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# Executive Summary

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## 1 Overview

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M/s. Laxmipati Balaji Supply Chain Management Limited (hereinafter referred to as “LBSCML” or “the Petitioner”), is a Company incorporated under the provisions of the Companies Act, 2013, having its registered office at 205 and 206 (part), Level 2, Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400018, has executed a Co-Developer agreement with Arshiya Limited on 31 August 2018.

LBSCML has been notified as the ‘Co-Developer’ of the Special Economic Zone (SEZ) by the Ministry of Commerce & Industry (Department of Commerce), Government of India (GoI) under the SEZ Act, 2005 vide its Order in Case No. 275 of 2018 dated 17 December, 2018 for its Information Technology and Information Technology Enabled Services (IT & ITeS) SEZ located at Village Sai, Taluka Panvel, and Dist. Raigad., Maharashtra.

LBSCML is a deemed Distribution Licensee in its SEZ area at Village Sai, Taluka Panvel, and Dist. Raigad, Maharashtra, India. The Hon’ble Commission vide Order dated 17<sup>th</sup> December, 2018 in Case No 275 of 2018, has taken on record the deemed Distribution Licensee status of LBSCML and subsequently notified the Specific Conditions of Distribution Licence by way of Regulations (‘Specific Conditions Regulations’) for LBSCML on 27<sup>th</sup> February, 2019.

### **1.1 Filing of Present Petition under MERC MYT Regulations, 2019**

LBSCML is filing its first Multi-Year Tariff Petition in accordance with Regulation 5.1 (b) of the MERC MYT Regulations, 2019. Accordingly, the Petitioner is hereby filing its MYT Petition requesting for approval of:

- a) Truing up for FY 2020-21 and FY 2021-22 in accordance with the provisions of MERC MYT Regulations, 2019;
- b) Provisional True up for FY 2022-23, in accordance with the provisions of the MERC MYT Regulations, 2019;
- c) ARR for FY 2023-24 and FY 2024-25, in accordance with MERC MYT Regulations, 2019;

- d) Revenue from sale of power at existing Tariffs and projected Revenue Gap/(Surplus) for FY 2023-24 and FY 2024-25, in accordance with MERC MYT Regulations, 2019; and
- e) Proposed category-wise Tariff for FY 2023-24 and FY 2024-25, in accordance with MERC MYT Regulations, 2019.

## 2 Truing-up of FY 2020-21 and FY 2021-22

The Petitioner has considered the Truing-up of FY 2020-21 and FY 2021-22 in line with the provision of MYT Regulations, 2019, as amended from time to time. The Hon'ble Commission has not issued any Tariff Order for the Petitioner till date. Therefore, as no 'approved' Aggregate Revenue Requirement (ARR) for the Petitioner for the years for which true-up is being sought. Hence, the Petitioner has sought true-up based on audited/actual values and normative values, wherever appropriate, in accordance with the MYT Regulations, 2019. The following Table shows the summary of ARR for Truing-up of FY 2020-21 and FY 2021-22:

**Table 1: ARR Summary for Wires Business for FY 2020-21 and FY 2021-22 (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
O&M Expenses	0.26	0.77
Depreciation	0.09	0.18
Interest on Loan Capital	0.10	0.18
Interest on Working Capital	0.02	0.01
Interest on CSD	0.00	0.00
Provision for bad and doubtful debts	0.00	0.00
Contribution to Contingency Reserves	0.00	0.00
<b>Total Revenue Expenditure</b>	<b>0.47</b>	<b>1.14</b>
Add: Return on Equity Capital	0.09	0.18
<b>Aggregate Revenue Requirement</b>	<b>0.55</b>	<b>1.32</b>
Less: Non-Tariff Income	0.00	0.00
<b>Total ARR</b>	<b>0.55</b>	<b>1.32</b>

