

**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
(MULTI YEAR TARIFF) REGULATIONS, 2015**

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**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
(MULTI YEAR TARIFF) REGULATIONS, 2015**

ELECTRICITY ACT, 2003.

No. [.....]- In exercise of the powers conferred by clause (h), (i), (j), (l), (m), (o), (y), (zd), (ze), (zf), (zg), (zh) and (zp) of sub-section (2) of Section 181 read with the proviso to sub-section (1) of Section 36, sub-clause (ii) of clause (d) of sub-section (2) of Section 39, second proviso to sub-clause (ii) of clause (d) of sub-section (2) of Section 39, sub-clause (ii) of clause (c) of Section 40, second proviso to sub-clause (ii) of clause (c) of Section 40, first proviso to Section 41, first proviso to Section 51, Section 61, sub-sections (2) and (5) of Section 62, sub-sections (1) and (3) of Section 64, Section 65 and clause (b) of sub-section (1) of Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Maharashtra Electricity Regulatory Commission hereby makes the following Regulations. These Regulations supersede the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011.

1 Short title, extent, applicability and commencement

- 1.1 These Regulations may be called the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015.
- 1.2 These Regulations shall extend to the whole of the State of Maharashtra.
- 1.3 These Regulations shall be applicable to all existing and future Generation Entities, Transmission Licensees, Distribution Licensees, Maharashtra State Load Despatch Centre (MSLDC), and their successors, if any, for determination of Aggregate Revenue Requirement, Tariff, and Fees and Charges of MSLDC in all matters covered under these Regulations from April 1, 2016 and onwards up to March 31, 2020.
- 1.4 These Regulations shall come into force from the date of their publication in the Official Gazette:

Provided that for all purposes including the review matters pertaining to the period till March 31, 2016, the issues related to determination of Aggregate Revenue Requirement and Tariff shall be governed by the extant Tariff Regulations, viz., Maharashtra Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2005, including amendments thereto or Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011, including amendments thereto, as may be applicable.

2 Definitions

2.1 In these Regulations, unless the context otherwise requires:

- (1) **“Accounting Statement”** means for each Year, the following statements, namely-
- (i) balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956 as amended from time to time;
 - (ii) profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956;
 - (iii) cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;
 - (iv) report of the statutory auditors’;
 - (v) cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956;
- together with notes thereto, and such other supporting statements and information as the Commission may direct:

Provided that the revised schedules and forms as stipulated under the Companies Act, 2013 shall be applicable from the date as prescribed therein:

Provided further that separate Accounting Statements shall be prepared and submitted to the Commission for each licensed Business in accordance with the Licence conditions and for each regulated Business:

Provided also that in case separate Accounting Statements are not submitted for each licensed Business in accordance with the Licence conditions and for each regulated Business for the Year 2016-17 onwards, the Petitions filed by the Generation Entity or Licensee or MSLDC, as the case may be, shall be rejected by the Commission:

Provided also that the Generation Entity or Licensee or MSLDC shall submit the Statutory Auditor's comments, observations and notes to Accounts, along with the Accounting Statements, along with a summary of the key issues highlighted by the Statutory Auditor and the steps taken by the Generation Entity or Licensee or MSLDC, as the case may be, to address such key issues:

Provided also that in case of any Local Authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as

mentioned above, prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority:

Provided also that till the MSLDC remains part of the Maharashtra State Electricity Transmission Company Limited, separate books of accounts for MSLDC would have to be maintained by the Maharashtra State Electricity Transmission Company Limited and the same would have to be audited and certified by the statutory auditor;

- (2) “**Act**” means the Electricity Act, 2003 (36 of 2003), as amended from time to time;
- (3) “**Aggregate Revenue Requirement**” means the revenue requirement comprising of allowable expenses and return on capital pertaining to the Transmission Licensee or Distribution Licensee or MSLDC, to be recovered through Tariff or Fees and Charges in accordance with these Regulations;
- (4) “**Allocation Statement**” means for each Year, a statement in respect of each of the separate Businesses of the Generation Entity or Transmission Licensee or Distribution Licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision, etc., which has been either charged from or to each such Other Business together with a description of the basis of that charge; or determined by apportionment or allocation between different Businesses of the Licensee including the Licensed Businesses, together with a description of the basis of the apportionment or allocation:

Provided that for the purpose of this Regulation, the licensed Business of the Distribution Licensee for an area of supply would be separated as Distribution Wires Business and Retail Supply Business:

Provided further that such allocation statement in respect of a generating Station owned and/or maintained and/or operated by the Distribution Licensee, shall be maintained in a manner so as to enable Tariff determination, stage-wise, Unit wise and/or for the whole generating Station;

- (5) “**Allotted Capacity**” shall have the meaning as defined in the Regulations of the Maharashtra Electricity Regulatory Commission governing Transmission Open Access or Distribution Open Access, as applicable;

- (6) “**Auditor**” means an auditor appointed by the Generation Entity or Licensee or MSLDC, qualified for appointment as an auditor in accordance with the relevant provisions of the Companies Act for the time being in force;
- (7) “**Auxiliary Energy Consumption**” in relation to a period, in case of a generating Station/Unit, means the quantum of energy consumed by auxiliary equipment of the Generating Station/Unit, such as the equipment being used for the purpose of operating plant and machinery including switchyard of the generating Station and the transformer losses within the generating Station, and shall be expressed as a percentage of the sum of gross energy generated at the generator terminals of all the Units of the Generating Station:

Provided that auxiliary energy consumption shall not include energy consumed for supply of power by the generating Station to housing colony and other facilities, and for construction works at the generating Station;

- (8) (a) “**Availability**” in relation to a thermal Generating Station/Unit for any period means the average of the daily average declared capacities as certified by MSLDC for all the days during that period expressed as a percentage of the installed capacity of the Generating Station/Unit minus normative auxiliary consumption in MW, as specified in these Regulations, and shall be computed in accordance with the following formula:

$$\text{Availability} = 100 \times \frac{\sum_{i=1}^N DC_i}{\{ N \times IC \times (1 - AUX_n) \}} \%$$

where - N = number of time blocks in the given period

DC = Average Declared Capacity in MW for the ith time block in such period

IC = Installed Capacity of the Generating Station/Unit in MW

AUX = Normative Auxiliary Consumption in MW, expressed as a percentage of gross generation;

- (b) “**Availability**” in relation to a transmission system for a given period means the time in hours during that period the transmission system is capable of transmitting electricity at its rated voltage expressed in percentage of total hours in the given period and shall be computed as provided in **Annexure-II** to these Regulations;
- (9) “**Balancing and Settlement Code**” refers to such Code as may be stipulated by the Commission or as may be published by the MSLDC and approved by the

Commission, for the balancing of energy accounts and settlement of differences among the users of the grid in the State of Maharashtra;

- (10) “**Bank Rate**” shall mean the Bank Rate declared by the Reserve Bank of India from time to time;
- (11) “**Beneficiary**” in relation to a Generating Station means the purchaser of electricity generated at such a Generating Station whose Tariff is determined under these Regulations; and in relation to the MSLDC, means the Distribution Licensees and Open Access consumers who utilise the Intra-State Transmission system for transmission of electricity and / or utilise the distribution system of a Licensee in the State for wheeling of electricity and / or also avail the services of the MSLDC in matters related to scheduling and real time grid operations, State energy accounting, operation of pool account, etc.:

Provided that the Distribution Licensees and Long-Term Open Access consumers shall be jointly referred to as “Long-term Beneficiaries”;

- (12) “**Block**” in relation to a combined cycle thermal Generating Station includes combustion turbine – generators, associated waste heat recovery boilers, connected steam turbine – generators and auxiliaries;
- (13) “**Bulk Power Transmission Agreement**” means an executed Agreement that contains the terms and conditions under which a Transmission System User is entitled to access an intra-State transmission system of a Transmission Licensee;
- (14) “**Change in Law**” means occurrence of any of the following events:
- a. enactment, bringing into effect or promulgation of any new Indian law; or
 - b. adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
 - c. change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application; or
 - d. change of any condition or covenant by any competent statutory authority in relation to any consent or clearances or approval or Licence available or obtained for the Project; or

- e. coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government having implication for the generating Station or the transmission system regulated under these Regulations; or
 - f. change in taxes levied by the Central or State Government.
- (15) "**Charges**" means payments to be collected by the Generation Entity or Licensee or MSLDC for the services rendered;
- (16) "**Coincident Peak Demand**" means the demand as measured at G-T interface for the Distribution Licensee occurring at the time of system peak demand for the State;
- (17) "**Commission**" means the Maharashtra Electricity Regulatory Commission;
- (18) "**Conduct of Business Regulations**" means the Maharashtra Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 as amended from time to time;
- (19) "**Contracted Capacity**" means the capacity in MW contracted by long-term Transmission System User as part of its long-term power procurement plan through a power purchase agreement and shall be equivalent to the deemed Transmission Capacity Right of a Transmission System User as specified under the Regulations of the Commission governing Transmission Open Access;
- (20) "**Control Period**" means the period comprising of four years from April 1, 2016 to March 31, 2020, and as may be extended by the Commission;
- (21) "**Cut-off Date**" means 31st March of the year closing after two years of the year of commercial operation of a Project, and in case the Project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation;
- (22) "**Day**" means the 24 hour period starting at 0000 hour;
- (23) "**Date of Commercial Operation**" or "**COD**" means-,
- a. in case of a generating Unit or block of a thermal generating Station, the date declared by the Generation Entity after demonstrating the maximum continuous rating (MCR) or the installed capacity (IC) through a successful trial run after notice to the Beneficiaries, if any, and in case of the generating

Station as a whole, the date of commercial operation of the last generating Unit or block of the generating Station:

Provided that where arrangements have been entered into with Beneficiaries for purchasing power from the generating Station, the trial run shall commence after seven days notice by the Generation Entity to the Beneficiaries and scheduling shall commence from 0000 hour after completion of the trial run:

Provided further that the Generation Entity shall certify that the generating Station meets the technical standards specified by the Central Electricity Authority and the State Grid Code;

- b. in case of a generating Unit of a hydel generating Station, including pumped storage hydel generating Station, the date declared by the Generation Entity from 0000 hour, and in relation to the generating Station as a whole, the date declared by the Generation Entity after demonstrating peaking capability corresponding to installed capacity of the generating Station through a successful trial run:

Provided that where arrangements have been entered into with Beneficiaries for purchasing power from generating Station, scheduling process for a Unit of the generating Station or demonstration of peaking capability corresponding to installed capacity of the generating Station through a successful trial run shall commence after seven days notice by the Generation Entity to the Beneficiaries and scheduling shall commence from 0000 hour after completion of trial run:

Provided further that the Generation Entity shall certify that the generating Station meets technical standards specified by the Central Electricity Authority and the State Grid Code:

Provided also that in case a hydel generating Station with pondage or storage is not able to demonstrate peaking capability corresponding to the installed capacity for the reasons of insufficient reservoir or pond level, the date of commercial operation of the last Unit of the generating Station shall be considered as the date of commercial operation of the generating Station as a whole, and it will be mandatory for such hydel generating Station to demonstrate peaking capability equivalent to installed capacity of the

generating Unit or the generating Station as and when such reservoir/pond level is achieved:

Provided also that if a run-of-river hydel generating Station or a generating Unit thereof is declared under commercial operation during lean inflows period when the water inflow is insufficient for such demonstration of peaking capability, it shall be mandatory for such hydel generating Station or generating Unit to demonstrate peaking capability equivalent to installed capacity as and when sufficient water inflow is available;

- c. in case of a transmission system, the date declared by the Transmission Licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal:

Provided that where the transmission line or substation is dedicated for evacuation of power from a particular generating Station or for transmitting power to a particular distribution sub-Station, the Generation Entity and Transmission Licensee or Distribution Licensee shall endeavour to commission the generating Station and the transmission system or distribution system simultaneously as far as practicable:

Provided further that in case a transmission system or an element thereof is prevented from regular service for reasons not attributable to the Transmission Licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating Station or in commissioning of the upstream or downstream transmission system or distribution system, the Transmission Licensee may approach the Commission for approval of the date of commercial operation of such transmission system or an element thereof:

Provided also that in case of an existing Transmission Licensee, such request may be included as part of the MYT Petition or Mid-Term Review Petition or True-up Petition being filed by such Licensee under these Regulations;

(24) "**De-capitalisation**" means reduction in Gross Fixed Assets corresponding to the removal of assets as approved by the Commission;

- (25) **“Declared Capacity”** means in relation to a generating Station, the capability to deliver ex-bus electricity in MW declared by such generating Station in relation to any time-block of the day as defined in the State Grid Code or whole of the day, taking into account the availability of fuel or water, and subject to further qualification in the relevant Regulation;
- (26) **“Deemed Distribution Licensee”** means a person deemed to be a Distribution Licensee under Section 14 of the Act;
- (27) **“Design Energy”** in relation to a hydel power Generating Station means the quantum of energy, which could be generated in a 90 per cent dependable year with 95 per cent installed capacity of the Generating Station;
- (28) **“Distribution Business”** means the Business of operating and maintaining a distribution system for supplying electricity in the area of supply of the Distribution Licensee;
- (29) **“Distribution Licensee”** means a Licensee authorised by the Commission to operate and maintain a distribution system for supplying electricity to the consumers in its area of supply under Section 14 of the Act;
- (30) **“Distribution Wires Business”** means the Business of operating and maintaining a distribution system for wheeling of electricity in the area of supply of the Distribution Licensee;
- (31) **“DPR Scheme”** means a capital expenditure Scheme with projected capital cost exceeding limits specified in these Regulations, for which the Generation Entity or Licensee or MSLDC is required to obtain prior in-principle approval by submitting a Detailed Project Report (DPR), in accordance with the 'Guidelines for In-Principle Clearance of Proposed Investment Schemes' published by the Commission, as amended from time to time.
- (32) **“Expected Revenue from Tariff and Charges”** means the revenue estimated to accrue to the Generation Entity or Transmission Licensee or Distribution Licensee from the Regulated Business at the prevailing level of Tariff and Charges;
- (33) **“Existing Generating Unit/Station”** means a Generating Unit/ Station declared under commercial operation prior to April 1, 2016;

- (34) “**Event**” means an unscheduled or unplanned occurrence in the intra-State transmission system including faults, incidents and breakdowns;
- (35) “**Fees**” means the payments to be collected by the MSLDC for the services rendered on account of registration, membership or any other account as determined by the Commission;
- (36) “**Force Majeure Event**” means, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of, and is not due to an act of omission or commission of, that party and which, by the exercise of reasonable care and diligence, could not have been prevented, and without limiting the generality of the foregoing, shall include the following events:
- a. Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred years; or
 - b. Any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or
 - c. Industry-wide strikes and labour disturbances having a State-wide impact;
 - d. any shutdown or interruption of the grid, which is required or directed by the MSLDC;
- (37) “**Generation Business**” means the Business of production of electricity from a Generating Station for the purpose of (i) giving supply to any premises or enabling a supply to be so given, (ii) for the purpose of supply of electricity to any Distribution Licensee in accordance with the Act and the rules and regulations made thereunder and, (iii) subject to the Regulations made under sub-section (2) of Section 42 of the Act, supply of electricity to any consumer;
- (38) “**Generating Station**” or “**Station**” means any Station for generating electricity, including any building and plant with step-up transformer, switch-gear, switch yard, cables or other appurtenant equipment, if any, used for that purpose and the site thereof; a site intended to be used for a generating Station, and any building used for housing the operating staff of a generating Station, and where electricity is generated by water-power, includes penstocks, head and tail works, main and regulating reservoirs, dams and other hydraulic works, but does not in any case include any sub-Station;

- (39) **“Gross Calorific Value” or “GCV”** in relation to a thermal Generating Station means the heat produced in kilocalories (kal) by complete combustion of one kilogram (kg) of solid fuel or one litre of liquid fuel or one standard cubic metre of gaseous fuel, as the case may be;
- (40) **“Gross Station Heat Rate”** means the heat energy input in kcal required to generate one kilo Watt hour (kWh) of electrical energy at generator terminals;
- (41) **“High Tension” or “HT”** means all voltages defined as “high” or “extra high” voltage under applicable Rules and Regulations as specified by the Authority;
- (42) **“Thermal Generating Station”** means a generating Station or a Unit thereof that generates electricity using fossil fuels such as coal, lignite, gas, liquid fuel or combination of these as its primary source of energy;
- (43) **“Indian Governmental Instrumentality”** means the Government of India, State Government and any ministry or department or board or agency or other regulatory or quasi judicial authority controlled by Government of India or State Government, where the Project is located;
- (44) **“Infirm power”** means electricity injected into the grid prior to the commercial operation of a Unit or Block of the Generating Station;
- (45) **“Installed Capacity”** means the summation of the name plate capacities of all the Units of the Generating Station or the capacity of the Generating Station (reckoned at the generator terminals);
- (46) **“Intra-State Transmission System” or “InSTS”** means any system for conveyance of electricity by transmission lines within the area of the State and includes all transmission lines, sub-stations and associated equipment of Transmission Licensees in the State:

Provided that the definition of point of separation between a transmission system and distribution system and between a Generating Station and transmission system shall be guided by the Regulations notified by the Authority under clause (b) of Section 73 of the Act;

- (47) **"Licensee"** for the purpose of these Regulations shall mean a Transmission Licensee or Distribution Licensee, as the case may be, duly authorised by the Commission;
- (48) **"Market operation function"** means the functions of scheduling, despatch, data acquisition, energy accounting and deviation settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administering ancillary services, information dissemination and any other functions assigned to the MSLDC by the Act or Regulations or Orders;
- (49) **"Maximum Continuous Rating" or "MCR"** in relation to a Unit of the thermal Generating Station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer at rated parameters, and in relation to a Block of a combined cycle thermal Generating Station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer with water or steam injection (if applicable) and corrected to 50 Hz grid frequency and specified site conditions;
- (50) **"New Generating Unit/Station"** means a Generating Unit/Station declared under commercial operation on or after April 1, 2016;
- (51) **"Ninety (90) % Dependable Year"** shall mean the year in which the annual energy generation has the probability of being equal to or in excess of 90% of the expected period of operation of the plant;
- (52) **"Non-Coincident Peak demand"** means the peak demand as measured at G-T interface for a Distribution Licensee during a period and such peak may or may not occur at the time of system peak demand of the State;
- (53) **"Non-DPR Scheme"** means a capital expenditure Scheme with projected capital cost within limits specified in these Regulations, for which the Generation Entity or Licensee or MSLDC is not required to obtain prior in-principle approval;
- (54) **"Non-Tariff Income"** means income relating to the regulated Business other than from Tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from receipts on account of cross-subsidy surcharge and additional surcharge and Other Business;

- (55) **“Normative Annual Plant Availability Factor” or “NAPAF”** in relation to a hydel Generating Station means the availability factor specified in Regulation 46 for hydel Generating Stations;
- (56) **“Officer”** means an officer of the Commission;
- (57) **“Operation and Maintenance expenses” or “O&M expenses” for a Generation Entity** means the expenditure incurred on operation and maintenance of the Project of a Generation Entity, or part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads, but excludes fuel expenses;
- (58) **“Operation and Maintenance expenses” or “O&M expenses” for a Licensee** means the expenditure incurred on operation and maintenance by the Transmission Licensee or Distribution Licensee, or part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads;
- (59) **“Original Project Cost”** means the capital expenditure incurred by the Generation Entity or the Transmission Licensee, as the case may be, within the original scope of the Project up to the cut-off date as admitted by the Commission;
- (60) **“Petitioner”** means a Generation Entity or Transmission Licensee or Distribution Licensee or MSLDC, who has filed a Petition for determination of Tariff or Fees and Charges or for True up or for Mid-term Review in accordance with the Act and these Regulations and includes a Generation Entity or Transmission Licensee or Distribution Licensee or MSLDC whose Tariff or Fees and Charges is the subject of a review by the Commission on suo-motu basis or as part of a Truing-up exercise or as part of Mid-term Review;
- (61) **“Plant Availability Factor (PAF)”** in relation to a hydel Generating Station for any period means the average of the daily declared capacities (DCs) for all the days as certified by the MSLDC during that period expressed as a percentage of the installed capacity in MW, reduced by the normative auxiliary energy consumption;
- (62) **“Plant Load Factor (PLF)”**, in relation to a thermal Generating Station for a given period, means the total sent-out energy corresponding to actual generation during such period, expressed as a percentage of sent out energy corresponding to installed capacity in that period and shall be computed in accordance with the following formula:

$$\text{Plant Load Factor (\%)} = 100 \times \frac{\sum_{i=1}^N AG_i}{\{ N \times IC \times (1 - AUX_n) \}} \%$$

where - N = number of time blocks in the given period

AG = Actual Generation in MW for the i^{th} time block in such period

IC = Installed Capacity of the Generating Station in MW

AUX = Normative Auxiliary Consumption in MW, expressed as a percentage of gross generation;

- (63) **"Pool account"** means accounts for payments regarding Unscheduled Interchanges (UI Account) applicable under the Inter-State Availability Based Tariff (ABT) mechanism or Intra-State ABT Settlement Charges as identified under the Intra-State ABT mechanism operating in the State or Reactive Energy Exchanges (Reactive Energy Account) or any other such Accounts, which may be operated by State Load Despatch Centre as per the Regulations or directions of the Commission;
- (64) **"Project"** means a Generating Station or the transmission system, as the case may be, and in case of a hydel Generating Station includes all components of generating facility such as penstocks, head and tail works, main and regulating reservoirs dams and other hydraulic works, intake water conductor system, power Generating Station and generating Units of the scheme, as apportioned to power generation;
- (65) **"Prudence Check"** means scrutiny of reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of Aggregate Revenue Requirement and Tariff or Fees and Charges;
- (66) **"Pumped storage hydel generating Station"** means a hydel Station, which generates power through energy stored in the form of water energy, pumped from a lower elevation reservoir to a higher elevation reservoir;
- (67) **"Rated Voltage"** means the voltage at which the transmission system is designed to operate or such lower voltage at which the line is charged, for the time being, in consultation with Transmission System Users;
- (68) **"Retail Supply Business"** means the Business of sale of electricity by a Distribution Licensee to its consumers in accordance with the terms of its Licence;

- (69) **“Run-of-river Generating Station”** means a hydel Generating Station, which does not have upstream pondage;
- (70) **“Run-of-river Generating Station with pondage”** means a hydel Generating Station with sufficient pondage for meeting the diurnal variation of power demand;
- (71) **“Small gas turbine Generating Station”** means and includes open cycle gas turbine or combined cycle Generating Stations with gas turbines in the capacity range of 50 MW or below;
- (72) **“Storage type power Station”** means a hydel power Generating Station associated with large storage capacity to enable variation in generation of electricity according to demand;
- (73) **“State Grid Code”** means the State Grid Code specified under clause (h) of subsection (1) of Section 86 of the Act;
- (74) **“Transmission System”** means a line or a group of lines with or without associated sub-Station, and includes equipment associated with transmission lines and sub-stations;
- (75) **“Transmission Capacity Rights”** means the right of a Transmission System User to transfer power in MW, under normal circumstances, between such points of injection and drawal as may be set out in the Bulk Power Transmission Agreement;
- (76) **“Transmission Licensee”** means a Licensee authorised by the Commission to establish or operate transmission lines under Section 14 of the Act;
- (77) **“Transmission System User”** means a person who has been allotted transmission capacity rights to access an intra-State transmission system pursuant to a Bulk Power Transmission Agreement, except as provided in the Regulations of the Commission governing Transmission Open Access;
- (78) **“Unit”** in relation to a thermal Generating Station (other than combined cycle thermal Generating Station) means steam generator, turbine-generator and auxiliaries, or in relation to a combined cycle thermal Generating Station, means turbine-generator and auxiliaries; and in relation to a hydel Generating Station means turbine-generator and its auxiliaries;

(79) “**Useful life**” in relation to a Unit of a Generating Station, transmission system and distribution system from the date of commercial operation shall mean the following, namely:-

- | | | |
|-------|--------------------------------------------------------------------------------|-----------|
| i. | Coal/Lignite based thermal generating Station: | 25 years; |
| ii. | Gas/Liquid fuel based thermal Generating Station: | 25 years; |
| iii. | Hydel Generating Station including Pumped Storage
Hydel Generating Station: | 35 years; |
| iv. | AC and DC sub-Station: | 25 years; |
| v. | Gas Insulated sub-Station: | 25 years; |
| vi. | Transmission line (including HVAC and HVDC): | 35 years; |
| vii. | Distribution line: | 35 years; |
| viii. | Communication System: | 15 years; |

(80) “**Year**” means a financial year (FY);

(81) “**Z-factor Charge**” is the charge allowed to Generation Companies, Transmission Licensee and Distribution Licensee, on account of uncontrollable factors, viz., fuel surcharge adjustment and cost pertaining to identified uncontrollable factors as specified in these Regulations;

2.2 Capitalised words used in these Regulations but not defined herein but defined in the Act or any other Regulations notified by the Commission shall have the meanings assigned to them in the Act or such other Regulations notified by the Commission.

