

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai - 400 005
Tel. No. 022 22163964/65/69
E-mail: mercindia@merc.gov.in
Website: www.merc.gov.in

Case No. 215 of 2022

In the matter of
Case of Gigaplex Estate Private Limited for Truing up of Aggregate Revenue Requirement for FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing up for FY 2022-23 and approval of revised estimates of ARR and Tariff for FY 2023-24 and FY 2024-25

Coram

Sanjay Kumar, Chairperson
I. M. Bohari, Member
Mukesh Khullar, Member

Order

Dated: 31 March, 2023

M/s Gigaplex Estate Private Limited (**GEPL**) has filed its Petition on 30 November 2022 for Truing-up of FY 2019-20 to FY 2021-22, Provisional Truing-up of FY 2022-23 and determination of Aggregate Revenue Requirement (**ARR**) and Tariff for FY 2023-24 to FY 2024-25, for its Electricity Distribution Business.

The Petition for Truing-up of FY 2019-20 has been submitted in accordance with the MERC (Multi Year Tariff) Regulations, 2015 (**‘MYT Regulations, 2015’**), and for Truing-up of FY 2020-21 to FY 2021-22, Provisional Truing-up of FY 2022-23 and revised ARR and determination of Tariff for FY 2023-24 to FY 2024-25 as per the MERC (Multi Year Tariff) Regulations, 2019 (**‘MYT Regulations, 2019’**).

The Commission, in exercise of its powers under Sections 61 and 62 of the Electricity Act (EA), 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by GEPL and in the public consultation process, and all other relevant material, issues the following Order:

TABLE OF CONTENTS

1	INTRODUCTION	15
1.1	Background.....	15
1.2	Petition and Prayers of GEPL.....	16
1.3	Admission of Petition and Public Consultation Process.....	17
1.4	Organisation of the Order	17
2	TRUING-UP OF ARR FOR FY 2019-20 to FY 2021-22.....	19
2.1	Background.....	19
2.2	Energy Sales	20
2.3	Distribution Loss.....	23
2.4	Energy Balance	25
2.5	Power Procurement Cost	26
2.6	Transmission Charges and MSLDC Charges	37
2.7	Operation and Maintenance Expenses.....	38
2.8	Capital Expenditure and Capitalisation	44
2.9	Depreciation.....	45
2.10	Interest on Loan.....	47
2.11	Interest on Working Capital and Consumer’s Security Deposit	49
2.12	Return on Equity	53
2.13	Income Tax	58
2.14	Provisioning for Bad Debts.....	59
2.15	Contribution to Contingency Reserves	59
2.16	Non- Tariff Income	61
2.17	Revenue from Sale of Electricity	62
2.18	Sharing of gains/losses	63
2.19	Segregation of Wires and Supply ARR	66
2.20	Aggregate Revenue Requirement for FY 2019-20 to FY 2021-22	66
2.21	Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22	72
3	PROVISIONAL TRUING-UP OF ARR FOR FY 2022-23.....	74
3.1	Background.....	74
3.2	Energy Sales	74
3.3	Distribution Loss.....	76
3.4	Energy Balance	77
3.5	Power Procurement Cost	78

3.6	Transmission Charges and MSLDC Charges	82
3.7	Operation and Maintenance Expenses	83
3.8	Capital Expenditure and Capitalisation for FY 2022-23	84
3.9	Depreciation	86
3.10	Interest on loan	87
3.11	Interest on Working Capital and Consumer’s Security Deposit	88
3.12	Return on Equity	90
3.13	Provisioning for Bad Debts	92
3.14	Contribution to Contingency Reserves	92
3.15	Non- Tariff Income	93
3.16	Revenue from Sale of Electricity	93
3.17	Aggregate Revenue Requirement for FY 2022-23	94
3.18	Revenue Gap/ (Surplus) for FY 2022-23	96
4	DETERMINATION OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 and FY 2024-25	98
4.1	ARR for the FY 2023-24 to FY 2024-25	98
4.2	Energy Sales	98
4.3	Distribution Loss	100
4.4	Energy Balance	101
4.5	Power Procurement	102
4.6	Intra-state Transmission Charges and MSLDC Charges	105
4.7	Operation and Maintenance Expenses	106
4.8	Capital Expenditure and Capitalisation	107
4.9	Depreciation	109
4.10	Interest on Loan Capital	110
4.11	Interest on Working Capital and Consumers’ Security Deposit	112
4.12	Return on Equity	115
4.13	Provisioning for Bad Debts	118
4.14	Contribution to Contingency Reserves	118
4.15	Non- Tariff Income	119
4.16	Summary of Aggregate Revenue Requirement (ARR) for FY 2023-24 and FY 2024-25	120
5	TARIFF PHILOSOPHY, TARIFF DESIGN AND CATEGORY-WISE TARIFFS FOR FY 2023-24 AND FY 2024-25	125
5.1	Approach to Tariff Design	125

5.2	Carrying / (Holding) Cost on account of Truing-up of FY 2019-20 to FY 2021-22 and Provisional Truing up of FY 2022-23.....	125
5.3	Revenue Gap/(Surplus) at existing tariff in FY 2023-24 and FY 2024-25.....	126
5.4	Deferment of Tariff Recovery.....	129
5.5	Determination of Wheeling Charges:.....	132
5.6	Tariff Philosophy	134
5.7	Load Factor Incentive.....	138
5.8	kVAh Billing for Control Period.....	139
5.9	Discount for Digital payment.....	139
5.10	Advance Payment.....	140
5.11	Tariff for Electric Charging Vehicles	141
5.12	Cross Subsidy.....	141
5.13	Revised Tariff Proposed for FY 2023-24 and FY 2024-25	143
5.14	Determination of Cross-subsidy Surcharge	145
5.15	Stabilising variation in consumer bill on account of FAC:.....	147
5.16	Applicability of Revised Tariff	149
6	SCHEDULE OF CHARGES.....	150
6.1	Background.....	150
7	SUMMARY OF COMPLIANCE OF EARLIER DIRECTIVES AND NEW DIRECTIVES	151
7.1	Compliance of Earlier Directives	151
7.2	New Directives.....	152
8	APPLICABILITY OF ORDER.....	153

LIST OF TABLES

Table 1: Category-wise variation of energy sales (MUs)	20
Table 2: Category-wise Energy Sales for FY 2019-20 to FY 2021-22 submitted by GEPL (MUs)	21
Table 3: Building Wise Status of SEZ Area.....	21
Table 4: Category-wise actual Energy Sales for FY 2019-20 to FY 2021-22 approved by the Commission (MUs).....	22
Table 5: Actual Distribution Loss for FY 2019-20 to FY 2021-22 submitted by GEPL.....	23
Table 6: Actual Distribution Loss for FY 2019-20 to FY 2021-22 approved by Commission.....	25
Table 7: Energy Balance for FY 2019-20 to FY 2021-22 as submitted by GEPL.....	25
Table 8: Energy Balance for FY 2019-20 to FY 2021-22 approved by Commission	26
Table 9: RPO achievement status submitted by GEPL for FY 2019-20, FY 2020-21, and FY 2021-22.....	29
Table 10: Power Purchase Cost for FY 2019-20 to FY 2021-22 submitted by GEPL.....	30
Table 11: Approval of Power Procurement and adoption of Tariff for FY 2019-20 to FY 2021-22 submitted by GEPL.....	31
Table 12: Power Purchase from GMRETL for FY 2019-20 and FY 2020-21.....	32
Table 13: Breakup of DSM and ADSM charges submitted by GEPL for FY 2021-22	33
Table 14: RPO Settlement for FY 2019-20 to FY 2021-22 approved by the Commission	34
Table 15: Power Purchase Cost for FY 2019-20 to FY 2021-22 approved by Commission.....	34
Table 16: InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 submitted by GEPL (Rs. Crore)	37
Table 17: InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore).....	38
Table 18: Impact of restatement of O&M (Employee) Expenses (in Rs. Crore)	39
Table 19: Increase in consumers from FY 2019-20 to FY 2021-22 (Numbers)	39
Table 20: Summary of O&M Expenses for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)	40
Table 21: Normative O&M Expenses approved by the Commission for FY 2019-20 to FY 2021-22.....	42
Table 22: Normative and Actual O&M Expenses for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore).....	44

Table 23: Capital Expenditure & Capitalisation for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore).....	45
Table 24: IoWC and Interest on CSD for Wire Business for FY 2019-20 to FY 2021-22 submitted by GEPL (Rs. Crore).....	50
Table 25: IoWC and Interest on CSD for Retail Supply Business for FY 2019-20 to FY 2021-22 submitted by GEPL(Rs. Crore).....	51
Table 26: IoWC and Interest on CSD for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)	52
Table 27: Return on Equity for Distribution Wires Business for FY 2019-20 as submitted by GEPL (Rs. Crore)	54
Table 28: Return on Equity for Retail Supply Business for FY 2019-20 submitted by GEPL (Rs. Crore)	54
Table 29: Base Return on Equity for Distribution Wires Business for FY 2020-21 and FY 2021-22 as submitted by GEPL (Rs. Crore)	55
Table 30: Base Return on Equity for Retail Supply Business for FY 2020-21 and FY 2021-22 as submitted by GEPL (Rs. Crore).....	55
Table 31: Return on Equity approved by the Commission for FY 2019-20 to FY 2021-22 (Rs. Crore)	56
Table 32: Additional Return on Equity for FY 2020-21 and FY 2021-22 submitted by GEPL (Rs. Crore)	57
Table 33: Additional Return on Equity for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore).....	58
Table 34: Contribution to Contingency Reserves for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore).....	60
Table 35: Contribution to Contingency Reserves for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore).....	60
Table 36: Non-Tariff Income for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)	61
Table 37: Non-Tariff Income for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)	61
Table 38: Revenue from Sale of electricity for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)	62
Table 39: Revenue for FY 2019-20 to FY 2021-22 approved by the Commission (Rs. Crore) ...	62
Table 40: Sharing of Gains/(Losses) of O&M expenses submitted by GEPL (Rs. Crore).....	63

Table 41: Sharing of Gains/(Losses) on Interest on Working Capital submitted by GEPL(Rs. Crore)	63
Table 42: Sharing of gains/losses approved by the Commission for FY 2019-20 (Rs. Cr).....	65
Table 43: Sharing of gains/losses approved by the Commission for FY 2020-21 (Rs. Cr).....	65
Table 44: Sharing of gains/losses approved by the Commission for FY 2021-22 (Rs. Cr).....	65
Table 45: Allocation Matrix for segregation of ARR into Wires and Supply Business (as submitted by GEPL).....	66
Table 46: ARR Summary for Distribution Wires Business for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore).....	66
Table 47: ARR Summary for Retail Supply Business for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore).....	67
Table 48: ARR for Wires Business of GEPL for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore).....	68
Table 49: ARR approved by Commission for Supply Business of GEPL for FY 2019-20 to FY 2021-22 (Rs. Crore)	69
Table 50: Combined ARR for Distribution Wires and Supply Business of GEPL for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)	71
Table 51: Combined Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore).....	72
Table 52: Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)	73
Table 53: Estimated Energy Sales for FY 2022-23 as submitted by GEPL (MU).....	74
Table 54: building wise occupancy projections submitted by GEPL for FY 2022-23	75
Table 55: Category-wise actual Energy Sales for FY 2022-23 approved by the Commission (MU)	76
Table 56: Distribution Loss for FY 2022-23 as submitted by GEPL	76
Table 57: Distribution Loss for FY 2022-23 approved by the Commission.....	77
Table 58: Energy Balance for FY 2022-23 as submitted by GEPL.....	77
Table 59: Energy Balance for FY 2022-23 approved by Commission (MU)	77
Table 60: Power Purchase Cost for FY 2022-23 as submitted by GEPL	78
Table 61: Approval of Power Procurement and adoption of Tariff for FY 2022-23.....	79
Table 62: RPO Target Achievement Estimated for FY 2022-23 approved by the Commission ..	81

