.L.-II 200 CR.	700000000	0	150000000	550000000	50412331
Bank of India TL - III -200CR.	337923000	0	150000000	187923000	21200051
Bank of India TL - IV -400 CR.	946139000	0	300000000	646139000	63969821
Syndicate Bank TL II 300CR.	2453845000	0	225000000	2228845000	190341897
NABARD 1&3 T.L.-380.28 CR and 448 CR.	0	0		0	46359000
ADB Loan No. 2778	3959248638	205640454	201816242	3963072850	73483514
G.S.F.S. VIII 300CR	300000000	0	300000000	0	2104109
G.S.F.S. IX	399999992	0	399999992	0	8456165
G.S.F.S. X	666666660	0	666666660	0	24026028
G.S.F.S. XI 300cr	1900000000	0	1200000000	700000000	103047947
G.S.F.S. XII	2000000000	0	1200000000	800000000	106997260
G.S.F.S. XIII	4800000000		1200000000	3600000000	330928767
G.S.F.S. XIV	5000000000		700000000	4300000000	373991098
G.S.F.S. XV	10000000000		1400000000	8600000000	754309589
G.S.F.S. XVI	10000000000		1176470588	8823529412	771240932
ADB LOANS-1804	453004444	0	57004930	395999514	42531886.00
KFW Loan	0	300587968	0	300587968	1164882
<b>Total</b>	<b>89690183811</b>	<b>1874728422</b>	<b>12257432989</b>	<b>79307479244</b>	<b>6732331207</b>

Particular	FY 2017-18 (Actuals)				
	Opening Loan	Additions	Repayments	Closing Loan	Interest
Average Loans					84498831527
Weighted Average Rate of Interest					7.97%

**Non-Tariff Income:**

7. The petitioner has claimed an amount of Rs 6.84 Crores as miscellaneous Receipts. The petitioner is required to furnish the breakup of the same.

**GETCO Compliance:** The detail of Non-Tariff Income is as below:

Sr. No.	Particulars	GETCO Consolidated	SLDC	GETCO
1	Income from Staff Welfare Activities	0.01		0.01
2	Income from Rentals-Staff Quarters	0.19		0.19
3	Income from Rental from Contractor ,P.O., Bank	0.68		0.68
4	Income from Water Charges received from Employee/Contractor	0.08		0.08
5	Cash Discount	0.83		0.83
6	Sale Of Tender Forms	1.41	0.01	1.40
7	Registration Fees-Suppliers, Contractors	0.64		0.64
8	Penalty Recovered From Employee	0.03	0.01	0.02
9	Insurance Premium Recovered For HBA Loan	0.03		0.03
10	Rebate received from Suppliers and Others	0.05		0.05
11	Recovery of Notice Pay From Employee	0.03		0.03
12	System Study Charges	0.69		0.69
13	Receipt Under Right To Information	0.01		0.01
14	Other Miscellaneous Receipts	2.19	0.25	1.94
	<b>Total</b>	<b>6.84</b>	<b>0.27</b>	<b>6.57</b>

**General:**

9. It is observed that the petitioner has taken capitalization amount based on gross GETCO level. As per last year practice, SLDC's capitalization needs to be deducted from GETCO capitalization which has not been done by the petitioner here. The petitioner needs to justify the same.

**GETCO Compliance:** As mentioned by the Hon'ble Commission, GETCO has considered Gross Capitalization Including SLDC which may be corrected while calculating the ARR of Standalone GETCO.

10. The petitioner is required to give monthly revenue details for FY 2017-18 Form 12.1 and is also required to give the justification for explanation given in Note 7 of annual audited accounts. The petitioner is required to give details of any liquidated damages/delayed payment surcharge on actual receipt basis.

**GETCO Compliance:** The details of revenue from transmission charges and liquidated damages/delayed payment surcharge is as under;



Sr No.	Particulars	Amount (in Rs. Crores)
1	Net Transmission Charges Revenue from DISCOMS after adjustment of STOA	2924.23
2	Net Transmission Charges Revenue from CPP's and IPP's after adjustment of STOA	155.73
3	Transmission Charges Revenue from Wind Farms	203.63
4	Revenue from STOA- The same is passed to DISCOMs and CPP's	122.07
5	Penalties from Contractors/Suppliers	1.05
6	Delayed Payment Surcharge	0.52

11. The petitioner is required to verify the claimed amount of tax.

**GETCO Compliance:** It is requested to kindly provide the convenient date, so that the tax claim of GETCO including Tax payment challans can be shown by the official of GETCO to the GERC Officials for verification.

13. Please furnish the CAG certificate of Annual Audited Accounts.

**GETCO Compliance:** ONE comment is issued by the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Gujarat Energy Transmission Corporation Limited for the year ended 31 March 2018 and the same is attached herewith along-with the reply submitted by GETCO management.

