

EXECUTIVE SUMMARY

A. Background

The Hon'ble Commission has issued the MYT Regulations 2019 for the 4th Control Period from FY 2020-21 to FY 2024-25 on 1st August, 2019. As per the provisions of Regulation 5.1(b) of the said Regulations, Distribution Licensee has to file Mid-Term Review Petition (MTR Petition) by 30th November 2022. Accordingly, MSEDCL is submitting this Mid-Term Review Petition as per provisions of MYT Regulations, 2019.

The MTR Petition under section 62 of the Electricity Act, 2003 and MERC MYT Regulations, 2019 comprises of following:

- Truing-up for FY 2019-20 based on Audited Annual Accounts under MERC (MYT) Regulations, 2015;
- Truing-up for FY 2020-21 and FY 2021-22 based on Audited Annual Accounts under MERC (MYT) Regulations, 2019;
- Provisional Truing-up for FY 2022-23 based on provisional information available for FY 2022-23 under MERC (MYT) Regulations, 2019;
- Revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff and charges, expected revenue gap, and proposed category-wise Tariff for the period FY 23-24 to FY 24-25 under MYT Regulations, 2019;
- Revision in Schedule of Charges;

B. Final True Up for FY 2019-20

Based on the Audited Annual Accounts of MSEDCL, the Aggregate Revenue Requirement (ARR) for FY 2019-20 works out to be at Rs. **86,004.28** Cr. based on all the cost parameters as specified in the following table. The final True Up for FY 2019-20 comparing the actual audited data for FY 2019-20 with those approved by the Hon'ble Commission vide MYT Order dated 30th March, 2020 in Case no. 322 of 2019 is summarized below.

Rs. Crs

Particulars	FY 2019-20 (Approved)	FY 2019-20 (Actual)	Deviation
Power Purchase Expenses	55,967.62	61,897.22	5,929.60
Operation & Maintenance Expenses	7,463.76	7,517.97	54.22
Depreciation Expenses	2,665.53	2,438.03	(227.50)
Interest on Loan Capital	1,328.88	1,274.34	(54.54)
Interest on Normative Working Capital	135.77	131.40	(4.37)
Interest on Consumers Security Deposit	796.03	748.92	(47.11)
Other Finance Charges	31.10	22.08	(9.02)
Provision for bad and doubtful debts	732.63	854.96	122.33
Other Expenses	50.08	83.28	33.20
Income Tax	213.89	-	(213.89)
Intra-State Transmission Charges MSLDC charge	4,867.55	4,871.25	3.70
Incentives/Discounts	307.03	337.25	30.22
Contribution to Contingency Reserves	142.76	128.19	(14.57)
Return on Equity Capital	1,866.79	1,893.43	26.64
RLC refund	1.84	1.77	(0.06)
Effect of sharing of gains/losses	-	347.76	347.76
Past Period Adjustment by Commission	853.08	853.08	-
Revenue Gap Recovery Allowed	2,562.93	2,562.93	-
Impact of payment to MPECS in future years	40.17	40.42	0.25
Aggregate Revenue Requirement	80,027.43	86,004.28	5,976.85
Stabilisation amount as per MYT Order	-	-	-
Total Aggregate Revenue Requirement	80,027.43	86,004.28	5,976.85
Less			
Non-Tariff Income	361.66	494.19	132.52
Income from Open Access Charges	29.59	83.44	53.85
Income from Trading of Surplus Power	298.18	335.99	37.81
Income from Wheeling Charges	1.79	1.10	(0.68)
Income from Additional Surcharge	317.14	575.60	258.46
Net Aggregate Revenue Requirement	79,019.07	84,513.96	5,494.89
Revenue from Sale of Power	78,965.30	72,944.55	(6,020.75)
Revenue from Retail Supply Business			
Revenue from Wires Business			
Revenue Gap/(Surplus)	53.77	11,569.40	11,515.64

Major reasons for deviation are increased power purchase cost due to change in law claims, increase in MSPGCL, PGCIL costs, NPCIL tariff revision and lower revenue realisation due to drop in subsidising sales as against approved by Hon'ble Commission.

MSEDCL submits that at the time of Provisional True up for FY 2019-20, MSEDCL had submitted provisional numbers. As the MSEDCL's Accounts have been audited subsequently, MSEDCL is submitting the final true-up based on the

audited accounts.

C. Final True Up for FY 2020-21

Based on the Audited Annual Accounts of MSEDCL, the Aggregate Revenue Requirement (ARR) for FY 2020-21 works out to be Rs. **80,376.72** Cr. based on all the cost parameters as specified in the following table. The final True Up for FY 2020-21 comparing the actual audited data for FY 2020-21 with those approved by the Hon'ble Commission vide MYT Order dated 30th March, 2020 in Case no. 322 of 2019 is summarized below.