Table 63: Power Purchase cost for FY 2022-23 as approved by the Commission.....	81
Table 64: InSTS Charges and MSLDC Charges for FY 2022-23 as submitted by GEPL (Rs. Crore)	83
Table 65: InSTS Charges and MSLDC Charges for FY 2022-23 approved by Commission (Rs. Crore)	83
Table 66: Summary of O&M expenses for FY 2022-23 submitted by GEPL (Rs. Crore).....	83
Table 67: Normative O&M Expenditure for FY 2022-23 as approved by Commission (Rs Crore)	84
Table 68: Capital Expenditure & Capitalisation for FY 2022-23 submitted by GEPL (Rs. Crore)	85
Table 69: Capital Expenditure & Capitalisation for FY 2022-23 approved by Commission (Rs. Crore)	85
Table 70: Depreciation for FY 2022-23 submitted by GEPL (Rs. Crore)	86
Table 71: Depreciation approved by Commission for FY 2022-23 (Rs. Crore)	86
Table 72: Interest on Loan Capital for FY 2022-23 submitted by GEPL (Rs. Crore).....	87
Table 73: Interest on Loan Capital approved by Commission for FY 2022-23 (Rs. Crore).....	88
Table 74: IoWC and Interest on CSD for FY 2022-23 submitted by GEPL (Rs. Crore)	88
Table 75: IoWC and Interest on CSD for FY 2022-23 approved by Commission (Rs. Crore)	89
Table 76: Return on Equity for FY 2022-23 submitted by GEPL (Rs. Crore).....	90
Table 77: Return on Equity for FY 2022-23 approved by Commission (Rs. Crore).....	91
Table 78: Contribution to Contingency Reserves for FY 2022-23 submitted by GEPL (Rs. Crore)	92
Table 79: Contribution to Contingency Reserves approved by Commission for FY 2022-23 (Rs. Crore)	92
Table 80: Non-Tariff Income for FY 2022-23 submitted by GEPL (Rs. Crore).....	93
Table 81: Non-Tariff Income for FY 2022-23 approved by the Commission (Rs. Crore)	93
Table 82: Revenue from Sale of electricity for FY 2022-23 by GEPL (Rs. Crore)	93
Table 83: Approved Revenue from Sale of electricity for FY 2022-23 (Rs. Crore).....	94
Table 84: ARR Summary for Distribution Wires Business for FY 2022-23 submitted by GEPL (Rs. Crore)	94
Table 85: ARR Summary for Retail Supply Business for FY 2022-23 submitted by GEPL (Rs. Crore)	94

Table 86: ARR for Distribution Wires Business approved by Commission for FY 2022-23 (Rs. Crore)	95
Table 87: ARR for Retail Supply Business approved by Commission for FY 2022-23 (Rs. Crore)	95
Table 88: Combined ARR approved for Distribution Wires and Retail Supply Business by Commission for FY 2022-23 (Rs. Crore).....	96
Table 89: Revenue Gap/ (Surplus) for FY 2022-23 submitted by GEPL (Rs. Crore).....	96
Table 90: Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply Business for FY 2022-23 approved by Commission (Rs. Crore).....	96
Table 91: Energy Sales Projected by GEPL for FY 2023-24 and FY 2024-25 (MU).....	98
Table 92: Projected category wise Energy Sales for FY 2023-24 and FY 2024-25 (Mn. kVAh).99	
Table 93: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by Commission (MU).....	100
Table 94: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by Commission (MkVAh)	100
Table 95: Projection of Distribution Loss by GEPL for FY 2023-24 and FY 2024-25	101
Table 96: Distribution Loss as approved by Commission for FY 2023-24 and FY 2024-25	101
Table 97: Energy Balance submitted by GEPL for FY 2023-24 and FY 2024-25.....	102
Table 98: Energy Balance for FY 2023-24 and FY 2024-25 approved by Commission.....	102
Table 99: RPO for FY 2023-24 and FY 2024-25 submitted by GEPL.....	103
Table 100: Projected Power Purchase Cost for FY 2023-24 to FY 2024-25	103
Table 101: Power Purchase Quantum and Cost for FY 2023-24 and FY 2024-25 as approved by Commission.	104
Table 102: Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 projected by GEPL (Rs. Crore).....	105
Table 103: Intra-state Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	106
Table 104: Escalation factor computation submitted by GEPL.	106
Table 105: Projected Normative O&M Expenses as per MYT Regulations (Rs. Crore)	107
Table 106: Total O&M Expenses for FY 2023-24 and FY 2024-25 as approved by the Commission.	107

Table 107: Capital Expenditure and Capitalisation for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore).....	108
Table 108: Capital Expenditure & Capitalisation for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	109
Table 109: Depreciation for 4 th Control Period submitted by GEPL (Rs. Crore)	109
Table 110: Depreciation for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)	110
Table 111: Interest on Loan Capital for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)	111
Table 112: Interest on Loan Capital for FY 2023-24 and 2024-25 approved by Commission (Rs. Crore)	112
Table 113: Interest on Working Capital and CSD for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore).....	113
Table 114: Interest on Working Capital and Consumers’ Security Deposit for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	114
Table 115: Return on Equity for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)	116
Table 116: Return on Equity for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)	117
Table 117: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore).....	118
Table 118: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	119
Table 119: Non-Tariff Income for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)	119
Table 120: Non-Tariff Income for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)	120
Table 121: ARR Summary for Distribution Wires Business for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore).....	121
Table 122: ARR Summary for Retail Supply Business for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore).....	121
Table 123: ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	122

Table 124: ARR for Retail Supply Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	122
Table 125: Combined ARR for Distribution Wires and Retail Supply Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore).....	123
Table 126: Computation of carrying/(holding) cost submitted by GEPL (Rs. Crore).....	125
Table 127: Incremental Carrying/ (Holding) Cost approved by the Commission (Rs. Crores)..	126
Table 128: Revenue Gap/(Surplus) at existing Tariff for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore).....	127
Table 129: Revenue Requirement and ACoS for FY 2023-24 to FY 2024-25 projected by GEPL (Rs. Crore)	128
Table 130: Revenue Gap/(Surplus) approved by the Commission for FY 2023-24 and FY 2024-25	128
Table 131: Projected Revenue Requirement and ACoS approved by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore).....	129
Table 132: Projected ACOS for FY 2023-24 and FY 2024-25 if entire Revenue Requirement is recovered (Rs. Crore).....	129
Table 133: Proposed Recovery of Deferred Revenue Gap (Rs. Crore)	130
Table 134: Wheeling charges for FY 2023-24 and FY 2024-25 projected by GEPL	133
Table 135: Wheeling Charges approved by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)	133
Table 136: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25.....	134
Table 137: Percentage of Fixed Cost Recovery for FY 2023-24 and FY 2024-25 approved by the Commission.	136
Table 138: Cross Subsidy Trajectory Approved by the Commission for FY 2023-24 and FY 2024-25 (%).....	136
Table 139: Rating to be given by Distribution Licensee at the end of Financial Year.....	138
Table 140: Methodology for Computation of Discount on monthly bill on Advanced Payment	140
Table 141: Category-wise ABR and Cross-subsidy submitted by GEPL for the period FY 2023-24	141
Table 142: Category-wise ABR and Cross-subsidy submitted by GEPL for the period FY 2024-25	142

Table 143: Category-wise ABR and Tariff Increase/ Decrease approved by Commission for FY 2023-24 and FY 2024-25	142
Table 144: Proposed Tariff Schedule for FY 2023-24.....	143
Table 145: Proposed Tariff Schedule for FY 2024-25.....	143
Table 146: Revised Tariffs for FY 2023-24 (effective from 1 April, 2023)	144
Table 147: Revised Tariffs for FY 2024-25 (effective from 1 April, 2024)	145
Table 148: Cross-Subsidy Surcharge for HT-I category proposed by GEPL for FY 2023-24 and FY 2024-25.....	146
Table 149: Proposed Cross-Subsidy Surcharge for HT-I category for the Control Period submitted by GEPL (Rs./kVAh).....	146

ABBREVIATIONS

ABR	Average Billing Rate
ACoS	Average Cost of Supply
AMR	Automated Meter Reading
ARR	Aggregate Revenue Requirement
Capex	Capital Expenditure
CPI	Consumer Price Index
CSD	Consumer Security Deposit
CSS	Cross-Subsidy Surcharge
DISCOM	Distribution Company
DPR	Detailed Project Report
DSM	Demand Side Management
EA, 2003/Act	Electricity Act, 2003
FAC	Fuel Adjustment Charge
FBSM	Final Balancing and Settlement Mechanism
FY	Financial Year
GEPL	Gigaplex Estate Private Limited
GFA	Gross Fixed Assets
HT	High Tension
InSTS	Intra-State Transmission System
IoWC	Interest on Working Capital
ISTS	Inter State Transmission System
IT & ITeS	Information Technology & Information Technology-enabled Services
KRCSPL	K Raheja Corporate Services Private Limited
KRCIPPL	KRC Infrastructure and Projects Private Limited
LT	Low Tension
MAT	Minimum Alternate Tax
MBPPL	Mindspace Business Parks Private Limited
MSLDC	Maharashtra State Load Despatch Centre
MTOA	Medium Term Open Access
MYT	Multi Year Tariff

PBT	Profit Before Tax
PPA	Power Purchase Agreement
PXIL	Power Exchange India Limited
RE	Renewable Energy
REC	Renewable Energy Certificate
RPO	Renewable Purchase Obligation
SCADA	Supervisory Control and Data Acquisition
SEZ	Special Economic Zone
SOP	Standards of Performance
STU	State Transmission Utility
TOD	Time-of-Day
ToSE	Tax on Sale of Electricity
TSU	Transmission System User
TTSC	Total Transmission System Cost
TVS	Technical Validation Session
UI	Unscheduled Interchange
W.e.f.	With effect from
WPI	Wholesale Price Index

1 INTRODUCTION

1.1 Background

- 1.1.1 GEPL is a Company incorporated under the Companies Act, 1956. Under Section 3 of the Special Economic Zones (SEZ) Act, 2005, GEPL has been set up as a sector-specific SEZ for Information Technology (IT) and Information Technology-enabled Services (ITeS). GEPL has been notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce) ('the Ministry'), Govt. Of India vide Notification No. S.O. 1695(E) dated 11 June 2013 for its IT & ITeS SEZ at Plot No. IT-5, Airoli Knowledge Park, TTC Industrial Area, Villages Airoli and Dighe, Distt. Thane in Maharashtra.
- 1.1.2 In accordance with Section 14 (b) of the EA, 2003 read with Section 4(1) of the SEZ Act, 2005, GEPL is a Deemed Distribution Licensee for supplying electricity to consumers in its SEZ area.
- 1.1.3 **Order recognising deemed Distribution Licensee status, and Specific Conditions of Distribution Licence for GEPL:** On a Petition filed by GEPL, the Commission, vide Order dated 26 October 2015 in Case No. 198 of 2014, recognized the deemed Distribution Licensee status of GEPL and subsequently notified the Specific Conditions of Licence for GEPL on 23 December 2015.
- 1.1.4 **Order approving increase in area of the SEZ:** The Ministry of Commerce and Industry, vide its notification No. S.O. 1695 (E) dated 18 February 2015, approved an increase in the SEZ area from 11.74 hectares to 12.91 hectares. Subsequently, on a Petition filed by GEPL for amending the Specific Conditions of its Distribution Licence, the Commission issued an Order on 6 December 2016 in Case No. 64 of 2016 and amended the Specific Conditions of the Distribution Licence of GEPL to this effect on 1 February 2016.
- 1.1.5 **Order for amendment of its Specific Conditions of Distribution Licence due to change in its Licence area (Case No. 161 of 2017 dated 10 June 2018):** The Commission approved an increase in the SEZ area from 12.91 hectares to 16.52 hectares. Subsequently, the Commission also issued an amendment on the Specific Conditions of the Distribution Licence of GEPL to this effect on 21 September 2018.
- 1.1.6 **Order approving change (decrease) in area of the SEZ:** The Ministry of Commerce and Industry (Department of Commerce) vide its notification S.O. 2143 (E) dated 1 June, 2021, approved the decrease in the area of the SEZ from 16.52 hectares to 8.04 hectares after adding an area of 0.09 hectares and de-notifying an area of 8.57 hectares to the existing plot. Subsequently, on a Petition filed by GEPL dated 21 June, 2021 before the Commission for suitably amending the Specific conditions of Distribution Licence applicable to GEPL. The Commission issued the Order 29 July, 2022 in Case No. 74 of 2021 and shall subsequently notify the amendment to the Licence Conditions.
- 1.1.7 In line with Regulation 5 of the MYT Regulations, 2019 and as per direction in MYT Order, GEPL filed its MTR Petition on 30 November 2022. In response to the datagaps communicated to GEPL and the issues identified during the discussion held on 22 December 2022, GEPL submitted a Revised Petition on 7 January 2023.