**Table 2: ARR Summary for Retail Supply Business for FY 2020-21 and FY 2021-22 (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Power Purchase Expenses	0.20	1.35
O&M Expenses	0.09	0.29
Depreciation	0.00	0.00
Interest on Loan Capital	0.00	0.00
Interest on Working Capital	0.04	0.03
Interest on CSD	0.00	0.00
Provision for bad and doubtful debts	0.00	0.00

Particulars	FY 2020-21	FY 2021-22
Contribution to Contingency Reserves	0.00	0.00
Intra-State Transmission Charges	0.00	0.00
MSLDC Fees & Charges	0.00	0.00
<b>Total Revenue Expenditure</b>	<b>0.33</b>	<b>1.68</b>
Add: Return on Equity Capital	0.00	0.00
<b>Aggregate Revenue Requirement</b>	<b>0.33</b>	<b>1.68</b>
Less: Non-Tariff Income	0.00	0.00
<b>Total ARR</b>	<b>0.33</b>	<b>1.68</b>

The Revenue Gap/(Surplus) for FY 2020-21 and FY 2021-22 based on the above ARR and actual revenue for respective years, is shown in the Table below:

**Table 3: Revenue Gap/(Surplus) for FY 2020-21 and FY 2021-22 (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
ARR for Distribution Wires Business	0.55	1.32
ARR for Retail Supply Business	0.33	1.68
<b>Combined ARR for Wires and Retail Supply Business</b>	<b>0.89</b>	<b>2.99</b>
Revenue from Wheeling Charges	0.03	0.26
Revenue from sale of electricity	0.42	3.55
Total Revenue	0.45	3.81
<b>Gap/(Surplus) of Wires Business</b>	<b>0.52</b>	<b>1.05</b>
<b>Gap/(Surplus) of Supply Business</b>	<b>(0.09)</b>	<b>(1.87)</b>
<b>Combined Revenue Gap/(Surplus)</b>	<b>0.43</b>	<b>(0.81)</b>

The Petitioner requests the Hon'ble Commission to approve the Revenue Gap/(Surplus) after truing up for FY 2020-21 and FY 2021-22, as shown in the above Tables. Further, considering the peculiar circumstances under which the Revenue Gap has been generated, viz., combination of lower sales due to COVID-19 impact, recovery of fixed Wires ARR through variable sales units, which have declined sharply, etc., the Petitioner requests the Hon'ble Commission to consider the combined Revenue Gap of the Wires Business and Supply Business, rather than separately.

### 3 Provisional Truing-up of FY 2022-23

The Petitioner has computed the Provisional Truing-up requirement of FY 2022-23 in line with the provision of MYT Regulations, 2019 as amended from time to time. The following Table shows the summary of ARR for Provisional Truing-up of FY 2022-23:

**Table 4: ARR Summary for Wires Business for FY 2022-23 (Rs. Crore)**

Sl.	Particulars	Provisional Truing up
1	Operation & Maintenance Expenses	0.81
2	Depreciation	0.18
3	Interest on Loan Capital	0.17
4	Interest on Working Capital	0.01
5	Interest on deposit from Distribution System Users	0.00
6	Provision for bad and doubtful debts	0.00
7	Contribution to Contingency Reserves	0.00
<b>9</b>	<b>Total Revenue Expenditure</b>	<b>1.17</b>
10	Add: Return on Equity Capital	0.17
<b>11</b>	<b>Aggregate Revenue Requirement</b>	<b>1.34</b>
12	Less: Non-Tariff Income	0.00
<b>13</b>	<b>Total Aggregate Revenue Requirement</b>	<b>1.34</b>

**Table 5: ARR Summary for Retail Supply Business for FY 2022-23 (Rs. Crore)**

Sl.	Particulars	Provisional Truing up
1	Power Purchase Expenses	1.77
2	Operation & Maintenance Expenses	0.30
3	Depreciation	0.00
4	Interest on Loan Capital	0.004
5	Interest on Working Capital	0.04
6	Interest on Consumer Security Deposit	0.00
7	Provision for bad and doubtful debts	0.00
8	Contribution to Contingency Reserves	0.00
9	Intra-State Transmission Charges	-
10	MSLDC Fees & Charges	-