Rs. Crs

Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
Power Purchase Expenses	59,126.06	56,289.25	(2,836.80)
Operation & Maintenance Expenses	7,571.81	7,498.07	(73.75)
Depreciation Expenses	2,817.91	2,654.18	(163.74)
Interest on Loan Capital	1,320.86	1,179.84	(141.02)
Interest on Normative Working Capital	140.96	2,441.12	2,300.16
Interest on Consumers Security Deposit	540.58	282.70	(257.89)
Other Finance Charges	-	32.19	32.19
Provision for bad and doubtful debts	732.63	465.05	(267.58)
Other Expenses	52.58	113.70	61.12
Income Tax	-	-	-
Intra-State Transmission Charges MSLDC charge	5,699.92	5,715.74	15.82
Incentives/Discounts	322.38	307.40	(14.98)
Contribution to Contingency Reserves	157.56	157.56	(0.00)
Opex Scheme	110.49	27.05	(83.44)
Return on Equity Capital	2,109.58	1,990.87	(118.70)
Effect of sharing of gains/losses	-	92.81	92.81
Impact of payment to MPECS in future years	37.16	37.41	0.25
Incremental Consumption Rebate	439.66	336.80	(102.86)
Aggregate Revenue Requirement	81,180.15	79,621.72	(1,558.43)
Stabilisation amount as per MYT Order	755.00	755.00	-
Total Aggregate Revenue Requirement	81,935.15	80,376.72	(1,558.43)
Less			
Non-Tariff Income	379.75	316.85	(62.90)
Income from Open Access Charges	215.71	213.07	(2.65)
Income from Trading of Surplus Power	302.05	126.21	(175.84)
Income from Wheeling Charges	-	0.09	0.09
Income from Additional Surcharge	119.65	479.03	359.39
Net Aggregate Revenue Requirement	80,918.00	79,241.47	(1,676.53)
Revenue from Sale of Power	80,918.00	73,309.04	(7,608.96)
Revenue from Retail Supply Business	-	-	
Revenue from Wires Business	-	-	
Revenue Gap/(Surplus)	(0.00)	5,932.43	5,932.43

Major reasons for deviation are increased power purchase cost due to change in law claims, increase in MSPGCL, PGCIL costs, NPCIL tariff revision and lower revenue realisation due to drop in subsidising sales as against approved by Hon'ble Commission.

MSEDCL submits that at the time of Provisional True up for FY 2020-21, MSEDCL had submitted provisional numbers. As the MSEDCL's Accounts have been audited subsequently, MSEDCL is submitting the final true-up based on the

audited accounts.

D. Final True Up for FY 2021-22

Based on the Audited Annual Accounts of MSEDCL, the Aggregate Revenue Requirement (ARR) for FY 2021-22 is determined at Rs. **95,990.95** Cr. based on all the cost parameters as specified in the following table. The final True Up for FY 2021-22 comparing the actual audited data for FY 2021-22 with those approved by the Hon'ble Commission vide MYT Order dated 30th March, 2020 in Case no. 322 of 2019 is summarized below.

Rs. Crs

Particulars	FY 2021-22 (Approved)	FY 2021-22 (Actual)	Deviation
Power Purchase Expenses	60,568.92	69,478.78	8,909.86
Operation & Maintenance Expenses	7,257.69	7,949.79	692.11
Depreciation Expenses	2,963.97	2,880.50	(83.47)
Interest on Loan Capital	1,275.59	1,058.79	(216.80)
Interest on Normative Working Capital	142.71	123.08	(19.63)
Interest on Consumers Security Deposit	567.61	360.38	(207.23)
Other Finance Charges	-	45.47	45.47
Provision for bad and doubtful debts	732.63	459.62	(273.01)
Other Expenses	55.21	655.40	600.19
Income Tax	-	-	-
Intra-State Transmission Charges MSLDC charge	5,809.25	5,977.83	168.59
Incentives/Discounts	338.50	367.37	28.87
Contribution to Contingency Reserves	171.02	171.02	(0.00)
Opex Scheme	110.49	31.67	(78.82)
Return on Equity Capital	2,195.18	2,122.32	(72.86)
RLC refund	-	-	-
Additional Surcharge refund	-	12.27	12.27
Effect of sharing of gains/losses	-	1,036.82	1,036.82
Impact of payment to MPECS in future years	34.15	34.40	0.25
Incremental Consumption Rebate	548.50	546.44	(2.06)
Aggregate Revenue Requirement	82,771.43	93,311.95	10,540.52
Stabilisation amount as per MYT Order	2,679.00	2,679.00	-
Total Aggregate Revenue Requirement	85,450.43	95,990.95	10,540.52
Less			
Non-Tariff Income	398.73	1,208.37	809.63
Income from Open Access Charges	214.92	129.92	(85.00)
Income from Trading of Surplus Power	319.75	195.93	(123.83)
Income from Wheeling Charges	-	0.04	0.04
Income from Additional Surcharge	117.28	402.62	285.33
Net Aggregate Revenue Requirement	84,399.73	94,054.08	9,654.35
Revenue from Sale of Power	84,400.00	85,903.28	1,503.28
Revenue from Retail Supply Business	-	-	-
Revenue from Wires Business	-	-	-
Revenue Gap/(Surplus)	(0.27)	8,150.80	8,151.07

Major reasons for deviation are higher power purchase cost due to increased sales and increase in power purchase cost due to domestic coal shortfall, revision in normative O&M expenses. MSEDCL submits that these deviations are beyond the reasonable control of MSEDCL

E. Provisional True-up for FY 2022-23

Aggregate Revenue Requirement of MSEDCL for FY 2022-23 is estimated considering the provisional data available for the first six months of the FY 2022-23 and projections for the remaining six months.

Based on the provisional true-up, the Aggregate Revenue Requirement (ARR) for FY 2022-23 is Rs. **1,00,654.12** Cr. The provisional True Up for FY 2022-23, comparing the estimated data with that approved by the Hon'ble Commission vide MYT Order dated 30th March, 2020 in Case no. 322 of 2019 is summarized below.

