

MEDIA RELEASE



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GERC Issues Tariff Orders for Torrent Power Limited

Reduction in price per unit through cap on FPPPA; Introduction of Regulatory Charge

The Hon'ble Gujarat Electricity Regulatory Commission ("GERC") on 31st March 2016 issued Tariff Orders for Ahmedabad Generation, Ahmedabad Distribution and Surat Distribution businesses of Torrent Power Limited (TPL) for true-up of its financials for FY 2014-15 and determination of tariff for FY 2016-17. The highlights of the Order, effective 1st April 2016, are as follows:

- No increase in regular tariffs of Ahmedabad, Gandhinagar and Surat area consumers for FY 2016-17
- "Regulatory Charge" @ 45 Paise/unit during FY 2016-17 for recovery of past period Gaps has been approved and introduced
- The FPPPA charge recovery is capped at Rs. 1.35/Unit against present FPPPA of Rs. 1.98/unit (**63 paise reduction**) on account of recent reduction of global fuel prices
- Hon'ble GERC commended TPL for achieving lower distribution losses at 4.09% in Surat area and 7.34% in Ahmedabad-Gandhinagar area for the FY 2014-15.

Capping of FPPPA - A Step in the Right Direction

The Commission has endeavoured to reduce the electricity bill of consumers by 63 Paise/unit by capping the recovery of FPPPA during FY 2016-17 at Rs. 1.35/unit compared to the present FPPPA of Rs. 1.98/unit. This is on account of a reduction in global LNG and coal prices, and also the subsequent renegotiation of IOC's R-LNG contract with RasGas.

However, FPPPA rate Approved for Q1 2016-17 is Rs. 1.30/unit in all categories of consumers of TPL license Areas.

Introduction of Regulatory Charge

While ensuring no increase in regular tariff for consumers of TPL's License Areas, a "Regulatory Charge" component has been introduced at the rate of 45 paise per unit as part of the new tariff structure for recovery of past net revenue gap of Rs. 470 crores. Introducing such a mechanism is an established practice in power distribution that enables recovery of past dues in an affordable manner for the consumers. This Charge will stop once the approved gap is recovered in full, which is likely to be by 31st March 2017.

Thus, there is an effective reduction of 23 **paise** in price per unit for Q1 2016-17.

In summary, the tariff order emphasizes a clear motive of primarily serving consumer interest while also allowing relief to the utility.

The said Orders are available on the websites of Hon'ble GERC – www.gercin.org and TPL's Customer Portal – connect.torrentpower.com