Sl.	Particulars	Provisional Truing up
11	Income Tax	-
<b>12</b>	<b>Total Revenue Expenditure</b>	<b>2.12</b>
13	Add: Return on Equity Capital	0.00
<b>14</b>	<b>Aggregate Revenue Requirement</b>	<b>2.12</b>
15	Less: Non-Tariff Income	0.00
<b>16</b>	<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>2.12</b>

The Revenue Gap/(Surplus) based on provisional true-up for FY 2019-20 is shown in the Table below:

**Table 6: Revenue Gap/(Surplus) for FY 2022-23 (Rs. Crore)**

Sl.	Particulars	Estimated
1	ARR for Distribution Wires Business	1.34
2	ARR for Retail Supply Business	2.12
<b>3</b>	<b>Combined ARR for Wires and Retail Supply Business</b>	<b>3.46</b>
4	Revenue from sale of electricity	4.81
<b>5</b>	<b>Revenue Gap/(Surplus)</b>	<b>(1.35)</b>

The Petitioner requests the Hon'ble Commission to approve the Revenue Gap/(Surplus) after provisional true-up for FY 2022-23, as shown in the above Tables.

## 4 Projected ARR for FY 2023-24 and FY 2024-25

The Petitioner has projected the ARR for FY 2023-24 and FY 2024-25 in line with Regulation 5.1 (iii) of MYT Regulations, 2019. The following Tables show the summary of projected ARR for FY 2023-24 and FY 2024-25:

**Table 7: ARR Summary for Wires Business for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Operation & Maintenance Expenses	0.85	0.89
2.	Depreciation	0.18	0.18
3.	Interest on Loan Capital	0.15	0.14
4.	Interest on Working Capital	0.02	0.02
5.	Interest on Security Deposit	0.00	0.00
6.	Contribution to contingency reserves	0.02	0.02
7.	<b>Total Revenue Expenditure</b>	<b>1.22</b>	<b>1.25</b>
8.	Add: Return on Equity Capital	0.17	0.17
9.	<b>Aggregate Revenue Requirement</b>	<b>1.39</b>	<b>1.42</b>
10.	Less: Non-Tariff Income	0.00	0.00
11.	<b>ARR from Distribution Wires</b>	<b>1.39</b>	<b>1.42</b>

**Table 8: ARR Summary for Retail Supply Business for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Power Purchase Expenses	2.66	3.48
2.	Operation & Maintenance Expenses	0.32	0.33
3.	Depreciation	0.00	0.00
4.	Interest on Loan Capital	0.004	0.003
5.	Interest on Working Capital	0.05	0.06
6.	Interest on Consumer Security Deposit	0.00	0.00
7.	Write-off of bad and doubtful debts	0.00	0.00
8.	Contribution to contingency reserves	0.00	0.00
9.	Intra-State Transmission Charges	0.36	0.46

Sr. No.	Particulars	FY 2023-24	FY 2024-25
10.	MSLDC Fees & Charges	0.002	0.003
<b>11.</b>	<b>Total Revenue Expenditure</b>	<b>3.39</b>	<b>4.34</b>
12.	Add: Return on Equity Capital	0.002	0.002
<b>13.</b>	<b>Aggregate Revenue Requirement</b>	<b>3.40</b>	<b>4.34</b>
14.	Less: Non-Tariff Income	0.00	0.00
<b>15.</b>	<b>ARR from Retail Supply</b>	<b>3.40</b>	<b>4.34</b>

The Petitioner has computed carrying/(holding cost) on Revenue Gap/(Surplus) of FY 2020-21 and FY 2021-22 to be passed on in the tariff of FY 2023-24 and FY 2024-25, as shown in the Table below:

**Table 9: Carrying/(Holding) Cost for Past Gaps/(Surplus) (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening Gap/(Surplus)	0.00	0.43	(0.38)	(0.38)	
Gap/(Surplus) during the year	0.43	(0.81)	-	0.38	
Closing Gap/(Surplus)	0.43	(0.38)	(0.38)	-	
Average Gap/(Surplus)	0.22	0.03	(0.38)	(0.19)	
Interest Rate for Carrying/(Holding) Cost	8.57%	8.50%	9.55%	9.55%	
<b>Carrying/(Holding) Cost for the Year</b>	<b>0.02</b>	<b>0.00</b>	<b>(0.04)</b>	<b>(0.02)</b>	<b>(0.03)</b>



## 5 Tariff Proposal for FY 2023-24 and FY 2024-25

Based on the above computations of Revenue Gap/(Surplus) after true-up of previous years, and the projected Revenue Gap/(Surplus) for FY 2023-24 and FY 2024-25, the Petitioner has proposed the recovery/adjustment in FY 2023-24 and FY 2024-25.

### Overall Revenue Gap/(Surplus) proposed for recovery in FY 2023-24 and FY 2024-25

The overall projected Revenue Gap/(Surplus) based on projected ARR and Revenue from existing tariff for FY 2023-24 and FY 2024-25 is summarised in the Table below:

**Table 10: Projected Revenue Gap/(Surplus) at existing Tariff for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	ARR for Distribution Wires Business	1.39	1.42
2.	ARR for Retail Supply Business	3.40	4.34
3.	<b>ARR for Combined Wires Business &amp; Retail Supply Business</b>	<b>4.78</b>	<b>5.76</b>
4.	Add: Revenue Gap/(Surplus) for FY 2020-21	0.43	
5.	Add: Revenue Gap/(Surplus) for FY 2021-22	(0.81)	
6.	Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2020-21 and FY 2021-22	(0.03)	
7.	Add: Revenue Gap/(Surplus) for FY 2022-23	(1.35)	
8.	<b>Total Revenue Requirement</b>	<b>3.02</b>	<b>5.76</b>
9.	<b>Revenue from existing tariff</b>	<b>6.08</b>	<b>7.78</b>
10.	<b>Revenue Gap of Licensed Business</b>	<b>(3.06)</b>	<b>(2.02)</b>

From the above Table, it is observed that there is a Revenue Surplus for FY 2023-24 and FY 2024-25, as the revenue at the existing tariff is higher than the ARR of the Wires Business and Supply Business, after adjustment of the Revenue Gap/(Surplus) of previous years. Hence, the tariff is required to be reduced in order to recover the ARR of the Wires Business and Supply Business. As stated earlier, the Petitioner has proposed category-wise tariffs for FY 2023-24 and FY 2024-25, to realise the revised Net ARR computed in the Table above.

The following Table shows the Projected Revenue Requirement considered for recovery and Average Cost of Supply for FY 2023-24 and FY 2024-25:

**Table 11: Projected Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Net ARR of Licensed Business	3.02	5.76
2.	Energy Sales (MkWh)	4.82	6.27
3.	Energy Sales (MkVAh)	4.72	6.13
4.	<b>Average Cost of Supply (Rs./kWh)</b>	<b>6.26</b>	<b>9.18</b>
5.	<b>Average Cost of Supply (Rs./kVAh)</b>	<b>6.40</b>	<b>9.39</b>

The Wheeling Charges have been proposed in accordance with the approach followed by the Hon'ble Commission in the MYT Order, such that the entire Wires ARR is recovered from the Wheeling Charges. The Retail Supply Tariff, i.e., Fixed/Demand Charges and Energy Charges, have been proposed accordingly, to recover the balance part of the composite ARR projected for the Control Period.