Rs. Crs

Particulars	FY 2022-23 (Approved)	FY 2022-23 (Estimated)	Deviation
Power Purchase Expenses	62,337.57	73,529.49	11,191.92
Operation & Maintenance Expenses	7,535.94	7,979.02	443.08
Depreciation Expenses	3,060.76	2,968.79	(91.97)
Interest on Loan Capital	1,121.94	929.95	(191.98)
Interest on Normative Working Capital	145.58	127.89	(17.68)
Interest on Consumers Security Deposit	595.99	438.09	(157.90)
Other Finance Charges	-	-	-
Provision for bad and doubtful debts	732.63	1,059.63	327.00
Other Expenses	57.97	314.10	256.13
Income Tax	-	-	-
Intra-State Transmission Charges MSLDC charge	5,915.07	5,915.07	-
Incentives/Discounts	355.43	367.37	11.94
Contribution to Contingency Reserves	180.12	90.06	(90.06)
Opex Scheme	110.49	90.20	(20.29)
Return on Equity Capital	2,270.20	1,953.67	(316.53)
Additional Surcharge Refund	-	180.00	180.00
Effect of sharing of gains/losses	-	-	-
Impact of payment to MPECS in future years	31.14	31.14	-
Incremental Consumption Rebate	661.65	661.65	-
Aggregate Revenue Requirement	85,112.48	96,636.12	11,523.64
Stabilisation amount as per MYT Order	4,018.00	4,018.00	-
Total Aggregate Revenue Requirement	89,130.48	1,00,654.12	11,523.64
Less			
Non-Tariff Income	418.67	317.96	(100.71)
Income from Open Access Charges	216.69	216.69	-
Income from Trading of Surplus Power	340.96	175.49	(165.47)
Income from Wheeling Charges	-	-	-
Income from Additional Surcharge	115.52	115.52	-
Net Aggregate Revenue Requirement	88,038.65	99,828.47	11,789.82
Revenue from Sale of Power	88,039.00	99,280.78	11,241.78
Revenue from Retail Supply Business	-	-	-
Revenue from Wires Business	-	-	-
Revenue Gap/(Surplus)	(0.35)	547.69	548.03

Major reasons for deviation are increase in power purchase expenses, change in revenue from sale of power due to change in consumer mix; and change in capex related expenses. MSEDCL submits that these deviations are beyond the reasonable control of MSEDCL.

F. Aggregate Revenue Requirement for FY 2023-24 to FY 2024-25

The revised forecast of aggregate revenue requirement, expected revenue from

existing Tariff, expected revenue gap for the period i.e. FY 2023-24 to FY 2024-25 has been determined based on the provisions of the MYT Regulations, 2019 and certain assumptions.

1. Sales Projection

MSEDCL has used historical trend method and estimated energy consumption for various consumer categories. Wherever it is observed that the trend is unreasonable/unsustainable, the growth factors have been corrected to arrive at more realistic projections.

MSEDCL has projected the sales for the period FY 2023-24 to FY 2024-25 considering the historical sales. The projection of Sales for HT category is outlined in the following table:

Consumer Category	FY 23-24	FY 23-24	FY 24-25	FY 24-25
	Approved	Projected	Approved	Projected
HT-I Industries	37,757	37,901	39,263	39,038
HT-II Commercial	1,974	1,792	2,015	1,828
HT III Railways	85	112	87	116
HT IV-PWW	1,791	1,863	1,836	1,919
HT V Agricultural	1,365	896	1,408	906
HT VI Bulk Supply (Housing Complex)	245	244	247	244
HT Temporary	6	-	6	-
HT-IX Public services	1,257	1,204	1,315	1,227
MSPGCL AUX SUPPLY	184	295	184	295
HT Ag Others	285	283	294	283
HT EV Charging Stations 11 kV	-	5	-	6
HT EV Charging Stations 22 kV	0	53	0	58
Total -HT Sales	44,949	44,648	46,655	45,919

The projection of Sales for LT category is outlined in the following table:

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Consumer Category	FY 23-24	FY 23-24	FY 24-25	FY 24-25
	Approved	Projected	Approved	Projected
LT Category				
LT I -BPL	52	57	55	60
LT I Domestic	26,070	26,406	27,340	27,199
LT II Non Domestic	8,565	6,196	9,274	6,444
LT III PWW	1,047	920	1,106	970
LT IV Agriculture	28,067	34,369	28,626	35,308
LT V Powerloom	2,496	1,895	2,616	1,952
LT V Industrial General	6,164	7,487	6,462	7,712
LT VI Streetlight	2,719	1,052	2,892	1,052
LT VII- Temporary Connection	24	-	24	-
LT VIII Advertisement & Hoardings	6	-	6	-
LT IX – Crematoriums & Burial Grounds	2	-	2	-
LT X - Public services	683	754	728	795
LT EV Charging Stations	0	2	0	2
Total LT Sales	75,894	79,139	79,130	81,494
Total Sales	1,20,843	1,23,787	1,25,785	1,27,413

2. Power Purchase

Considering the sales projections, MSEDCL has projected the power purchase for the period FY 2023-24 to FY 2024-25 based on the availability, operational parameters; expected commissioning of upcoming projects, for the period FY 2023-24 to FY 2024-25 and estimated the power purchase cost based on merit order principles (MoD) for optimum utilization. The source-wise power purchase projection for the period FY 2023-24 to FY 2024-25 is summarised below:

FY 2023-24:

Particulars	PP Quantum (MUs)			PP Cost (Rs. Cr)			PP Cost (Rs. /Unit)		
	Approved in MYT Order	Projected	Deviation	Approved in MYT Order	Projected	Deviation	Approved in MYT Order	Projected	Deviation
MSPGCL	51,351	62,332.57	10,981.63	22,206	29,649.02	7,443.42	4.32	4.76	0.43
NTPC	28,344	29,632.56	1,288.52	11,368	12,239.15	871.41	4.01	4.13	0.12
NPCIL	4,946	4,372.52	(573.22)	1,515	1,389.40	(125.86)	3.06	3.18	0.11
SSP	1,213	451.66	(761.34)	249	92.60	(156.40)	2.05	2.05	(0.00)
Pench	137	96.75	(40.25)	28	19.83	(8.17)	2.04	2.05	0.01
Subhansari		321.93	321.93		144.87	144.87		4.50	4.50
Dodson	116	31.78	(84.22)	28	19.90	(7.85)	2.39	6.26	3.87
JSW	1,462	-	(1,462.47)	663	164.67	(498.33)	4.53		(4.53)
CGPL	5,172	4,694.48	(477.54)	1,685	2,666.43	981.43	3.26	5.68	2.42
Adani Power	21,044	12,169.08	(8,874.79)	8,246	7,975.85	(270.15)	3.92	6.55	2.64
EMCO Power	1,374	1,493.28	119.46	717	620.98	(95.52)	5.22	4.16	(1.06)
Rattan India	1,921	8,959.68	7,038.87	1,424	3,642.71	2,219.11	7.41	4.07	(3.35)
Sai Wardha		1,791.94	1,791.94		838.29	838.29		4.68	4.68
Renewable	31,679	26,408.96	(5,270.23)	12,583	11,859.37	(723.23)	3.97	4.49	0.52
Traders		-	-		-	-			-
PGCIL Charges		0	-	3,845	3845.01	0.01			-
Total Power Purchase	1,48,759	1,52,757	3,998	64,555.05	75,168.09	10,613.04	4.34	4.92	0.58

FY 2024-25:

Particulars	PP Quantum (MUs)			PP Cost (Rs. Cost)			PP Cost (Rs. /Unit)		
	Approved in MYT Order	Projected	Deviation	Approved in MYT Order	Projected	Deviation	Approved in MYT Order	Projected	Deviation
MSPGCL	51,409	65,655.99	14,246.86	22,516	31,924.58	9,408.99	4.38	4.86	0.48
NTPC	28,292	28,759.96	467.73	11,582	12,145.96	564.34	4.09	4.22	0.13
NPCIL	4,932	4,932.43	0.20	1,548	1,614.50	66.81	3.14	3.27	0.14
SSP	1,210	450.82	(759.12)	248	92.43	(155.57)	2.05	2.05	0.00
Pench	137	96.55	(39.95)	28	19.79	(8.21)	2.05	2.05	(0.00)
Subhansari		321.12	321.12		144.51	144.51		4.50	4.50
Dodson	116	31.78	(83.94)	33	25.18	(7.75)	2.85	7.92	5.08
JSW	652	-	(651.80)	424	192.64	(231.36)	6.51		(6.51)
CGPL	5,158	2,218.15	(2,939.74)	1,742	1,601.02	(140.98)	3.38	7.22	3.84
Adani Power	20,986	11,314.71	(9,671.65)	8,169	7,473.01	(695.99)	3.89	6.60	2.71
EMCO Power	1,370	1,489.20	119.14	750	637.91	(112.09)	5.47	4.28	(1.19)
Rattan India	1,831	8,935.20	7,104.27	1,413	3,743.69	2,330.69	7.72	4.19	(3.53)
Sai Wardha		1,787.04	1,787.04		830.47	830.47		4.65	4.65
Renewable	37,111	29,475.67	(7,635.69)	14,330	12,965.75	(1,364.25)	3.86	4.40	0.54
Traders			-			-			-
PGCIL Charges			-	4,037	4,037	0.26			-
Total Power Purchase	1,53,204	1,55,469	2,264	66,819	77,449	10,630	4.36	4.98	0.62

3. Distribution Losses

MSEDCL has achieved a significant reduction in distribution losses during recent years. These efforts shall continue and will be enhanced. Hon'ble Commission in the MYT Order dated 30th March, 2020 had set the Distribution Loss reduction targets (excluding EHV Sales and OA sales). MSEDCL has proposed the same trajectory.

Particulars	FY 23-24	FY 23-24	FY 24-25	FY 24-25
	Approved	Projected	Approved	Projected
Distribution Losses (Excluding EHV & OA Sales)	13.0%	13.0%	12.0%	12.0%

4. Segregation of Wires and Supply Business

The Regulation 71 of MERC (Multi Year Tariff) Regulations, 2019 provides that ARR of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business.

MSEDCL has segregated the expenses based on the allocation matrix as provided in the regulations.

5. Aggregate Revenue Requirement (ARR) for the period FY 2023-24 to FY 2024-25

Revised Aggregate Revenue Requirement of MSEDCL for the period FY 2023-24 to FY 2024-25 is projected considering projections for various components of ARR and provisions of MERC MYT Regulations, 2019. Also, the Revenue has been considered based on the existing tariff and accordingly the year wise revenue gap has been calculated as summarised in following table.