15. As per Note 18.1 of annual audited accounts, the contingency reserve fund of Rs. 120.48 Crore has been shown. Please furnish the amount of interest earned out of such investment. Whether it is shown in Non-tariff Income as stipulated in Regulation 69.2 (d) of GERC MYT Regulations, 2016.

**GETCO Compliance:** Interest Income from such Investment is stood at Rs. 10.44 Crores during FY 2017-18 and it is shown in Sr. No. 3 "Interest Income from Investment" in Table: - 31 -"Other Income".

**Exceptional Items:**

**Essar Steel vs GETCO**

16. The petitioner is requested to provide the status of litigation for Exceptional items under which following information is to be sought:

The petitioner is required to show proof of showing receivables in previous years (FY 2006- FY 2011) and Commission's order allowing the same to the consumers.

The petitioner is required to show copies of judgement even daily orders etc. of courts. The petitioner is required to submit the details submitted to CIRP under IBC. The Copy of the same is attached herewith.

The petitioner is also required to inform Management's Resolution in this regard and evidences of their experience in past about such proceedings.:

**GETCO Compliance:** The Balance Sheet of the company from F.Y. 2006-07 to F.Y. 2011-12 along with disclosure made in the notes the accounts for debtors under litigation for wheeling charges is attached herewith. Also attached herewith is the yearly outstanding statement of M/s Essar Steel from F.Y. 2006-07 to F.Y. 2011-12. The orders of High Court, Supreme Court order with Interlocutory Application filed with NCLT is attached herewith. The Board Resolution approving write off the outstanding dues of M/s Essar Steel of Rs. 365.77 crores from the Books of Accounts is attached herewith.

17. Petitioner needs to file the equity breakup.

**GETCO Compliance:**

Sr. No.	Particulars	GETCO consolidated	SLDC	GETCO
(A)	Subscribed and paid up Equity Share Capital	689.02	11.53	677.49
	<b>Total (A)</b>	<b>689.02</b>	<b>11.53</b>	<b>677.49</b>
(B)	Other Equity			
1	Share application money	67.49	0.00	67.49
2	Securities premium account	2663.09	0.00	2663.09
3	Contingency reserve fund	120.48	0.00	120.48
4	Retained earnings	1876.21	5.46	1870.75
5	Reserve for financial asset measured at fair value through OCI	2.87	0.00	2.87
	<b>Total (B)</b>	<b>4730.15</b>	<b>5.46</b>	<b>4724.69</b>
	<b>Total Equity (A+B)</b>	<b>5419.17</b>	<b>16.99</b>	<b>5402.18</b>

18. The petitioner needs to explain that why they have not filed any MTR?

**GETCO Compliance:** It is to mention that there is no major change in assumptions made during MYT Petition and current scenario and hence there will not be much deviation in Aggregate Revenue Requirement for FY 2019-20 and FY 2020-21.

As per Section 17.2 of MYT Regulations, 2011, the Petitioner is required to submit the modification in ARR for the remaining Years of Control Period, if any. The relevant part of the same is reproduced here below:

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

....

c) In case of Mid-term Review of Aggregate Revenue Requirement under Regulation 16.2 (i), the Petition shall comprise of:

- i. Truing Up for the previous year under these Regulations;
- ii. Modification of the Aggregate Revenue Requirement for the remaining years of the Control Period, if any, with adequate justification for the same;
- iii. Revenue from the sale of power at existing tariffs and charges for the ensuing year;
- iv. Revenue gap or revenue surplus for the ensuing year calculated based on Aggregate Revenue Requirement approved in the MYT Order and truing up for the previous year;

v. Application for determination of tariff for the ensuing year.”

It is evident from the above that GETCO is required to submit Aggregate Revenue Requirement for the remaining years of the Control Period in case of any modification only. As there is no major deviation in Aggregate Revenue Requirement for the remaining years of the Control Period, GETCO has not submitted the Mid Term Review Petition.

19. The petitioner has shown an amount of Rs 5.38 Crore in SLDC'S other general and administration expenses. The petitioner is required to reconcile this amount with SLDC annual audited accounts.

**GETCO Compliance:** The above figure of Rs. 5.38 crores constitute of Rs. ULDC Charges payable by SLDC of Rs. 5.23 crores which is shown by SLDC in Repairs and Maintenance Expenses-Plant and Machinery in the Annual Accounts of 2017-18. The same is claimed by SLDC in R&M Expense as well as A&G Expense. Accordingly, SLDC's True Up needs to be reduced to the extent of Rs. 5.23 crores. Further there is double deduction of the same figure in ARR of GETCO and accordingly for the True Up of GETCO's standalone, the amount needs to be increased by Rs. 5.23 crores.

It is requested to appraise the Hon'ble commission accordingly.

With Regards,

Yours Faithfully,

Addl. Chief Engineer (R&C)

Encl as above..