1.2 Petition and Prayers of GEPL

- 1.2.1 On 13 December 2022 and 14 December 2022, the Commission has raised preliminary data gaps and sought certain information, against which GEPL submitted its reply on 20 December 2022. The Commission held a Technical Validation Session (TVS) on 22 December 2022. List of persons at the TVS is at **Appendix-I**.
- 1.2.2 Thereafter, the Commission raised further data gaps on 22 December 2022, 8 February 2023, and 16 February 2023. Accordingly, GEPL submitted its replies on 8 January 2022 and, 12 February 2023 and 21 February 2023.
- 1.2.3 GEPL has submitted the replies to the data gaps and has filed a revised Petition on 7 January 2023.
- 1.2.4 The prayers of the GEPL are as follows:
- i. "To admit the MTR Petition as per the provisions of MERC (MYT) Regulations 2019, and consider for further proceedings before the Commission;
 - ii. To approve the truing up and Revenue Gap/(Surplus) for FY 2019-20, FY 2020-21, and FY 2021-22 and recovery of the same through tariff, as proposed by GEPL;
 - 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 GEPL;
 - iv. To allow recovery of past Revenue Gaps/(Surplus) along with the carrying/(holding) cost as proposed by GEPL;
 - v. To approve Non-DPR Capex and Capitalization proposed in this Petition even though there is no Capex proposed under DPR schemes, by using the powers to relax with respect to the MYT Regulations, 2019;
 - vi. To approve the revised ARR for FY 2023-24 and FY 2024-25 and its recovery through revised tariff as proposed by GEPL;
 - vii. To consider the peak demand catered by GEPL during pre-COVID-19 circumstances (FY 2019-20 specifically as the pre-COVID-19 year) for computation of transmission capacity rights (TCRs) for FY 2023-24 and FY 2024-25;
 - viii. To determine GEPL's share of the Transmission Charges and MSLDC Charges, and consider the same while approving the ARR for GEPL for FY 2023-24 and FY 2024-25;
 - ix. To approve the additional Green Energy Tariff of Rs. 0.53/kWh to be charged to consumers desirous of procuring additional RE power over and above the RPO target for GEPL;
 - x. to approve the proposal of GEPL for deferment of recovery of Revenue Gap to the extent proposed;
 - xi. To approve the composite Wheeling Charges for FY 2023-24 and FY 2024-25, as proposed by GEPL;
 - xii. To approve Retail Supply Tariff for FY 2023-24 and FY 2024-25 and the Tariff

schedule, as proposed by GEPL;.....”

1.3 Admission of Petition and Public Consultation Process

- 1.3.1 Based on the revised Petition submitted by GEPL on 7 January 2023 after incorporating the replies of data gaps, the Commission admitted the Petition on 11 January 2023. In accordance with Section 64 of the EA, 2003, the Commission directed GEPL to publish its Petition in the prescribed abridged form and manner, to ensure public participation. The Commission also directed it to reply expeditiously to the suggestions and objections received.
- 1.3.2 GEPL issued a Public Notice inviting suggestions and objections from the public on 13 January 2023 in the daily newspapers Business Standard (English) and Active Times (English). The Public Notice was also published in Aapla Mahanagar (Marathi) and Mumbai Lakshadeep (Marathi). GEPL’s Petition and its Executive Summary were made available for inspection or purchase at GEPL’s offices. The Petition was made available on GEPL’s website (www.krahejacorp.com) free of cost in downloadable format. The Executive Summary of the Petition and Public Notice were also made available on the website of the Commission (www.merc.gov.in) in downloadable format. Further, as directed by the Commission, GEPL has informed its consumers through email about Tariff revision petition and time line for filing suggestions / objections.
- 1.3.3 The Commission held a E-Public Hearing at 1st Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai on 7 February 2023 at 11:00 hrs. The Commission had not received any written suggestions or objections from the Stakeholders. The list of persons at the Public Hearing is provided at **Appendix- II**.
- 1.3.4 The Commission has ensured that the due process contemplated under law to ensure transparency and public participation was followed at every stage and adequate opportunity was given to all concerned to express their views. No suggestions/ objections have been received and hence no separate chapter for that has been included in this Order.

1.4 Organisation of the Order

- 1.4.1 This Order is organised in the following Sections:
- **Section 1** provides a brief background of the quasi-judicial regulatory process undertaken by the Commission;
 - **Section 2** deals with approval of Truing-up of ARR for FY 2019-20 to FY 2021-22;
 - **Section 3** deals with approval of Provisional Truing-up of ARR for FY 2022-23;
 - **Section 4** discusses the components of ARR for FY 2023-24 and FY 2024-25, and details the Commission’s analysis and approval of the various components;
 - **Section 5** details the Commission’s Tariff Philosophy and the category-wise tariff applicable for the Period from FY 2023-24 and FY 2024-25, including determination of Wheeling Charges, Cross-Subsidy Surcharge and Cross Subsidy Trajectory;
 - **Section 6** details the Schedule of Charges
 - **Section 7** summarises the Directives of the Commission and

- **Section 8** details the Applicability of the Order followed by the approved Tariff Schedule at **Annexure – III**.

2 TRUING-UP OF ARR FOR FY 2019-20 to FY 2021-22

2.1 Background

- 2.1.1 In the present Petition, GEPL has sought final Truing-up of FY 2019-20 in accordance with MYT Regulations, 2015, and of FY 2020-21 and FY 2021-22 in accordance with MYT Regulations, 2019, based on the actual expenditure and revenue as per the Audited Annual Accounts. GEPL has also presented the comparison of expenditure and revenues approved by the Commission in its MYT Order in Case No. 330 of 2019 vis-à-vis the audited performance. It has provided justifications for differences between the actual expenses vis-à-vis those approved in the MYT Order in Case No 330 of 2019.
- 2.1.2 While the truing up of the three (FY 2019-20 to FY 2021-22) years is being undertaken in the single section of the Order, there are certain differences in the provisions of the two MYT Regulations 2015 and 2019 governing the two (3rd – FY 2015-16 to FY 2019-20 and 4th – FY 2020-21 to FY 2024-25) control periods. Some of the key variation in the provisions of the two regulations are highlighted below:
- Return on Equity (RoE) for Distribution Wires and Supply Business:
 - The MYT Regulation, 2015 prescribes that the RoE capital for the Distribution Wires Business shall be allowed at the rate of 15.5 % per annum, and for the Retail Supply Business, it shall be allowed at the rate of 17.5 % per annum.
 - The MYT Regulation, 2019 prescribes that the RoE shall be allowed in two parts viz. Base RoE and Additional ROE linked to performance. Distribution Wire Business shall get Base RoE of 14% and additional RoE of 1.5% linked to Wire Availability. Whereas Retail Supply Business shall get base RoE of 15.5% and Additional RoE of 2% linked to lower assessed billing (1%) and collection efficiency (1%). The Regulations also prescribe that the Additional Return on Equity shall be allowed at the time of truing up for respective years based on actual performance, after prudence check of the Commission.
 - Income tax for Distribution Wires and Supply Business
 - The MYT Regulations 2015 provide for approving actual income tax paid by the licensee subject to certain conditions prescribed in the Regulation.
 - The MYT Regulation, 2019 provides for approving income tax by allowing grossing up of the rate of RoE with the effective tax rate for the year and allowing pre-tax return on equity.
 - Efficiency factor used for working out the permissible O&M expenses:
 - The MYT Regulation, 2015 did not specify any specific condition under which the 1% factor may not be applied while determining the O&M expenses.
 - The MYT Regulations, 2019 specify that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers of at least 2% annually over the last 3 years.

2.1.3 The Commission has appropriately considered these and all other variations in the provisions of the two Regulations while approving the ARR for the period FY 2019-20 to FY 2021-22.

2.1.4 The detailed analysis underlying the Commission’s approval for Truing-up of FY 2019-20 to FY 2021-22 is set out below.

2.2 Energy Sales

GEPL’s Submission

2.2.1 The actual sales of GEPL for FY 2019-20 is 32.53 MU, as against 34.48 MU sales approved in the MYT Order in Case no. 330 of 2019. The actual energy sale for FY 2020-21 and FY 2021-22 is lower at 17.36 MU and 18.72 MU as against approved sales of 43.48 MU and 56.98 MU respectively. The reduction in actual sales as compared to approved sales in FY 2020-21 and FY 2021-22 is due to COVID-19 pandemic with its consequential restrictions on operations, and the practice of Work-from-Home (WFH) adopted by most of its consumers.

Table 1: Category-wise variation of energy sales (MUs)

`Category	Actual Sales				% Change Year on Year		
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2019-20	FY 2020-21	FY 2021-22
HT I (Industry)	23.16	27.23	14.31	14.98	18%	-47%	5%
HT II (Commercial)	0.89	1.10	0.59	1.54	23%	-46%	161%
Sub- total	24.05	28.32	14.90	16.52	18%	-47%	11%
LT II (A) Commercial: 0 to 20 kW	0.61	0.79	0.43	0.25	30%	-45%	-43%
LT II (B) Commercial: > 20 kW	0.12	0.15	0.14	0.05	20%	-6%	-65%
LT III (A) Industry: 0 to 20 kW	0.04	0.13	0.32	0.31	263%	146%	-3%
LT III (B) Industry: > 20 kW	2.59	3.14	1.57	1.59	21%	-50%	1%
Sub-total	3.36	4.21	2.46	2.20	25%	-42%	-11%
Total	27.41	32.53	17.36	18.72	19%	-47%	8%

2.2.2 Since eruption of the COVID-19 pandemic, the demand of GEPL has drastically reduced, which has resulted in drastic reduction in the actual energy sales, due to lower physical occupancy of Buildings, which are beyond GEPL's control. The HT I, HT II, LT II (A) and LT III(B) categories have witnessed drastic reduction in sales (near about 50%) in FY 2020-21 compared to actual sales in FY 2019-20.

2.2.3 The sales under HT II category during FY 2021-22 has increased significantly compared to actual sales in FY 2020-21, on account of addition of two new connections in FY 2021-22, which were released for common area load of Building No. 9, having contract demand of 600 kVA and 200 kVA.

2.2.4 The decrease in LT II category sales and at the same time increase in LT III category sales in FY 2020-21 is on account of re-categorization of the consumers as per Tariff Categorization approved in the MYT Order in Case no. 330 of 2019 and also due to release of new connections.

The reason behind increase in sales under LT II A and LT II B category during FY 2019-20 compared to sales in FY 2018-19, is due to increase in number of temporary connections and food court connections during FY 2019-20. However, reduction in sales for subsequent years is observed on account of COVID-19 pandemic situation.

2.2.5 Accordingly, GEPL has considered the actual sales for the purpose of the Truing up for FY 2019-20 to FY 2021-22 as outlined below:

Table 2: Category-wise Energy Sales for FY 2019-20 to FY 2021-22 submitted by GEPL (MUs)

Consumer Category	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order ¹	MTR Petition ²	MYT Order	MTR Petition	MYT Order	MTR Petition
HT Category						
HT I – Industry	29.01	27.23	36.52	14.68	47.94	14.98
HT II -Commercial	1.13	1.10	1.42	0.64	1.86	1.54
Sub-total	30.14	28.32	37.94	15.32	49.80	16.52
LT Category						
LT II (A) – Commercial	0.77	0.79	0.98	0.19	1.28	0.25
LT II (B) – Commercial	0.16	0.15	0.21	0.10	0.27	0.05
LT III (A) -Industry	0.07	0.13	0.10	0.30	0.12	0.31
LT III (B) - Industry	3.34	3.14	4.25	1.45	5.52	1.59
Sub-total	4.34	4.21	5.54	2.04	7.18	2.20
Total	34.48	32.53	43.48	17.36	56.98	18.72

Commission’s Analysis and Ruling

2.2.6 The Commission had approved the energy sales in MYT Order in Case No. 330 of 2019 as submitted by GEPL in that Petition. However, GEPL in present MTR Petition has submitted that the actual energy sales were lower due to COVID-19 and its consequential restrictions, which were beyond GEPL’s control.