Rs. Cr.

Particulars	FY 23-24	FY 23-24	FY 24-25	FY 24-25
	Approved	Projected	Approved	Projected
Power Purchase Expenses	64,554.92	75,168.09	66,819.60	77,448.70
Operation & Maintenance Expenses	7,824.87	8,382.69	8,124.87	8,806.78
Depreciation Expenses	3,122.45	3,080.11	3,183.82	3,308.73
Interest on Loan Capital	893.88	934.97	659.04	1,116.00
Interest on Working Capital	145.69	138.35	145.64	163.35
Interest on Consumers Security Deposit	625.79	460.00	657.08	483.00
Other Finance Charges	-	-	-	-
Provision for bad and doubtful debts	732.63	1,111.06	732.63	1,165.80
Other Expenses	60.87	329.80	63.91	346.29
Income Tax	-	-	-	-
Intra-State Transmission Charges MSLDC charge	6,009.51	6,009.51	6,036.77	6,036.77
Incentives/Discounts	373.20	385.73	391.86	405.02
Contribution to Contingency Reserves	185.35	174.06	190.57	200.22
Opex Scheme	110.49	652.51	110.49	2,367.12
Return on Equity Capital	2,334.28	1,976.27	2,398.04	1,992.41
Additional Surcharge Refund	-	180.00	-	180.00
Effect of sharing of gains/losses	-	-	-	-
Add: Impact of payment to MPECS in future years	28.13	28.13	21.14	21.14
Incremental Consumption Rebate	426.45	426.45	548.77	548.77
Aggregate Revenue Requirement	87,428.50	99,437.74	90,084.23	1,04,590.10
Stabilisation amount as per MYT Order	5,585.00	5,585.00	7,017.00	7,017.00
Total Aggregate Revenue Requirement	93,013.50	1,05,022.74	97,101.23	1,11,607.10
Less				
Non-Tariff Income	439.60	333.86	461.59	350.55
Income from Open Access Charges	214.76	214.76	216.60	216.60
Income from Trading of Surplus Power	363.02	-	386.30	-
Income from Wheeling Charges	-	-	-	-
Income from Additional Surcharge	112.63	112.63	109.46	109.46
Net Aggregate Revenue Requirement	91,883.49	1,04,361.49	95,927.28	1,10,930.49
Revenue from Sale of Power	91,883.00	90,422.16	95,927.00	92,354.58
Revenue from Retail Supply Business	-	-	-	-
Revenue from Wires Business	-	-	-	-
Revenue Gap/(Surplus)	0.49	13,939.34	0.28	18,575.90

G. Additional Claims

Hon'ble Commission in Order dated 30th June, 2020 in Case No. 84 of 2020 on review petition of MSEDCL on MYT Order dated 30th March, 2020 (in Case No. 322 of 2019) has approved certain costs along with the claims. MSEDCL has claimed costs allowed by the Hon'ble Commission in the said Order as provided below:

Particulars	Amount (Rs. Crs)
Impact of Review order	247.44
Total	247.44

H. Carrying Cost

Hon'ble Commission has been allowing carrying cost/holding cost on the revenue gap/surplus respectively. Accordingly, MSEDCL has computed carrying cost on unrecovered gaps and impact of the review order.

I. Net recovery required from tariff

Considering the revenue gap for FY 2019-20 to FY 2021-22, impact of order on Review Petition (Case No. 84 of 2020), carrying cost, along with the revenue gap projected for the period FY 2023-24 to FY 2024-25, the net recovery required from tariff works out to be Rs. **67,644** Cr. as shown in the following table.

Particulars	Amount Rs. Cr
Final True Up Requirement for FY 19-20	11,516
Final True Up Requirement for FY 20-21	5,932
Final True Up Requirement for FY 21-22	8,151
Provisional True Up Requirement/Revenue Gap for FY 22-23	548
Revenue Gap for FY 23-24	13,939
Revenue Gap for FY 24-25	18,576
Impact of Review Order (MYT Order)	247
Carrying Cost for previous gaps/impact and unrecovered gaps during Control Period	8,734
Total Revenue Gap for the MYT Period	67,644
Total Recovery	67,644

J. Tariff Design

There is an urgent need for ensuring recovery of full cost of service from consumers to sustain the operations of the Company. Hon'ble Commission has been guided by the Electricity Act, 2003 and the National Tariff Policy while determining retail tariffs. Hon'ble Commission has always laid emphasis on parameters which encourages economy, efficiency, effective performance and improved supply conditions of supply for consumers. MSEDCL requests the Hon'ble Commission to apply similar principles considering the ground realities as well as to ensure the financial viability of the Company.

The Tariff design proposed by MSEDCL is based on the following factors:

- Rationalisation of Fixed Charges to ensure appropriate recovery of fixed costs

- through fixed charges;
- Continuation of existing rebates with its linking to payment discipline
 - An amendment in the provision of Pre-paid meter rebate
 - Cheque related
 - Revision in provision for Demand Charges for LT VI: LT – Street Light category
 - Eligibility to avail various incentives and rebates approved by the Hon'ble Commission
 - Tariff applicability related suggestions/clarifications
 - Revision in Schedule of charges;
 - Recovery of Cross Subsidy Surcharge as per NTP formula without any ceiling and all such other charges including wheeling charges & wheeling losses for Open Access consumers as proposed for the Control Period;
 - Applicability of Additional Surcharge extended to Open Access consumers;

K. Rationale for Tariff revision

MSEDCL has proposed a revision in fixed and energy charges for various categories in order to bridge the revenue gap. Such tariff revision is minimum requirement for MSEDCL to meet the inflation as well as the additional costs that have arisen due to increase in power purchase costs, coal blending due to domestic coal shortfall, change in law claims, increase in MSPGCL, PGCIL costs, NPCIL tariff revision, change in consumer mix and its impact on revenue, etc.