3 Scope of Regulations

3.1 The Commission shall determine the Aggregate Revenue Requirement, Tariff, and Fees and Charges, including terms and conditions thereof, in accordance with these Regulations for all matters for which the Commission has jurisdiction under the Act, including the following:-

- (i) Supply of electricity by a Generation Entity, except from Renewable Sources of energy, to a Distribution Licensee;
- (ii) Intra-State transmission of electricity;
- (iii) Rates and charges for use of intervening transmission facilities;
- (iv) Wheeling of electricity;
- (v) Retail supply of electricity;
- (vi) Fees and Charges for MSLDC;

- (vii) Surcharge in addition to the charges for wheeling under the first proviso to sub-section (2) of Section 42 of the Act, in accordance with the Regulations of the Commission governing Distribution Open Access and as amended through Orders issued by the Commission;
- (viii) Additional surcharge on the charges for wheeling under sub-section (4) of Section 42 of the Act, in accordance with the Regulations of the Commission governing Distribution Open Access and as amended through Orders issued by the Commission:

Provided that the Commission shall determine such Tariff and Fees and Charges, having regard to the terms and conditions contained in **Part E, Part F, Part G, Part H** and **Part I** of these Regulations as may be applicable.

- 3.2 Notwithstanding anything contained in these Regulations, the Commission shall adopt the Aggregate Revenue Requirement or Tariff if such Aggregate Revenue Requirement or Tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Act:

Provided that the Petitioner shall provide such information as the Commission may require to satisfy itself that the guidelines issued by the Central Government have been duly followed.

PART- A: GENERAL PRINCIPLES

4 Multi-Year Tariff Framework

- 4.1 The Commission shall determine the Tariff and Fees and Charges for matters covered under clauses (i), (ii), (iii), (iv), (v), and (vi) of Regulation 3.1, under a Multi-Year Tariff framework with effect from April 1, 2016.
- 4.2 The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement and expected revenue from Tariff and charges for Generating Companies, Transmission Licensee, Distribution Wires Business, Retail Supply Business, and Fees and Charges for MSLDC:
- (i) A Multi-Year Tariff Petition comprising of the forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff or Fees and Charges in case of MSLDC, expected revenue gap, and proposed Tariffs or Fees and Charges for each year of the Control Period, shall be submitted by the Generation Entity or Licensee or MSLDC:

Provided that the Distribution Licensee shall propose the category-wise Tariffs for each year of the Control Period:

Provided further that the performance parameters, whose trajectories have been specified in these Regulations, shall form the basis of projection of these performance parameters in the Aggregate Revenue Requirement for the entire Control Period;

- (ii) Determination of the Aggregate Revenue Requirement and Tariff or Fees and Charges for Generating Companies, Transmission Licensee, Distribution Wires Business, Retail Supply Business, and MSLDC by the Commission for each year of the Control Period, at the start of the Control Period:

Provided that the Commission shall also approve the sharing proportion amongst the Long-term Beneficiaries for the MSLDC Fees and Charges for the Control Period;

- (iii) Petition for Mid-term Review of operational and financial performance vis-à-vis the approved forecast for the first two years of the Control Period and revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff, expected revenue gap, and proposed category-wise Tariffs for the third and fourth year of the Control Period shall be submitted by the Generation Entity or Licensee or MSLDC;
- (iv) True-up for the first year of the Control Period based on audited accounts and provisional true-up for the second year of the Control Period of operational and financial performance vis-à-vis the approved forecast for the respective years shall be submitted by the Generation Entity or Licensee or MSLDC along with the Petition for Mid-term Review;
- (v) Determination of the revised Aggregate Revenue Requirement and Tariff or Fees and Charges for Generating Companies, Transmission Licensee, Distribution Wires Business, Retail Supply Business, and MSLDC by the Commission for the third and fourth year of the Control Period based on the Mid-term Review;
- (vi) True-up for the first year of the Control Period, provisional true-up for the second year of the Control Period of operational and financial performance vis-à-vis the approved forecast for the respective years and categorization of variation in performance as those caused by factors within the control of the Petitioner (controllable factors) and those caused by factors beyond the control of the Petitioner (uncontrollable factors) by the Commission along with the Mid-term Review;

- (vii) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors as specified by the Commission in these Regulations;
- (viii) The mechanism for sharing of approved gains or losses arising out of controllable factors as specified by the Commission in these Regulations.

5 Petitions to be filed in the Control Period

5.1 The Petitions to be filed in the Control Period under these Regulations are as under:

- a) Multi-Year Tariff Petition shall be filed by November 30, 2015, comprising:
 - i. Truing-up for FY 2014-15 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011;
 - ii. Provisional Truing-up for FY 2015-16 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011;
 - iii. Aggregate Revenue Requirement for each year of the Control Period under these Regulations;
 - iv. Revenue from the sale of power at existing Tariffs and charges and projected revenue gap for each year of the Control Period under these Regulations;
 - v. Proposed category-wise Tariff for each year of the Control Period under these Regulations.
- b) Mid-Term Review Petition shall be filed by November 30, 2017, comprising:
 - i. Truing-up for FY 2015-16 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011;
 - ii. Truing-up for FY 2016-17 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;
 - iii. Provisional Truing-up for FY 2017-18 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;
 - iv. Revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff and charges, expected revenue gap, and proposed category-wise Tariff for the third and fourth year of the Control Period;
- c) True-up Petition for the third and fourth year of the Control Period shall be filed by November 30, 2019, comprising:
 - i. Truing-up for FY 2017-18 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;

- ii. Truing-up for FY 2018-19 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015;
- iii. Provisional Truing-up for FY 2019-20 to be carried out under Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015:

Provided that in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till March 31, 2016, the Commission may relax the timelines for submission of the Multi-Year Tariff Petition, Mid-term Review Petition and Truing-up Petitions, in case such specific relaxation is sought by such Distribution Licensee:

Provided further that such Deemed Distribution Licensee may be permitted to first file a Petition for approval of ceiling or other provisional tariff in its area of supply, followed by the Petition for approval of Power Purchase Agreement or Arrangement, after which the Multi-Year Tariff Petition may be filed.

- 5.2 The Petitioners shall submit separate audited Accounting Statements along with the Petition for determination of Tariff or Fees and Charges and Truing-up under these Regulations:

Provided that in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, its Aggregate Revenue Requirement shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the Allocation Matrix specified in **Part G** of these Regulations.

6 Multi-Year Tariff Petition

- 6.1 As a part of the Multi-Year Tariff Petition, the Petitioner shall submit the forecast of Aggregate Revenue Requirement and expected revenue from Tariff for each year of the Control Period in the manner specified in these Regulations and accompanied by applicable fees.
- 6.2 The Petitioner shall forecast the Aggregate Revenue Requirement using the assumptions relating to the behaviour of individual variables that comprise the Aggregate Revenue Requirement during the Control Period, including inter-alia detailed category-wise sales and demand projections, power procurement plan, capital investment plan, financing plan and physical targets, in accordance with guidelines and formats, as may be prescribed by the Commission.
- 6.3 The capital investment plan shall show separately, on-going projects that will spill over into the Control Period, and new projects (along with justification) that will commence

in the Control Period but may be completed within or beyond the Control Period, for which the Petitioner shall provide relevant technical and commercial details.

- 6.4 The Distribution Licensee shall project the realistic power purchase requirement from all Generating Stations considered for power purchase based on the Merit Order Despatch principles, the Renewable Purchase Obligation (RPO) specified by the Commission under the relevant Regulations, and the target set, if any, for Energy Efficiency (EE) and Demand Side Management (DSM) schemes:

Provided that Merit Order Despatch principles shall not apply to purchase of power from Renewable Energy sources up to the RPO specified by the Commission under the relevant Regulations.

- 6.5 The Petitioner shall forecast the expected revenue from Tariff and charges based on the following:

- (a) In the case of a Generation Entity, estimates of quantum of electricity to be generated by each Unit/Station for each year of the Control Period;
- (b) In the case of a Transmission Licensee, estimates of transmission capacity allocated to Transmission System Users for each year of the Control Period;
- (c) In the case of a Distribution Licensee, estimates of quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution System Users for each year of the Control Period:

Provided that the Distribution Licensee shall submit all relevant details of category-wise sales separately for each Distribution Franchisee area, including the Input Energy and the Input Rate;

- (d) Prevailing Tariff as on the date of filing the Petition.

- 6.6 Based on the forecast of Aggregate Revenue Requirement and expected revenue from Tariff and charges, the Generation Entity or Distribution Licensee or MSLDC shall submit the proposed Tariff or Fees and Charges for each year of the Control Period, that would meet the gap, if any, in the Aggregate Revenue Requirement:

Provided that the Distribution Licensee shall submit the proposed category-wise Tariff for each year of the Control Period, that would meet the gap, if any, in the Aggregate Revenue Requirement.

- 6.7 The Petitioner shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.

- 6.8 On receipt of the Petition, the Commission shall either-
- (a) issue an Order approving the Aggregate Revenue Requirement and Tariff for the Control Period, subject to such modifications and conditions as it may stipulate in the said Order; or
 - (b) reject the Petition for reasons to be recorded in writing.

7 Specific trajectory for certain variables

The Commission, while approving the Multi-Year Tariff Petition, may stipulate a trajectory for certain variables, including, but not limited to transmission losses, distribution losses, and collection efficiency.

8 Mid-term Review

- 8.1 The Generation Entity or Licensee or MSLDC shall file a Petition for Mid-term Review and Truing-up of the Aggregate Revenue Requirement and Revenue for the Years 2015-16 and 2016-17, and provisional Truing-up for the Year 2017-18, by November 30, 2017:

Provided that the Generation Entity or Licensee or MSLDC shall submit to the Commission information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details, including Cost Accounting Reports or extracts thereof, as the Commission may require to assess the reasons for and extent of any variation in operational and financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from Tariff and charges.

- 8.2 The scope of the Mid-term Performance Review shall be a comparison of the actual operational and financial performance vis-à-vis the approved forecast for the first two years of the Control Period and revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff, expected revenue gap, and proposed category-wise Tariffs for the third and fourth year of the Control Period, of the Generation Entity or Licensee or MSLDC.
- 8.3 Upon completion of the Review under Regulation 8.2, the Commission shall attribute any variations or expected variations in performance, for variables specified under Regulation 9, to factors within the control of the Petitioner (controllable factors) or to factors beyond the control of the Petitioner (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 9, shall not be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable factors:

Provided however, that where the Petitioner believes, for any variable not specified under Regulation 9.1 that there is a material variation or expected variation in performance for any year, on account of uncontrollable factors, such Petitioner may apply to the Commission for inclusion of such variable, at the Commission's discretion, in the Mid-term Review for such Year.

- 8.4 Upon completion of the Mid-term Review, the Commission shall pass an order recording-
- (a) the approved aggregate gain or loss to the Generation Entity or Licensee or MSLDC on account of controllable factors for the Years 2015-16 and 2016-17 and provisional Truing-up for the Year 2017-18, and the amount of such gains or such losses that may be shared in accordance with Regulation 11;
 - (b) the approved aggregate gain or loss to the Generation Entity or Licensee or MSLDC on account of uncontrollable factors for the Years 2015-16 and 2016-17, and provisional Truing-up for the Year 2017-18, and the amount of such gains or such losses that were not recovered during the respective years and may be shared in accordance with Regulation 10;
 - (c) the approved modifications to the Aggregate Revenue Requirement and Tariffs of the Generation Entity or Licensee or Fees and Charges of the MSLDC for the remainder of the Control Period.

9 Controllable and uncontrollable factors

- 9.1 The "uncontrollable factors" shall comprise of the following factors which were beyond the control of, and could not be mitigated by the Petitioner, as determined by the Commission:
- (a) Force Majeure events;
 - (b) Change in law;
 - (c) Variation in fuel cost on account of variation in price of primary and/or secondary fuel prices;
 - (d) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;

- (e) Variation in market interest rates for long-term loan; and
 - (f) Variation in freight rates.
- 9.2 Some illustrative variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following:
- (a) Variations in capitalisation on account of time and/or cost overruns/inefficiencies in the implementation of a capital expenditure Scheme not attributable to an approved change in scope of such Scheme, change in statutory levies or force majeure events;
 - (b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalisation as specified in clause (a) above;
 - (c) Variation in technical and commercial losses;
 - (d) Variation in collection efficiency;
 - (e) Variation in payment efficiency;
 - (f) Variation in performance parameters;
 - (g) Variation in amount of interest on working capital;
 - (h) Variation in operation & maintenance expenses;
 - (i) Variation in Coal transit losses.

10 Mechanism for pass through of gains or losses on account of uncontrollable factors

10.1 The aggregate gain or loss to the Generation Entity on account of variation in cost of fuel shall be passed through as an adjustment in the Energy Charges of the Generation Entity on a monthly basis, as specified in Regulation 48.6.

10.2 The aggregate gain or loss to the Distribution Licensee on account of variation in cost of fuel and power purchase shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (Z_{FAC}), as an adjustment in the Tariff of the Distribution Licensee on a monthly basis, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations, and shall be subject to ex-post facto approval by the Commission on a quarterly basis:

Provided that the Z_{FAC} for the first month of the first year of the Control Period shall require the prior approval of the Commission thereafter, based on prudence check:

Provided further that the Distribution Licensee shall submit, in the stipulated formats, details of the variation between expenses incurred and the figures approved by the Commission, and the detailed computations and supporting documents as may be required for verification by the Commission for the first month of the first year of the Control Period, for prior approval of Z_{FAC} :

Provided also that the Distribution Licensee shall submit the details of variation in fuel costs relating to power generated from own generation stations and cost of power procured for the first month of the first year of the Control Period, after completion of the first month.

10.3 The Z_{FAC} component shall be applicable to the entire sales of the Distribution Licensee without any exemption to any consumer.

10.4 The Z_{FAC} component shall be computed and charged on the basis of actual variation in cost of fuel and power purchase relating to power procured during any month subsequent to such costs being incurred, in accordance with these Regulations, and shall not be computed on the basis of estimated or expected variations in fuel costs.

10.5 After the approval by the Commission for the Z_{FAC} for the first month of the first year of the Control Period, the Distribution Licensee shall submit such details in the stipulated formats to the Commission of the variation between expenses incurred and the figures approved by the Commission, and the detailed computations and supporting documents as may be required for verification by the Commission for the subsequent months of the Control Period, for post-facto approval of Z_{FAC} :

Provided that the first quarter of the first year of the Control Period shall include the first month of the first year of the Control Period, for which prior approval of Z_{FAC} is required:

Provided further that the Distribution Licensee shall submit the details of variation in fuel costs relating to power generated from own generation stations and cost of power procured for the subsequent months of the Control Period, on a quarterly basis within 60 days after completion of each quarter, for post facto approval:

Provided also that the Distribution Licensee shall submit the Z_{FAC} levied to all consumers for the preceding quarter vis-a-vis the Z_{FAC} recoverable, along with the detailed computations and supporting documents as may be required for verification by the Commission:

Provided also that the Distribution Licensee shall provide details of the Commission's approval for levy of Z_{FAC} , from time to time, on its internet website.

10.6 The formula for computation of the FAC component of Z-factor Charge is as under:

$$Z_{FAC} \text{ (Rs crore)} = F + C + B,$$

Where,

Z_{FAC} = Z-factor Charge component for FAC;

F = Change in fuel cost of own generation and cost of power purchase;

C = Carrying Cost for any under recovery/over recovery, computed at the Bank Rate prevailing at the beginning of the month;

B = Adjustment factor for over-recovery/under-recovery.

10.7 The calculation for FAC to be charged for the month "n" is as under:

$$Z_{FAC\ n} \text{ (Rs crore)} = F_{n-2} + C_{n-2} + B_{n-2},$$

Where,

F_{n-2} = Change in fuel cost of own generation and cost of power purchase for the month "n-2", and shall be computed as

$$F \text{ (Rs. Crore)} = A_{FC,Gen} + A_{FC,PP},$$

Where,

$A_{FC,Gen}$ = Change in fuel cost of own generation, to be computed based on the directives and norms approved by the Commission, including heat rate, auxiliary consumption, etc.;

$A_{FC,PP}$ = Change in variable and/or fixed cost of power procured from other sources, which would be allowed to the extent it satisfies the criteria prescribed in these Regulations and the prevailing Tariff Order, and subject to applicable norms;

C_{n-2} = Carrying cost for any under recovery/over recovery for the month "n-2";

$$B_{n-2} \text{ (Rs. Crore)} = Z_{FAC\ n-4} - R_{n-2}$$

Where:

B_{n-2} = Adjustment factor for over-recovery / under-recovery for the month "n-2";

$Z_{FAC\ n-4}$ = Z_{FAC} for the month "n-4";

R_{n-2} = Z_{FAC} for the month "n-4" actually recovered in the month "n-2";

10.8 The total Z_{FAC} recoverable as per the formula specified above shall be recovered from the actual sales in "Rupees per kilowatt-hour" terms:

Provided that in case of unmetered consumers, FAC component of Z_{FAC} shall be recoverable based on estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:

Provided further that where the actual distribution losses of the Distribution Licensee exceed the level approved by the Commission, the amount of FAC component of Z_{FAC} corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total FAC component of Z_{FAC} recoverable.

- 10.9 The Z_{FAC} per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula:

$$Z_{FAC \text{ Cat}} (\text{Rs/kWh}) = [Z_{FAC} / (\text{Metered sales} + \text{Unmetered consumption estimates} + \text{Excess distribution losses})] * k * 10,$$

Where:

$Z_{FAC \text{ Cat}} = Z_{FAC}$ component for a particular Tariff category/sub-category/consumption slab in ‘Rupees per kWh’ terms;

$k = \text{Average Billing Rate} / \text{ACOS}$;

Average Billing Rate = Average Billing Rate for a particular Tariff category/sub-category/consumption slab under consideration in ‘Rupees per kWh’ as approved by the Commission in the Tariff Order:

Provided that the Average Billing Rate for the unmetered consumers shall be based on the estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission;

ACOS = Average Cost of Supply in ‘Rupees per kWh’ as approved for recovery by the Commission in the Tariff Order:

Provided that the monthly Z_{FAC} shall not exceed 20% of the variable component of Tariff or such other ceiling as may be stipulated by the Commission from time to time:

Provided further that any under-recovery in the Z_{FAC} on account of such stipulated ceiling shall be carried forward by the Distribution Licensee and shall be recovered over such future period as may be directed by the Commission.

- 10.10 The consequential impact of decisions of higher Courts or Tribunals on the Generation Entity or Licensee will be passed through under the Other Uncontrollable Cost component of the Z-factor Charge (Z_{OUC}), as an adjustment in the Tariff of the Generation Entity or Licensee on a yearly basis, as may be determined in the Order of the Commission passed under this Regulation.

- 10.11 The impact of change in the inter-State and intra-State transmission charges payable by the Distribution Licensee will be passed through under the Other Uncontrollable Cost component of the Z-factor Charge (Z_{OUC}), as an adjustment in the Tariff of the Distribution Licensee on a yearly basis, as may be determined in the Order of the Commission passed under this Regulation.

11 Mechanism for sharing of gains or losses on account of controllable factors

- 11.1 The approved aggregate gain to the Generation Entity or Licensee on account of controllable factors shall be dealt with in the following manner:
- (a) Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4;
 - (b) The balance amount of such gain shall be retained by the Generation Entity or Licensee.
- 11.2 The approved aggregate loss to the Generation Entity or Licensee on account of controllable factors shall be dealt with in the following manner:
- (a) One-third of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4;
 - (b) The balance amount of such loss shall be absorbed by the Generation Entity or Licensee.

PART- B: PROCEDURE FOR DETERMINATION OF TARIFF

12 Filing of Petition for determination of Tariff

- 12.1 A Petition for determination of Tariff shall be filed in such form and in such manner as specified in this Regulation, and accompanied by applicable fees.
- 12.2 The proceedings to be held by the Commission for determination of Tariff shall be in accordance with the MERC (Conduct of Business) Regulations, 2004, as amended from time to time.
- 12.3 Notwithstanding anything contained in these Regulations, the Commission shall at all times have the authority, either on *suo motu* basis or on a Petition filed by the Generation Entity or Licensee or MSLDC, to determine the Tariff or Fees and Charges, as may be applicable, including terms and conditions thereof, of any Generation Entity or Licensee or MSLDC.

13 Determination of Generation Tariff

- 13.1 Existing Generating Station

13.1.1 Where the Commission has, at any time prior to April 1, 2016, approved a power purchase agreement or arrangement between a Generation Entity and a Distribution Licensee or has adopted the Tariff contained therein for supply of electricity from an existing generating Unit/Station, then the Tariff for supply of electricity by the Generation Entity to the Distribution Licensee shall be in accordance with the Tariff mentioned in such power purchase agreement or arrangement for such period as may be so approved or adopted by the Commission.

13.1.2 Where, as on April 1, 2016, the power purchase agreement or arrangement between a Generation Entity and a Distribution Licensee for supply of electricity from an existing generating Unit/Station has not been approved by the Commission or the Tariff contained therein has not been adopted by the Commission or where there is no power purchase agreement or arrangement, then the supply of electricity by such Generation Entity to the Distribution Licensee after April 1, 2016 shall be in accordance with a power purchase agreement approved by the Commission in accordance with **Part C** of these Regulations:

Provided that the Petition for approval of such power purchase agreement or arrangement shall be filed by the Distribution Licensee with the Commission within a period of three months from the date of notification of these Regulations:

Provided further that the supply of electricity shall be allowed to continue under the present agreement or arrangement, as the case may be, until such time as the Commission approves such power purchase agreement and shall be discontinued forthwith if the Commission rejects, for reasons to be recorded in writing, such power purchase agreement or arrangement.

13.2 New Generating Stations

The Tariff for the supply of electricity by a Generation Entity to a Distribution Licensee from a new generating Unit/Station shall be in accordance with the Tariff determined in accordance with **Part E** of these Regulations.

13.3 Own Generating Stations

13.3.1 Where the Distribution Licensee also undertakes the Business of generation of electricity, the transfer price at which electricity is supplied by the Generation Business of the Distribution Licensee to its Retail Supply Business shall be determined by the Commission:

Provided that the Commission shall have regard to the terms and conditions specified in **Part E** of these Regulations in determining the transfer price for such supply.

- 13.3.2 The Distribution Licensee shall maintain separate record for the Generation Business and shall maintain an Allocation Statement so as to enable the Commission to clearly identify the direct and indirect costs relating to such Business and return on equity capital accruing to such Business.
- 13.4 The Distribution Licensee shall submit, along with the separate Petition for determination of Tariff for retail supply of electricity, the information required under **Part E** of these Regulations relating to the Generation Business.