2.2.7 GEPL in response to query related to the building occupancy status, has submitted that Building Nos. 2, 3, 4, 5 and 6 are operational buildings within the SEZ Licensee area. GEPL has provided the following Building wise status of the SEZ area for the assessment of the Load of the Licensee:

Table 3: Building Wise Status of SEZ Area

Building No.	Current Status of Construction	Actual Completion Month	Current Load (Max) in KVA	Occupancy Status as on FY 2019-20	Occupancy Status as on FY 2020-21	Occupancy Status as on FY 2021-22	Occupancy Status as on Sept-22
2	Completed	Jun-16	2278.3	90%	90%	90%	81%

¹ The caption “MYT Order” mentioned in all the tables in this Order refers to the Commission’s Order in Case No. 330 of 2019 dated 30 March, 2020

² The caption “MTR Petition” mentioned in all the tables in this Order refers to the Revised MTR Petition filed by GEPL in Case No. 215 of 2022

Building No.	Current Status of Construction	Actual Completion Month	Current Load (Max) in KVA	Occupancy Status as on FY 2019-20	Occupancy Status as on FY 2020-21	Occupancy Status as on FY 2021-22	Occupancy Status as on Sept-22
3	Completed	Mar-17	1697.89	71%	77%	58%	58%
4	Completed	Jul-18	2313	46%	46%	46%	46%
5	Completed	Commissioned since start of operations	54.5*	35%	0%	0%	0%
6	Completed	Commissioned since start of operations	1102.26	75%	75%	75%	75%

**Max demand of common area connection*

2.2.8 In its response, GEPL further submitted that Building No. 5 is completely vacated during FY 2020-21 and as on date also it is not occupied by any consumer. The occupancy level has also reduced significantly in Building No. 2 and 3 as compared to FY 2019-20.

2.2.9 As per provisions of MYT Regulations, variation in sales is uncontrollable factor. The Commission notes the submission of GEPL that the building occupancy was not achieved as envisaged at the time of filing MYT petition in November 2019 and COVID-19 pandemic with its consequential restrictions has impacted its energy sales. Accordingly, the Commission approves the category-wise actual sales for Truing-up purpose as shown in the Table below:

Table 4: Category-wise actual Energy Sales for FY 2019-20 to FY 2021-22 approved by the Commission (MUs)

Consumer Category	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MYT Petition	Approved in this Order	MYT Order	MYT Petition	Approved in this Order	MYT Order	MYT Petition	Approved in this Order
HT Category									
HT I -Industry	29.01	27.23	27.23	36.52	14.68	14.68	47.94	14.98	14.98
HT II - Industry	1.13	1.10	1.10	1.42	0.64	0.64	1.86	1.54	1.54
Sub-total	30.14	28.32	28.32	37.94	15.32	15.32	49.80	16.52	16.52
LT Category									
LT II (A) – Commercial	0.77	0.79	0.79	0.98	0.19	0.19	1.28	0.25	0.25
LT II (B) – Commercial	0.16	0.15	0.15	0.21	0.10	0.10	0.27	0.05	0.05
LT III (A) – Industry	0.07	0.13	0.13	0.10	0.30	0.30	0.12	0.31	0.31
LT III (B) – Industry	3.34	3.14	3.14	4.25	1.45	1.45	5.52	1.59	1.59
Sub-total	4.35	4.21	4.21	5.54	2.04	2.04	7.18	2.20	2.20
Total	34.48	32.53	32.53	43.48	17.36	17.36	56.98	18.72	18.72

2.3 Distribution Loss

GEPL’s Submission

- 2.3.1 In the MYT Order in Case no. 330 of 2019, the Commission had directed GEPL to segregate the Distribution Loss between the HT and LT levels and submit breakup at the time of the MTR Petition. In compliance of the said directive, GEPL had undertaken a Technical Study on Distribution Losses for FY 2019-20, FY 2020-21, and FY 2021-22. The Report shows that the actual distribution losses are higher than the theoretical loss levels, considering the variation in the levels of actual loading on the transformers.
- 2.3.2 GEPL submitted that it has considered the energy input data as per the Deviation Settlement Mechanism (DSM) metering, as provided by MSLDC, for the period from October 2021 to March 2022, while the energy input data for the period from April 2019 to September 2021 is based on Availability Based Metering (ABT) data, as per the interface meter reading.
- 2.3.3 After considering the actual energy sales, and the actual energy drawal at the interface point (T<>D Interface), the actual distribution loss for FY 2019-20, FY 2020-21, and FY 2021-22 works out to 1.91%, 2.30% and 2.04%, respectively, which is higher than the distribution loss approved by the Commission (i.e., 1.20%) in its MYT Order MYT Order dated 30 March, 2020 in Case no. 330 of 2019.
- 2.3.4 The increase in actual distribution losses as computed and recorded in the Technical Study report of PPS Energy Solutions is on account of the following reasons:
- a) During the COVID-19 period, the demand of the consumer has drastically reduced, due to lockdown restrictions, which resulted in reduction of sales to the tune of 60% and 67% during FY 2020-21 and FY 2021-22, respectively.
 - b) Though energy sales have been reduced drastically, the Transformer no load losses (Technical loss) have remained at the same level as prior to COVID-19. Additionally, the no-load losses have been impacted due to lower loading on the transformer.
 - c) The Transformer no load losses (Technical loss) have contributed on a higher side to the overall distribution losses.
- 2.3.5 GEPL had setup the distribution network primarily on a higher voltage level i.e., 22 kV, as a result of which the Distribution losses are primarily on account of only technical loss.
- 2.3.6 The Distribution Loss for FY 2019-20 to FY 2021-22 is shown in the table below:

Table 5: Actual Distribution Loss for FY 2019-20 to FY 2021-22 submitted by GEPL.

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Loss (%)	1.20%	1.91%	1.20%	2.30%	1.20%	2.04%

- 2.3.7 As there was discrepancy in the data shared by MSLDC and that shared by GEPL, GEPL has requested the Commission to consider the Gross Energy Consumption (GEC) data submitted by it for FY 2019-20 and FY 2020-21. The said data is as per the approved ABT Meters installed at T<>D Interface.

2.3.8 GEPL has also requested the Commission not to consider any sharing of gains or losses vis-à-vis the distribution loss target for FY 2019-20, FY 2020-21, and FY 2021-22 at the time of truing up, as the Distribution Losses are very low and are purely technical.

Commission's Analysis and Ruling

2.3.9 In the MYT Order in Case no. 330 of 2019, the Commission had directed GEPL to undertake a technical study to assess the actual distribution loss considering the No load losses on the transformers and provide the study report at the time of MTR submission along with the detailed calculation of distribution loss.

2.3.10 GEPL has submitted the technical loss report for each month from April 2019 to September 2022 carried out by PPS Energy Solutions. In that report HT Loading losses are computed on different loading conditions based on monthly consumptions. The load on each 22 KV feeder is bifurcated as per ABT meters available at GEPL end and using the formula $3 \times I^2 \times R \times L / 1000$, the HT losses have been calculated. Study Report also computed transformation loss which is equal to (no load loss) + (% loading of transformer at full load) ². Study report has considered LT loss limited to bus duct as the consumers are metered at LT Panel and computed by using formula $3 \times I^2 \times R \times L / 1000$. The total distribution losses for the respective months are computed based on above methodology. It is observed that during light load conditions, transformation losses contributed the maximum in the total losses which is mainly due to under loading of transformers. The share of transformation loss is 56% to 82 % out of total loss. Line loss, HT and LT contributed from 18% to 44%. The percentage of total distribution loss increased as the loading reduced from April 2020 onwards. Annual load loss is calculated based on the average loading of HT Lines, Transformer and LT cable up to metering point for each month from April 2019 to September 2022. GEPL has claimed that its theoretical loss is in the range of 1.79% to 2.30%.

2.3.11 The Commission notes that COVID 19 affected the sales of GEPL and that has been reflected in the distribution loss for FY 2020-21 and FY 2021-22 as compared to pre-COVID period i.e., distribution loss for FY 2018-19 and FY 2019-20. The percentage Distribution loss will be reduced as and when loading on the transformer will increase.

2.3.12 As submitted by GEPL, the distribution losses were primarily on account of lower occupancy due to lower load on the Transformer (no load losses). The Commission raised query regarding efforts taken by GEPL to improve occupancy. In response to the query raised by the Commission, GEPL submitted that the increase/decrease in occupancy level (in terms of lease or physical occupancy) of the building is outside the purview of the Distribution Licensee business and the Licensee has no control over the same. GEPL also submitted that considering the nature of the area of supply of GEPL and the network therein, where GEPL is obliged to provide 24x7x365 un-interrupted power supply to its consumers, the reconfiguration of its network to improve the loading of the network is not appropriate.

2.3.13 In view of above, the Commission is computing the distribution loss as the difference between the actual energy input at T&D interface as submitted by MSLDC and energy sales approved in this Order.

2.3.14 Considering the above submissions by GEPL, the Distribution Loss for FY 2019-20 to FY 2021-22, approved by the Commission is as follows:

Table 6: Actual Distribution Loss for FY 2019-20 to FY 2021-22 approved by Commission

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Loss (%)	1.20%	1.91%	1.33%	1.20%	2.30%	1.75%	1.20%	2.04%	2.04%

2.3.15 Difference in actual losses submitted by GEPL and the Commission approved loss is only on account of considering energy input at T < > D periphery as provided by MSLDC. Although GEPL has requested to consider T < > D periphery input as provided by them which is as per ABT meter, the Commission has relied upon MSLDC data which is part of energy input to all Distribution Licensees in the State and used for computation of InSTS loss. Further, as discussed earlier, the distribution losses in case of GEPL are mainly technical losses and are also at lower levels. Accordingly, in line with the stand of the Commission in the MYT Order in Case No. 149 of 2016 and MYT Order in Case No. 330 of 2019, the Commission has not considered any sharing of efficiency gain / loss as distribution loss level is very low.

2.4 Energy Balance

GEPL’s Submission

2.4.1 GEPL has considered the Energy Balance for FY 2019-20, FY 2020-21, and FY 2021-22 after considering the actual energy sales, actual Distribution Loss, actual power purchased and actual InSTS loss based on the State Grid Loss account maintained by the Maharashtra State Load Despatch Centre (MSLDC).

2.4.2 Actual InSTS losses in FY 2019-20, FY 2020-21, and FY 2021-22 were 3.16%, 2.93% and 3.19%, respectively, as recorded by MSLDC for the respective year.

2.4.3 The Energy Balance submitted by GEPL is as shown in the following Table:

Table 7: Energy Balance for FY 2019-20 to FY 2021-22 as submitted by GEPL

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Energy Sales (MU)	34.48	32.53	43.48	17.36	56.98	18.72
Distribution loss (%)	1.20%	1.91%	1.20%	2.30%	1.20%	2.04%
Energy Requirement at T < > D (MU)	34.90	33.16	44.01	17.77	57.67	19.11
Intra-State Transmission Loss (%)	3.18%	3.16%	3.18%	2.93%	3.18%	3.19%
Energy Requirement at G < > T (MU)	36.05	34.25	45.46	18.31	59.57	19.74
Total Purchase at State Periphery (MU)	35.41	34.35	45.46	19.94	59.57	20.32
Less: Surplus Energy Traded (MU)	0.00	0.00				
Imbalance Pool/DSM (MU)	0.64	(0.10)		(1.63)		(0.57)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Total Energy Purchased	36.05	34.25	45.46	18.31	59.57	19.74

Commission’s Analysis and Ruling

2.4.4 As mentioned in para 2.3 above, the Commission has observed that energy input at T<>D interface considered by GEPL is in variance with the data submitted by MSLDC for GEPL for the period FY 2019-20 and FY 2020-21. The Commission has considered the data provided by the MSLDC for Truing-up FY 2019-20 to FY 2021-22. Based on the above analysis, the Commission approves the energy balance for the period FY 2019-20 to FY 2021-22 as given in the Table below:

Table 8: Energy Balance for FY 2019-20 to FY 2021-22 approved by Commission

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Energy Sales (MU)	34.48	32.53	32.53	43.48	17.36	17.36	56.98	18.72	18.72
Distribution Loss (%)	1.20%	1.91%	1.33%	1.20%	2.30%	1.75%	1.20%	2.04%	2.04%
Energy Requirement at T<>D (MU)	34.9	33.16	32.97	44.01	17.77	17.67	57.67	19.11	19.11
Intra-State Transmission Loss (%)	3.18%	3.16%	3.16%	3.18%	2.93%	2.93%	3.18%	3.19%	3.19%
Energy Req. at G <> T (MU)	36.05	34.25	34.04	45.46	18.31	18.20	59.57	19.74	19.74

2.5 Power Procurement Cost

GEPL’s Submission

2.5.1 The power purchase cost of GEPL includes the purchase from conventional sources for meeting its base load and peak load requirement, Renewable Purchase Obligation (RPO), purchase from Imbalance Pool, and sale of surplus power made during the year, if any.