L. Cross-Subsidy Surcharge (CSS)

Section 2 (47) of the Electricity Act defines "Open Access", while Section 42 of the said Act inter – alia mandates the Distribution Licensee to provide Open Access to eligible consumers, subject to payment of "Cross Subsidy Surcharge", "Additional Surcharge" & other applicable charges.

As per the provisions of Section 42(2) of the Electricity Act 2003, the CSS needs to be based on the current levels of cross subsidy. Accordingly, the consumers who opted for Open Access need to be charged for the compensation of current level of Cross Subsidy, which prevailed during that period and in order to avoid the burden of the same being passed on other consumers who are with the

Distribution Licensee.

Accordingly, MSEDCL has calculated the cross subsidy surcharge based on the National Tariff Policy (NTP) formula without putting any ceiling. A representative Cross Subsidy Surcharge for HT Industrial Category is tabulated below:

Category	Rs./kVAh	
	FY 2023-24	FY 2024-25
HT HT - Industry		
HT	4.53	5.80
EHV	4.96	6.23

M. Wheeling Charges

Considering the provisions of MYT Regulations 2019, MSEDCL has proposed the Wheeling charges for HT (excluding EHV) and LT voltage levels as per the table given below:

Particulars	Units	Rs/Unit	
		FY 23-24	FY 24-25
HT (Excl EHV)	Rs./kVAh	0.74	0.74
LT Level	Rs./kWh	1.43	1.44

For the purpose of commercial settlement, MSEDCL proposes to continue Wheeling Losses which are already approved in previous Tariff Orders.

N. Additional Surcharge

Section 42(4) provides for the levy of Additional Surcharge to a consumer who receives supply of electricity from a person other than the distribution licensee of his area of supply. Regulation 14.8 of the MERC Distribution OA Regulations, 2016 outlines the principles for determination and levy of Additional Surcharge.

Particulars	FY 2023-24	FY 2024-25
Proposed Additional Surcharge (Rs./Unit)	1.42	1.40

O. Tariff Applicability

Every consumer of electricity has a unique applicability of tariff, depending upon

the nature of power supply, purpose of power usage etc. which determines the class of consumer or category of the consumer. The Hon'ble Commission has accordingly classified the consumers of electricity into various categories depending upon the nature of power supply i.e. (Low Tension or High Tension), purpose of power/type of usage i.e. (Domestic, Non-domestic, Industrial, Agricultural, etc.)

MSEDCL has examined the tariff applicability and based on the feedback received during interactions with field officers, MSEDCL has proposed certain modifications in applicability of tariff.

P. Tariff Schedule

A comparison of detailed Category/Sub-category wise Existing and Proposed Energy Charges (excl. Wheeling Charges) is shown in tables below:

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Comparison of Existing and Proposed Energy Charges (excl. Wheeling Charges) for HT Category

Particulars	Existing Energy Charges with latest FAC (Rs./kVAh)	FY 2023-24		FY 2024-25	
		Energy Charges (Rs/kVAh)		Energy Charges (Rs/kVAh)	
		Proposed	% Change over FY 2022-23 Approved	Proposed	% Change over FY 2023-24 Proposed
HT I HT - Industry					
HT	8.24	9.32	13%	10.50	13%
EHV	8.24	9.32	13%	10.50	13%
HT I (B): HT - Industry (Seasonal)					
HT	8.55	9.70	13%	10.90	12%
EHV	8.40	9.50	13%	10.60	12%
HT II: HT – Commercial					
HT	13.15	14.80	13%	16.60	12%
EHV	13.10	14.80	13%	16.60	12%
HT III : HT - Railways/Metro/Monorail					
HT	7.66	8.70	14%	9.80	13%
EHV	8.21	8.70	6%	9.80	13%
HT IV: HT - Public Water Works and Sewage Treatment Plants					
HT	7.42	8.40	13%	9.40	12%
EHV	7.37	8.40	14%	9.40	12%
HT V(A): HT - Agriculture Pumpsets					
HT	4.34	4.80	11%	5.30	10%
EHV	4.34	4.80	11%	5.30	10%
HT V(B): HT - Agriculture - Others					
HT	6.10	6.10	0%	6.70	10%
EHV	6.10	6.10	0%	6.70	10%
HT VI: HT - Group Housing Societies (Residential)					
HT	6.70	7.60	13%	8.60	13%
EHV	6.80	7.60	12%	8.60	13%
HT VIII(A): HT - Public Services-Govt.					
HT	8.89	10.10	14%	11.30	12%
EHV	9.24	10.10	9%	11.30	12%
HT VIII(B): HT - Public Services-Others					
HT	10.71	12.10	13%	13.70	13%
EHV	10.61	12.10	14%	13.70	13%
HT IX: HT – Electric Vehicle (EV) Charging Station					
HT	5.80	6.10	5%	6.40	5%
EHV	5.95	6.25	5%	6.60	6%