14 Determination of Tariff and Fees and Charges for Transmission, Distribution Wires Business, Retail Supply Business, and MSLDC

- 14.1 The Commission shall determine the Aggregate Revenue Requirement and Tariff for Transmission Licensees, Distribution Wires Business, Retail Supply Business, and Fees and Charges for MSLDC, based on a Petition filed by the Licensee or MSLDC, as the case may be, in accordance with the procedure contained in this Regulation.
- 14.2 The Commission shall determine the Tariff for the Licensee or Fees and Charges for the MSLDC, as the case may be, for -
- (a) Transmission of electricity, in accordance with the terms and conditions contained in **Part F** of these Regulations;
 - (b) Distribution Wires Business, in accordance with the terms and conditions contained in **Part G** of these Regulations;
 - (c) Retail Supply Business, in accordance with the terms and conditions contained in **Part H** of these Regulations; and
 - (d) MSLDC, in accordance with the terms and conditions contained in **Part I** of these Regulations.
- 14.3 The Petitioner shall provide as part of its Petition, in such form as may be stipulated by the Commission, full details of its calculation of the Aggregate Revenue Requirement and expected revenue from Tariff and charges, and thereafter shall furnish such further information or particulars or documents as the Commission or its Secretary or any Officer designated for the purpose by the Commission may reasonably require to assess such calculation:
- Provided that the Petition shall be accompanied where relevant, by a detailed Tariff revision proposal showing category-wise Tariff and how such revision would meet the gap, if any, in Aggregate Revenue Requirement for each year of the Control Period:

Provided further that the Commission may stipulate different formats for details to be submitted by the Petitioner, as it may reasonably require for assessing the Aggregate Revenue Requirement and for determining the Tariff.

- 14.4 The Petitioner shall submit the duly filled up draft notice for the Commission's approval, based on the template prescribed by the Commission, before receiving the intimation regarding publication under Regulation 14.5.
- 14.5 Upon receipt of a complete Petition accompanied by the requisite information, particulars and documents in compliance with the requirements specified in this Regulation, the Petition shall be admitted, and the Commission or its Secretary or the designated Officer shall intimate to the Petitioner that the Petition is ready for publication.
- 14.6 The Petitioner shall, within three days of an intimation given to it in accordance with Regulation 14.4, publish a notice, in at least two English and two Marathi language daily newspapers widely circulated in the area to which the Petition pertains, outlining the proposed Tariff, and such other matters as may be stipulated by the Commission, and inviting suggestions and objections from the public:

Provided that the Petitioner shall make available a hard copy of the complete Petition, to any person, at such locations and at such rates as may be stipulated by the Commission:

Provided further that the Petitioner shall also provide in downloadable spreadsheet format showing detailed computations, the Petition filed before the Commission along with all regulatory filings, information, particulars and documents in the manner stipulated by the Commission on its internet website:

Provided also that the web-link to the information mentioned in the second proviso to this Regulation shall be easily accessible, archived for downloading and shall be prominently displayed on the Petitioner's internet website:

Provided also that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents, which are confidential in nature.

Explanation – for the purpose of this Regulation, the term “downloadable spreadsheet format” shall mean one (or multiple, linked) spreadsheet software files containing all assumptions, formulae, calculations, software macros and outputs forming the basis of the Petition.

- 14.7 The Petitioner shall furnish to the Commission all such books and records (or certified true copies thereof), including the Accounting Statements, operational and cost data, as may be required by the Commission for determination of Tariff.

- 14.8 The Commission may, if it considers necessary, make or cause to be made available to any person, at any time, such information as has been provided by the Petitioner to the Commission including abstracts of such books and records (or certified true copies thereof) on such terms and conditions as may be specified in the MERC (Conduct of Business) Regulations, 2004, as amended from time to time:
- 14.9 The procedural aspects pertaining to the Petition contained in this Regulation shall apply, only to such an extent as may be required by the Commission having regard to the circumstances of an individual case, to -
- (a) a Petition filed by a Transmission Licensee under Section 36 of the Act;
 - (b) a Petition filed by a Generation Entity or Licensee under Section 64 of the Act;
 - (c) a Petition filed by the MSLDC under Section 32 of the Act.

15 Tariff Order

- 15.1 The Commission shall, within one hundred and twenty (120) days from receipt of a complete Petition and after considering all suggestions and objections received from the public:
- (a) issue a Tariff Order accepting the Petition with such modifications or such conditions as may be specified in that Order;
 - (b) reject the Petition for reasons to be recorded in writing if such Petition is not in accordance with the provisions of the Act and the rules and Regulations made thereunder or the provisions of any other law for the time being in force.
- 15.2 The Petitioner shall publish the Tariff approved by the Commission in at least two English and two Marathi language daily newspapers having wide circulation in its area of Licence and shall provide the approved Tariff schedule on its internet website and make available for sale, a booklet containing such Tariff, to any person upon payment of reasonable reproduction charges:
- Provided that where the Petitioner is a Generation Entity, the publication shall be in such newspapers as are widely circulated in the area of supply of the Distribution Licensee to whom the electricity is proposed to be supplied in terms of the Tariff Order and shall also be put up on the internet website of such Distribution Licensee.
- 15.3 The Tariff so published shall be in force from the date stipulated in the said Order and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein.

16 Adherence to Tariff Order

- 16.1 No Tariff or part of any Tariff may be ordinarily amended, more frequently than once in a year, except in respect of any changes expressly permitted under Z-factor Charge as specified in Regulation 10.
- 16.2 If any Generation Entity or Licensee recovers a price or charge exceeding the Tariff determined under Section 62 of the Act and in accordance with these Regulations, the excess amount shall be payable to the person who has paid such price or charge, along with interest equivalent to the Bank Rate without prejudice to any other liability incurred by such Generation Entity or Licensee.
- 16.3 The Generation Entity or Licensee shall submit periodic returns as may be required by the Commission, containing operational and cost data to enable the Commission to monitor the implementation of its Order.

PART C: POWER PROCUREMENT

17 Applicability

The Regulations contained in this Part shall apply to power procurement by a Distribution Licensee from a Generation Entity or Trading Licensee or Distribution Licensee or from any other source through agreement or arrangement for purchase of power for distribution and supply within the State.

18 Power procurement guidelines

- 18.1 The Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan for the Control Period, which may include long-term, medium-term and short-term power procurement, approved by the Commission in accordance with these Regulations.
- 18.2 A Distribution Licensee shall follow the guidelines contained in this Part with respect to:
- (a) Procurement of power under any arrangement or agreement with a term or duration exceeding seven years but not exceeding twenty five years (i.e., long-term power procurement);
 - (b) Procurement of power under any arrangement or agreement with a term or duration exceeding one year but not exceeding seven years (i.e., medium-term power procurement); and

- (c) Procurement of power under any arrangement or agreement with a term or duration less than or equal to one year (i.e., short-term power procurement).

19 Power procurement plan

- 19.1 The Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply and submit such plan to the Commission for approval:

Provided that such power procurement plan shall be submitted for the ten-year period commencing on April 1, 2016, along with the Petition for determination of Tariff for the Control Period from April 1, 2016 to March 31, 2020, in accordance with **Part A** of these Regulations:

Provided further that the Aggregate Revenue Requirement and proposed Tariff for the Control Period from April 1, 2016 to March 31, 2020 shall be based on the power procurement plan for the first four years, i.e., the period from April 1, 2016 to March 31, 2020, which shall form part of the power procurement plan for the ten-year period commencing on April 1, 2016:

Provided also that the power procurement plan submitted by the Distribution Licensee may include long-term, medium-term and short-term power sources of power procurement, in accordance with these Regulations.

- 19.2 The power procurement plan of the Distribution Licensee shall comprise of the following:

- (a) A quantitative forecast of the unrestricted base load and peak load for electricity within its area of supply;
- (b) An estimate of the quantities of electricity supply from the identified sources of power purchase including own generation, if any;
- (c) An estimate of availability of power to meet the base load and peak load requirement:
Provided that such estimate of demand and supply shall be on month-wise basis in Mega-Watt (MW) as well as expressed in Million Units (MU).
- (d) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations of the Commission ;
- (e) Measures proposed to be implemented as regards energy conservation, energy efficiency, and Demand Side Management;

- (f) The requirement for new sources of power procurement including augmentation of own generation capacity, if any, and identified new sources of supply, based on (a) to (e) above;
- (g) The plan for procurement of power including sources of power, quantities and cost estimates for such procurement:

Provided that the forecast/estimate contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantities of power to be procured (in millions of units of electricity) and maximum demand (in MW):

Provided further that the forecasts/estimates for the Control Period from FY 2016-17 to FY 2019-20 shall be prepared for each month over the Control Period:

Provided also that the long-term procurement plan shall be a cost-effective plan based on available information regarding costs of various sources of supply.

Explanation – for the purpose of this Regulation, the term “peak period” shall mean such block of three or more continuous hours during a twenty-four (24) hour period representing maximum power demand for the Distribution Licensee.

- 19.3 The forecast/estimate shall be prepared using forecasting techniques based on past data and reasonable assumptions regarding the future:

Provided that the forecast/estimate shall take into account factors such as overall economic growth, consumption growth of electricity-intensive sectors, advent of competition in the electricity sector, trends in captive power, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors.

- 19.4 Where the Commission has specified a percentage of the total consumption of electricity in the area of a Distribution Licensee to be purchased from co-generation and/or renewable sources of energy, the power procurement plan of such Distribution Licensee shall include the plan for procurement from such sources up to the specified level.

- 19.5 The Distribution Licensee shall be required to forward a copy of the power procurement plan to the State Transmission Utility for verification of its consistency with the transmission system plan for the intra-State transmission system, prepared in accordance with the Regulations of the Commission governing Transmission Open Access:

Provided that the Distribution Licensee shall also consult the State Transmission Utility at the time of preparation of the power procurement plan, to ensure consistency of such plan with the transmission system plan.

- 19.6 The Commission shall approve the power procurement plan for the Control Period as part of its Order on the MYT Petition for the Control Period.
- 19.7 The Distribution Licensee may, as a result of additional information not previously known or available to it at the time of submission of the procurement plan under Regulation 19.1, apply for a modification in the power procurement plan, for the remainder of the Control Period, as part of the Petition for Mid-term Performance Review under Regulation 8.
- 19.8 The Commission may, as a result of additional information not previously known or available to the Commission at the time of approval of the procurement plan under Regulation 19.6, if it so deems, either on *suo motu* basis or on a Petition filed by the Distribution Licensee, modify the procurement plan of the Distribution Licensee for the remainder of the Control Period, as part of the Mid-term Review.

20 Approval of power purchase agreement/arrangement

- 20.1 Every agreement or arrangement for power procurement, including on a Standby basis, by a Distribution Licensee from a Generation Entity or Licensee or from other source of supply, any change to an existing agreement or arrangement for power procurement, shall come into effect only with the prior approval of the Commission:
- Provided that the prior approval of the Commission shall not be required for purchase of power from Renewable Energy sources at generic/preferential tariff determined by the Commission, for meeting its RPO.
- 20.2 The Petitioner shall submit the duly filled up draft notice for the Commission's approval, based on the template prescribed by the Commission, before receiving the intimation regarding publication under Regulation 20.3.
- 20.3 Upon receipt of a complete Petition accompanied by the requisite information, particulars and documents in compliance with all the requirements specified in this Regulation, the Petition shall be admitted and the Commission or its Secretary or the designated Officer shall intimate to the Petitioner that the Petition is ready for publication.
- 20.4 The Petitioner shall, within three days of an intimation given to it in accordance with Regulation 20.3, publish a notice, in at least two English and two Marathi language daily newspapers widely circulated in the area to which the Petition pertains, outlining the salient features of the proposed agreement or arrangement for power procurement and the impact on the power procurement cost and Tariff, and such other matters as

may be stipulated by the Commission, and inviting suggestions and objections from the public:

Provided that the Petitioner shall make available a hard copy of the complete Petition, to any person, at such locations and at such rates as may be stipulated by the Commission:

Provided further that the Petitioner shall also provide the Petition filed before the Commission along with all regulatory filings, information, particulars and documents in the manner so stipulated by the Commission, on its internet website:

Provided also that the web-link to the information mentioned in the second proviso to this Regulation shall be easily accessible, archived for downloading and shall be prominently displayed on the Petitioner's internet website:

Provided also that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents, which are confidential in nature.

20.5 The Commission shall consider a Petition for approval of power procurement agreement or arrangement having regard to the approved power procurement plan of the Distribution Licensee and the following factors:

- (a) Requirement for power procurement under the approved power procurement plan;
- (b) Adherence to a transparent process of bidding either in accordance with guidelines issued by the Central Government under Section 63 of the Act, or otherwise;
- (c) Adherence to the terms and conditions for determination of Tariff specified under **Part E** of these Regulations;
- (d) Competitiveness of the Tariff vis-a-vis the Tariff prevalent in the market and/or Tariff discovered through competitive bidding under Section 63 of the Act or otherwise:

Provided that the Distribution Licensee may seek prior approval of the bidding documents for competitive bidding proposed to be undertaken other than under Section 63 of the Act:

Provided further that the Commission may prescribe guidelines for such bidding process;

- (e) Availability (or expected availability) of capacity in the intra-State transmission system for evacuation and supply of power procured under the agreement/arrangement;

- (f) Need to promote co-generation and generation of electricity from renewable sources of energy.
- 20.6 Upon completion of the consideration of the power procurement agreement or arrangement, the Commission shall:
- (a) issue an Order approving the power procurement agreement or arrangement, subject to such modifications and conditions as it may stipulate; or
 - (b) reject the Petition for reasons to be recorded in writing.

21 Additional power procurement

- 21.1 The Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.
- 21.2 Where there has been an unanticipated increase in the demand for electricity or shortfall or failure in the supply of electricity from any approved source of supply during the Year, the Distribution Licensee may enter into additional agreement or arrangement for procurement of power.
- 21.3 Any variation, during the first or second block of six months of a Year, in the quantum or cost of power procured including procurement from a source other than a previously approved source, in excess of five per cent of that approved by the Commission, shall require the prior approval of the Commission:
- Provided that variation in the cost of power procured on account of changes in the price of fuel for own generation and/or fixed/variable cost of power purchase, computed in accordance with Regulation 10, shall not be included in determining the need for prior approval of the Commission under this Regulation.
- 21.4 Where the Distribution Licensee has identified a new short-term source of supply from which power can be procured at a Tariff that reduces its approved total power procurement cost, the Distribution Licensee may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.
- 21.5 The Distribution Licensee may enter into a short-term arrangement or agreement for procurement of power without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system or when directed to do so by the MSLDC to prevent grid failure.

- 21.6 Within fifteen days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the Distribution Licensee shall submit to the Commission, full details of such agreement or arrangement, including quantum, Tariff calculations, duration, supplier details, method for supplier selection and such other details as the Commission may require with regard to such agreement or arrangement to assess that the conditions specified in this Regulation have been complied with.
- 21.7 Where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the Distribution Licensee does not meet the criteria specified in Regulation 21.2 to Regulation 21.5, the Commission may disallow any increase in the total cost of power procurement over the approved level arising therefrom or any loss incurred by the Distribution Licensee as a result, from being passed through to consumers.

PART D: FINANCIAL PRINCIPLES

22 Financial Prudence

- 22.1 The Generation Entity or Licensee or MSLDC is required to manage its finances in an optimum and prudent manner.
- 22.2 In determining the Aggregate Revenue Requirement and Tariff of the Generation Entity or Licensee or MSLDC, the Commission shall assess the financial prudence exercised with regard to the following factors:
- (a) revenue;
 - (b) revenue expenditure;
 - (c) capital expenditure:
- Provided that the Commission may disallow a part of the Aggregate Revenue Requirement, as an efficiency measure, if it finds the exercise of such prudence to have been deficient.
- 22.3 The financial prudence with respect to revenue shall be assessed in terms of the following parameters:
- (a) whether category-wise sales projections are based on realistic estimates, and whether adequate justification has been provided for any anomalous increase in sales projected by the Distribution Licensee;

- (b) billing efficiency measured as a percentage of the units billed by the Generation Entity or Licensee to the total units injected into the transmission or distribution system, as the case may be;
- (c) collection efficiency measured as a percentage of the amount collected by the Generation Entity or Licensee to the total amount billed;
- (d) reduction in arrears receivable from Beneficiaries/consumers;
- (e) percentage of metered consumers and metered consumption out of the total, in the case of Distribution Licensee;
- (f) percentage of bills raised on the basis of assessed consumption out of the total number of bills raised by the Distribution Licensee;
- (g) whether revenue collected is in line with the projections made in the Petition and approved by the Commission.

22.4 The financial prudence with respect to revenue expenditure shall be assessed in terms of the following parameters:

- (a) monitoring of the revenue expenditure as against the revenue earned, such that the expenses and payment obligations of the Generation Entity or Licensee to other entities are met in a timely manner;
- (b) mechanism put in place for monitoring adherence with the approved revenue expenditure, including schedule of interest payments for long-term loans and working capital;
- (c) transparent method of power procurement, with the objective of optimising the power purchase expenses, as specified in Regulation 18, 19, 20, and 21;
- (d) optimum purchase of power based on requirement of power and potential for earning additional net revenue based on the differential between the rate for purchase of power from different sources and the market rate for sale of surplus power, if any:

Provided that, in case the excess of revenue expenditure over the revenue earned exceeds 5%, the Generation Entity or Licensee shall submit detailed justification for the mismatch along with the Petition for True-up, including a comparison of the revenue expenditure and revenue estimated in the Petition with the amounts approved by the Commission and with the actual amount of revenue expenditure and revenue, under key heads:

Provided further that the Generation Entity or Licensee shall submit a detailed cash flow statement for the respective Business, showing the various sources of revenue,

the actual amount of cash collected against the amount billed to different consumer categories for sale of electricity, the comparison of the actual revenue expenditure and capital expenditure with the projected and approved revenue expenditure and capital expenditure:

Provided also that in case the payment obligations of the Generation Entity or Licensee to other entities are not regularly met, the Generation Entity or Licensee shall provide justification for such shortfall with reference to the cash flow statement.

22.5 The financial prudence with respect to capital expenditure shall be assessed in terms of the following parameters:

- (a) mechanism put in place for monitoring the physical progress of projects with respect to their original schedule;
- (b) optimum drawal of loans in accordance with the physical progress of the capital expenditure schemes and efficient utilisation of such loans;
- (c) in case the actual capital expenditure and capitalisation exceeds 10% of that approved by the Commission, the Generation Entity or Licensee shall submit detailed justification for such excess along with the Petition for True-up;
- (d) in case any scheme has not been commenced during the year despite the Commission's approval for the same, detailed justification shall be submitted for the same along with the Petition for True-up.

23 Capital Cost and capital structure

23.1 Capital cost for a capital investment Project shall include:

- (a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check;
- (b) capitalised initial spares subject to the ceiling rates specified in this Regulation;
- (c) expenses incurred by the Licensee on obtaining right of way;
- (d) additional capital expenditure determined under Regulation 24:

Provided that the capital cost of the assets forming part of the Project but not put to use or not in use, shall be excluded from the capital cost:

Provided further that the Generation Entity or Transmission Licensee shall submit documentary evidence in support of its claim for assets being put to use:

Provided also that any capital expenditure incurred based on the specific requirement of a Generation Entity or Licensee shall be substantiated with necessary documentary evidence in the form of request for the same and undertaking received.

- 23.2 The capital cost admitted by the Commission after prudence check shall form the basis for determination of Tariff:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan including choice and manner of funding, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of Tariff.

- 23.3 The approved capital cost shall be considered for determination of Tariff and if sufficient justification is provided for any escalation in the capital cost, the same may be considered by the Commission subject to prudence check and in accordance with the conditions and methodology specified in Regulation 38:

Provided that in case the actual capital cost is lower than the approved capital cost, then the actual capital cost subject to prudence check and in accordance with the conditions and methodology specified in Regulation 38 for capital cost of new generating Unit/Station, shall be considered for determination of Tariff of the Generation Entity.

- 23.4 The actual capital expenditure on a scheme as on COD for the original scope of work based on audited accounts of the Generation Entity or Licensee or MSLDC or Project, as the case may be, shall be considered subject to prudence check by the Commission.

- 23.5 The Commission may approve, for each year of the Control Period, an additional amount equivalent to 20% of the total capital expenditure approved for that year, towards planned or unplanned capital expenditure that is yet to be approved by the Commission.

- 23.6 The amount of capitalisation against non-DPR schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the amount of capitalisation approved against DPR schemes for that Year:

Provided that the Commission may allow capitalisation against non-DPR schemes for any Year in excess of 20% or such other limit as may be stipulated by the Commission through Order, based on a request made by the Generation Entity or Licensee or MSLDC.

- 23.7 Where power purchase agreement or bulk power transmission agreement provides for a ceiling of capital cost, the capital cost to be considered shall not exceed such ceiling.

23.8 The revenue earned from sale of infirm power prior to the COD in excess of fuel cost as specified under Regulation 42, shall be adjusted against the Capital Cost.

23.9 The capital cost may include initial spares capitalised as a percentage of the Plant and Machinery cost up to the cut-off date, subject to the following ceiling norms:

- | | |
|-------------------------------------------------------------------------------------|-------|
| (a) Coal based/lignite fired Generating Stations: | 4.0%; |
| (b) Gas turbine/combined cycle Generating Stations: | 4.0%; |
| (c) Hydel Generating Stations including pumped storage
hydel generating Station: | 4.0%; |
| (d) Transmission System and Distribution System | |
| (i) Transmission Line & Distribution Line: | 1.0%; |
| (ii) Transmission sub-Station & Distribution sub-Station
(green-field): | 4.0%; |
| (iii) Transmission sub-Station (brown-field): | 6.0%; |
| (iv) Series compensation devices and HVDC sub-Station: | 4.0%; |
| (v) Gas Insulated sub-Station (GIS): | 5.0%; |
| (vi) Communication System: | 3.5%. |

23.10 Impact of revaluation of assets shall be permitted provided it does not result in increase in Tariff of the Generation Entity or Licensee:

Provided that any benefit from such revaluation shall be passed on to persons sharing the capacity charge in case of a Generation Entity, to long-term intra-State open access customers of Transmission Licensee or Distribution Licensee or retail supply consumers of Distribution Licensees, at the time of MYT Tariff determination or Mid-term Review or final Truing-up for the Control Period, as the case may be.

23.11 Any expenditure on replacement, renovation and modernisation or extension of life of old fixed assets, as applicable to Generating Companies or Licensees shall be considered after writing off the net value of such replaced assets from the original capital cost and shall be computed as follows:

$$\text{Net Value of Replaced Assets} = \text{OCRA} - \text{AD};$$

Where;

OCRA: Original Capital Cost of Replaced Assets;

AD: Accumulated depreciation pertaining to the Replaced Assets:

Provided that the amount of insurance proceeds received, if any, towards damage to any asset requiring replacement of such asset, shall be first utilised to reduce the capital cost of such replaced asset, and the balance amount, if any, shall be considered as Non-Tariff Income.

Explanation – for the purpose of this Regulation, the term 'renovation and modernisation' shall have the same meaning as in Section 80 IA of the Income-Tax Act, 1961.

24 Additional capitalisation

24.1 The capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Undischarged liabilities recognized to be payable at a future date;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and
- (v) Change in law or compliance of any existing law:

Provided that the details of works included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the Petition for determination of final Tariff after the date of commercial operation of the Generating Unit/Station or transmission system.

24.2 The capital expenditure incurred or projected to be incurred in respect of a new Project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Deferred works relating to ash pond or ash handling system in the original scope of work; and
- (iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.

24.3 The capital expenditure, in respect of existing generating Station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by relevant Government Agencies;
- (iv) Deferred works relating to ash pond or ash handling system in the original scope of work;
- (v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.;
- (vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;
- (vii) Any additional capital expenditure which has become necessary for efficient operation:

Provided that the claim shall be substantiated with the technical justification duly supported by documentary evidence like test results carried out by an independent agency in case of deterioration of assets, damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

- (viii) In case of hydel generating stations, any expenditure, which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the Generation Entity) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation;
- (ix) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure, which has become necessary for successful and efficient operation of transmission system; and

- (x) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receiving system arising due to non-materialisation of coal supply corresponding to full coal linkage in respect of thermal generating Station as a result of circumstances not within the control of the generating Station:

Provided that any expenditure on acquiring minor items or assets such as tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets, etc., bought after the cut-off date shall not be considered for additional capitalization for determination of Tariff:

Provided further that any expenditure, which has been claimed under Renovation and Modernisation or repairs and maintenance under O&M expenses, shall not be claimed under this Regulation.

- 24.4 Impact of additional capitalisation on Tariff, if any, shall be considered during Mid-term Review or Tariff determination for the next Control Period as the case may be.