Power Purchase for Base Load and Peak Load

2.5.2 GEPL had entered in medium-term power procurement agreement (PPA) with M/s GMR Energy Trading Limited (GMRETL) based on competitive bidding for 3.5 MW for meeting Base load demand for the period of 1 October, 2018 to 31 March, 2021.

2.5.3 As regards to short term power procurement for FY 2019-20, GEPL initiated procurement of 2.5 MW power for a period of 6 months. However, it failed to get any bid even after 2 extensions to Bid submission date. After the Bid cancellation, GEPL had explored the option for extending existing short term Peak power PPA with GMRETL, which was approved by the Commission vide its Order dated 26th March 2019 in Case No. 74 of 2020. Thus, GEPL entered into a Short Term PPA for Peak Load with M/s. GMRETL at STU periphery at Rs. 4.36/kWh from 1April, 2019 to 31March, 2020.

2.5.4 As GMRETL was not available due to unit shutdown in Birla Power India Pvt Ltd. in the month

of May and June 2020, GEPL has procured power of 0.25 MU in these 2 months at a weighted average procurement rate of Rs. 4.72/kWh from GMRETL -Peak Source on emergency basis.

- 2.5.5 GEPL has also procured power from MBPPL on short-term basis in the month of October 2020 to June 2021 based on approval in Case No 231 of 2020 dated 23 January 2021 at a variable cost of Rs. 2.65/kWh. The relevant extract of the Commission Order in Case No 231 of 2020 is as below:

*“ 9.6 The Commission notes that Variable cost of Rs 2.65/ kWh being offered by MBPPL to GEPL is in line with the market trends and is lower than existing contract of GEPL with GMR i.e. Rs. 2.83/kWh. Such savings in the power purchase cost will reduce burden on the consumers of GEPL as well as MBPPL. Therefore, **the Commission allows such bilateral contract between MBPPL and GEPL to be continued till June, 2021.** As far as KRCIPPL is concerned, it is proposing to meet its demand for the period of April to June 2021 through separate short-term contract, before combined power procurement can be started from 1 July 2021. **The Commission allows the same.**”*

- 2.5.6 The PPAs between GEPL and KRC Infrastructure and Power Limited (KRCIPPL), which are Group Companies of GEPL, came to an end on 31 March 2021. The PPAs of the Mindspace Business Parks Private Limited (MBPPL) was also expired on 30 June, 2021. MBPPL, GEPL, and KRCIPPL (jointly referred as KRC DISCOMs) submitted a Petition seeking the Commission's approval for undertaking combined power purchase for the period from FY 2021-22 to FY 2024-25 in Case No. 231 of 2020. The Commission, vide its Order dated 23rd January 2021, approved the above-said proposal of KRC DISCOMs.

- 2.5.7 Accordingly, KRC DISCOMs undertook the combined power procurement process through competitive bidding in accordance with the Guidelines notified by the Ministry of Power, Government of India, to procure short-term power of up to 14 MW (share of MBPPL 6.5 MW, share of GEPL 4.5 MW, and share of KRCIPPL 3 MW). After completion of the Competitive Bidding process including the e-Reverse Auction (e-RA) process, M/s Kreate Energy (I) Pvt Ltd. (Kreate Energy), a Trading Licensee, emerged as the lowest bidder, with a rate of Rs. 3.18/kWh. Based on the Petition filed by KRC DISCOMs, the Commission adopted the above-discovered tariff and approved the PPA between KRC DISCOMs and Kreate Energy, vide its Order dated 30 June 2021 in Case No. 69 of 2021. The PPA between KRC DISCOMs and Kreate Energy was valid for a period of 1 year, from July 1, 2021 to June 30, 2022.

- 2.5.8 Accordingly, for the purpose of Truing up for FY 2019-20, FY 2020-21, and FY 2021-22, GEPL has considered the actual power purchase quantum and cost of power purchase from GMRETL, MBPPL and Kreate Energy, as stated above, for the respective periods.

Power Purchase from Power Exchange at market rates and Exchange-linked rates

- 2.5.9 During FY 2020-21 and FY 2021-22, GEPL had purchased power from Power Exchange at market rates and exchange-linked rates. Further, during FY 2021-22, in the month of October 2021, there was shortfall in power availability from M/s Kreate Energy, as a consequence of which, GEPL had to purchase costly power from the Power Exchange at Exchange-linked rates. GEPL has adjusted the Liquidated Damages (LD) for the non-supply of power in accordance with the terms of the APP, from the amount payable to M/s Kreate Energy, and the same benefit has been passed on to the consumers, as reduction in power purchase cost.

- 2.5.10 Further, in this context, the KRC DISCOMs had filed a Petition in Case No. 1 of 2022, seeking

recovery of the additional power purchase cost incurred by KRC DISCOMs on account of non-supply of power by M/s Kreate Energy during this period. The Commission issued its Order dated 8 November 2022, wherein the Commission has ruled as under:

“24.16 The Electricity Act, 2003 mandates the Commission to protect the interest of consumers at the same time allow recovery of cost of electricity in reasonable manner. In present case, by diverting contractual power to third party, LMEL/KEIPL have acted against the spirit of the contractual provisions and earned undue benefit at the cost of consumers of GEPLs. Hence, by using its regulatory power, the Commission deems it fit to direct KEIPL to compensate GEPL for excess power purchase expenses of Rs. 1.96 Crore incurred because of diversion of its contracted power. KEIPL shall make such payment to GEPLs within 15 days from date of this Order.

24.19 *In view of above ruling, relief sought in the present petition i.e. allowing such additional expenses as pass through to consumer through FAC mechanism becomes infructuous. However, the Commission notes that FAC mechanism for SEZs allows levy of variation in power purchase cost on monthly basis subject to post facto vetting by the Commission. During pendency of this case, said additional expenses must have been levied to consumers through FAC. Therefore, instead of reversing all such FAC computation, the Commission directs that once KEIPL has paid the amount as directed above, same shall be adjusted as rebate in upcoming FAC computation.”(emphasis added)*

2.5.11 GEPL is yet to receive this amount of compensation from M/s Kreate Energy, and has hence, not adjusted the same against the power purchase cost of FY 2021-22.

Renewable Purchase Obligation

2.5.12 GEPL has considered the RPO targets for FY 2019-20, FY 2020-21, and FY 2021-22 as specified in the MERC (Renewable Purchase Obligations) Regulations, 2016 [RPO Regulations, 2016] and MERC RPO Regulations, 2019.

2.5.13 To meet RPO target for FY 2019-20 to FY 2021-22, GEPL has purchased RECs. In FY 2021-22, GEPL has also purchased Solar power and Non-Solar power from Green Day Ahead Market (GDAM)/ Green Term Ahead Market (GTAM) in the Power Exchange. GEPL has also submitted copy of the RPO Compliance Verification Report to the Commission which was earlier submitted to the MEDA.

2.5.14 GEPL had filed a Petition in Case No. 47 of 2021 before the Commission seeking carrying forward of the RPO shortfall for FY 2020-21 to FY 2021-22 and FY 2022-23 and not to levy any penalty, as provided in the Regulation 12.3 of the RPO-REC Regulations 2019, for the RPO shortfall in FY 2020-21. The Commission, vide its Common Order dated 7 September, 2022 in Case No. 45, 46 and 47 while noting the difficulties faced by KRC DISCOMs for non-achievement of RPO Compliance targets for FY 2020-21, ruled that, as per Regulation 12.3 of the RPO - REC Regulations 2019, RPO shortfall for FY 2020-21 and FY 2021-22 can be carried forward to FY 2022-23 for meeting it on cumulative basis. However Distribution Licensee will be subjected to penalty of Rs. 0.10/kWh for not achieving cumulative shortfall

in each year. Said penalty amount can be reconsidered by the Commission during RPO compliance verification process, if Distribution Licensee demonstrates that it has taken all possible efforts to meet RPO.

2.5.15 Further, while disposing of the Petitions, the Commission has ruled that, the RPO Compliance verification process for FY 2020-21 to FY 2021-22 under RPO Regulations 2019 will be conducted as part of MTR process under MYT Regulations 2019. At that time, the KRC DISCOMs are at liberty to pray for waiver of the penalty after demonstrating their efforts. GEPL submitted that it has fulfilled the cumulative RPO target till FY 2021-22. Accordingly, GEPL has requested the Commission to waive off the penalty, as the cumulative RPO targets have been achieved.

2.5.16 The below Table shows the yearly entitlement of RPO, RPO fulfilled and shortfall in RPO for FY 2019-20, FY 2020-21, and FY 2021-22:

Table 9: RPO achievement status submitted by GEPL for FY 2019-20, FY 2020-21, and FY 2021-22

Particulars	FY 2019-20		FY 2020-21		FY 2021-22		Cumulative	
	%	MU	%	MU	%	MU	%	MU
Gross Energy Consumption (GEC)	100%	33.16	100%	17.77	100%	19.105	100%	70.04
Solar RPO								
Target	3.50%	1.16	4.50%	0.80	6.00%	1.15	4.44%	3.11
Achievement	3.39%	1.12	0.80%	0.14	3.71%	0.71	2.82%	1.97
Shortfall/(Surplus)	0.11%	0.04	3.70%	0.66	2.29%	0.44	1.62%	1.13
Non-Solar RPO								
Target	11.50%	3.81	11.50%	2.04	11.50%	2.20	11.50%	8.05
Achievement	12.02%	3.987	2.05%	0.36	28.14%	5.38	13.89%	9.73
Shortfall/(Surplus)	-0.52%	-0.17	9.45%	1.68	-16.64%	-3.18	-2.39%	-1.67
Total RE to be procured as per the Target	15.00%	4.97	16.00%	2.84	17.50%	3.34	15.94%	11.16
Total Actual RE Procured	15.41%	5.11	2.85%	0.51	31.86%	6.09	16.71%	11.70
Total Shortfall/(Surplus)	-0.41%	-0.14	13.15%	2.34	-14.36%	-2.74	-0.77%	-0.54

Imbalance Pool

2.5.17 GEPL has considered the actual cost of net (increment)/decrement from Imbalance Pool/DSM for FY 2019-20, FY 2020-21, and FY 2021-22 based on FBSM bills received from MSLDC, and the quantum of energy under Imbalance Pool based on the difference between the energy input as per MSLDC and the actual source-wise purchase by GEPL.

Others

2.5.18 Cost not considered in FAC Submissions:

2.5.18.1 GEPL has inadvertently not considered Power Exchange NOC fees of Rs 0.01 Crore for FY 2020-21 in its FAC submissions.

2.5.18.2 GEPL has also not considered rescheduling charges of Rs. 0.005 Crore and scheduling charges of Rs. 0.09 Crore in FY 2020-21.

2.5.19 Hence, GEPL has requested the Commission to consider these charges while approving power

purchase cost of FY 2020-21 and FY 2021-22.