**Table 12: Proposed Wheeling Charges for FY 2023-24 and FY 2024-25**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Wires ARR (Rs. Crore)	1.39	1.42
2.	GFA attributable to HT Network (%)	84.91%	84.91%
3.	GFA attributable to LT Network (%)	15.09%	15.09%
4.	Charge recoverable from HT consumers (Rs. Crore)	1.18	1.20
5.	Charge recoverable from LT consumers (Rs. Crore)	0.21	0.21
6.	Total HT Sales (MkVAh)	2.65	3.45
7.	Total LT Sales (MkVAh)	2.07	2.69
8.	Charge recoverable from HT consumers (Rs. Crore)	0.66	0.68
9.	Charge recoverable from LT consumers (Rs. Crore)	0.72	0.74
10.	HT Wheeling Charge (Rs./kVAh)	<b>2.49</b>	<b>1.96</b>
11.	LT Wheeling Charge (Rs./kVAh)	<b>3.51</b>	<b>2.76</b>

Sr. No.	Particulars	FY 2023-24	FY 2024-25
12.	Composite Wheeling Charges (Rs/kVAh)	2.94	2.31

As can be seen from the above computation, the LT Wheeling Charges, if computed separately, are working out to be very high. Hence, the Petitioner requests the Hon'ble Commission to consider the composite (HT and LT combined) Wheeling Charges in case of the Petitioner.

The following Tables shows the category-wise Tariffs proposed by the Petitioner for FY 2023-24 and FY 2024-25.

**Table 13: Proposed Tariff Schedule for FY 2023-24**

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs./kVAh)	Energy Charges (Rs/kVAh)
<b>HIGH TENSION CATEGORIES</b>				
1	HT II: HT- Industry	Rs. 454 per kVA	2.94	2.55
<b>LOW TENSION CATEGORIES</b>				
2	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 427	2.94	4.10
	(B) Above 20 kW	Rs. 427 per kVA	2.94	2.95
	(C) Above 50 kW	Rs. 427 per kVA	2.94	2.50
3	LT V: LT Industry			
	(A) 0-20 kW	Rs. 427 per kVA	2.94	3.45

**Table 14: Proposed Tariff Schedule for FY 2024-25**

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs./kVAh)	Energy Charges (Rs/kVAh)
<b>HIGH TENSION CATEGORIES</b>				
1	HT II: HT- Industry	Rs. 454 per kVA	2.31	6.45
<b>LOW TENSION CATEGORIES</b>				
2	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 427	2.31	8.10
	(B) Above 20 kW	Rs. 427 per kVA	2.31	7.15
	(C) Above 50 kW	Rs. 427 per kVA	2.31	5.30
3	LT V: LT Industry			
	(B) Above 20 kW	Rs. 427 per kVA	2.31	6.30

**The Petitioner requests the Hon'ble Commission to kindly approve the Tariffs as proposed in above Tables for respective years.**

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## 6 Prayers

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The Petitioner prays to the Hon'ble Commission as under:

- i. To admit the MYT Petition as per the provisions of MERC (MYT) Regulations 2019, and consider for further proceedings before the Hon'ble Commission;
- ii. To approve the truing up and Revenue Gap/(Surplus) for FY 2020-21 and FY 2021-22 and recovery of the same through tariff, as proposed by the Petitioner;
- iii. To approve the provisional truing up and Revenue Gap/(Surplus) for FY 2022-23 and recovery of the same through tariff, as proposed by the Petitioner;
- iv. To allow recovery of past Revenue Gaps/(Surplus) along with the carrying/(holding) cost as proposed by the Petitioner;
- v. To approve the Capex and Capitalization proposed in this Petition;
- vi. To approve the ARR for FY 2023-24 and FY 2024-25 and its recovery through revised tariff as proposed by the Petitioner;
- vii. To determine the Petitioner's share of the Transmission Charges and MSLDC Charges, and consider the same while approving the ARR for the Petitioner for FY 2023-24 and FY 2024-25;
- viii. To approve the composite Wheeling Charges for FY 2023-24 and FY 2024-25, as proposed by the Petitioner;
- ix. To approve Retail Supply Tariff for FY 2023-24 and FY 2024-25 and the Tariff schedule, as proposed by the Petitioner;
- x. Condone any inadvertent omissions, errors, short comings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date; and
- xi. Pass such other and further Orders as deemed fit and proper in the facts and circumstances of the case.