25 Consumer Contribution, Deposit Work, Grant and Capital Subsidy

- 25.1 The expenses on the following categories of works carried out by the Generation Entity or Licensee or MSLDC shall be treated as specified in Regulation 25.2:

- (a) Works undertaken from funds, partly or fully, provided by the users, which are in the nature of deposit works or consumer contribution works;
- (b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;
- (c) Other works undertaken with funding received without any obligation of repayment and with no interest costs.

- 25.2 The expenses on such capital works shall be treated as follows:-

- (a) normative O&M expenses as specified in these Regulations shall be allowed;
- (b) the debt:equity ratio, shall be considered in accordance with Regulation 26, after deducting the amount of financial support received;
- (c) provisions related to depreciation, as specified in Regulation 27, shall not be applicable to the extent of financial support received;
- (d) provisions related to return on equity, as specified in Regulation 28 shall not be applicable to the extent of financial support received;

- (e) provisions related to interest on loan capital, as specified in Regulation 29 shall not be applicable to the extent of financial support received.

26 Debt-equity ratio

- 26.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2016, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 23, after prudence check for determination of Tariff:

Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Generation Entity or Licensee or MSLDC for determination of Tariff:

Provided further that the Generation Entity or Licensee or MSLDC shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Explanation.- The premium, if any, raised by the Generation Entity or the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the Scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the Generating Station or the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

- 26.2 In case of the Generation Entity or Licensee, if any fixed asset is capitalised on account of capital expenditure Scheme prior to April 1, 2016, the debt-equity ratio allowed by the Commission for determination of Tariff for the period ending March 31, 2016 shall be considered:

Provided that in case of retirement or replacement or de-capitalisation of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or de-capitalisation of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets.

- 26.3 Any expenditure incurred or projected to be incurred on or after April 1, 2016, as may be admitted by the Commission as additional capital expenditure for determination of Tariff, and renovation and modernisation expenditure for life extension, shall be serviced in the manner specified in this Regulation.

27 Depreciation

27.1 The Generation Entity, Licensee, and MSLDC shall be permitted to recover depreciation on the value of fixed assets used in their respective Businesses, computed in the following manner:

- (a) The approved original cost of the fixed assets shall be the value base for calculation of depreciation:

Provided that the depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

- (b) Depreciation shall be computed annually based on the straight line method at the rates specified in the **Annexure I** to these Regulations:

Provided that the Generation Entity or Licensee or MSLDC shall ensure that once the individual asset is depreciated to the extent of seventy (70) percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance useful life of the asset, as provided in this Regulation:

Provided further that the Generation Entity or Licensee shall submit all such details or documentary evidence as may be required, to substantiate the above claims.

- (c) The salvage value of the asset shall be considered at 10 per cent of the allowable capital cost and depreciation shall be allowed upto a maximum of 90 per cent of the allowable capital cost of the asset.

27.2 Land other than the land held under lease and the land for reservoir in case of hydel Generating Station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

27.3 In case of existing assets, the balance depreciable value as on April 1, 2016, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2016, from the gross depreciable value of the assets:

Provided that depreciation shall be chargeable from the first year of commercial operation.

27.4 In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets.

27.5 Depreciation shall be re-computed for assets capitalised at the time of Truing-up along with the Mid-term Review or at the end of the Control Period, based on documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission, such that the depreciation is allowed proportionately from the date of capitalisation.

28 Return on Equity

28.1 Return on equity for a Generation Entity shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 15.5 per cent per annum in Indian Rupee terms.

28.2 Return on equity for the Transmission Licensee, Distribution Wires Business and MSLDC shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 15.5 % per cent per annum in Indian Rupee terms, and for the Retail Supply Business, Return on equity capital shall be allowed on the amount of equity capital determined in accordance with Regulation 26 at the rate of 17.5 % per cent per annum in Indian Rupee terms.

28.3 The return on equity shall be computed in the following manner:

- (a) Return at the allowable rate as per this Regulation, applied on the amount of equity capital at the commencement of the Year; plus
- (b) Return at the allowable rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost, for the investments put to use in Transmission Business or Distribution Business or MSLDC, for such Year:

Provided that for the purpose of Truing-up, return on equity shall be allowed on proportionate basis based on documentary evidence provided for the assets put to use during the year.

29 Interest on loan

29.1 The loans arrived at in the manner indicated in Regulation 26 on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2016, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2016, from the gross normative loan.

29.3 The repayment during each year of the Control Period from FY 2016-17 to FY 2019-20 shall be deemed to be equal to the depreciation allowed for that year.

29.4 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the Scheme and shall be equal to the annual depreciation allowed.

29.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual loan portfolio at the beginning of each year:

Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual loan portfolio during the year shall be considered as the rate of interest:

Provided further that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest for actual loan shall be considered:

Provided also that if the Generation Entity or the Licensee or the MSLDC, as the case may be, does not have actual loan even in the past, the weighted average rate of interest of its other Businesses regulated by the Commission shall be considered:

Provided also that if the Generation Entity or the Licensee or the MSLDC, as the case may be, does not have actual loan, and its other Businesses regulated by the Commission also do not have actual loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:

Provided also that if the entity as a whole does not have actual loan, then the Base Rate of the State Bank of India at the beginning of the respective year shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

29.6 The interest on loan shall be computed on the normative average loan of the year by applying the weighted average rate of interest:

Provided that at the time of Truing-up, the normative average loan of the year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.

29.7 The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Deposit Works, Grants or Capital Subsidy.

29.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

29.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be disallowed.

29.10 The Generation Entity or the Licensee or the MSLDC, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1.

29.11 Interest shall be allowed on the amount held in cash as security deposit from Transmission System Users, Distribution System Users and Retail consumers at the Bank Rate as on 1st April of the Year in which the Petition is filed:

Provided that at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.

30 Foreign Exchange Rate Variation

30.1 The Generation Entity or Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the generating Station or the transmission system or distribution system, in part or in full at its discretion.

30.2 Any hedging transaction entered into by the Generation Entity or Licensee should be communicated to the Beneficiaries concerned, within thirty days of entering into such hedging transaction(s).

- 30.3 The Generation Entity or Licensee shall be permitted to recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant year as expense, subject to prudence check by the Commission, and extra rupee liability corresponding to such variation shall not be allowed against the hedged foreign debt.
- 30.4 To the extent that the foreign exchange exposure is not hedged, any extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant year shall be allowed subject to prudence check by the Commission, provided it is not attributable to such Generation Entity or the Licensee or its suppliers or contractors.

31 Interest on Working Capital

31.1 Generation

- (a) In case of coal based/lignite-fired Generating Stations, working capital shall cover:
- (i) Cost of coal or lignite and limestone towards stock, if applicable, for fifteen days for pit-head Generating Stations and thirty days for non-pit-head Generating Stations, for generation corresponding to target availability, or the maximum coal/lignite stock storage capacity, whichever is lower;
 - (ii) Cost of coal or lignite and limestone for thirty days for generation corresponding to target availability;
 - (iii) Cost of secondary fuel oil for two months corresponding to target availability;
 - (iv) Operation and Maintenance expenses for one month;
 - (v) Maintenance spares at one per cent of the historical cost; and
 - (vi) Receivables for sale of electricity equivalent to two months of the sum of annual fixed charges and energy charges computed on target availability;
minus
 - (vii) Payables for fuel (including oil and secondary fuel oil) to the extent of thirty days of the cost of fuel computed at target availability:

Provided that for the purpose of Truing-up, the working capital shall be computed based on the actual availability or target availability of the generating Station, whichever is lower:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

- (b) In case of oil-fired Generating Stations, working capital shall cover:
- (i) Cost of oil for thirty days towards stock, if applicable, for generation corresponding to target availability, or the maximum oil stock storage capacity, whichever is lower;
 - (ii) Cost of oil for thirty days for generation corresponding to target availability;
 - (iii) Operation and Maintenance expenses for one month;
 - (iv) Maintenance spares at one per cent of the historical cost; and
 - (v) Receivables for sale of electricity equivalent to two months of the sum of annual fixed charges and energy charges computed on target availability;
minus
 - (vi) Payables for fuel to the extent of thirty days of the cost of fuel computed at target availability:

Provided that for the purpose of Truing-up, the working capital shall be computed based on the actual availability or target availability of the generating Station, whichever is lower:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

- (c) In case of Open Cycle Gas Turbine/Combined Cycle Generating Stations, working capital shall cover:
- (i) Fuel cost for thirty days corresponding to target availability duly taking into account the mode of operation of the Generating Station on gas fuel and liquid fuel;
 - (ii) Liquid fuel stock for fifteen days corresponding to target availability;
 - (iii) Operation and maintenance expenses for one month;
 - (iv) Maintenance spares at one per cent of the historical cost; and
 - (v) Receivables for sale of electricity equivalent to two months of the sum of annual fixed charges and energy charges computed on target availability;

minus

- (vi) Payables for fuel (including liquid fuel stock) to the extent of thirty days of the cost of fuel computed at target availability:

Provided that for the purpose of Truing-up, the working capital shall be computed based on the actual availability or target availability of the generating Station, whichever is lower:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

- (d) In case of Hydro power Generating Stations including pumped storage hydel electric generating Station, working capital shall cover:
 - (i) Operation and maintenance expenses for one month;
 - (ii) Maintenance spares at one per cent of the historical cost; and
 - (iii) Receivables for sale of electricity equivalent to two months of the annual fixed charges computed on normative capacity index:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

- (e) In case of own Generating Stations of the Retail Supply Business, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with this Regulation.
- (f) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate of State Bank of India as on the date on which the Petition for determination of Tariff is filed, plus 100 basis points:

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate of State Bank of India prevailing during the Year plus 100 basis points.

31.2 Transmission

- (a) The working capital requirement of the Transmission Licensee shall cover:
 - (i) Operation and maintenance expenses for one month;
 - (ii) Maintenance spares at one per cent of the historical cost; and

(iii) One month equivalent of the expected revenue from transmission charges at the prevailing Tariff;

minus

(iv) Amount held as security deposits in cash, if any, from Transmission System Users:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

(b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate of State Bank of India as on the date on which the Petition for determination of Tariff is filed, plus 100 basis points:

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate of State Bank of India prevailing during the Year plus 100 basis points.

31.3 Distribution Wires Business

(a) The working capital requirement of the Distribution Wires Business shall cover:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares at one per cent of the historical cost; and

(iii) One and half months equivalent of the expected revenue from charges for use of Distribution Wires at the prevailing Tariff;

minus

(iv) Amount held as security deposits in cash from Distribution System Users:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

(b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate of State Bank of India as on the date on which the Petition for determination of Tariff is filed, plus 100 basis points:

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate of State Bank of India prevailing during the Year plus 100 basis points.

31.4 Retail Supply of Electricity

- (a) The working capital requirement of the Retail Supply Business shall cover:
- (i) Operation and maintenance expenses for one month;
 - (ii) Maintenance spares at one per cent of the historical cost; and
 - (iii) One and half months equivalent of the expected revenue from sale of electricity at the prevailing Tariff;
minus
 - (iv) Amount held as security deposits in cash from retail supply consumers;
 - (v) One month equivalent of cost of power purchased, based on the annual power procurement plan:

Provided that in case of power procurement from own Generating Stations of the Retail Supply Business, no amount shall be allowed towards payables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

- (b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate of State Bank of India as on the date on which the Petition for determination of Tariff is filed, plus 100 basis points:

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate of State Bank of India prevailing during the Year plus 100 basis points.

31.5 MSLDC

- (a) The working capital requirement of the MSLDC shall cover:
- (vi) Operation and maintenance expenses for one month;
 - (vii) Half month equivalent of the expected revenue from levy of Annual Fixed Charges:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up;

- (b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate of State Bank of India as on the date on which the Petition for determination of Fees and Charges is filed, plus 100 basis points:

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate of State Bank of India prevailing during the Year plus 100 basis points.

- 31.6 For the purpose of Truing-up for each year, the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred by the Generation Entity or Licensee or MSLDC, substantiated by documentary evidence, shall be considered as an efficiency gain or efficiency loss, as the case may be, on account of controllable factors, and shared between it and the respective Beneficiary or consumer as the case may be, in accordance with Regulation 11.

32 Carrying Cost or Holding Cost

The Commission shall allow Carrying Cost or Holding Cost, as the case may be, on the admissible amounts, at the Bank Rate as on the date on which the Petition is filed.

33 Income Tax

- 33.1 The Commission, in its MYT Order, shall provisionally approve Income Tax payable for each year of the Control Period based on the actual Income Tax paid on permissible return or actual Profit Before tax, whichever is lower, as allowed by the Commission relating to the electricity Business regulated by the Commission, as per latest available Audited Accounts, subject to prudence check:

Provided that no Income Tax shall be considered on the amount of efficiency gains and incentive earned, irrespective of whether or not the amount of such efficiency gains and incentive are billed separately:

Provided further that the Income Tax shall be computed for the Generation Entity as a whole, and not Unit-wise/Station-wise.

- 33.2 The benefits of any Income tax holiday and any other Income Tax benefits allowed under the Income tax Act, 1961, credit for unabsorbed losses or unabsorbed depreciation, or amount of Minimum Alternate Tax paid in previous years and available for set off against Corporate Tax liability, shall be taken into account for computation of the Income Tax liability of the Generation Entity or Licensee or

MSLDC, as the case may be, irrespective of whether or not such Income Tax benefits and allowances have actually been claimed.

- 33.3 Variation between the Income Tax actually paid and approved, if any, on permissible return or actual Profit Before tax of the regulated Business of Generation Entity or Licensee or MSLDC, whichever is lower, shall be allowed for recovery as part of the Aggregate Revenue Requirement, at the time of Mid-term Review or Truing-up, subject to prudence check.
- 33.4 Income Tax on any income stream from sources other than the Business regulated by the Commission shall not constitute a pass through component in Tariff, and Income Tax on such other income shall be borne by the Generation Entity or Licensee or MSLDC, as the case may be.

34 Contribution to Contingency Reserves

- 34.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25 per cent and not more than 0.5 per cent of the original cost of fixed assets shall be allowed annually towards such contribution in the calculation of Aggregate Revenue Requirement:

Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:

Provided further that such contribution shall be invested in securities authorised under the Indian Trusts Act, 1882 within a period of six months of the close of the Year.

- 34.2 The Contingency Reserve shall not be drawn upon during the term of the Licence except to meet such charges as may be approved by the Commission as being:
- (a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented;
 - (b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;
 - (c) Compensation payable under any law for the time being in force and for which no other provision is made.
- 34.3 No diminution in the value of Contingency Reserve as mentioned above shall be allowed to be adjusted as a part of Tariff.

35 Rebate, Incentive, and Penalties

- 35.1 For payment of bills of generation Tariff or transmission charges or MSLDC Fees and Charges within 7 days of presentation of bills, through Letter of Credit or otherwise or through NEFT/RTGS, a rebate of 1% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed.
- 35.2 For payment of bills of retail Tariff by the consumers within 7 days of issue of bills, a rebate of 1% on the billed amount, excluding the taxes, cess, duties, etc., shall be allowed.
- 35.3 All rebates or incentives earned by the Generation Entity or Licensee or MSLDC shall be considered under its Non-Tariff Income, while all rebates or incentives given by the Generation Entity or Licensee or MSLDC shall be allowed as an expense for the Generation Entity or Licensee or MSLDC.
- 35.4 Penalties paid, if any, by the Generation Entity or Licensee shall not be allowed as an expense for the Generation Entity or Licensee.

36 Delayed Payment Charge and Interest on Delayed Payment

- 36.1 In case the payment of bills of generation Tariff or transmission charges or MSLDC Fees and Charges by the Beneficiary is delayed beyond a period of 30 days from the date of billing, Delayed Payment Charge at the rate of 1.25% per month on the billed amount shall be levied for the period of delay by the Generation Entity or the Transmission Licensee or MSLDC, as the case may be:

Provided that in case a different rate of Delayed Payment Charge has been agreed in the Power Purchase Agreement or Arrangement entered into with the Generation Entity or the Bulk Power Transmission Agreement with the Transmission Licensee, and such Agreement or Arrangement has already been approved by the Commission, then the rate of Delayed Payment Charge stipulated in such Agreement or Arrangement shall continue to be applicable.

- 36.2 In case the payment of bills of retail Tariff by the consumers is delayed beyond a period of 30 days from the date of billing, Delayed Payment Charge on the billed amount, including the taxes, cess, duties, etc., shall be levied at the rate of 1.25% on the billed amount for the first month of delay:

Provided that for delay in payment of bills of retail Tariff beyond 60 days and up to 90 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied at the rate of 12% per annum:

Provided that for delay in payment of bills of retail Tariff beyond 90 days and up to 180 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied at the rate of 15% per annum:

Provided that for delay in payment of bills of retail Tariff beyond 180 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied at the rate of 18% per annum.

- 36.3 Such Delayed Payment Charge and Interest on Delayed Payment earned by the Generation Entity or the Licensee shall be considered under its Non-Tariff Income.
- 36.4 Such Delayed Payment Charge paid by the Distribution Licensee to the Generation Entity or the Transmission Licensee shall not be allowed as an expense for such Distribution Licensee.

PART E: GENERATION

37 Applicability

- 37.1 The Regulations specified in this Part shall apply to the determination of Tariff for supply of electricity to a Distribution Licensee from conventional sources of generation and hydel generating stations of capacity exceeding 25 MW:

Provided that determination of Tariff for supply of electricity to a Distribution Licensee from Renewable Energy sources of generation shall be in accordance with terms and conditions specified in the relevant Regulations of the Commission.

- 37.2 The Commission shall be guided by the terms and conditions contained in this Part in determining the Tariff for supply of electricity by a Generation Entity to a Distribution Licensee, in the following cases:
- a) where such Tariff is pursuant to a power purchase agreement or arrangement entered into subsequent to the date of effectiveness of these Regulations; or
 - b) where such Tariff is pursuant to a power purchase agreement or arrangement entered into prior to the date of effectiveness of these Regulations, and the Commission has approved such agreement or arrangement or the agreement or arrangement envisages that the Tariff shall be based on the Tariff Regulations prevailing at that time; or

- c) where the Distribution Licensee is engaged in the Business of generation of electricity, in determining the transfer price at which electricity is supplied by the Generation Business of the Distribution Licensee to its Retail Supply Business.

38 Petition for determination of generation Tariff

38.1 A Generation Entity shall file a Petition for determination of Tariff for supply of electricity to Distribution Licensees in accordance with the provisions of **Part B** of these Regulations.

38.2 Tariff in respect of a Generating Station under these Regulations may be determined Stage-wise, Unit-wise or for the whole Generating Station:

Provided that the terms and conditions for determination of Tariff for Generating Stations specified in this Part shall apply in like manner to Stages or Units or the Generating Station, as the case may be.

38.3 Where the Tariff is being determined for a Stage or Unit of a Generating Station, the Generation Entity shall adopt a reasonable basis for allocation of capital cost relating to common facilities and allocation of joint and common costs across all Stages or Units, as the case may be:

Provided that the Generation Entity shall maintain an Allocation Statement providing the basis for allocation of such costs, which shall be duly audited and certified by the statutory auditors, and submit such audited and certified statement to the Commission along with the Petition for determination of Tariff.

38.4 In the case of existing generating Stations/Units, the Commission may allow the Generation Entity; the Tariff based on the approved capital cost as on the April 1, 2016 and projected additional capital expenditure for the ensuing Years:

Provided that the Generation Entity shall continue to bill the Beneficiaries at the Tariff approved by the Commission and applicable as on March 31, 2016 for the period starting from April 1, 2016 till approval of Tariff by the Commission in accordance with these Regulations.

38.5 The Generation Entity shall file the Petition for determination of provisional Tariff for new Generating Station, at least six months prior to the anticipated date of commercial operation of Generating Unit or Stage or Generating Station as a whole, as the case may be.

38.6 The Generation Entity shall file a Petition for determination of provisional Tariff for new Generating Station based on capital expenditure incurred and projected to be

incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the statutory auditors:

Provided that the Petition shall contain details of underlying assumptions for the projected capital cost and additional capital cost, wherever applicable.

- 38.7 In the case of new projects, the Generation Entity may be allowed provisional Tariff by the Commission from the anticipated date of commercial operation, based on the projected capital expenditure.
- 38.8 If the date of commercial operation is delayed beyond six months from the date of issue of the order approving the provisional Tariff, the provisional Tariff granted shall be deemed to have been withdrawn and the Generation Entity shall be required to file a fresh Petition for determination of Tariff after the date of commercial operation of the Project.
- 38.9 The Generation Entity shall file the Petition for determination of final Tariff for new Generating Station within six months from the date of commercial operation of Generating Unit or Stage or Generating Station as a whole, as the case may be, based on the audited capital expenditure and capitalisation as on the date of commercial operation:
- Provided that in case of more than one Unit in the Generating Station, such Petition shall be filed for each Unit as and when such Unit achieves COD and without waiting for the COD of the entire Station.
- 38.10 The final Tariff determination for the new Generating Station shall be done by the Commission based on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.
- 38.11 Where the actual Capital Cost incurred on year to year basis is less than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Generation Entity shall refund to the Beneficiaries the excess Tariff realised corresponding to excess Capital Cost, along with interest at 1.20 times of the Base Rate of State Bank of India, as prevalent on the first day of April of the respective Year, plus one hundred basis points.
- 38.12 Where the actual Capital Cost incurred on year to year basis is more than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Generation Entity shall, subject to the approval of the Commission, recover from the Beneficiaries the shortfall in Tariff corresponding to such decrease in Capital Cost, along with interest at 0.80 times of the Base Rate of State Bank of India, as prevalent on the first day of April of the respective Year, plus one hundred basis points.

38.13 In relation to multi-purpose hydroelectric Projects, with irrigation, flood control and power components, the capital cost chargeable to the power component of the Project only shall be considered for determination of Tariff.

39 Components of Tariff

39.1 The Tariff for sale of electricity from a thermal power Generating Station shall comprise of two parts, namely, Annual Fixed Charge and Energy Charge.

39.2 The Tariff for sale of electricity from a hydel Generating Station shall comprise of two parts, namely, Capacity Charge and Energy Charge.

40 Annual Fixed Charges

The Annual Fixed Charges shall comprise of the following components:

- (a) Operation & Maintenance Expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;
- (d) Interest on Working Capital;
- (e) Return on Equity Capital;
- (f) Income Tax;

Less:

- (g) Non Tariff Income.

Provided that Depreciation, Interest on Loan Capital, Interest on Working Capital, Return on Equity, and Income tax for Thermal and Hydro Generating Stations shall be allowed, in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of Truing-up based on audited accounts, on a case to case basis, subject to prudence check.

41 Renovation & Modernisation

41.1 For undertaking Renovation and Modernisation for the purpose of extension of life beyond the useful life of the Generating Station or a Unit thereof, the Generation Entity

shall file a Petition for approval with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost, record of consultation with Beneficiaries and any other relevant information.

41.2 Approval of such proposal for Renovation and Modernisation shall be granted after consideration of reasonableness of the cost estimates, schedule of completion, use of efficient technology, cost-benefit analysis, and such other factors as may be considered relevant by the Commission.

41.3 In case of gas/ liquid fuel based open/combined cycle thermal generating Station, any expenditure, which has become necessary for renovation of gas turbines/steam turbine and any expenditure necessitated due to obsolescence or non-availability of spares for efficient operation of the stations shall be allowed:

Provided that any expenditure included in the Renovation and Modernisation on consumables and cost of components and spares, which is generally covered in the O&M expenses during the major overhaul of gas turbine, shall be suitably deducted after prudence check, from the Renovation and Modernisation expenditure to be allowed.

41.4 In case of coal-based/lignite fired thermal Generating Station, the Generation Entity, may, in its discretion, avail of a 'special allowance' in accordance with the norms specified in Regulation 41.5, as compensation for meeting the requirement of expenses including Renovation and Modernisation beyond the useful life of the Generating Station or a Unit thereof, and in such an event revision of the capital cost shall not be allowed and the applicable operational norms shall be revised, but the special allowance shall be included in the Annual Fixed Cost:

Provided that such option shall not be available for a Generating Station or Unit for which Renovation and Modernisation has been undertaken and the expenditure has been admitted by the Commission before the date of effectiveness of these Regulations, or for a generating Station or Unit which is in a depleted condition or operating under relaxed operational and performance norms.