2.5.20 The actual power purchase quantum and cost for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 10: Power Purchase Cost for FY 2019-20 to FY 2021-22 submitted by GEPL

Particulars	Source of Power	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Power Purchase Quantum (MU)	GMR Energy Trading Ltd.- Base	26.06	27.35	26.06	9.90	-	-
	GMR Energy Trading Ltd.- Peak	9.35	7.00	-	0.25	-	-
	Bilateral MBPPL	-	-	-	9.55	-	3.32
	Other Medium Sources	-	-	-	-	44.68	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	19.396	0.23	14.89	1.41
	Kreate Short Term	-	-	-	-	-	13.90
	Solar Purchase	-	-	-	-	-	0.73
	Non-Solar Purchase	-	-	-	-	-	0.95
	Solar REC Purchase	-	-	-	0.14	-	-
	Non-Solar REC Purchase	-	-	-	0.36	-	-
	Unscheduled Interchange	0.64	-	-	-	-	-
	Imbalance Pool/DSM	-	(0.10)	-	(1.63)	-	(0.57)
	DSM	-	-	-	-	-	-
	Power exchange charges	-	-	-	-	-	-
Re-Scheduling Charges	-	-	-	-	-	-	
Total		36.05	34.25	45.46	18.31	59.57	19.74
Power Purchase Cost (Rs. crore)	GMR Energy Trading Ltd.- Base	13.37	14.05	12.73	8.12	-	-
	GMR Energy Trading Ltd.- Peak	4.07	3.05	-	0.12	-	-
	Bilateral MBPPL	-	-	-	2.57	-	0.90
	Other Medium Sources	-	-	-	-	17.51	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	8.30	0.08	6.37	1.11
	Kreate Short Term	-	-	-	-	-	4.34
	Solar Purchase	-	-	-	-	-	0.37
	Non-Solar Purchase	-	-	-	-	-	0.60
	Solar REC Purchase	0.30	0.28	0.20	0.03	0.36	-
	Non-Solar REC Purchase	0.68	0.66	0.52	0.04	0.69	0.45
	Unscheduled Interchange	-	-	-	-	-	-
	Imbalance Pool/DSM	-	0.17	0.18	0.10	-	(0.52)
DSM	-	-	-	-	-	(0.15)	

Particulars	Source of Power	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
	Power exchange charges	-	-	-	0.01	-	0.01
	Re-Scheduling Charges	-	-	-	0.00	-	-
	Total	18.425	18.21	21.95	11.06	24.93	7.12
Per unit cost (Rs. / kWh)	GMR Energy Trading Ltd.- Base	5.13	5.14	4.89	8.20	-	-
	GMR Energy Trading Ltd.- Peak	4.36	4.36	-	4.67	-	-
	Bilateral MBPPL	-	-	-	2.69	-	2.71
	Other Medium Sources	-	-	-	-	3.92	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	4.28	3.56	4.28	7.86
	Kreate Short Term	-	-	-	-	-	3.12
	Solar Purchase	-	-	-	-	-	4.99
	Non-Solar Purchase	-	-	-	-	-	6.31
	Solar REC Purchase	2.40	2.32	1.00	1.82	1.00	-
	Non-Solar REC Purchase	1.65	1.66	1.00	1.02	1.00	1.02
	Unscheduled Interchange	-	-	-	-	-	-
	Imbalance Pool/DSM	-	-	-	-	-	8.99
	DSM	-	-	-	-	-	-
	Power exchange charges	-	-	-	-	-	-
	Re-Scheduling Charges	-	-	-	-	-	-
	Total	5.11	5.32	4.83	6.04	4.19	3.61

Commission’s Analysis and Ruling

Power Purchase for Base Load and Peak Load

2.5.21 The Commission observes that the short term and medium-term power procured by GEPL is based on the PPAs entered through competitive bidding process and at rate adopted by the Commission through its various Orders. Summary of approved sources of power, quantum and rate as submitted by GEPL in response to datagaps is outlined in the Table below:

Table 11: Approval of Power Procurement and adoption of Tariff for FY 2019-20 to FY 2021-22 submitted by GEPL

FY	Period	Time Slot	Quantum in MW	Rate (Rs/ kWh)	Seller	Delivery Point	MERC Order – Case No. and Date
2019-2020	1 Oct,18 to 31 Mar,21	00:00 to 24:00 hrs	3.5	4.94 for the base year	GMRETL	Maharashtra State Periphery	Case No. 266 of 2020 dated 26 September 2018

FY	Period	Time Slot	Quantum in MW	Rate (Rs/kWh)	Seller	Delivery Point	MERC Order – Case No. and Date
2019-2020	1 Apr,19 to 31 Mar,20	00:00 to 24:00 hrs	up to 2	4.36	GMRETL	Maharashtra State Periphery	Case No. 74 of 2020 dated 26 March 2019
2020-2021	1 Apr,20 to 31 Mar,21	00:09 to 23:00 hrs	up to 3	4.28	GMRETL	Maharashtra State Periphery	Case No. 64 of 2020 dated 26 March 2020
2020-2021	1 Oct,20 to 31 June,21	00:00 to 24:00 hrs	up to 3.5	2.65	MBPPL	Maharashtra State Periphery	Case No.231 of 2020 dated 23 January 2021
2021-2022	1 July,21 to 30 June,22	00:00 to 24:00 hrs and 08:00 to 23:00 hrs	up to 4.5MW (up to 2MW RTC and 2.5MW between 08:00 to 23:00 hrs)	3.18	KEIPL	Maharashtra State Periphery	Case No.69 of 2021 dated 30 June 2021

2.5.22 The Commission had sought clarification in respect of yearly utilisation of tied-up power quantum along with details of relevant clause in PPA which highlights the elements like minimum load guarantee and implication of the same with respect to fixed charges or any other charges. In reply, GEPL stated that it has scheduled 89% of the contracted capacity under MTOA with GMRETL for FY 2019-20. For FY 2020-21, GEPL has utilized only 32% of the tied-up capacity under MTOA PPA with GMRETL, due to lower sales on account of COVID-19. In regards of the PPA provisions are as follows :

As per clause 11.4.2 of the PPA dated 7th September 2018:

“The obligations of the Utility to pay Fixed Charges in any Accounting Year shall in no case exceed an amount equal to the Fixed Charge due and payable for and in respect of the Normative Availability of 85% (Eighty-Five per cent) computed with reference to the Contracted Capacity (the “Capacity Charge”).”

2.5.23 Thus, Medium Term PPA mandates payment of fixed cost for 85% availability even though actual schedule is lower. This has impacted per unit rate of power purchase from GMRETL as shown below:

Table 12: Power Purchase from GMRETL for FY 2019-20 and FY 2020-21

Particular	FY 2019-20	FY 2020-21
Total Power Purchase Cost as per MTR Petition(Rs Cr)	14.05	8.12
Fixed Cost (in INR Cr)	5.72	5.04
Fixed Cost (Rs./kWh)	4.07	6.21
Variable Cost (in INR Cr)	8.25	3.03
Variable Cost (Rs./kWh) after fuel cost adjustment	3.02	3.06

Particular	FY 2019-20	FY 2020-21
Average Power Purchase Cost (Rs./kWh)	5.14	8.20
Scheduling charges (in INR Cr)	0.08	0.04
Fixed Cost as % of total Power Purchase Cost	41%	62%
Variable Cost as % of total Power Purchase Cost	59%	38%

2.5.24 From above, it is observed that the fixed cost in FY 2019-20 was 41% of the power purchase cost which increased to 62% in the FY 2020-21. Due to lower sales during COVID times, GEPL had procured less energy but has to pay fixed cost corresponding to 85% availability to GMRETL as per PPA provisions. As a result of this, the GMRETL APPC which was Rs. 5.14/kWh in FY 2019-20 increased to Rs. 8.20/kWh in FY 2020-21.

2.5.25 In reference to power purchase from KEIPL in FY 2021-22, for the period when power was not made available, the Commission in its Order dated 1 November 2022 in Case No. 1 of 2022 has already directed KEIPL to compensate KRC Discoms for increased power purchase expenses. The Commission notes that KEIPL has challenged the Order of the Commission before the Hon’ble Appellate Tribunal for Electricity (ATE) and based on interim Order of the ATE, it has paid partial amount to KRC Discoms in FY 2022-23. However, as said amount Rs. 3,12,305/- is pertaining to FY 2021-22, the Commission has considered the same in FY 2021-22 itself.

2.5.26 On scrutinising the submissions made by GEPL and analysing the data as mentioned above, the Commission approves the cost of power purchase and cost for base load and peak load for the period from FY 2019-20 to FY 2021-22 as mentioned in Table 15: Power Purchase Cost for FY 2019-20 to FY 2021-22 approved by Commission

Imbalance Pool/DSM

2.5.27 After analysing the details related to FBSM bills submitted by GEPL, the Commission approves the cost related to imbalance pool quantum for FY 2019-20 to FY 2021-22. GEPL was asked to provide the break-up of DSM charges and ADSM charges for the true-up years, in response, GEPL had submitted the following:

Table 13: Breakup of DSM and ADSM charges submitted by GEPL for FY 2021-22

Month	Sum of Base Deviation Charges (Rs.)	Sum of Addl. Charges for Deviation (Rs.)
Oct-21	-1,49,821	1,859
Nov-21	-85,809	0
Dec-21	-5,00,338	230
Jan-22	-5,79,417	0
Feb-22	-3,11,244	0
Mar-22	1,72,305	6,546
Grand Total	-14,54,324	8,635

- 2.5.28 GEPL further submitted that it has inadvertently claimed the amount of Rs. (14,52,230) in the Petition as Base Deviation Charges, which was incorrect and hence requested to consider the amount of Rs. (14,54,324) as Base Deviation Charges for the period 11.10.2021 to 31.03.2022. The Commission has considered this corrected amount while computing the relevant charges.
- 2.5.29 Regulation 55.1 of MYT Regulations 2019 states that Additional charges for deviation paid or earned by the Distribution Licensee shall not be recoverable from the Beneficiary through tariff and accordingly, GEPL has not claimed the amount of Rs. 8,635 in its MTR Petition and the same has not been considered by the Commission in its analysis.
- 2.5.30 The Commission observes that energy input at T<>D interface considered by GEPL is at variance with the data submitted by MSLDC for GEPL for the period FY 2019-20 and FY 2020-21. Accordingly for the purpose of computation of Distribution Loss and energy availability for Truing-up of FY 2019-20 to FY 2021-22, the Commission has considered energy input at DISCOM periphery i.e., T<>D interface as submitted by MSLDC, and sales approved in this Order. The quantum of energy in imbalance pool has been accordingly increased/decreased. However, the Commission has approved the energy cost regarding the Imbalance pool as claimed by GEPL.

Renewable Purchase Obligation

- 2.5.31 The Commission had sought the details of the yearly entitlement of RPO, RPO fulfilled and shortfall / surplus in RPO for FY 2019-20 to FY 2021-22 against which GEPL has provided computation on the basis of Gross Energy Consumption. However, RPO relates to obligation on purchase of Renewable Energy and thus calculated on the basis of Energy requirement at G< >T periphery.