Comparison of Existing and Proposed Energy Charges (excl. Wheeling Charges) for LT Category (1/2)

Particulars	Existing Energy Charges with latest FAC (Rs/Unit)	FY 2023-24		FY 2024-25	
		Energy Charges (Rs/Unit)		Energy Charges (Rs/unit)	
		Proposed	% Change over FY 2022-23 Approved	Proposed	% Change over FY 2023-24 Proposed
LT Residential					
LT I(A): LT - Residential-BPL	1.41	1.53	9%	1.70	11%
<i>LT I(B): LT - Residential</i>					
1-100 units	4.01	4.50	12%	5.10	13%
101-300 units	8.79	10.00	14%	11.50	15%
301-500 units	12.42	14.20	14%	16.30	15%
Above 500 units (Balance Units)	14.21	16.30	15%	18.70	15%
LT II: LT - Non-Residential					
(A) 0 – 20 kW	8.47	9.60	13%	11.00	15%
(B): >20 kW and ≤ 50 kW	12.94	14.90	15%	17.10	15%
(C): >50 kW	15.31	17.40	14%	20.00	15%
LT III: LT - Public Water Works (PWW) & STP					
(A): 0-20 kW	2.98	3.40	14%	3.90	15%
(B): >20 kW and ≤ 40 kW	4.59	5.30	15%	6.10	15%
(C): >40 kW	6.09	7.00	15%	8.00	14%
LT IV: LT - Agriculture					
LT IV(A): LT - AG Un-metered - Pumpsets		Rs./HP/Month		Rs./HP/Month	
Category 1 Zones (Above 1318 Hrs/HP/Annum)					
(a) 0-5 HP	379	435	15%	500	15%
(b) Above 5 HP - 7.5 HP	407	470	15%	540	15%
(c) Above 7.5 HP	455	525	15%	605	15%
Category 2 Zones (Below 1318 Hrs/HP/Annum)					
(a) 0-5 HP	287	330	15%	380	15%
(b) Above 5 HP - 7.5 HP	319	365	14%	420	15%
(c) Above 7.5 HP	367	420	14%	485	15%
LT IV(B): LT - Agriculture Metered Tariff - Pumpsets	2.35	2.70	15%	3.10	15%
LT IV(C): LT - Agriculture Metered – Others	3.94	4.50	14%	5.10	13%

Comparison of Existing and Proposed Energy Charges (excl. Wheeling Charges) for LT Category (2/2)

Particulars	Existing Energy Charges with latest FAC (Rs/Unit)	FY 2023-24		FY 2024-25	
		Energy Charges (Rs/Unit)		Energy Charges (Rs/unit)	
		Proposed	% Change over FY 2022-23 Approved	Proposed	% Change over FY 2023-24 Proposed
LT V: LT - Industry Total					
(i): 0-20 kW	6.11	6.90	13%	7.90	14%
(ii): Above 20 kW	7.25	8.20	13%	9.40	15%
LT VI: LT - Street Light					
(A): Grampanchayat; A B & C Class Municipal Council	6.10	7.00	15%	8.00	14%
(B): Municipal corporation Area	7.46	8.60	15%	9.90	15%
LT VII (A) - Public Services – Govt.					
(i): ≤ 20 kW	3.83	4.40	15%	5.00	14%
(ii): >20 - ≤ 50 kW	5.47	6.30	15%	7.20	14%
iii): >50 kW	6.88	7.90	15%	9.00	14%
LT VII (B) - Public Services - Others					
(i): ≤ 20 kW	5.47	6.30	15%	7.20	14%
(ii): >20 - ≤ 50 kW	8.68	10.00	15%	11.50	15%
iii): >50 kW	8.99	10.30	15%	11.80	15%
LT VIII – Electric Vehicle (EV) Charging Station	5.00	5.20	4%	5.40	4%

Comparison of Existing and Proposed Fixed Charges for HT Category

Particulars	Existing Fixed Charges (Rs/kVA/mth)	FY 2023-24		FY 2024-25	
		Fixed Charges (Rs/kVA/mth)		Fixed Charges (Rs/kVA/mth)	
		Proposed	% Change over FY 2022-23 Approved	Proposed	% Change over FY 2023-24 Proposed
HT I HT - Industry					
HT, EHV	454	510	12%	572	12%
HT I (B): HT - Industry (Seasonal)					
HT, EHV	454	510	12%	572	12%
HT II: HT – Commercial					
HT, EHV	454	510	12%	572	12%
HT III : HT - Railways/Metro/Monorail					
HT, EHV	454	510	12%	572	12%
HT IV: HT - Public Water Works and Sewage Treatment Plants					
HT, EHV	454	510	12%	572	12%
HT V(A): HT - Agriculture Pumpsets					
HT, EHV	80	89	11%	100	12%
HT V(B): HT - Agriculture - Others					
HT, EHV	80	89	11%	100	12%
HT VI: HT - Group Housing Societies (Residential)					
HT, EHV	362	406	12%	455	12%
HT VIII: HT - Public Services					
HT VIII(A): HT - Public Services-Govt.					
HT, EHV	454	510	12%	572	12%
HT VIII(B): HT - Public Services-Others					
HT, EHV	454	510	12%	572	12%
HT IX: HT – Electric Vehicle (EV) Charging Station					
HT, EHV	70	76	9%	84	11%