41.5 The Special Allowance shall be Rs. 7.5 lakh/MW/year for the year 2016-17 and thereafter escalated at the rate of 5% every year during the Control Period, Unit-wise from the next Year from the respective date of the completion of useful life with reference to the date of commercial operation of the respective Unit of generating Station:

Provided that in respect of a Unit in commercial operation for more than 25 years as on April 1, 2016, this allowance shall be admissible from the year 2016-17:

Provided further that the special allowance for the generating Station/Unit, which, in its discretion, has already availed of a 'Special Allowance' in accordance with the norms specified in Regulations 41.6 (iv) of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011, shall be allowed Special Allowance by escalating the special allowance allowed for the year 2015-16 @ 5% every year during the Control Period.

- 41.6 The expenditure approved by the Commission after prudence check based on the estimates of Renovation and Modernisation expenditure and life extension, and after deducting the accumulated depreciation already recovered from the original Project cost, shall form the basis for determination of Tariff.

42 Sale of Infirm Power

The Tariff for sale of infirm power from the thermal Generating Station to the Distribution Licensee shall be equivalent to the actual fuel cost, including the secondary fuel cost, incurred during that period, subject to prudence check:

Provided that any revenue other than the recovery of fuel cost earned by the Generation Entity from sale of infirm power shall be used for reduction in Capital Cost and shall not be treated as revenue.

43 Non-Tariff Income

- 43.1 The amount of Non-Tariff Income of the Generation Entity as approved by the Commission shall be deducted while determining its Annual Fixed Charge:

Provided that the Generation Entity shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

- 43.2 The Non-Tariff Income shall include:
- a) Income from rent of land or buildings;
 - b) Income from sale of scrap;
 - c) Income from investments;
 - d) Income from sale of ash/rejected coal;
 - e) Income from Delayed Payment Charge;

- f) Interest income on advances to suppliers/contractors;
- g) Net Income from supply of electricity by the Generation Entity to the housing colonies of its operating staff, after adjusting the expenses incurred for supply of such electricity;
- h) Income from rental from staff quarters;
- i) Income from rental from contractors;
- j) Income from hire charges from contractors and others;
- k) Income from advertisements;
- l) Income from sale of tender documents;
- m) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Generation Entity shall not be included in Non-Tariff Income:

Provided further that the tariff for sale of electricity by the Generation Entity to the housing colonies of its operating staff, shall be the same as the Tariff approved by the Commission for the supply of electricity the respective consumer category by the Distribution Licensee for that area of supply.

44 Norms of operation for Thermal Generating Stations

- 44.1 Target Availability for full recovery of Annual Fixed Charges shall be **85 per cent for all thermal Generating Stations**, except those covered under Regulation 44.2.
- 44.2 Target Availability for full recovery of Annual Fixed Charges for the following Generating Stations of Maharashtra State Power Generation Company Ltd. (MSPGCL) shall be:

Particulars	Target Availability (%)
Koradi TPS	72.00
Khaperkheda TPS	85.00
Chandrapur TPS	80.00
Nashik TPS	80.00
Bhusawal TPS excluding Unit No. 4 and 5	80.00
Parli TPS excluding Unit No. 6 and 7	80.00

Provided that the Commission may revise the Availability norms for these Generating Stations in case any Renovation & Modernisation is undertaken.

44.3 Target Plant Load Factor for incentive for thermal Generating Stations/Units shall be **85 per cent**.

44.4 Gross Station Heat Rate for existing coal-based thermal Generating Stations, other than those covered under Regulation 43.5 and 43.6 shall be:

200/210/250 MW sets	300/500 MW sets (sub-critical boilers)
2450 kcal/kWh	2375 kcal/kWh

Note 1

In respect of 500 MW Units, where the boiler feed pumps are electrically operated, the gross Station Heat Rate shall be 40 kcal/kWh lower than the gross Station Heat Rate specified above.

Note 2

For Generating Stations having combination of 200/210/250 MW sets and 500 MW sets, the normative gross Station Heat Rate shall be the weighted average Station Heat Rate.

44.5 Gross Station Heat Rate for existing coal-based thermal Generating Stations of Maharashtra State Power Generation Company Ltd. (MSPGCL) shall be:

(kcal/kWh)

Year	Koradi	Khaperkheda	Chandrapur	Nashik	Bhusawal excluding Unit No. 4 and 5	Parli excluding Unit No. 6 and 7
FY 2016-17	2770	2606	2672	2685	2717	2813
FY 2017-18	2780	2614	2666	2655	2682	2740
FY 2018-19	2789	2622	2676	2665	2690	2749
FY 2019-20	2798	2630	2685	2674	2699	2758

Provided that the Commission may revise the Station Heat Rate norms for these Generating Stations in case any Renovation & Modernisation is undertaken.

44.6 Gross Station Heat Rate for existing thermal Generating Stations of The Tata Power Company Ltd.-Generation Business (TPC-G) shall be:

(kcal/kWh)

Year	Unit-5	Unit-6
		With Oil & Gas mix in proportion of 50:50*
FY 2016-17	2500	2544
FY 2017-18	2508	2549
FY 2018-19	2516	2554
FY 2019-20	2524	2559

* In case variation in Oil and Gas mix is more than +/- 5%, the Station Heat Rate for Unit 6 shall be approved considering the actual Oil and Gas Mix.

44.7 Gross Station Heat Rate for existing Gas Turbine/Combined Cycle Generating Station/Unit shall be:

(kcal/kWh)

Year	Uran GTPS of MSPGCL	Unit-7 of TPC-G
FY 2016-17	2023	1977
FY 2017-18	2027	1981
FY 2018-19	2031	1985
FY 2019-20	2035	1989

44.8 Gross Station Heat Rate for New Coal and Lignite based thermal power Generating Stations /Units achieving COD after April 1, 2016 shall be equal to **1.045 times the Design Heat Rate** (kcal/kWh);

Where the Design Heat Rate of a Unit means the Unit Heat Rate guaranteed by the supplier at conditions of 100% MCR, zero percent make up, design coal and design cooling water temperature/back pressure:

Provided that the Design Heat Rate shall not exceed the following maximum design Unit Heat Rates depending upon the pressure and temperature ratings of the Units:

Pressure Rating (kg/cm ²)	150	170	170	247
SHT/RHT (°C)	535/535	537/537	537/565	565/593
Type of Boiler Feed Pump	Electrical Driven	Turbine driven	Turbine driven	Turbine driven
Maximum Turbine Cycle Heat Rate (kcal/kWh)	1955	1950	1935	1850

Pressure Rating (kg/cm²)	150	170	170	247
Minimum Boiler Efficiency				
Sub-Bituminous Indian Coal	0.86	0.86	0.86	0.86
Bituminous Imported Coal	0.89	0.89	0.89	0.89
Maximum Design Unit Heat Rate (kcal/kWh)				
Sub-Bituminous Indian Coal	2273	2267	2250	2151
Bituminous Imported Coal	2197	2191	2174	2078

Provided further that in case pressure and temperature parameters of a Unit are different from above ratings, the maximum design Unit Heat Rate of the nearest class shall be taken:

Provided also that where Unit Heat Rate has not been guaranteed but turbine cycle Heat Rate and boiler efficiency are guaranteed separately by the same supplier or different suppliers, the Unit Design Heat Rate shall be arrived at by using guaranteed turbine cycle Heat Rate and boiler efficiency:

Provided also that where the boiler efficiency is below 86% for sub-bituminous Indian coal and 89% for bituminous imported coal, the same shall be considered as 86% and 89%, respectively, for sub-bituminous Indian coal and bituminous imported coal for computation of Station Heat Rate:

Provided also that maximum turbine cycle Heat Rate shall be adjusted for type of dry cooling system:

Provided also that if one or more Units are declared under commercial operation prior to the date of effectiveness of these Regulations, the Heat Rate norms for those Units as well as Units declared under commercial operation on or after the effectiveness of these Regulations shall be lower of the Heat Rate norms arrived at by the above methodology and the norms specified in Regulation 44.4:

Provided also that in case of lignite-fired Generating Stations (including stations based on Circulating Fluidised Bed Combustion [CFBC] technology), maximum design Heat Rates shall be increased using the following factors for moisture content:

- a) For lignite having 50% moisture: 1.10
- b) For lignite having 40% moisture: 1.07
- c) For lignite having 30% moisture: 1.04

For other values of moisture content, multiplying factor shall be pro-rated for moisture content between 30-40% and 40-50% depending upon the rated values of multiplying factor for the respective range given under sub-clauses (a) to (c) above.

Note: In respect of Units where the boiler feed pumps are electrically operated, the maximum design Unit Heat Rate shall be 40 kcal/kWh lower than the maximum design Unit Heat Rate specified above with turbine driven boiler feed pumps.

44.9 Gross Station Heat Rate for New Gas-based/Liquid-based Thermal Generating Unit(s) achieving COD after April 1, 2016 shall be:

= 1.05 x Design Heat Rate of the Unit/Block for Natural Gas and Regassified Liquefied Natural Gas (RLNG) (in kcal/kWh)

= 1.071 x Design Heat Rate of the Unit/Block for Liquid Fuel (kcal/kWh)

Where the Design Heat Rate of a Unit shall mean the guaranteed Heat Rate for a Unit at 100% MCR and at site ambient conditions; and the Design Heat Rate of a Block shall mean the guaranteed Heat Rate for a Block at 100% MCR, site ambient conditions, zero percent make up, design cooling water temperature/back pressure.

44.10 Secondary fuel oil consumption norm for all thermal Generating Stations, except those covered under Regulation 43.11 shall be:

- a) Coal-based Generating Stations: 0.50 ml/kWh
- b) Lignite-fired Generating Stations except stations based on CFBC technology: 2.0 ml/kWh
- c) Lignite-fired Generating Stations based on CFBC technology: 1.0 ml/kWh

44.11 Secondary fuel oil consumption norm for the following MSPGCL Stations shall be:

Stations	Secondary Fuel Oil Consumption (ml/kWh)
Koradi TPS	2.81
Khaperkheda TPS	2.00
Chandrapur TPS	2.00
Nashik TPS	1.50
Bhusawal TPS excluding Unit No. 6 and 7	2.00
Parli TPS excluding Unit No. 6 and 7	2.00

Provided that the Commission may revise the secondary fuel oil consumption norms for these Generating Stations in case any Renovation & Modernisation is undertaken.

44.12 Auxiliary Energy Consumption for all coal-based thermal Generating Stations, except those covered under Regulation 44.13, shall be

Particulars	With Natural Draft cooling tower or without cooling tower
(i) 200 MW series	8.50%
(ii) 250/300/330/350/500 MW & above	
Steam driven boiler feed pumps	5.25%
Electrically driven boiler feed pumps	7.75%

Provided that for thermal Generating Stations with induced draft cooling towers, the norms shall be higher by 0.5%, as compared to above norms:

Provided further that additional Auxiliary Energy Consumption as follows may be allowed for plants with Dry Cooling Systems:

Type of Dry Cooling System	(% of gross generation)
Direct cooling air cooled condensers with mechanical draft fans	1.0%
Indirect cooling system employing jet condensers with pressure recovery turbine and natural draft tower	0.5%

Provided also that for thermal Generating Stations with Flue Gas De-sulphuriser (FGD), additional Auxiliary Energy Consumption shall be allowed on case to case basis after prudence check.

44.13 Auxiliary Energy Consumption for the following coal-based thermal Generating Stations of MSPGCL, shall be:

Stations	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Koradi TPS	9.91%	9.91%	9.91%	9.91%
Khaperkheda TPS	9.70%	9.70%	9.70%	9.70%
Chandrapur TPS	8.46%	8.25%	8.25%	8.25%
Nashik TPS	11.00%	11.00%	11.00%	11.00%
Bhusawal TPS excluding Unit No. 6 and 7	10.00%	9.17%	9.17%	9.17%
Parli TPS excluding Unit No. 6 & 7	12.65%	12.65%	12.65%	12.65%

Provided that the Commission may revise the auxiliary energy consumption norms for these Generating Stations in case any Renovation & Modernisation is undertaken.

44.14 Auxiliary Energy Consumption for Unit 6 of TPC-G shall be 3.5%.

44.15 Auxiliary Energy Consumption for Gas Turbine/Combined Cycle Generating Stations/Units shall be:

- (a) Combined cycle : 2.5%
- (b) Open cycle : 1.0%

44.16 Auxiliary Energy Consumption for Lignite-fired thermal Generating Stations/Units shall be 0.5 percentage points higher than the auxiliary energy consumption norms of coal based Generating Stations specified in Regulation 44.12:

Provided that for the lignite fired stations using CFBC technology, the auxiliary energy consumption norms shall be 1.5 percentage points higher than the auxiliary energy consumption norms of coal based Generating Stations specified in Regulation 44.12.

44.17 Transit and handling Losses

Normative transit and handling losses for coal/lignite based Generating Stations, as a percentage of quantity of coal or lignite dispatched by the coal/lignite supply company during the month shall be:

- (a) Pit head Generating Stations : 0.2%
- (b) Non-pit head Generating Stations : 0.8%

\Provided that in case of pit head stations if coal or lignite is procured from sources other than the pit head mines, which is transported to the Station through rail, normative transit loss of 0.8% shall be applicable:

Provided further that the above norms shall be applicable for domestic coal and washed coal:

Provided also that in case of imported coal, the normative transit and handling losses shall be 0.2%:

Provided also that for procurement of coal on delivery basis, no transit and handling loss shall be allowed.

45 Operation and maintenance expenses

45.1 Generating Stations/Units that achieved COD before August 26, 2005

- a) The Operation and Maintenance expenses for Generating Stations that achieved COD before the date of effectiveness of the MERC (Terms and Conditions of Tariff) Regulations, 2005, shall be computed in accordance with this Regulation.
- b) The Operation and Maintenance expenses excluding water charges and including insurance shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three Years ending March 31, 2015, based on the audited financial statements, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission.
- c) The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2014, and shall be escalated at the escalation rate of 5.72% to arrive at the Operation and Maintenance expenses for the base year commencing April 1, 2015.
- d) The O&M expenses for each subsequent year shall be determined by escalating the base expenses determined above for FY 2015-16, at the escalation rate of 5% to arrive at permissible O&M expenses for each year of the Control Period:

Provided that the escalation rate shall be considered as 5% per annum at the time of Truing-up the O&M expenses for the different Years during the Control Period.

- e) Water Charges shall be allowed separately as per actuals, based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check:

Provided that in the MYT Order, the Commission shall provisionally approve the Water Charges for each year of the Control Period based on the actual Water Charges as per latest Audited Accounts available for the Generation Entity, subject to prudence check.

45.2 New Generating Stations and Generating Stations that achieved COD on or after August 26, 2005

- a) For Coal based Generating Stations:

Rs. Lakh/MW

Particulars	200/210/250 MW Sets	300/330/350 MW Sets	500 MW Sets	600 MW Sets and above
FY 2016-17	23.80	19.70	15.59	14.03
FY 2017-18	24.99	20.68	16.37	14.73

Particulars	200/210/250 MW Sets	300/330/350 MW Sets	500 MW Sets	600 MW Sets and above
FY 2018-19	26.24	21.71	17.19	15.47
FY 2019-20	27.55	22.80	18.05	16.24

Provided that for the Generating Stations having combination of above Sets, the weighted average value for operation and maintenance expenses shall be allowed:

Provided further that the norms shall be multiplied by the following factors for arriving at norms of O&M expenses for additional Units in respective Unit sizes for the Units whose COD occurs on or after 1.4.2016 in the same Station:

200/210/250 MW	Additional 5 th & 6 th Units	0.90
	Additional 7 th & more Units	0.85
300/330/350 MW	Additional 4 th & 5 th Units	0.90
	Additional 6 th & more Units	0.85
500 MW and above	Additional 3 rd & 4 th Units	0.90
	Additional 5 th & above Units	0.85

b) For Lignite based Generating Stations:

Rs. Lakh/MW

Particulars	Lignite based Unit/Stations
FY 2016-17	17.84
FY 2017-18	18.73
FY 2018-19	19.66
FY 2019-20	20.65

c) Gas Turbine/Combined Cycle Generating Stations

Rs. Lakh/MW

Particulars	Gas Turbine/Combined Cycle Generating Stations	Small Gas Turbine Generating Stations (less than 50 MW Unit size)	Advance F Class Machines
FY 2016-17	14.56	17.67	14.04
FY 2017-18	15.29	18.56	14.74
FY 2018-19	16.06	19.48	15.48
FY 2019-20	16.86	20.46	16.25

46 Norms of operation for Hydro Generating Stations

46.1 The following Normative Annual Plant Availability Factor (NAPAF) shall apply to hydel Generating Stations:

Sl	Particulars	Normative Annual Plant Availability Factor
a)	Storage and Pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of up to 8%, and where plant availability is not affected by silt	90%
b)	Storage and Pondage type plants with head variation between FRL and MDDL of more than 8%, and where plant availability is not affected by silt	The month-wise peaking capacity as provided by the Project authorities in the Detailed Project Report, approved by the relevant authority, shall form the basis of fixation of NAPAF.
c)	Pondage type plants where plant availability is significantly affected by silt	85%
d)	Run-of-river type plants	To be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/relevant

Provided that a further allowance may be made by the Commission in NAPAF determination under special circumstances, e.g., abnormal silt problem or other operating conditions, and known plant limitations.

46.2 In case of Pumped storage hydel generating stations, the quantum of electricity required for pumping water from down-stream reservoir to up-stream reservoir shall be arranged by the Beneficiary/ies duly taking into account the transmission losses and distribution losses up to the bus bar of the generating Station, and in return, Beneficiaries shall be entitled to energy equivalent to 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir, from the generating Station during peak hours and the generating Station shall be under obligation to supply such quantum of electricity during peak hours:

Provided that in the event of the Beneficiaries failing to supply the desired level of energy during off-peak hours, there will be pro-rata reduction in their energy entitlement from the Station during peak hours.

46.3 The following Normative Auxiliary Energy Consumption shall apply to hydel Generating Stations:

- (a) Surface Hydro Generating Stations
 - i. With rotating exciters mounted on the generator shaft: 0.7%
 - ii. With static excitation system: 1.0%
- (b) Underground hydel Generating Station
 - i. With rotating exciters mounted on the generator shaft: 0.9%
 - ii. With static excitation system: 1.2%

47 Operation and Maintenance Expenses for Hydro Generating Stations

47.1 For Existing Stations:

- a) The Operation and Maintenance expenses including insurance shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three Years ending March 31, 2015, based on the audited financial statements, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission.
- b) The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2014, and shall be escalated at the escalation rate of 5.72% to arrive at the Operation and Maintenance expenses for the base year commencing April 1, 2015.
- c) The O&M expenses for each subsequent year shall be determined by escalating the base expenses determined above for FY 2015-16, at the escalation rate of 5% to arrive at permissible O&M expenses for each year of the Control Period:

Provided that the escalation rate shall be considered as 5% per annum at the time of Truing-up the O&M expenses for the different Years during the Control Period.
- d) The Operation and Maintenance expenses incurred by the Generation Entity on the housing colonies and related expenses including medical and other facilities, of its operating staff shall be recorded separately and excluded from the above, and shall be allowed separately, subject to prudence check.

47.2 For New Stations:

- a) O&M expenses shall be fixed at 2% of the original Project cost (excluding cost of rehabilitation and resettlement works) for the first year of commercial operation.
- b) The O&M expenses for each subsequent year shall be determined by escalating the base expenses determined above, at the escalation rate of 5%.

48 Computation and Payment of Annual Fixed Charges and Energy Charges for Thermal Generating Stations

A. Annual Fixed Charges

- 48.1 The total Annual Fixed Charges shall be computed based on the norms specified under these Regulations and recovered on monthly basis.
- 48.2 The full Annual Fixed Charges shall be recoverable at target availability specified in Regulation 44.1 and 44.2, and recovery of Annual Fixed Charges below the level of Target Availability shall be on pro-rata basis:
- Provided that at zero availability, no Annual Fixed Charges shall be payable.
- 48.3 Computation and billing of Annual Fixed Charges shall be on monthly basis in proportion to contracted capacity and based on the cumulative Availability achieved with respect to the Target Availability, till the respective month in the Year, subject to adjustment at the end of the year.

B. Energy Charges

- 48.4 The Energy Charges shall cover landed fuel cost of primary fuel and secondary fuel oil and shall be worked out on the basis of ex-bus energy sent out from the Generating Station as per the following formula:

Energy Charges (Rs) = Energy Charge Rate in Rs/kWh x ex-bus energy sent out for the month in kWh corresponding to actual generation.

- 48.5 Energy Charge Rate (ECR) in Rs/kWh shall be computed up to three decimal places and shall be the sum of the cost of normative quantities of primary and secondary fuel for delivering ex-bus one kWh of electricity, and shall be computed as per the following formula:

$$\text{ECR} = \frac{[P_p \times (Q_p)_n + P_s \times (Q_s)_n]}{[1-(AUX)_n]} \quad (\text{Rs/kWh})$$

Where, P_p = landed cost of primary fuel, namely coal or lignite or gas or liquid fuel and limestone, if applicable, in Rs/kg or Rs/cum or Rs/litre, as the case may be;

$(Q_p)_n$ = Quantity of primary fuel required for generation of one kWh of electricity at generator terminals in kg or litre or standard cubic metre, as the case may be, and shall be computed on the basis of normative Gross Station Heat Rate (less heat contributed by secondary fuel oil for coal/lignite based Generating Stations) and gross calorific value of coal/lignite or gas or liquid fuel as received;

P_s = landed cost of Secondary fuel oil in Rs./ml,

$(Q_s)_n$ = Normative Quantity of Secondary fuel oil in ml/kWh as per Regulation 44.10 and 44.11, and

AUX_n = Normative Auxiliary Energy Consumption as % of gross generation as per Regulation 44.12 to 44.15.

Provided that the landed cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel of the three preceding months, and in the absence of landed costs for the three preceding months, latest procurement price of primary fuel and secondary fuel for the generating Station, preceding the first month for which the Tariff is to be determined for existing stations, and immediately preceding three months in case of new generating stations shall be taken into account:

Provided that the landed cost of fuel shall include price of fuel corresponding to the grade/quality/calorific value of fuel inclusive of royalty, taxes and duties as applicable, transportation cost by rail/road/gas pipe line or any other means, and, for the purpose of computation of energy charges, shall be arrived at after considering normative transit and handling losses as percentage of the quantity of fuel dispatched by the fuel supply company during the month as specified in Regulation 44.17:

Provided also that any refund of taxes and duties along with any amount received on account of penalties from fuel supplier shall have to be adjusted in fuel cost:

Provided also that the Energy Charges, for the purpose of billing/Fuel Surcharge shall be worked out Station-wise/Unit-wise based on weighted average rate based on actual generation from each Unit.

48.6 Adjustment of REC [Fuel Surcharge Adjustment] on account of variation in price or heat value of fuels

Any variation in Price and Gross Calorific Value of coal/lignite or gas or liquid fuel vis-a-vis approved values shall be adjusted on month to month basis on the basis of average Gross Calorific Value of coal/lignite or gas or liquid fuel in stock received and weighted average landed cost incurred by the Generation Entity for procurement of coal/lignite, oil, or gas or liquid fuel, as the case may be for a power Station:

Provided that in its bills, the Generation Entity shall indicate Energy Charge Rates at base price of primary and secondary fuel approved by the Commission and the Fuel Surcharge to it separately:

Provided further that the Generation Entity shall provide to the Beneficiaries of the generating Station, the details of parameters of GCV and price of fuel for each type of fuel, i.e., domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, etc., as per the forms prescribed by the Commission:

Provided also that the details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the fuels as received shall also be provided separately, along with the bills of the respective month:

Provided also that copies of the bills and details of parameters of GCV and price of fuel, i.e., domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, etc., details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed month-wise on the website of the Generation Entity, and should be available on its website for a period of three months.

C. Incentive

48.7 Incentive shall be payable at a flat rate of 25.0 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor.

48.8 The Incentive amount shall be computed and billed on monthly basis based on the cumulative Plant Load Factor achieved with respect to the target Plant Load Factor till the respective month in a Year, subject to adjustment at the end of the Year.