Table 14: RPO Settlement for FY 2019-20 to FY 2021-22 approved by the Commission

RPO Targets & Achievement	Units	FY 2019-20	FY 2020-21	FY 2021-22
Total Energy Requirement at G<>T periphery	MU	34.04	18.20	19.74
Solar RPO target	%	3.50%	4.50%	6.00%
Solar RPO target	MU	1.19	0.82	1.18
Solar RPO Achievement	MU	1.213	0.143	0.73
Solar RPO Shortfall/(Surplus)	MU	-0.02	0.68	0.45
Non-Solar RPO target	%	11.50%	11.50%	11.50%
Non-Solar RPO target	MU	3.92	2.09	2.27
Non-Solar RPO Achievement	MU	3.99	0.36	4.46
Non-Solar RPO Shortfall/(Surplus)	MU	-0.07	1.73	-2.19

- 2.5.32 The Commission approves power purchase cost on Truing-Up of ARR for FY 2019-20 to FY 2021-22 as given in the Table below:

Table 15: Power Purchase Cost for FY 2019-20 to FY 2021-22 approved by Commission

Order on GEPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Source of Power	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Power Purchase (MU)	GMRETL - Base	26.06	27.35	27.35	26.06	9.90	9.90	-	-	-
	GMR ETL Ltd.- Peak	9.35	7.00	7.00	-	0.25	0.25	-	-	-
	Bilateral MBPPL	-	-	-	-	9.55	9.55	-	3.32	3.32
	Other Medium Sources	-	-	-	-	-	-	44.68	-	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	-	19.40	0.23	0.23	14.89	1.41	1.41
	Kreate Short Term	-	-	-	-	-	-	-	13.90	13.90
	Solar Purchase	-	-	-	-	-	-	-	0.73	0.73
	Non-Solar Purchase	-	-	-	-	-	-	-	0.95	0.95
	Solar REC Purchase	-	-	-	-	0.14	0.14	-	-	-
	Non-Solar REC Purchase	-	-	-	-	0.36	0.36	-	4.45	4.45
	Unscheduled Interchange	0.64	-	-	-	-	-	-	-	-
	Imbalance Pool/DSM	-	(0.10)	(0.30)	-	(1.63)	(1.73)	-	(0.57)	(0.57)
	DSM	-	-	-	-	-	-	-	-	-
	Power exchange charges	-	-	-	-	-	-	-	-	-
	Re-Scheduling Charges	-	-	-	-	-	-	-	-	-
Total		36.05	34.25	34.04	45.46	18.31	18.20	59.57	19.74	19.74
Power Purchase Cost (Rs. crore)	GMRETL- Base	13.37	14.05	14.05	12.73	8.12	8.12	-	-	-
	GMRETL Ltd.- Peak	4.07	3.05	3.05	-	0.12	0.12	-	-	-
	Bilateral MBPPL	-	-	-	-	2.57	2.57	-	0.90	0.90
	Other Medium Sources	-	-	-	-	-	-	17.51	-	-

Order on GEPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Source of Power	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	-	8.30	0.08	0.08	6.37	1.11	1.11
	Kreate Short Term	-	-	-	-	-	-	-	4.34	4.34
	Solar Purchase	-	-	-	-	-	-	-	0.37	0.37
	Non-Solar Purchase	-	-	-	-	-	-	-	0.60	0.60
	Solar REC Purchase	0.30	0.28	0.28	0.20	0.03	0.03	0.36	-	-
	Non-Solar REC Purchase	0.68	0.66	0.66	0.52	0.04	0.04	0.69	0.45	0.45
	Unscheduled Interchange	-	-	-	-	-	-	-	-	-
	Imbalance Pool/DSM	-	0.17	0.17	0.18	0.10	0.10	-	(0.52)	(0.52)
	DSM	-	-	-	-	-	-	-	(0.15)	(0.15)
	Power exchange charges	-	-	-	-	0.01	0.01	-	0.01	0.01
	Re-Scheduling Charges	-	-	-	-	-	-	-	-	-
	Penalty Paid by KEIPL	-	-	-	-	-	-	-	-	(0.03)
	Total	18.43	18.21	18.21	21.95	11.06	11.06	24.93	7.12	7.09
Per unit cost (Rs. / kWh)	GMRETL- Base	5.13	5.14	5.14	4.89	8.20	8.20	-	-	-
	GMRETL- Peak	4.36	4.36	4.35	-	4.67	4.67	-	-	-
	Bilateral MBPPL	-	-	-	-	2.69	2.69	-	2.71	2.71
	Other Medium Sources	-	-	-	-	-	-	3.92	-	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	-	4.28	3.56	3.56	4.28	7.86	7.86
	Kreate Short Term	-	-	-	-	-	-	-	3.12	3.12
	Solar Purchase	-	-	-	-	-	-	-	4.99	4.99
	Non-Solar Purchase	-	-	-	-	-	-	-	6.31	6.31

Particulars	Source of Power	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
	Solar REC Purchase	2.40	2.32	2.32	1.00	1.82	1.82	1.00	-	-
	Non-Solar REC Purchase	1.65	1.66	1.66	1.00	1.02	1.02	1.00	1.02	1.02
	Total	5.11	5.32	5.35	4.83	6.04	6.08	4.19	3.61	3.59

2.5.33

2.6 Transmission Charges and MSLDC Charges

GEPL’s Submission

2.6.1 The Commission in the MYT Order in Case no. 330 of 2019 approved the Intra-State Transmission Charges and MSLDC Charges in accordance with the Commission’s Order dated March 30, 2020 in Case No. 327 of 2019 determining the InSTS Tariff, and Order dated March 30, 2020 in Case No. 291 of 2019 determining the MSLDC Charges.

2.6.2 The InSTS Charges and the MSLDC Charges paid by GEPL for the period FY 2019-20 to FY 2021-22 is given in the Table below:

Table 16: InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Intra-State Transmission Charges	3.07	3.09	2.31	2.26	2.53	2.50
MSLDC Charges	0.02	0.015	0.012	0.015	0.012	0.012

2.6.3 GEPL has requested the Commission to approve the actual InSTS Transmission Charges and MSLDC Charges in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission’s Analysis and Ruling

2.6.4 The Commission has verified the Intra-state Transmission Charges payable by GEPL on the basis of relevant Intra-state Transmission Orders and the MSLDC Order and approves the actual InSTS Transmission Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 as given in the table below.

2.6.5 The Commission has also scrutinised the Payment Invoices submitted by GEPL and has observed that GEPL has mistakenly mentioned Rs. 0.015 Crore of MSLDC charges in FY 2020-21 in its MTR Petition which is actually Rs. 1,14,624 (net of rebate on account of early payment) as per the invoice submitted. The variation between GEPL’s submission and MYT Order approved values for FY 2019-20, FY 2020-21, and FY 2021-22 is mainly on account of rebate received due to early payment of due charges and rounding off of the figures in the

InSTS Order in Case no. 291 of 2019 and Case no. 327 of 2020.

Table 17: InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	3.07	3.09	3.09	2.31	2.26	2.26	2.53	2.50	2.50
MSLDC Charges	0.016	0.015	0.015	0.012	0.015	0.011	0.012	0.012	0.012

2.6.6 Accordingly, the Commission approves Intra-State Transmission charges and MSLDC as shown in the Table above.

2.7 Operation and Maintenance Expenses

GEPL’s Submission

2.7.1 The Commission, in the MYT Order in Case No. 330 of 2019, approved the employee expenses for FY 2019-20, on the basis of equitable sharing as claimed by all the three Distribution Licensees of KRC Group.

2.7.2 However, for the 4th Control Period, the Commission has not shared the employee expenses based on the approved sales of each of the three Distribution Licensees. The Commission has applied normative escalation rates on the approved employee expenses of FY 2019-20, separately, for all three Distribution Licensees till the end of 4th Control Period. The approach adopted by the Commission is in accordance with the MERC MYT Regulations, 2019, which specifies that the normative O&M expenses for FY 2019-20 shall be considered as the base and escalated by the applicable escalation factor to determine the O&M expenses for each Year of the Control Period. However, the resultant ratio of employee expenses approved for the three Distribution Licensees for the 4th Control Period, is not in alignment with the equitable ratio for all years of 4th Control Period.

2.7.3 GEPL had filed Review Petition in Case No. 85 of 2020 highlighting the concern. The relevant rulings of the Commission are as follows:

*“8.10. As there is no error, the Commission is not inclined to review its MYT Order relating to O&M Expenses (which include Employee Expenses) for 4th Control Period. At the same time, the Commission also takes note of GEPL’s argument that such projected O&M Expenses may lead to cross-subsidization of Employee Expenses of one Distribution Licensee by other Distribution Licensee. Although this is not a desirable situation, the Commission cannot comment on it based on assumption about future growth of the three licensees without scrutinizing actual data. Moreover, the Commission is aware of the large variations i.e., reduction by 47% for GEPL in the similar assumptions made in the third control period in the sales (and hence the power purchase) of the same group companies (SEZ). **GEPL may raise this issue for equitable allocation of Employee Expense amongst its three Distribution Licensees (SEZs) at the time of true-up during Mid Term Review proceeding with actual data and supporting justification.**” (emphasis added)*

2.7.4 Hence, GEPL has computed the revised normative O&M expenses for the KRC DISCOMs considering the allocation of employee expenses in proportion to the actual sales. As the issue of equitable allocation is relevant only for employee expenses and not to the other two components of O&M expenses, viz., Administrative & General (A&G) expenses and Repair & Maintenance (R&M) expenses, GEPL has computed the employee expenses effectively approved by the Commission in the MYT Order in Case no. 330 of 2019 and the restated employee expenses allowable on the basis of share of sales.

2.7.5 As the break-up of employee expenses and other components is available for FY 2019-20, the approved employee expenses for the Wires Business and Supply Business for FY 2019-20 have been escalated by the same escalation rates applied by the Commission at the time of the MYT Order, to compute the revised allowable employee expensed. However, in order to ensure that the approved employee/O&M expenses are reflected as approved in the MYT Order in Case no. 330 of 2019, GEPL has shown the impact of the restated employee expenses based on share of sales, separately in the Petition, and the same is reproduced here, as under:

Table 18: Impact of restatement of O&M (Employee) Expenses (in Rs. Crore)

Particulars	FY 2020-21			FY 2021-22		
	MYT Order	Restated	Impact	MYT Order	Restated	Impact
Wires Business						
O&M Expenses	1.27	1.06	-0.21	1.32	1.12	-0.20
Sharing of gains/(losses)	0.05	0.07	0.02	0.06	0.09	0.02
Total Impact			-0.19			-0.18
Supply Business						
O&M Expenses	0.68	0.46	-0.22	0.71	0.60	-0.11
Sharing of gains/(losses)	0.03	0.05	0.03	0.03	0.05	0.01
Total Impact			-0.20			-0.10

2.7.6 The above impact has been shown as a separate entry in the ARR Summary for clarity. Further, this impact has been computed only for FY 2020-21 and FY 2021-22, i.e., the years for which final truing up is being done.

2.7.7 Further, as per Regulation 75.3 of the MYT Regulations, 2019, GEPL has considered the efficiency factor as zero, as there is an increase in the number of consumers connected to the Distribution Wires of at least 2 % annually over the last 3 years.

2.7.8 The actual change in the number of consumers of the KRC DISCOMs in the last three years is as under:

Table 19: Increase in consumers from FY 2019-20 to FY 2021-22 (Numbers)

DISCOM	Number of Consumers			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 (H1)
MBPPL	143	139	131	130
GEPL	91	86	90	95
KRCIPPL	45	72	79	89

2.7.9 As can be seen from the above Table, the number of consumers in case of GEPL, there has been a dip, which has recovered, and the number of consumers has increased again.

2.7.10 Decrease in consumers over the past three years is due to shutdown of operations by few of the companies within the IT & ITeS SEZ licensee area due to outbreak of COVID-19. The COVID-19 pandemic was an abnormal situation, hence considering this, GEPL has requested the Commission to not to consider any reduction in efficiency factor in proportion to the percentage growth in the number of consumers, while considering the escalation indices.

2.7.11 In view of the above, O&M expenses claimed by GEPL in the true-up for FY 2019-20, FY 2020-21, and FY 2021-22 are shown in the following Table:

Table 20: Summary of O&M Expenses for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Wires Business						
Employee Expenses		1.03		1.07		1.11
A&G Expenses		0.13		0.08		0.07
R&M Expenses		0.58		0.56		0.71
Total O&M Expenses	1.64	1.74	1.27	1.72	1.32	1.89
Retail Supply Business						
Employee Expenses		0.56		0.58		0.60
A&G Expenses		0.07		0.05		0.04
R&M Expenses		0.31		0.30		0.38
Total O&M Expenses	0.88	0.94	0.68	0.92	0.71	1.02

2.7.12 GEPL has requested the Commission to approve the actual O&M expenses in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table and the impact of the restated O&M expenses based on share of sales.

Commission’s Analysis and Ruling

Normative O&M expenses

2.7.13 The Commission in the MYT Order in Case No. 330 of 2019 while approving provisional normative for FY 2019-20 has considered equitable sharing of employee expenses as per the stand taken in earlier years for FY 2017-18 and FY 2018-19 considering the actual operationalisation of GEPL as distribution Licensee in 2016 and due to non-availability of past data. For the 4th control period, as the sufficient past data was available, the Commission has projected the normative O&M expenses strictly as per MYT Regulations, 2019.