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Comparison of Existing and Proposed Fixed Charges for LT Category (1/2)

Particulars	Unit	Existing Fixed Charges	FY 2023-24		FY 2024-25	
			Fixed Charges		Fixed Charges	
			Proposed	% Change over FY 2022-23 Approved	Proposed	% Change over FY 2023-24 Proposed
LT Residential						
LT I(A): LT - Residential-BPL	Rs/conn/mth	28	32	14%	36	13%
<i>LT I(B): LT - Residential</i>						
1-100 units	Rs/conn/mth	105	118	12%	132	12%
101-300 units	Rs/conn/mth	105	118	12%	132	12%
301-500 units	Rs/conn/mth	105	118	12%	132	12%
Above 500 units (Balance Units)	Rs/conn/mth	105	118	12%	132	12%
Three Phase Charges	Rs/conn/mth	350	393	12%	439	12%
LT II: LT - Non-Residential						
(A) 0 – 20 kW	Rs/Conn/mth	427	480	12%	538	12%
(B): >20 kW and ≤ 50 kW	Rs/kVA/mth	427	480	12%	538	12%
(C): >50 kW	Rs/kVA/mth	427	480	12%	538	12%
LT III: LT - Public Water Works (PWW) & STP						
(A): 0-20 kW	Rs/kVA/mth	106	119	12%	133	12%
(B): >20 kW and ≤ 40 kW	Rs/kVA/mth	129	144	12%	160	11%
(C): >40 kW	Rs/kVA/mth	160	178	11%	198	11%
LT IV: LT - Agriculture						
<i>LT IV(B): LT - Agriculture Metered Tariff - Pumpsets</i>	Rs/HP/mth	43	47	9%	51	9%
<i>LT IV(C): LT - Agriculture Metered – Others</i>	Rs/kW/mth	117	130	11%	145	12%

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Comparison of Existing and Proposed Fixed Charges for LT Category (2/2)

Particulars	Unit	Existing Fixed Charges	FY 2023-24		FY 2024-25	
			Fixed Charges		Fixed Charges	
			Proposed	% Change over FY 2022-23 Approved	Proposed	% Change over FY 2023-24 Proposed
LT V: LT - Industry Total						
(i): 0-20 kW	Rs/Conn/mth	482	542	12%	608	12%
(ii): Above 20 kW	Rs/kVA/mth	321	360	12%	404	12%
LT VI: LT - Street Light						
(A): Grampanchayat; A B & C Class Municipal Council	Rs/kW/mth	117	131	12%	147	12%
(B): Municipal corporation Area	Rs/kW/mth	117	131	12%	147	12%
LT VII (A) - Public Services – Govt.						
(i): ≤ 20 kW	Rs/Conn/mth	353	396	12%	444	12%
(ii): >20 - ≤ 50 kW	Rs/kVA/mth	353	396	12%	444	12%
(iii): >50 kW	Rs/kVA/mth	353	396	12%	444	12%
LT VII (B) - Public Services - Others						
(i): ≤ 20 kW	Rs/Conn/mth	384	430	12%	482	12%
(ii): >20 - ≤ 50 kW	Rs/kVA/mth	384	430	12%	482	12%
(iii): >50 kW	Rs/kVA/mth	384	430	12%	482	12%
LT VIII – Electric Vehicle (EV) Charging Station	Rs/kVA/mth	70	78	11%	87	12%

MSEDCL requests Hon'ble Commission to approve the tariff considering the Tariff Design principles and Other suggestions made by MSEDCL.

Q. Average Tariff Hike

Following table provides the average tariff hike for the Control Period.

Particulars	Rs. Crs		
	Based on Approved tariff for FY 22-23 incl. FAC	Proposed for FY 23-24	Proposed for FY 24-25
ABR in Rs./Unit	7.79	8.90	9.92
Y-o-Y Rise in ABR		14%	11%

R. Prayers

MSEDCL most respectfully prays to the Hon'ble Commission:

1. To admit the MTR Petition as per the provisions of the MERC (MYT) Regulations 2019 and consider present Petition for further proceedings before Hon'ble Commission;
2. To approve the total recovery of Aggregate Revenue Requirement and revenue gap for FY 2019-20 to FY 2024-25 along with other claims as proposed by MSEDCL in the present Petition;
3. To allow the carrying cost on the proposed recovery required during the balance years of this control period;
4. To approve mechanism for recovery of computed revenue gap along with carrying cost and Tariff Schedule considering the Tariff Design principles and other suggestions proposed by MSEDCL;
5. To allow actual Interest on Working Capital requirements for FY 2020-21 on account of COVID-19 period.
6. To approve Cross Subsidy Surcharge and all such other charges including wheeling charges and wheeling losses for Open Access consumers as proposed;
7. To approve the suggested categorization for different type of activities as proposed by MSEDCL;
8. To consider the incentives/rebates proposed as part of ARR;
9. To rationalize the incentives and penalties as proposed by MSEDCL;
10. To approve the schedule of charges as proposed by MSEDCL;
11. To approve the CAPEX and Capitalisation as submitted by MSEDCL;
12. To approve the OPEX schemes and expenses as proposed by MSEDCL;

- 13.To grant any other relief as the Hon'ble Commission may consider appropriate;
- 14.To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;
- 15.To condone any error/omission and to give opportunity to rectify the same;
- 16.To permit MSEDCL to make further submissions, addition and alteration to this Petition as may be necessary from time to time.