49 Computation and Payment of Capacity Charges, Energy Charges and Lease Rent for Hydro Generating Stations

49.1 The Annual Fixed Charges of a Hydro Generating Station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly

basis under Capacity Charge (inclusive of incentive) and Energy Charge, which shall be payable by the Beneficiaries in proportion to their respective share in the capacity of the Generating Station.

49.2 In addition to Annual Fixed Charges to be recovered through Capacity Charge and Energy Charge, the Lease Rent and Water Royalty shall be payable by the Beneficiaries in proportion to their respective share in the capacity of the Generating Station on monthly basis.

49.3 The Capacity Charge (inclusive of incentive) payable to a Hydro Generating Station for a calendar month shall be

$$AFC \times 0.5 \times NDM / NDY \times (PAFM / NAPAF) \text{ (in Rupees)}$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees.

NAPAF = Normative Annual Plant Availability Factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = Plant availability factor achieved during the month, in Percentage

49.4 The PAFM shall be computed in accordance with the following formula:

$$PAFM = 100 \times \sum_{i=1}^N DC_i / \{ N \times IC \times (1 - AUX) \} \%$$

Where,

AUX = Normative auxiliary energy consumption in percentage

DC_i = Declared capacity (in ex-bus MW) for the ith day of the month which the Station can deliver for at least three hours, as certified by the MSLDC after the day is over.

IC = Installed capacity (in MW) of the complete Generating Station

N = Number of days in the month

49.5 The Energy Charge shall be payable by every Beneficiary for the total energy supplied to the Beneficiary, during the calendar month, on ex-power plant basis, at the computed Energy Charge Rate. Total Energy Charge payable to the Generation Entity for a month shall be:

$$(\text{Energy Charge Rate in Rs. / kWh}) \times \{\text{Energy (ex-bus)}\} \text{ for the month in kWh}$$

49.6 Energy Charge Rate (ECR) in Rupees per kWh on ex-power plant basis, for a Hydro Generating Station, shall be determined up to three decimal places based on the following formula:

$$\text{ECR} = \text{AFC} \times 0.5 / \{ \text{DE} \times (1 - \text{AUX}) \}$$

Where,

DE = Annual Design Energy specified for the Hydro Generating Station, in kWh, subject to Regulation 49.7.

49.7 In case actual total energy generated by a Hydro Generating Station during a year is less than the Design Energy for reasons beyond the control of the Generation Entity, the following treatment shall be applied on a rolling basis on a Petition filed by the Generation Entity:

- (i) In case the energy shortfall occurs within ten years from the date of commercial operation of a Generating Station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in Regulation 49.6 with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the shortfall, till the Energy Charge shortfall of the previous year has been made up, after which normal ECR shall be applicable:

Provided that in case actual generation from a hydel generating Station is less than the Design Energy for a continuous period of 4 years on account of hydrology factor, the generating Station shall approach CEA with relevant hydrology data for revision of design energy of the Station.

- (ii) In case the energy shortfall occurs after ten years from the date of commercial operation of a Generating Station, the following shall apply:

Explanation: Suppose the specified annual Design Energy (DE) for the Station is DE MWh, and the actual energy generated during the concerned (first) and the following (second) Years is A1 and A2 MWh, respectively, A1 being less than DE. Then, the design energy to be considered in the formula in Regulation 50.4 of these Regulations for calculating the ECR for the third Year shall be moderated as (A1 + A2 – DE) MWh, subject to a maximum of DE MWh and a minimum of A1 MWh.

- (iii) Actual energy generated (e.g., A1, A2) shall be arrived at by multiplying the net metered energy sent out from the Station by $1 / (1 - \text{AUX})$.

49.8 In case the Energy Charge Rate (ECR) for a Hydro Generating Station, as computed in Regulation 49.6, exceeds ninety paise per kWh, and the actual saleable energy in a year

exceeds $\{ DE \times (1 - AUX) \}$ kWh, the Energy Charge for the energy in excess of the above shall be billed at ninety (90) paise per kWh only:

Provided that in a year following a year in which total energy generated was less than the Design Energy for reasons beyond the control of the Generation Entity, the Energy Charge Rate shall be reduced to ninety (90) paise per kWh after the energy charge shortfall of the previous year has been made up.

- 49.9 The MSLDC shall finalise the schedules for the hydel Generating Stations, in consultation with the Beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all Beneficiaries in proportion to their respective allocations in the Generating Station.

50 Pumped Storage Hydro Generating Stations

- 50.1 The mechanism for billing for existing pumped storage hydel stations shall be in accordance with the Power Purchase Agreement already approved by the Commission, and shall not be in accordance with this Regulation.

- 50.2 The fixed cost of pumped storage hydel generating stations achieving COD after April 1, 2016 shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis as Capacity Charge.

- 50.3 The Capacity Charge shall be payable by the Beneficiaries in proportion to their respective allocation in the saleable capacity of the generating Station:

Provided that during the period between the date of commercial operation of the first Unit of the generating Station and the date of commercial operation of the generating Station, the annual fixed cost shall be worked out based on the latest estimate of the completion cost for the generating Station, for the purpose of determining the Capacity Charge payment during such period.

- 50.4 The Capacity Charge payable to a pumped storage hydel generating Station for a calendar month shall be:

$(AFC \times NDM / NDY)$ (in Rupees), if actual Generation during the month is greater than or equal to 75 % of the Pumping Energy consumed by the Station during the month, and

$\{ (AFC \times NDM / NDY) \times (\text{Actual Generation during the month during peak hours} / 75\% \text{ of the Pumping Energy consumed by the Station during the month}) \}$ (in Rupees)}, if actual Generation during the month is lower than 75 % of the Pumping Energy consumed by the Station during the month.

Where,

AFC = Annual fixed cost specified for the year, in Rupees;

NDM = Number of days in the month;

NDY = Number of days in the year:

Provided that there would be adjustment at the end of the year based on actual generation and actual pumping energy consumed by the Station during the year.

50.5 The energy charge shall be payable by every Beneficiary for the total energy scheduled to be supplied to the Beneficiary in excess of the design energy plus 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir, at a flat rate equal to the average Energy Charge Rate of 20 paise per kWh on ex power plant basis.

50.6 Energy charge payable to the Generation Entity for a month shall be:

$= 0.20 \times \{ \text{Energy generated (ex-bus) for the month in kWh} - (\text{Design Energy for the month (DE}_m) + 75\% \text{ of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir for the month}) \}$,

Where,

DE_m = Design energy for the month specified for the hydel generating Station, in kWh:

Provided that in case the energy generated in a month is less than the Design Energy for the month plus 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir of the month, then the energy charges payable by the Beneficiaries shall be zero.

50.7 The Generation Entity shall maintain the record of daily inflows of natural water into the upper elevation reservoir and the reservoir levels of upper elevation reservoir and lower elevation reservoir on hourly basis.

50.8 The generator shall be required to maximize the peak hour supplies with the available water including the natural flow of water.

Provided that in case it is established that the Generation Entity is deliberately or otherwise without any valid reason, not pumping water from lower elevation reservoir to the higher elevation during off-peak period or not generating power to its potential or wasting natural flow of water, the capacity charges of the day shall not be payable by the Beneficiary:

Provided further that for this purpose, outages of the Unit(s)/Station including planned outages and the forced outages up to 15% in a year shall be construed as the valid reason for not pumping water from lower elevation reservoir to the higher elevation

during off-peak period or not generating power using energy of pumped water or natural flow of water:

Provided also that the total capacity charges recovered during the year shall be adjusted on pro-rata basis in the following manner in the event of total machine outages in a year exceeds 15%:

$$(ACC)_{adj} = (ACC)_R \times (1 - ATO)/85$$

Where,

$(ACC)_{adj}$ = Adjusted Annual Capacity Charges

$(ACC)_R$ = Annual Capacity Charges recovered

ATO = Total Outages in percentage for the year including forced and planned outages:

Provided also that the generating Station shall be required to declare its machine availability daily on day ahead basis for all the time blocks of the day in line with the scheduling procedure laid down under the State Grid Code.

51 Demonstration of declared capacity

- 51.1 The Generation Entity may be required to demonstrate the declared capacity of its Generating Station as and when asked by the MSLDC.
- 51.2 In the event of the Generation Entity failing to demonstrate the declared capacity, the Annual Fixed Charges due to the Generation Entity shall be reduced as a measure of penalty:
- 51.3 The quantum of penalty for the first mis-declaration for any duration/block in a day shall be the charges corresponding to two days fixed charges.
- 51.4 For the second mis-declaration, the penalty shall be equivalent to fixed charges for four days and for subsequent mis-declarations in the year, the penalty shall be multiplied in the geometrical progression.
- 51.5 The operating logbooks of the Generating Station shall be available for scrutiny by the MSLDC, and these books shall keep record of machine operation and maintenance.

52 Billing and Payment of Charges

The Billing and Payment of Annual Fixed Charges, Energy Charges, Fuel Surcharge Adjustments and Incentive for Thermal Generating Stations, and of Capacity Charges and Energy Charges for Hydro Generating Stations, shall be done on a monthly basis.

PART F: TRANSMISSION

53 Applicability

53.1 The Regulations contained in this Part shall apply to the determination of Tariff for access and use of the intra-State transmission system pursuant to a Bulk Power Transmission Agreement or other arrangement entered into with a Transmission System User:

Provided that in case a new transmission system set up by a new Transmission Licensee is added to the existing system during the Control Period, the Commission shall re-determine the Tariff for the remaining years of the Control Period having regard to the Petition for determination of Aggregate Revenue Requirement submitted by such Transmission Licensee for the remaining years of the Control Period.

53.2 The Commission shall be guided by the terms and conditions contained in this Part in specifying the rates, charges, terms and conditions for use of intervening transmission facilities pursuant to a Petition filed in this regard by a Transmission Licensee under the proviso to Section 36 (1) of the Act.

54 Components of Tariff

54.1 The transmission charges for access to and use of the intra-State transmission system shall comprise any of the following components or a combination of the following components:

- (a) transmission system access charges;
- (b) annual transmission charges;
- (c) per unit charges for energy transmitted.

54.2 Any person who is eligible to apply for access to the intra-State transmission system shall be entitled to obtain such access in accordance with the Regulations of the Commission governing Transmission Open Access and shall be liable to pay the charges for obtaining such access as specified in this Regulation.

Explanation: For the purpose of this Regulation, such person who, being eligible for transmission open access, has applied for allocation of transmission capacity rights and has agreed to the carrying out of works for obtaining such access shall hereinafter be referred to as the “intending Transmission System User”, and may include an existing Transmission System User in respect of any increase in allocated transmission capacity rights applied for by such existing user.

- 54.3 Where the access of the intending Transmission System User to the intra-State transmission system entails works of transmission lines or other transmission assets dedicated to such User, the Transmission Licensee shall be entitled to recover, through the transmission system access charges, all expenses reasonably incurred on such works for providing access to such intending Transmission System User.
- 54.4 Where the access of the intending Transmission System User entails other works, not covered under Regulation 54.3 relating to the intra-State transmission system, the Transmission Licensee shall recover the expenses relating to such works through annual transmission charges for each year of the Control Period, in accordance with Regulation 54.10.
- 54.5 Where any works for obtaining access have been carried out by the intending Transmission System User, the Transmission Licensee shall be entitled to recover supervision charges at the rate of 15 per cent of the cost of labour employed for carrying out such works and shall not be entitled to recover any other expenses with regard to such works:
- Provided that such supervision charges shall form part of the Non-Tariff Income of the respective Transmission Licensee and shall also be treated as O&M expense incurred by the intending transmission system users, which shall be capitalised in the respective year of asset capitalisation.
- 54.6 The works for providing access to the intra-State transmission system shall be maintained by the Transmission Licensee for the duration of the Bulk Power Transmission Agreement between the Transmission Licensee and the Transmission System User.
- 54.7 Where the Transmission System User has paid for the works carried out to provide it access to the intra-State transmission system, the Transmission System User shall be entitled to the depreciated value of such works paid for by it upon termination of the Bulk Power Transmission Agreement:
- Provided that where the Transmission System User has carried out the works to provide it access to the intra-State transmission system of the Transmission Licensee, the Transmission System User shall be entitled to retain such works upon termination of the Bulk Power Transmission Agreement.
- 54.8 The transmission system access charges may be recovered by any one of the following methods, in accordance with the terms of the Bulk Power Transmission Agreement:
- (a) As a one-time payment by the Transmission System User at the time of obtaining access; or

- (b) As a series of payments over the duration of the Bulk Power Transmission Agreement; or
- (c) As any combination of (a) and (b) above.

54.9 Any dispute between the Transmission Licensee and the intending Transmission System User with regard to the works to be carried out to give access to the intending Transmission System User or with regard to the transmission system access charges shall be referred to the Commission for adjudication or to such other forum as may be stipulated.

54.10 The Annual Transmission Charges for each Year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective Year of the Control Period, as approved by the Commission and comprising the following components:

- (a) Operation and maintenance expenses;
 - (b) Depreciation;
 - (c) Interest on Loan Capital;
 - (d) Interest on working capital and deposits from Transmission System Users;
 - (e) Contribution to contingency reserves;
 - (f) Return on Equity Capital;
 - (g) Income Tax;
- minus:
- (h) Income from Open Access charges;
 - (i) Non-Tariff income;
 - (j) Income from Other Business, to the extent specified in these Regulations:

Provided that Depreciation, Interest on Loan Capital, Interest on working capital and deposits from Transmission System Users, Contribution to Contingency Reserves, Return on Equity, and Income Tax for Transmission Licensees shall be allowed in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that the components of the Aggregate Revenue Requirement corresponding to the transmission lines owned by Maharashtra State Electricity Transmission Company Limited (MSETCL) and conveying electricity to other States, being recovered through the Point of Connection (PoC) transmission charges in accordance with the Regulations and Orders of the Central Electricity Regulatory

Commission, shall not be recovered from the Annual Transmission Charges determined under these Regulations:

Provided also that in case any such components have already been recovered through the intra-State transmission tariff, then such excess recovery shall be deducted from the Aggregate Revenue Requirement of MSETCL for the future years, along with associated holding cost, as applicable:

Provided also that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, subject to prudence check.

- 54.11 The Annual Transmission Charges of the Transmission Licensee shall be determined by the Commission on the basis of a Petition for determination of Aggregate Revenue Requirement or Petition for adoption of Annual Transmission Charges in case of competitively awarded transmission system Project, as the case may be, filed by the Transmission Licensee in accordance with **Part B** of these Regulations.

55 Petition for determination of Provisional Tariff

55.1 A new Transmission Licensee shall file the Petition for determination of provisional Tariff, six months prior to the anticipated date of commercial operation of the transmission assets.

55.2 The new Transmission Licensee shall file a Petition for determination of provisional Tariff based on capital expenditure incurred and projected to be incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the statutory auditors:

Provided that the Petition shall contain details of underlying assumptions for the projected capital cost and additional capital cost, wherever applicable.

55.3 The new Transmission Licensee may be allowed provisional Tariff by the Commission from the anticipated date of commercial operation, based on the projected capital expenditure.

55.4 If the date of commercial operation is delayed beyond six months from the date of issue of the order approving the provisional Tariff, the provisional Tariff granted shall be deemed to have been withdrawn and the new Transmission Licensee shall be required to file a fresh Petition for determination of Tariff after the date of commercial operation of the Project.

- 55.5 The new Transmission Licensee shall file the Petition for determination of final Tariff within six months from the date of commercial operation, based on the audited capital expenditure and capitalisation as on the date of commercial operation.
- 55.6 The final Tariff determination for the new Transmission Licensee shall be done by the Commission based on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.
- 55.7 Where the actual Capital Cost incurred on year to year basis is less than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Transmission Licensee shall refund to the Beneficiaries, the excess Tariff realised corresponding to excess Capital Cost, along with interest at 1.20 times of the Base Rate of State Bank of India, as prevalent on the first day of April of the respective Year, plus one hundred basis points.
- 55.8 Where the actual Capital Cost incurred on year to year basis is more than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Transmission Licensee shall, subject to the approval of the Commission, recover from the Beneficiaries the shortfall in Tariff corresponding to such decrease in Capital Cost along with interest at 0.80 times of the Base Rate of State Bank of India, as prevalent on the first day of April of the respective Year, plus one hundred basis points.

56 Capital Investment Plan

- 56.1 The Transmission Licensee shall submit a detailed capital investment plan, financing plan and physical targets for each year of the Control Period for strengthening and augmentation of the intra-State transmission system of the Transmission Licensee, meeting the requirement of load growth, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-year Aggregate Revenue Requirement for the entire Control Period.
- 56.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding Rs. Ten crore or such other amount as may be stipulated by the Commission from time to time, and shall be in such form as may be stipulated.
- 56.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of bays, name, configuration and location of grid substations, substation capacity (MVA), transmission line length (circuit kilometres) showing the need for the

proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the transmission charges.

56.4 The Capital Investment Plan of the Transmission Licensee shall be consistent with the transmission system plan for the intra-State transmission system developed by the State Transmission Utility:

Provided that any capital expenditure incurred by the Transmission Licensee based on the specific requirement of a Generation Entity or Distribution Licensee shall be substantiated with necessary documentary evidence in the form of request for the same and undertaking given as appropriate.

56.5 The Commission shall consider the Capital Investment Plan along with the Multi-year Aggregate Revenue Requirement for the entire Control Period submitted by the Transmission Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on transmission charges.

56.6 The Transmission Licensee shall submit, along with the Petition for determination of Aggregate Revenue Requirement or along with the Petition for Mid-term Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress.

57 Norms for operation

57.1 Target availability for the Transmission Licensee shall be as under:

(a) For full recovery of Annual Transmission Charges:

- | | |
|-------------------------------------------------------|---------------|
| (a) AC system | : 98 per cent |
| (b) HVDC bi-pole links and HVDC back-to-back stations | : 95 per cent |

(b) For Incentive consideration:

- | | |
|-------------------------------------------------------|----------------|
| (c) AC system | : 99 per cent; |
| (d) HVDC bi-pole links and HVDC back-to-back stations | : 96 per cent; |

Note 1:

Recovery of annual transmission charges below the level of target availability shall be on pro-rata basis, and at zero availability, no transmission charges shall be payable.

Note 2:

The target availability shall be computed in accordance with procedure provided in the **Annexure-II** to these Regulations and be certified by MSLDC.

57.2 The Transmission Licensee shall be entitled to incentive on achieving annual availability beyond the target availability, in accordance with the following formula:

Incentive = Annual Transmission Charges x [Annual availability achieved – Target Availability] / Target Availability;

Where,

Annual transmission Charges shall correspond to Aggregate Revenue Requirement for each year of the Control Period for the particular Transmission Licensee within the State:

Provided that no incentive shall be payable above the availability of 99.75% for AC system and 98.5% for HVDC system:

Provided further that for AC system, two trippings per year shall be allowed, and after two trippings in a year, additional 12 hours outage shall be considered in addition to the actual outage:

Provided also that in case of outage of a transmission element affecting evacuation of power from a generating Station, outage hours shall be multiplied by a factor of 2:

Provided also that the computation of incentive/disincentive shall be undertaken during Mid-Term Review and at the end of Control Period.

58 Operation and Maintenance expenses

58.1 The norms for O&M expenses for existing and new Transmission Licensees have been specified on the basis of circuit kilometre of transmission lines and number of bays in the substation of the Transmission Licensee, as given below:

Explanation: For the purpose of applying normative O&M expenses under these Regulations, a ‘Bay’ shall mean a set of accessories that are required to connect an electrical equipment such as Transmission Line, Bus Section Breakers, Potential Transformers, Power Transformers, Capacitors and Transfer Breaker and the feeders emanating from the bus at sub-Station of Transmission Licensee. Further, the Bays referred to shall include only the Bays at the Transmission substation and shall exclude any Bays of the Generating Station switchyard whose maintenance is usually the responsibility of the Generation Entity:

Provided that for computing the allowable O&M expenses for any year, 50 per cent of the circuit kilometre of transmission lines and number of bays in the substation of the Transmission Licensee added during the year shall also be considered:

Provided further that at the time of Truing up along with the Mid-term Review or at the end of the Control Period, the allowable O&M expenses for any year shall be based on

the norms for O&M expenses specified by the Commission in this Regulation and documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission.

58.2 The norms for O&M expenses for MSETCL shall be:

Voltage Level	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
HVDC (Rs lakh)	1774	1922	2082	2256
Rs Lakh/ckt km				
765 kV	0.92	0.97	1.02	1.07
400 kV	0.65	0.69	0.72	0.76
>66 kV & <400 kV	0.26	0.27	0.29	0.30
66 kV and less	0.16	0.17	0.18	0.18
Rs Lakh/bay				
765 kV	162.19	170.30	178.82	187.76
400 kV	115.86	121.65	127.74	134.12
>66kV & <400 kV	16.79	17.63	18.51	19.44
66 kV and less	3.51	3.68	3.87	4.06

58.3 The norms for O&M expenses for The Tata Power Company Ltd. - Transmission (TPC-T) shall be:

Voltage Level	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Rs Lakh/ckt km				
>66kV & <400 kV	0.96	1.01	1.06	1.11
Rs Lakh/bay				
>66kV & <400 kV	25.08	26.34	27.65	29.04
66 kV and less	5.25	5.51	5.78	6.07

58.4 The norms for O&M expenses for Reliance Infrastructure Ltd. - Transmission (RInfra-T) shall be:

Voltage Level	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Rs Lakh/ckt km				
>66 kV&<400 kV	0.50	0.52	0.55	0.57
Rs Lakh/bay				
>66 kV&<400 kV	23.43	24.60	25.83	27.12
66kV and less	4.90	5.14	5.40	5.67

58.5 The norms for O&M expenses for Jaigad Power Transmission Company Limited (JPTL) shall be:

Voltage Level	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Rs Lakh/ckt km				
400 kV	0.34	0.35	0.37	0.39
Rs Lakh/bay				
400 kV	59.75	62.74	65.88	69.17

58.6 The year-wise O&M norms for higher voltage levels and HVDC as specified for MSETCL and not specified for other existing Transmission Licensees shall be the applicable norms for transmission assets added by such other existing Transmission Licensee(s) in the respective year during the Control Period.

58.7 For the new Transmission Licensees, the year-wise O&M norms as stipulated for JPTL shall be the applicable norms for transmission assets added by such new Transmission Licensee(s) for respective year during the third Control Period.

Provided that the same shall not be applicable to those new projects, which are awarded on a competitive bidding basis.

Explanation: The term "New Transmission Licensee" shall mean the transmission Licensee(s) for which Transmission Licence is granted by the Commission prior to or

after the date of effectiveness of these Regulations, and whose transmission Project assets are commissioned after March 31, 2016.

- 58.8 For such Transmission Licensees whose bays are installed in the premises of and maintained by another Transmission Licensee, the O&M expense for such assets shall be allowed in accordance with the norms applicable for the Transmission Licensee who performs the O&M of such assets:

Provided that the Transmission Licensees shall mutually agree on sharing of such allowed O&M expenses:

Provided further that Transmission Licensees shall project addition of such assets over the Control Period separately in their Capital Investment Plan.

59 Non-Tariff Income

- 59.1 The amount of non-Tariff income relating to the Transmission Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Annual Transmission Charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of non-Tariff income to the Commission in such form as may be stipulated by the Commission.

- 59.2 The Non-Tariff Income shall include:
- a) Income from rent of land or buildings;
 - b) Income from sale of scrap;
 - c) Income from investments;
 - d) Income from Delayed Payment Charge;
 - e) Interest income on advances to suppliers/contractors;
 - f) Income from rental from staff quarters;
 - g) Income from rental from contractors;
 - h) Income from hire charges from contactors and others;
 - i) Supervision charges for capital works;
 - j) Income from advertisements;
 - k) Income from sale of tender documents;
 - l) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Transmission Licensee shall not be included in Non-Tariff Income.

60 Income from Other Business

Where the Transmission Licensee has engaged in any Other Business under Section 41 of the Act for optimum utilisation of its assets, an amount equal to two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the Annual Transmission Charges of the Transmission Licensee:

Provided that the Transmission Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Transmission Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor, to the Commission along with its Petition for determination of Aggregate Revenue Requirement:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Transmission Licensee on account of such Other Business.

61 Determination of Intra-State Transmission Tariff

61.1 The aggregate of the yearly revenue requirement for all Transmission Licensees; less the deductions, as approved by the Commission over the Control Period, shall form the "Total Transmission System Cost" (TTSC) of the Intra-State transmission system, to be recovered from the Transmission System Users (TSUs) for the respective year of the Control Period, in accordance with the following Formula:

$$TTSC_{(t)} = \sum_{i=1}^n (ARR_i - NTI_i - OI_i)$$

Where,

$TTSC_{(t)}$ = Pooled Total Transmission System Cost of year (t) of the Control Period;

n = Number of Transmission Licensee(s);

ARR_i = Yearly revenue requirement approved by the Commission for i^{th} Transmission Licensee for the yearly period (t) of the Control Period;

NTI_i = Approved level of Non-Tariff Income for i^{th} Transmission Licensee for the yearly period (t) of the Control Period;

OI_i = Approved level of income from Other Business of the i^{th} Transmission Licensee for the yearly period (t) of the Control Period:

Provided that in case of transmission system projects undertaken in accordance with the Guidelines for competitive bidding for transmission under Section 63 of the Act, the Aggregate Revenue Requirement as per the annual Transmission Service Charges (TSC) quoted by such projects, shall be considered, for aggregation under the TTSC.

- 61.2 The Commission shall approve yearly ‘Base Transmission Capacity Rights’ as average of Coincident Peak Demand and Non-Coincident Peak Demand for TSUs as projected for 12 monthly period of each year (t) of the Control Period, representing the ‘Capacity Utilisation’ of Intra-State transmission system and accordingly determine yearly ‘Base Transmission Tariff’, in accordance with the following formula:

$$\begin{aligned} &\text{Base Transmission Capacity} \\ &\text{Rights (Base TCR) for the} \\ &\text{yearly period (t)} \end{aligned} = \sum_{u=1}^n ([\text{CPD}(t) + \text{NCPD}(t)]/2)$$

Where,

$CPD_{(t)}$ = Average of projected monthly Coincident Peak Demand for the yearly period (t) of Control Period for each long term Transmission System User (u)

$NCPD_{(t)}$ = Average of projected monthly Non-Coincident Peak Demand for the yearly period (t) of Control Period for each long term Transmission System User (u):

Provided that for the first year of the Control Period, the Base Transmission Capacity Rights for all long-term Transmission System Users shall be determined based on average monthly CPD and NCPD of the long term Transmission System Users prevalent during the 12 months prior to date of effectiveness of these Regulations or 12 months prior to filing of the Petition by the Transmission Licensees, depending on availability of such data:

Provided further that the Allotted Capacity for long-term Open Access consumers shall be considered in lieu of the average monthly CPD and NCPD for calculating the Base Transmission Capacity Rights:

Provided also that the yearly CPD and NCPD or the Allotted capacity, as the case may be, to be considered for determination of the subsequent yearly Base Transmission Capacity Rights shall be computed at the beginning of the Control Period based on the past trend and on the basis of demand projections made by various long-term TSUs

connected to the Intra-State transmission system as part of their MYT Petitions for the Control Period:

Provided also that on completion of each year of the Control Period, MSLDC shall submit the recorded CPD and NCPD data or the Allotted capacity, as the case may be, for past 12 months in respect of each long-term Transmission System User and on the basis of the same, the Base TCR shall be suitably revised at the time of Mid-Term Review and at the end of the Control Period.

- 61.3 Base Transmission Tariff for each Year shall be determined as ratio of approved ‘TTSC’ for intra-State transmission system and approved ‘Base Transmission Capacity Rights’ and shall be denominated in terms of “Rs/kW/month” (for long-term/medium-term usage) or in terms of “Rs/kWh” (for short-term bilateral open access transactions usage, short-term collective transactions over Power Exchange and for Renewable Energy transactions) in accordance with the following formula:

$$\begin{aligned} &\text{Base Transmission Tariff}_{(t)} \\ &\text{(long-term/medium-term)} \\ &\text{(Rs/kW/month or Rs/MW/day)} \end{aligned} = \text{TTSC}_{(t)} / \text{Base TCR}_{(t)}$$

$$\begin{aligned} &\text{Base Transmission} \\ &\text{Tariff}_{(t)} \text{ (Short-term)} \\ &\text{(Rs/kWh)} \end{aligned} = \frac{\text{TTSC}_{(t)}}{\sum_{i=1}^n \text{(Energy Transmitted by Tx } i)}$$

Where,

TTSC_(t) = Pooled cost for InSTS for yearly period (t) of the Control Period;

Base TCR_(t) = Base Transmission Capacity Rights for the yearly period (t);

n = Total number of Transmission Licensee(s) in that particular year of Control Period;

Tx_i = ith Transmission Licensee:

Provided that the energy units transmitted by each Transmission Licensee shall be based on the projections made by each Transmission Licensee as part of its MYT Petition for the Control Period and as approved by the Commission:

Provided further that any revisions in Base Transmission Capacity Rights and Base Transmission Tariff as determined in Regulations 61.2 and 61.3 due to the variation in the actual and approved CPD and NCPD shall be made at the time of Mid-Term Review and at the end of the Control Period:

Provided also that in case new Transmission Licensees are added to the intra-State transmission network during the Control Period, then the TTSC, Base Transmission

Capacity Rights and Base Transmission Tariff as referred under Regulations 61.1, 61.2 and 61.3 shall be re-determined for each remaining year of the Control Period.

62 Sharing of TTSC by long-term TSUs

62.1 The long-term Transmission System Users shall share the TTSC of the intra-State transmission system in the proportion of Base Transmission Capacity Rights of each Transmission System User to the total Base Transmission Capacity Rights allotted in the intra-State transmission system.

62.2 The Annual Transmission Charge payable by a long-term Transmission System User shall be computed in accordance with the following formula:

$$ATC(u)_{(t)} = TTSC_{(t)} \times ([Base\ TCR(u)]_{(t)} / \sum_{u=1}^n [Base\ TCR(u)]_{(t)})$$

Where,

$ATC(u)_{(t)}$ = Annual Transmission Charges to be shared by long-term Transmission System User (u) for the yearly period (t);

$$Base\ TCR\ (u) = [CPD(u)_{(t)} + NCPD(u)_{(t)}] / 2$$

Where,

Base TCR represents the Base Transmission Capacity Right of each Transmission System User (u) for the yearly period (t);

$CPD\ (u)_{(t)}$ = Average Coincident Peak Demand of the Transmission System User (u) for the yearly period (t);

$NCPD\ (u)(t)$ = Average Non-coincident Peak Demand of the Transmission System User (u) for the yearly period (t):

Provided that the Allotted Capacity for long-term Open Access consumers shall be considered in lieu of the average monthly CPD and NCPD for calculating the Base TCR for long-term Open Access consumers.

63 Usage of Intra-State Transmission System

The charges for intra-State transmission usage shall be shared among various TSUs in the following manner:

- a) Existing long-term TSU with recorded demand up to Base TCR (i.e., average of CPD and NCPD) shall not be subjected to payment of short-term transmission charges.

- b) Long-term TSU with recorded demand greater than Base TCR but lower than Contracted Capacity shall make payment of short-term Transmission charges for the recorded demand in excess of Base TCR.
- c) Where the recorded demand of long-term TSU is greater than Contracted Capacity (termed as Transmission Capacity Right less TCR), the TSU shall bear additional transmission charges as specified in the Regulations of the Commission governing Transmission Open Access:

Provided that short-term transmission charges and additional transmission charges, if payable or paid by long-term TSUs in accordance with the clauses (a), (b) and (c) above, shall be adjusted during subsequent billing period upon availability of information regarding actual recorded demand by such long-term TSUs.

64 Transmission Pricing Framework

The Commission may, after conducting a detailed study and due regulatory process, change the existing transmission pricing framework to one considering factors such as voltage, distance, direction and quantum of flow based on the methodology specified by the Central Electricity Regulatory Commission, as the Commission may deem appropriate.

65 Billing and Payment of Charges

- 65.1 The State Transmission Utility (STU) shall raise monthly bill for Intra-State Transmission Charges on every Transmission System User (TSU) on the first working day of the month for the Transmission Charges of preceding month.
- 65.2 The monthly bill for transmission Tariff shall be payable within fourteen days of receipt of bill by the TSUs.
- 65.3 All TSUs shall ensure timely payment of Transmission Tariff to STU so as to enable STU to make timely settlement of claims raised by Transmission Licensees.

66 Transmission Losses

The energy losses in the intra-State transmission system, as determined by the State Load Despatch Centre and approved by the Commission, shall be borne by the Transmission System Users in proportion to their usage of the intra-State transmission system.

PART G: DISTRIBUTION WIRES BUSINESS

67 Separation of Accounts of Distribution Licensee

Every Distribution Licensee shall maintain separate accounting records for the Distribution Wires Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately for:

- (a) Distribution Wires Business;
- (b) Retail Supply of electricity:

Provided that in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, the Aggregate Revenue Requirement of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the following Allocation Matrix:

Particulars	Distribution Wires Business (%)	Retail Supply Business (%)
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Operation & Maintenance Expenses	65%	35%
Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on Working Capital	10%	90%
Interest on Consumer Security Deposits	10%	90%
Provision for Bad & Doubtful Debts	10%	90%
Income Tax	90%	10%
Contribution to Contingency Reserves	90%	10%
Return on Equity	90%	10%
Non-Tariff Income	10%	90%

Provided further that the above Allocation Matrix shall be applied for all or any of the heads of expenditure and revenue, where actual accounting separation has not been done between the Distribution Wires Business and Retail Supply Business:

Provided also that the Commission may require the Distribution Licensee to file separate Petitions for determination of Tariff for the Distribution Wires Business and Retail Supply Business.

68 Applicability

The Regulations contained in this Part shall apply to the determination of Wheeling Charges payable for usage of distribution wires of a Distribution Licensee by a Distribution System User.

69 Components of Aggregate Revenue Requirement for Distribution Wires Business

69.1 The Wheeling Charges of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement of the Distribution Wires Business for the respective Years of the Control Period, as approved by the Commission and comprising the following components:

- (a) Operation and maintenance expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;
- (d) Interest on working capital;
- (e) Interest on deposits from consumers and Distribution System Users;
- (f) Provision for Bad and doubtful debts;
- (g) Contribution to contingency reserves;
- (h) Return on Equity Capital;
- (i) Income Tax;

minus:

- (j) Non-Tariff income;
- (k) Income from Other Business, to the extent specified in these Regulations:

Provided that Depreciation, Interest on Loan Capital, Interest on working capital, Interest on deposits from consumers and Distribution System Users, Contribution to Contingency Reserves, Return on Equity, and Income Tax for Distribution Wires Business shall be allowed in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee 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., shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

- 69.2 The Wheeling Charges of the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee in accordance with **Part B** of these Regulations:

Provided that the Wheeling Charges may be denominated in terms of Rupees/kWh or Rupees/kW/month, for the purpose of recovery from the Distribution System User, or any such denomination, as may be stipulated by the Commission:

Provided further that in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of effectiveness of these Regulations, the Commission may determine the ceiling Wheeling Charges that may be charged by such Deemed Distribution Licensee till such time as considered appropriate by the Commission.

70 Capital Investment Plan

- 70.1 The Distribution Licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each year of the Control Period for strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-year Tariff Petition for the entire Control Period.
- 70.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding Rs. Ten Crore or such other amount as may be stipulated by the Commission from time to time and shall be in such form as may be stipulated by the Commission from time to time.
- 70.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of distribution sub-stations, consumer sub-stations, transformation capacity in MVA and details of distribution transformers of different capacities, HT:LT ratio as well as distribution line length showing the need for the proposed investments,

alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the Wheeling Charges:

Provided that the Distribution Licensee shall submit separate details of Capital Investment being undertaken in each Distribution Franchisee area within its Licence area.

- 70.4 The Commission shall consider the Capital Investment Plan along with the Multi-year Aggregate Revenue Requirement for the entire Control Period submitted by the Distribution Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on Wheeling Charges.
- 70.5 The Distribution Licensee shall submit, along with the Petition for determination of Wheeling Charges, or along with the Petition for Mid-term Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress.

71 Operation and Maintenance Expenses

The Distribution Licensees shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Wires Business as per the norms specified below for each year of the Control Period:

FY 2016-17

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Wheeled Energy (Paise/kWh)	11.32	16.38	20.68	14.82
Corresponding to Consumers in Distribution Wires Business (Rs Lakh/'000 Consumers)	6.54	9.81	14.88	0.00
Corresponding to Gross Fixed Assets of Distribution Wires Business (% of GFA)	2.50%	4.00%	2.25%	1.50%

FY 2017-18

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Wheeled Energy (Paise/kWh)	11.88	17.19	21.71	15.56

Corresponding to Consumers in Distribution Wires Business (Rs Lakh/'000 Consumers)	6.86	10.30	15.62	0.00
Corresponding to Gross Fixed Assets of Distribution Wires Business (% of GFA)	2.50%	4.00%	2.25%	1.50%

FY 2018-19

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Wheeled Energy (Paise/kWh)	12.48	18.05	22.80	16.34
Corresponding to Consumers in Distribution Wires Business (Rs Lakh/'000 Consumers)	7.21	10.81	16.41	0.00
Corresponding to Gross Fixed Assets of Distribution Wires Business (% of GFA)	2.50%	4.00%	2.25%	1.50%

FY 2019-20

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Wheeled Energy (Paise/kWh)	13.10	18.96	23.94	17.16
Corresponding to Consumers in Distribution Wires Business (Rs Lakh/'000 Consumers)	7.57	11.35	17.23	0.00
Corresponding to Gross Fixed Assets of Distribution Wires Business(% of GFA)	2.50%	4.00%	2.25%	1.50%

Provided that for computing the allowable O&M expenses for any year, the quantum of energy wheeled during the year shall consider the entire quantum of energy wheeled through the distribution system and shall be considered on the basis of the target Distribution Losses approved by the Commission in the Order for the respective year:

Provided further that the term 'Consumers in Distribution Wires Business' shall mean consumers using the distribution network of a Distribution Licensee, including consumers taking supply from other sources:

Provided also that for computing the allowable O&M expenses for any year, the quantum of energy wheeled during the year, average number of consumers during the year, and average of opening and closing Gross Fixed Assets shall be considered:

Provided also that at the time of Truing up along with the Mid-term Review or at the end of the Control Period, the allowable O&M expenses for any year shall be based on the norms for O&M expenses specified by the Commission in this Regulation and actual quantum of energy wheeled during the year, actual average number of consumers during the year, and actual average of opening and closing Gross Fixed Assets based on documentary evidence of assets capitalised by the Licensee, subject to the prudence check of the Commission:

Provided also that in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of effectiveness of these Regulations, the Commission may determine the O&M Norms on case to case basis.

72 Provision for Bad and Doubtful Debts

For any Year, the Commission may allow a provision for bad and doubtful debts up to 1.5 % of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee for that Year:

Provided that the Commission, in its MYT Order, shall provisionally approve provision for bad and doubtful debts for each Year of the Control Period, based on the actual provision for bad and doubtful debts made by the Distribution Licensee in the latest Audited Accounts available for the Petitioner, as allowed by the Commission:

Provided further that such provision allowed by the Commission for any Year shall not exceed the actual provision for bad and doubtful debts made by the Distribution Licensee in the audited accounts of that Year, duly allocated for the Distribution Wires Business, excluding the provision made by the Distribution Licensee for unbilled revenue at the end of the year:

Provided also that in the Year when the cumulative provisioning for bad and doubtful debts allowed by the Commission, duly allocated for the Distribution Wires Business, exceeds five per cent of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee, no such appropriation shall be allowed, which would have the effect of increasing the cumulative provisioning beyond the said maximum:

Provided also that the actual amount of bad and doubtful debts written off by the Distribution Licensee shall have to be adjusted by the Distribution Licensee against the accumulated provision for bad and doubtful debts and shall not be allowed separately as an expense in the Aggregate Revenue Requirement of the Distribution Licensee.

73 Non-Tariff Income

73.1 The amount of Non-Tariff Income relating to the Distribution Wires Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Wheeling Charges of the Distribution Wires Business:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

73.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;
- d) Income from Delayed Payment Charge;
- e) Income from Interest on Delayed Payment;
- f) Interest income on advances to suppliers/contractors;
- g) Income from rental from staff quarters;
- h) Income from rental from contractors;
- i) Income from hire charges from contactors and others;
- j) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;
- k) Supervision charges for capital works;
- l) Income from advertisements;
- m) Income from sale of tender documents;
- n) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Distribution Wires Business shall not be included in Non-Tariff Income.

74 Income from Other Business

Where the Distribution Wires Business of the Distribution Licensee has engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, an amount equal to

two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in determining the Wheeling Charges of Distribution Wires Business:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Wires Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor of the Company, to the Commission along with its Petition for determination of Wheeling Charges:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Wires Business on account of such Other Business.

75 Wheeling Losses

The Distribution Wires Business shall be allowed to recover, in kind, the approved target level of Wheeling Losses arising from the operation of the distribution system:

Provided that the Commission may stipulate a trajectory for Wheeling Losses in accordance with Regulation 9 as part of the Order on the Multi-Year Tariff Petition filed by the Distribution Licensee.

PART H: RETAIL SUPPLY OF ELECTRICITY

76 Applicability

The Regulations contained in this Part shall apply to the determination of Tariff for retail supply of electricity by a Distribution Licensee to its consumers.

77 Components of Aggregate Revenue Requirement for Retail Supply Business

77.1 The Tariff for retail supply of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement of the Retail Supply Business for the respective Years of the Control Period, as approved by the Commission and comprising the following components:

- (a) Cost of own power generation /power purchase expenses;
- (b) Inter-State Transmission Charges;
- (c) Intra-State Transmission Charges;
- (d) Operation and Maintenance expenses;

- (e) Depreciation;
- (f) Interest on Loan Capital;
- (g) Interest on working capital;
- (h) Interest on consumer security deposits;
- (i) Provision for Bad and doubtful debts; and
- (j) Contribution to contingency reserves;
- (k) Return on Equity Capital;
- (l) Income Tax;

minus:

- (m) Non-Tariff income;
- (n) Income from Other Business, to the extent specified in these Regulations;
- (o) Receipts on account of Cross-Subsidy Surcharge;
- (p) Receipts on account of Additional Surcharge;

Provided that Depreciation, Interest on Loan Capital, Interest on working capital, Interest on consumer security deposits, Contribution to Contingency Reserves, Return on Equity, and Income Tax for Retail Supply Business shall be allowed in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee 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., shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

77.2 The Tariff for retail supply by the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee in accordance with **Part B** of these Regulations:

Provided that the Aggregate Revenue Requirement of the Distribution Licensee shall be allocated or apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the provisions of Regulation 65:

Provided further that the Tariff for retail supply may comprise of any combination of fixed/demand charges and energy charges, for the purpose of recovery from the consumers, as stipulated by the Commission:

Provided also that the Commission may determine the area-wise Tariff for Distribution Licensee based on the performance parameters as may be stipulated by the Commission:

Provided also that in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of effectiveness of these Regulations, the Commission may determine the ceiling Tariff for retail supply that may be charged by such Distribution Licensee till such time as considered appropriate by the Commission.

77.3 The Distribution Licensee may offer a rebate to the consumers on the Tariff and charges determined by the Commission:

Provided that the Distribution Licensee shall submit details of such rebates to the Commission every quarter, in the manner and format, as stipulated by the Commission:

Provided further that the impact of such rebates on the Distribution Licensee shall be borne entirely by the Distribution Licensee and the impact of such rebate shall not be passed on to the consumers, in any form:

Provided also that such rebates shall not be offered selectively to any consumer/s, and shall have to be offered to the entire consumer category/sub-category/consumption slab in a non-discriminatory manner.

78 Sales forecast

78.1 The Distribution Licensee shall submit a month-wise forecast of the expected sales of electricity to each Tariff category/sub-category and to each Tariff slab within such Tariff category/sub-category to the Commission for approval along with the Multi-Year Tariff Petition, as specified in these Regulations:

Provided that the Distribution Licensee shall submit relevant details regarding category-wise sales separately for each Distribution Franchisee area within its Licence area, as well as the aggregated category-wise sales in its Licence area.

78.2 The sales forecast shall be consistent with the load forecast prepared as part of the power procurement plan under **Part C** of these Regulations and shall be based on past data and reasonable assumptions regarding the future:

Provided that where the Commission has stipulated a methodology for forecasting sales to any particular Tariff category, the Distribution Licensee shall incorporate such methodology in developing the sales forecast for such Tariff category.

79 Capital Investment Plan

79.1 The Distribution Licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each year of the Control Period for meeting the requirement of growth in number of consumers, reduction in distribution losses, metering, etc., to the Commission for approval, as a part of the Multi-year Tariff Petition for the entire Control Period.

79.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding Rs. One Crore or such other amount as may be stipulated by the Commission and shall be in such form as may be stipulated by the Commission from time to time.

79.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the Tariff for retail supply of electricity.

79.4 The Commission shall consider the Capital Investment Plan along with the Multi-year Aggregate Revenue Requirement for the entire Control Period submitted by the Distribution Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on the Tariff for retail supply of electricity.

79.5 The Distribution Licensee shall submit, along with the Petition for determination of the Tariff for retail supply of electricity, or along with the Petition for Mid-term Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress.

80 Operation and Maintenance Expenses

The Distribution Licensees shall be permitted to recover Operation and Maintenance expenses relating to the Retail Supply Business as per the norms specified below for each year of the Control Period:

FY 2016-17

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Sales in Retail Supply Business (Paise/kWh)	9.46	18.79	14.76	13.61
Corresponding to Consumers in Retail Supply Business (Rs Lakh/'000 Consumers)	4.72	7.12	11.73	0.00
Corresponding to Gross Fixed Assets of Retail Supply Business (% of GFA)	2.50%	2.50%	2.25%	5.00%

FY 2017-18

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Sales in Retail Supply Business (Paise/kWh)	9.94	19.73	15.50	14.29
Corresponding to Consumers in Retail Supply Business (Rs Lakh/'000 Consumers)	4.96	7.48	12.31	0.00
Corresponding to Gross Fixed Assets of Retail Supply Business (% of GFA)	2.50%	2.50%	2.25%	5.00%

FY 2018-19

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Sales in Retail Supply Business (Paise/kWh)	10.44	20.72	16.27	15.01
Corresponding to Consumers in Retail Supply Business (Rs Lakh/'000 Consumers)	5.21	7.86	12.93	0.00
Corresponding to Gross Fixed Assets of Retail Supply Business (% of GFA)	2.50%	2.50%	2.25%	5.00%

FY 2019-20

O&M Charges	MSEDCL	RInfra-D	BEST	TPC-D
Corresponding to Sales in Retail Supply Business (Paise/kWh)	10.96	21.75	17.09	15.76
Corresponding to Consumers in Retail Supply Business (Rs Lakh/'000 Consumers)	5.47	8.25	13.57	0.00

Corresponding to Gross Fixed Assets of Retail Supply Business (% of GFA)	2.50%	2.50%	2.25%	5.00%
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Provided that the term 'Consumers in Retail Supply Business' shall mean consumers being supplied electricity by the Distribution Licensee, including consumers being supplied through the distribution network of another Distribution Licensee:

Provided further that for computing the allowable O&M expenses for any year, the quantum of sales during the year, average number of consumers during the year, and average of opening and closing Gross Fixed Assets shall be considered:

Provided also that at the time of Truing up along with the Mid-term Review or at the end of the Control Period, the allowable O&M expenses for any year shall be based on the norms for O&M expenses specified by the Commission in this Regulation and actual quantum of sales during the year, actual average number of consumers during the year, and actual average of opening and closing Gross Fixed Assets based on documentary evidence of assets capitalised by the Licensee, subject to the prudence check of the Commission:

Provided also that in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of effectiveness of these Regulations, the Commission may determine the O&M Norms on case to case basis.

81 Provision for Bad and Doubtful Debts

The Commission may allow a provision for bad and doubtful debts up to 1.5 % of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee for that Year:

Provided that the Commission, in its MYT Order, shall provisionally approve provision for bad and doubtful debts for each Year of the Control Period, based on the actual provision for bad and doubtful debts made by the Distribution Licensee in the latest Audited Accounts available for the Petitioner, as allowed by the Commission:

Provided further that such provision allowed by the Commission for any Year shall not exceed the actual provision for bad and doubtful debts made by the Distribution Licensee in the audited accounts of that Year, duly allocated to the Retail Supply Business, excluding the provision made by the Distribution Licensee for unbilled revenue at the end of the year:

Provided also that in the Year when the cumulative provisioning for bad and doubtful debts allowed by the Commission, duly allocated for the Retail Supply Business exceeds five per cent of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the

audited accounts of the Distribution Licensee, no such appropriation shall be allowed, which would have the effect of increasing the cumulative provisioning beyond the said maximum:

Provided also that the actual amount of bad and doubtful debts written off by the Distribution Licensee shall be adjusted by the Distribution Licensee against the accumulated provision for bad and doubtful debts and shall not be allowed separately as an expense in its Aggregate Revenue Requirement.

82 Non-Tariff Income

82.1 The amount of Non-Tariff Income relating to the Retail Supply Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit details of its forecast of Non-Tariff income to the Commission in such form as may be stipulated by the Commission.

82.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;
- d) Income from Delayed Payment Charge;
- e) Income from Interest on Delayed Payment
- f) Interest income on advances to suppliers/contractors;
- g) Income from rental from staff quarters;
- h) Income from rental from contractors;
- i) Income from hire charges from contractors and others;
- j) Supervision charges for capital works;
- k) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;
- l) Income from recovery against theft and/or pilferage of electricity;
- m) Income from advertisements;
- n) Income from sale of tender documents;
- o) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Retail Supply Business shall not be included in Non-Tariff Income.

83 Income from Other Business

Where the Retail Supply Business of the Distribution Licensee has engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, an amount equal to two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the Tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Retail Supply Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor of the Company, to the Commission along with its Petition for determination of Tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenue from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Retail Supply Business on account of such Other Business.

84 Receipts on account of Cross-Subsidy Surcharge

The amount received by the Distribution Licensee by way of Cross-Subsidy Surcharge, as approved by the Commission in accordance with the Regulations of the Commission governing Distribution Open Access, shall be deducted from the Aggregate Revenue Requirement in determining the Tariff for retail supply of electricity by such Distribution Licensee.

85 Receipts on account of Additional Surcharge

The amount received by the Distribution Licensee by way of Additional Surcharge, as approved by the Commission in accordance with the Regulations of the Commission governing Distribution Open Access, shall be deducted from the Aggregate Revenue Requirement for determining the Tariff for retail supply of electricity by such Distribution Licensee.

86 Distribution Losses

The power purchase requirement of the Distribution Licensee shall be computed by grossing up the sales with the distribution losses approved by the Commission:

Provided that the Commission may stipulate the target distribution losses in accordance with Regulation 9 as part of the Order on the Multi-Year Tariff Petition:

Provided further that the Distribution Licensee shall submit the details of area-wise distribution losses for the relevant years, in accordance with the formats prescribed by the Commission:

Provided also that the area-wise distribution losses shall separately indicate the distribution losses in each Distribution Franchisee area within its Licence area, for the relevant years.

87 Determination of Retail Supply Tariff

87.1 The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

87.2 The retail supply tariff for different consumer categories shall be determined on the basis of the Average Cost of Supply, computed as the ratio of the Aggregate Revenue Requirement of the Distribution Licensee for the Year, determined in accordance with Regulation 77, to the total sales of the Distribution Licensee for the respective Year.

87.3 The Commission shall endeavour to gradually reduce the cross-subsidy between consumer categories with respect to the Average Cost of Supply in accordance with the provisions of the Act.

87.4 While determining the tariff, the Commission shall also keep in view the cost of supply at different voltage levels and the need to minimise tariff shock to consumers.

PART I: FEES AND CHARGES FOR MSLDC

88 Applicability

The Regulations contained in this Part shall apply in determining the Fees and Charges to be levied by the MSLDC after April 1, 2016.

89 Capital Investment Plan

- 89.1 The MSLDC shall submit a detailed capital investment plan, financing plan and physical targets for each year of the Control Period based on the operational requirements prescribed by the Commission and recommendations of various Committees constituted for looking into matters related to strengthening and ring fencing of the State Load Despatch Centres by the Ministry of Power, Government of India or any such other statutory authorities, to the Commission for approval, as a part of the Multi-year Aggregate Revenue Requirement for the entire Control Period.
- 89.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding Rs. One crore or any other limit as may be stipulated by the Commission from time to time and shall be in such form as may be stipulated by the Commission.
- 89.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the MSLDC Fees and Charges.
- 89.4 The Commission shall consider the Capital Investment Plan along with the Multi-year Aggregate Revenue Requirement for the entire Control Period submitted by the MSLDC taking into consideration the prudence of the proposed expenditure and estimated impact on MSLDC Fees and Charges.
- 89.5 The MSLDC shall submit, along with the Petition for determination of Aggregate Revenue Requirement or along with the Petition for Mid-term Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress.

90 LDC Development Fund

The Commission may permit MSLDC to create and maintain a separate development fund for such purposes and from such sources of income, as the Commission may consider appropriate, on a Petition filed by MSLDC.

91 Annual Fixed Charges for MSLDC

The Annual Fixed Charges to be levied by the MSLDC shall provide for the recovery of the Aggregate Revenue Requirement of the MSLDC for the respective Year of the Control

Period, as reduced by the amount of Non-Tariff Income as approved by the Commission and comprising the following:

- (a) Operation and Maintenance expenses;
 - (b) Regional Load Despatch Centre (RLDC) Fees and Western Region Power Committee (WRPC) Charges;
 - (c) Depreciation;
 - (d) Interest on Loan Capital;
 - (e) Interest on working capital
 - (f) Return on Equity Capital;
 - (g) Income Tax;
- minus:
- (h) Income from Open Access charges;
 - (i) Non-Tariff income:

Provided that Depreciation, Interest on Loan, and Return on Equity for the MSLDC shall be allowed in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, subject to prudence check:

Provided also that all penalties and compensation payable by the MSLDC to any party for failure to meet its obligations or for damages, as a consequence of the orders of the Commission and Courts shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the MSLDC shall maintain separate details of such penalties and compensation paid or payable by the MSLDC, if any, and shall submit the same to the Commission along with the Petitions to be submitted under these Regulations.

92 Operation and Maintenance expenses

92.1 The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three Years ending March 31, 2015, based on the audited financial statements, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission.

92.2 The average of such Operation and Maintenance expenses shall be considered as Operation & Maintenance expenses for the Year ended March 31, 2014 shall be escalated at the escalation rate of 5.72% to arrive at the Operation and Maintenance expenses for the base year commencing April 1, 2015:

Provided that the O&M expenses for the base year may be adjusted so as to absorb the impact of addition of employees during the Control Period, which may be proposed by the MSLDC in line with the recommendations of the Gireesh Pradhan Committee Report, subject to necessary prudence check by the Commission.

92.3 The O&M expenses for each subsequent year shall be determined by escalating the base expenses determined above for FY 2015-16, at the escalation rate of 5% per annum to arrive at permissible O&M expenses for each year of the Control Period:

Provided that the escalation rate shall be considered as 5% per annum at the time of truing up the O&M expenses for the different Years during the Control Period.

93 RLDC Fees and WRPC Charges

93.1 The RLDC Fees and Charges payable by the MSLDC in accordance with the relevant Orders issued by the Central Electricity Regulatory Commission from time to time shall be allowed to be recovered by the MSLDC through the Fees and Charges as approved by the Commission.

93.2 The WRPC Charges payable to the WRPC's Secretariat shall be allowed to be recovered by the MSLDC through the Fees and Charges as approved by the Commission.

93.3 The MSLDC shall have to produce documentary proof towards payment of such Charges at the time of Mid-Term Review or Truing up:

Provided that any variation between the approved RLDC Fees and Charges and WRPC Charges and that actually paid by the MSLDC shall be considered during the true-up as per audited accounts, subject to prudence check and any other factor considered appropriate by the Commission.

94 Non-Tariff Income

94.1 The amount of Non-Tariff Income relating to the MSLDC as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Fees and Charges of the MSLDC:

Provided that the MSLDC shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

94.2 The Non-Tariff Income shall include:

- a) Income from sale of scrap;
- b) Income from investments;
- c) Income from Delayed Payment Charge;
- d) Interest income on advances to suppliers/contractors;
- e) Income from rental from staff quarters;
- f) Income from sale of tender documents;
- g) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity of the MSLDC shall not be included in Non-Tariff Income.

95 Sharing of MSLDC Charges

95.1 The MSLDC Charges payable by the Beneficiaries shall be computed in accordance with the following formula:

$$AFC(u)_{(t)} = AFC_{(t)} \times ([Base\ TCR(u)]_{(t)} / \sum_{i=1}^n [Base\ TCR(u)]_{(t)})$$

Where,

$$AFC(u)_{(t)} = \text{MSLDC Charges to be shared by the Beneficiary (u) for the yearly period (t);}$$

$$\text{Base TCR (u)} = [CPD(u)_{(t)} + NCPD(u)_{(t)}] / 2$$

Where,

Base TCR represents the Base Transmission Capacity Right of each Beneficiary (u) for the yearly period (t);

$$CPD(u)_{(t)} = \text{Average Coincident Peak Demand of the Beneficiary (u) for the yearly period (t);}$$

$$NCPD(u)_{(t)} = \text{Average Non-coincident Peak Demand of the Beneficiary (u) for the yearly period (t):}$$

Provided that the Allotted Capacity for full Open Access consumers shall be considered in lieu of the average monthly CPD and NCPD for calculating the Base TCR for Open Access consumers.

95.2 The MSLDC Charges approved for the year shall be equally spread over the 12 months of the year and MSLDC Charges per MW per month shall be computed by MSLDC in accordance with the following Formula:

Monthly MSLDC Charges (Rs. / MW / Month)

$$= [AFC(u)_{(t)} \div \sum_{i=1}^n [Base\ TCR(u)]_{(t)}] \div 12$$

95.3 The Open Access consumers including partial Open Access consumers shall be liable for payment of the MSLDC Charges in proportion to the duration for which they were granted Open Access during the concerned billing period.

96 Fees to be Charged by MSLDC

96.1 The MSLDC shall recover the following Fees as approved by the Commission from time to time:

- a) Registration or Connection Fees per connection from all users connecting to the Intra-State Transmission System;
- b) Scheduling Fees per day for intra-State short-term Open Access transactions;
- c) Re-scheduling Fees for each revision in schedule after the finalization of schedules by the MSLDC on a day-ahead basis or for non-submission of schedule as per State Grid Code requirements;
- d) Short-term Open Access Application Processing Fees;

96.2 The revenue from such Fees shall be considered for adjustment of Annual Fixed Charges in subsequent years unless the same forms part of the LDC Development Fund.

97 Billing and Payment of Charges

97.1 The MSLDC shall raise monthly bill for MSLDC Charges on every Long-term Beneficiary and Medium-Term Open Access consumer on the first working day of the month for the MSLDC Charges of preceding month.

97.2 The monthly bill for MSLDC Charges shall be payable within fourteen days of receipt of bill by the Long-term Beneficiaries and the Medium Term Open Access consumers.

PART J: GRANT OF SUBSIDIES BY STATE GOVERNMENT

98 Manner of grant of subsidy by State Government

98.1 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the Tariff determined by the Commission, the State Government shall pay in advance the amount to compensate the Distribution Licensee/person affected by the grant of subsidy in the manner specified in this Regulation, with prior intimation to the Commission.

98.2 The amount of subsidy agreed to by the State Government shall be provided in the form of grant by the State Government.

98.3 The subsidy shall be passed on to eligible consumers through credit in their electricity bills only in proportion to the extent to which the total requirement of the Distribution Licensee is paid by the State Government:

Provided that in case of shortfall in actual release of subsidy, either because of errors in estimation or for any other reason, such shortfall, shall be shown clearly in the consumers' bills and shall be distributed proportionately between the concerned eligible consumers until such time as it is reduced or eliminated.

98.4 The Distribution Licensee shall clearly indicate the following details in the consumers' bills:

- a) the Tariff determined by the Commission;
- b) the amount of State Government subsidy and the rate and period thereof;
- c) the net amount payable.

PART K: MISCELLANEOUS

99 Issue of Practice Directions

Subject to the provisions of the Act, the Commission may, from time to time, issue Practice Directions in regard to implementation of these Regulations.

100 Power to amend

The Commission may, at any time, vary, alter, modify or amend any provisions of these Regulations.

101 Power to remove difficulties

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

Annexure-I: DEPRECIATION SCHEDULE

Description of Assets		Depreciation Rate (Straight line method)
A.	Land owned under full title	--
B.	Land held under lease	
a)	for investment in the land	3.34%
b)	for cost of clearing the site	3.34%
c)	Land for reservoir in case of Hydro Generating Station	3.34%
C.	Assets Purchased New:	
a.	Plant and machinery in Generating Stations including plant foundations	
	i) Hydro-electric	5.28%
	ii) Steam electric	5.28%
	NHRS & Waste Heat Recovery Boilers/Plants	
	iii) Diesel-electric and gas plant	5.28%
b.	Cooling towers and circulating water systems	5.28%
c.	Hydraulic works forming part of Hydro-electric systems including:-	
	i) Dams, Spillways, weirs, canals, reinforced concrete Flumes and siphons	5.28%
	ii) Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge (tanks) hydraulic control valves and other hydraulic works	5.28%
d.	Building & civil engineering works of permanent character	
	i) Offices & showrooms	3.34%
	ii) Containing thermo-electric generating plant	3.34%

Description of Assets			Depreciation Rate (Straight line method)
	iii)	Containing hydro-electric generating plant	3.34%
	iv)	Temporary erection such as wooden structures	100%
	v)	Roads other than kutchra roads	3.34%
	vi)	Others	3.34%
e.		Transformers, transformer (Kiosk) sub-Station equipment & other fixed apparatus (including plant foundations)	
	i)	Transformers (including foundations) having a rating of 100 kilo volt amperes and over	5.28%
	ii)	Others	5.28%
f.		Switchgear including cable connections	5.28%
g.		Lightning arrestors	
	i)	Station type	5.28%
	ii)	Pole type	5.28%
	iii)	Synchronous condensor	5.28%
h.		Batteries	5.28%
	i)	Underground Cable including joint boxes and disconnected boxes	5.28%
	ii)	Cable duct system	5.28%
i.		Overhead lines including supports:	
	i)	Lines on fabricated steel operating at nominal voltages higher than 66 kV	5.28%
	ii)	Lines on steel supports operating at nominal voltages higher than 13.2 kilovolts but not exceeding 66 kilovolts	5.28%

Description of Assets			Depreciation Rate (Straight line method)
	iii)	Lines on steel or reinforced concrete supports	5.28%
	iv)	Lines on treated wood supports	5.28%
j.		Meters	5.28%
k.		Self propelled vehicles	9.50%
l.		Air conditioning plants:	
	i)	Static	5.28%
	ii)	Portable	9.50%
m.			
	i)	Office furniture and fittings	6.33%
	ii)	Office equipments	6.33%
	iii)	Internal wiring including fittings and apparatus	6.33%
	iv)	Street light fittings	5.28%
n.		Apparatus let on hire	
	i)	Other than motors	9.50%
	ii)	Motors	6.33%
o.		Communication equipment:	
	i)	Radio and high frequency carrier system	6.33%
	ii)	Telephone lines and telephones	6.33%
p.		I.T. equipments	15.00%
q.		Software	30.00%
r.		Any other assets not covered above	5.28%

Annexure-II: Procedure for calculation of Transmission System Availability for a Month

1. Transmission system availability for a calendar month shall be computed by the respective Transmission Licensee, and certified by the MSLDC, separately for each AC and HVDC transmission system. For the purpose of calculation of Transmission System Availability:
 - i) AC transmission lines: Each circuit of AC transmission line shall be considered as one element.
 - ii) Inter-Connecting Transformers (ICTs): Each ICT bank (three single phase transformer together) shall form one element.
 - iii) Static VAR Compensator (SVC): SVC along with SVC transformer shall form one element. However, 50% credit to inductive and 50% to capacitive rating shall be given.
 - iv) Bus Reactors/Switchable line reactors: Each Bus Reactors/Switchable line reactors shall be considered as one element.
 - v) HVDC Bi-pole links: Each pole of HVDC link along with associated equipment at both ends shall be considered as one element.
 - vi) HVDC back-to-back Station: Each block of HVDC back-to-back Station shall be considered as one element. If associated AC line (necessary for transfer of inter-regional power through HVDC back-to-back Station) is not available, the HVDC back-to-back Station block shall also be considered as unavailable.

2. The Availability of AC and HVDC portion of Transmission system shall be computed as under:

% Availability for AC system

$$= \frac{o \times AV_o + p \times AV_p + q \times AV_q + r \times AV_r}{o + p + q + r} \times 100$$

% Availability for HVDC system

$$= \frac{s \times AV_s + t \times AV_t}{s + t} \times 100$$

Where

o = Total number of AC lines;

AV_o	=	Availability of o number of AC lines;
p	=	Total number of bus reactors/switchable line reactors;
AV_p	=	Availability of p number of bus reactors/switchable line reactors;
q	=	Total number of ICTs;
AV_q	=	Availability of q number of ICTs;
r	=	Total number of SVCs;
AV_r	=	Availability of r number of SVCs;
s	=	Total number of HVDC poles;
AV_s	=	Availability of s number of HVDC poles;
t	=	Total number of HVDC back-to-back Station blocks;
AV_t	=	Availability of t number of HVDC back-to-back Station blocks.

3. The weightage factor for each category of transmission element shall be as under:
- (a) For each circuit of AC line – Surge Impedance Loading (SIL) for Uncompensated line multiplied by ckt-km.

SIL rating for various voltage levels and conductor configurations is given in **Appendix-I**. However, for the voltage levels and/or conductor configurations not listed in Appendix-I, appropriate SIL based on technical considerations may be used for availability calculation under intimation to long-term transmission customers/DICs.

For compensated AC line, SIL shall be as certified by the Maharashtra State Power Committee (MSPC) Secretariat considering the compensation on the line.

For shunt compensated line, the reduced value of SIL shall be taken in accordance with the location of the reactor. Similarly, in case of the lines with series compensation, the higher SIL shall be taken as per the percentage of compensation.

- (b) For each HVDC pole- The rated MW capacity x ckt-km
- (c) For each ICT bank – The rated MVA capacity
- (d) For SVC- The rated MVAR capacity (inductive and capacitive)
- (e) For Bus Reactor/switchable line reactors – The rated MVAR capacity.
- (f) For HVDC back-to-back Station connecting two Regional grids- Rated MW capacity of each block.

4. The availability for each category of transmission element shall be computed based on the weightage factor, total hours under consideration and non-available hours for each element of that category. The formulae for calculation of Availability of each category of the transmission elements are as per **Appendix-II**.
5. The transmission elements under outage due to following reasons shall be deemed to be available:
 - i. Shut down availed for maintenance or construction of elements of another transmission scheme. If the other transmission scheme belongs to the Transmission Licensee, the MSLDC may restrict the deemed availability period to that considered reasonable for the work involved.
 - ii. Switching off of a transmission line to restrict over voltage and manual tripping of switched reactors as per the directions of MSLDC.
6. Outage time of transmission elements for the following contingencies shall be excluded from the total time of the element under period of consideration:
 - i. Outage of elements due to acts of God and force majeure events beyond the control of the Transmission Licensee. However, onus of satisfying the MSLDC that element outage was due to aforesaid events and not due to design failure shall rest with the Transmission Licensee. A reasonable restoration time for the element shall be considered and any additional time taken by the Transmission Licensee for restoration of the element beyond the reasonable time shall be treated as outage time attributable to the Transmission Licensee. Circuits restored through ERS (Emergency Restoration System) shall be considered as available.
 - ii. Outage caused by grid incident/disturbance not attributable to the Transmission Licensee, e.g., faults in substation or bays owned by other agency causing outage of the Transmission Licensee's elements, and tripping of lines, ICTs, HVDC, etc. due to grid disturbance. However, if the element is not restored on receipt of direction from RLDC while normalizing the system following grid incident/disturbance within reasonable time, the element will be considered not available for the period of outage after issuance of RLDC's direction for restoration.

Appendix-I

SURGE IMPEDANCE LOADING (SIL) OF AC LINES

Sl. No.	Line voltage (kV)	Conductor Configuration	SIL (MW)
1	765	Quad Bersimis	2250
2	400	Quad Bersimis	691
3	400	Twin Moose	515
4	400	Twin AAAC	425
5	400	Quad Zebra	647
6	400	Quad AAAC	646
7	400	Triple Snowbird	605
8	400	ACKC(500/26)	556
9	400	Twin ACAR	557
10	220	Twin Zebra	175
11	220	Single Zebra	132
12	132	Single Panther	50
13	66	Single Dog	10

Appendix-II

FORMULAE FOR CALCULATION OF AVAILABILITY OF EACH CATEGORY OF TRANSMISSION ELEMENTS

$$AV_o(\text{Availability of } o \text{ no. of AC lines}) = \frac{\sum_{i=1}^o \frac{W_i(T_i - T_{NAi})}{T_i}}{\sum_{i=1}^o W_i}$$

$$AV_s(\text{Availability of } s \text{ no. of HVDC pole}) = \frac{\sum_{j=1}^s \frac{W_j(T_j - T_{NAj})}{T_j}}{\sum_{j=1}^s W_j}$$

$$AV_q(\text{Availability of } q \text{ no. of ICTs}) = \frac{\sum_{K=1}^q \frac{W_k(T_k - T_{NAk})}{T_k}}{\sum_{k=1}^q W_k}$$

$$AV_r(\text{Availability of } r \text{ no. of SVCs}) = \frac{\left[\sum_{l=1}^r \frac{0.5 W_{l1}(T_{l1} - T_{NA1l})}{T_{l1}} + \sum_{l=1}^r \frac{0.5 W_{cl}(T_{cl} - T_{ACl})}{T_{cl}} \right]}{\left[\sum_{l=1}^r 0.5 W_{l1} + \sum_{l=1}^r 0.5 W_{cl} \right]}$$

$$AV_p(\text{Availability of } p \text{ no. of Switched Bus reactors}) = \frac{\sum_{m=1}^p \frac{W_m(T_m - T_{NA m})}{T_m}}{\sum_{m=1}^p W_m}$$

$$AV_t(\text{Availability of } t \text{ no. of HVDC Back-to-back Blocks}) = \frac{\sum_{n=1}^t \frac{W_n(T_n - T_{NA n})}{T_n}}{\sum_{n=1}^t W_n}$$

Where W_i = Weightage factor for i^{th} transmission line

W_j = Weightage factor for j^{th} HVDC pole

W_k = Weightage factor for k^{th} ICT
 $W_{iI} \& W_{cI}$ = Weightage factors for inductive & capacitive operation of l^{th} SVC
 W_m = Weightage factor for m^{th} bus reactor
 W_n = Weightage factor for n^{th} HVDC back to back block.

$T_i, T_j, T_k, T_{iI}, T_{cI}, =$ The total hours of i^{th} AC line, j^{th} HVDC pole, k^{th} ICT, l^{th} SVC
 $T_m \& T_n$ (Inductive Operation), l^{th} SVC (Capacitive Operation), m^{th} Switched Bus Reactor & n^{th} HVDC back-to-back block during the period under consideration (excluding time period for outages not attributable to Transmission Licensee for reasons given in Para 6 of the procedure)
 $T_{NAi}, T_{NAj}, T_{NAk} =$ The non-availability hours (excluding the time period for T_{NAi} , outages not attributable to transmission Licensee taken as T_{NAi} , deemed availability as per Para 5 of the procedure) for i^{th} AC line, j^{th} HVDC pole, k^{th} ICT, l^{th} SVC (Inductive Operation), l^{th} SVC (Capacitive Operation), m^{th} Switched Bus Reactor and n^{th} HVDC back-to-back block.

Mumbai
 Dated: ____, 2015

(_____)
 Secretary,
 Maharashtra Electricity Regulatory Commission