2.7.14 The Commission notes that GEPL has requested for equitable sharing of employee expenses on the basis of actual/ projected sales for computing the normative expenses. Further GEPL has stated that after reallocation of employee expenses, there is no change in the overall O& M expenses for all the three entities under the roof of KRC DISCOMs. In this regard, the Commission is of the opinion that such reallocation of expenses amongst different distribution licensee was allowed in the past as there was no other benchmark available. Such method cannot be allowed forever, especially when these distribution licensee after initial period of operation now has its own past data. Such considered decision taken at the time of MYT Order based on provision of MYT Regulations cannot be allowed to be changed in MTR proceeding. The Hon’ble Supreme Court in its judgment Civil Appeal No(s). 4324/2015 and 4324/2015 dated 18 October, 2022, has observed that “Truing up’ exercise cannot be done to

retrospectively change the methodology/principles of tariff determination and re-opening the original tariff determination order thereby setting the tariff determination process to a naught at 'true up' stage. Therefore, the Commission is rejecting the request of GEPL to have equitable sharing of employee expenses, the Commission is approving the normative expenses based on the methodology prescribed in the MYT Regulations, 2019.

2.7.15 The escalation factor for O&M expenses is computed as 4.22% based on Consumer Price Index for Industrial Workers (all-India) and 2004-05 WPI Series. Also, in accordance with Regulation 72.4 and 81.4 of the MYT Regulations, 2015, the efficiency factor of 1% is deducted to arrive at escalation factor of 3.22%. The relevant provisions of the MYT Regulations 2015 are as follows:

" 72.4 The O and M expenses for each subsequent year shall be determined by escalating the base expenses determined above for FY 2015-16, at the inflation factor considering 60% weightage for the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year and 40% weightage for the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the previous year, as reduced by an efficiency factor of 1%, to arrive at permissible O and M expenses for each year of the Control Period :---"

2.7.16 In accordance with the provisions of the MYT Regulations, the Commission while provisionally approving the O&M cost for FY 2019-20 in the MYT Order in Case no. 330 of 2019 had reduced an efficiency factor of 1 % .

2.7.17 Further, the instant Petition is for final truing up of ARR for the year FY 2019-20, hence, it would not be appropriate to change the stand taken by the Commission in the MYT Order in Case no. 330 of 2019. Hence, the Commission has disallowed GEPL's request of non - consideration of efficiency factor while truing up the O&M expenses for FY 2019-20.

2.7.18 Accordingly, the Commission has arrived at normative O&M expense of Rs. 1.89 Crore for FY 2019-20 after applying the escalation factor adjusted for efficiency factor on normative O&M expense of FY 2018-19, because normative O&M expense of FY 2018-19 was already determined on the pro-rata basis of sales as requested by GEPL at the time of MYT petition.

2.7.19 As per MYT Regulations 2019, the final true-up O&M expenses for FY 2019-20 after adding/deducting the sharing of efficiency gains/losses shall be considered as the Base Year Operation and Maintenance expenses for the control period.

2.7.20 Further, the Regulation 75.3 and 84.3 of the MYT Regulations 2019 specify that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers of at least 2 percent annually over the last 3 years. The Commission has observed that in case of FY 2020-21 the increase in consumers over last three years was 16.78% (54 consumers in FY 2017-18 to 86 consumers in FY 2020-21) and in case of FY 2021-22 it was 6.27% (75 consumers in FY 2018-19 to 90 consumers in FY 2021-22). Accordingly, the Commission has not reduced the efficiency factor of 1% while working out the normative O&M expenses for FY 2020-21 and FY 2021-22.

2.7.21 The escalation factor for FY 2020-21 (4.25%) and FY 2021-22 (5.06%) is determined as per regulation 75.3 of MYT Regulations 2019. Accordingly, normative O&M expense for FY

2019-20 to FY 2021-22 is as shown in table below:

Table 21: Normative O&M Expenses approved by the Commission for FY 2019-20 to FY 2021-22

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Normative O&M expense: Distribution wire	1.23	1.38	1.45
Normative O&M expense: Retail supply	0.66	0.74	0.78
Total normative O&M expense	1.89	2.13	2.23

Employee Expenses

2.7.22 GEPL and other KRC Discoms have entered into agreement with KRCSPL for availing corporate services. As the services are provided by KRCSPL, the data about the number of employees on payroll of GEPL is not available. The Commission asked GEPL if the agreement is entered on arms’ length basis. The response of GEPL to this query was inadequate.

2.7.23 The Commission in the past Order in the context of approving the actual employee expenses had stated the following:

“3.7.18 GEPL has entered into a Corporate Services Agreement with its parent organisation KRCSPL and as per the said Agreement, Employee Expenses are payable to KRCSPL at 35 paise/kWh of energy Sales for FY 2016-17 and further escalation of 12% shall be applied annually. Such arrangement was also entered by other sister concern, MBPPL against which the Commission has already provided its observation in Case No. 194 of 2017.

3.7.19 The Commission in its MTR Order in Case No. 194 of 2017 for MBPPL had approved Employee expenses for FY 2015-16 taking into consideration the staff requirement and their indicative remuneration. The Commission had approved employee cost of Rs. 1.66 Crore based on the assumption that the same staff would support at least three Deemed Distribution Licensees of same parent company in Maharashtra. Accordingly, while approving the normative employee expenses for FY 2016 -17, the Commission had escalated the employee expense approved for FY 2015-16 by escalation factor of 5.06% as per MYT Regulations, 2015 and its amendment issued on 29 November 2017. Further, the Commission had also carried out prudence check to confirm the actual employee expenses incurred by MBPPL and held that the escalation rate of 12% considered for escalating the rates towards non-technical O&M activities carried out by M/s KRCSPL is significantly high as compared to the escalation rate determined by the Commission i.e. 5.06% as per the MYT Regulations, 2015. Based on the said findings, the Commission had allowed actual employee expense for FY 2016-17 by escalating the actual employee expense for FY 2015-16 by an escalation rate of 5.06% as against 12% considered by MBPPL and accordingly undertaken sharing of efficiency gains/losses.

.....

3.7.24 Further, GEPL has also entered into agreement with KRCSPL with 12% escalation for providing the employee related services. The Commission has already held in MTR Order in Case No. 194 of 2017 for MBPPL that the escalation rate of

12% is significantly high and accordingly considered the escalation rate of 5.06% as determined by the Commission for computing the normative expenses for FY 2016-17. The escalation rate computed in line with the provisions of the MYT Regulations 2015 will also apply to GEPL to determine the actual O&M cost. Accordingly, the Commission has considered escalation factor of 3.76% and 3.07% computed as per MYT Regulations, 2015 for FY 2017-18 and FY 2018-19 respectively for approving the actual employee expense. In view of the same, the actual employee expense approved by the Commission for FY 2017-18 and FY 2018-19 respectively as shown in the table below.”

- 2.7.24 Considering the above stand taken by the Commission in the MYT Order in Case no. 330 of 2019, the Commission has considered the employee cost per unit approved for FY 2018-19 as the base rate and escalated it with the applicable WPI & CPI linked escalation rate of 3.22%, 4.24% and 5.06% for FY 2019-20, FY 2020-21 and FY 2021-22 respectively to work out the approved actual employee cost for GEPL. The employee cost per unit (manpower rate) approved for FY 2019-20, FY 2020-21 and FY 2021-22 is Rs. 0.39/kWh, Rs. 0.40/kWh and Rs. 0.42/kWh. The approved actual employee cost is Rs. 0.82 Crore, Rs. 0.45 Crore and Rs. 0.51 Crore in FY 2019-20, FY 2020-21 and FY 2021-22 respectively. The variation in the year wise cost is due to the linkage of the cost with the sales in the respective years.
- 2.7.25 As described in para 2.7.14, the Commission has not considered the impact of restated employee expenses allowable on the basis of share of sales in this order.

A&G and R&M Expenses

- 2.7.26 GEPL has claimed A&G expenses as mentioned in Table 20 above. Major components of A&G expenses are legal charges and audit fee, license fee, electricity and water charges, advertisements, and miscellaneous expenses. The Commission reconciled each component of A&G expense with the audited accounts.
- 2.7.27 The A&G expenses have shown a decreasing trend from Rs. 0.20 Crore in FY 2019-20, to Rs. 0.13 Crore in FY 2020-21 and Rs. 0.10 Crore in FY 2021-22. As clarified by GEPL, the steep decrease in A&G expenses is observed because FY 2019-20 was year in which the MYT Petition was filed and GEPL had incurred expenses regarding Petition filing charges and, Professional & Consultancy fee. Since these charges were lesser in the next years, a dip in A&G expenses has been observed. Accordingly, the Commission has approved actual A&G expenses of Rs. 0.13 Crore, Rs. 0.08 Crore and Rs. 0.07 Crore in FY 2019-20, FY 2020-21 and FY 2021-22 respectively.
- 2.7.28 The major components of R&M expenses claimed by GEPL are expenses towards electrical installations and Buildings. GEPL has claimed Rs. 0.89 Crore, Rs. 0.86 Crore and Rs. 1.09 Crore of R&M expenses in FY 2019-20, FY 2020-21, and FY 2021-22 respectively. The R&M expenses have first decreased in FY 2020-21 and again increased in FY 2021-22. As clarified by GEPL, the increase in R&M expenses is on account of the fact that Building-9 became operational in August 2021 and O&M agreement with the O&M agency was amended in the FY 2021-22 to include expenses towards the new building in the agreement. Accordingly, the Commission has approved actual R&M expenses of Rs. 0.58 Crore, Rs. 0.56 Crore and Rs. 0.71 Crore in in FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

2.7.29 Thus, the Commission has approved the actual A&G expenses and R&M Expenses as incurred by GEPL as per Annual Audited Accounts for FY 2019-20 to FY 2021-22 for the purpose of computation of sharing of efficiency gains/losses.

2.7.30 The Commission has considered the O&M expenses for Distribution Wires Business and Retail Supply Business after the prudence check and approves the actual and Normative O&M Expense for FY 2019-20 to FY 2021-22 as follows:

Table 22: Normative and Actual O&M Expenses for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	MYT Order	Approved Normative	MTR Petition	Approved in this Order	MYT Order	Approved Normative	MTR Petition	Approved in this Order	MYT Order	Approved Normative	MTR Petition	Approved in this Order
Distribution Wires Business												
Employee Expenses			1.03	0.82			1.07	0.45			1.11	0.51
A&G Expenses	1.64		0.13	0.13	1.27		0.08	0.08	1.32		0.07	0.07
R&M Expenses			0.58	0.58			0.56	0.56			0.71	0.71
Total O&M Expenses	1.64	1.23	1.74	1.52	1.27	1.38	1.72	1.10	1.32	1.45	1.89	1.29
Retail Supply Business												
Employee Expenses			0.56	0.44			0.58	0.24			0.60	0.28
A&G Expenses	0.88		0.07	0.07	0.68		0.05	0.05	0.71		0.04	0.04
R&M Expenses			0.31	0.31			0.30	0.30			0.38	0.38
Total O&M Expenses	0.88	0.66	0.94	0.82	0.68	0.69	0.92	0.59	0.71	0.78	1.02	0.69

2.7.31 O&M expenses being controllable factor, in subsequent section of this Order, the Commission has undertaken sharing of efficiency gains and losses with respect to normative O&M expenses and allowable actual O&M expenses approved in this Order.

2.8 Capital Expenditure and Capitalisation

GEPL’s Submission

2.8.1 Against the approved values in the MYT Order in Case No. 330 of 2019, GEPL incurred nil capital expenditure for FY 2019-20, FY 2020-21, and FY 2021-22, each for its Wires Business and Supply Business. GEPL submitted that due to COVID-19 related reasons and various business exigencies it has not been able to incur any capital expenditure in the Lockdown Period.

2.8.2 The Capital expenditure and Capitalisation submitted for FY 2019-20 to FY 2021-22 are shown in the following Table:

Table 23: Capital Expenditure & Capitalisation for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Wires Business						
Capital Expenditure	0.00	0.00	2.85	0.00	0.1	0.00
Capitalisation	0.00	0.00	2.85	0.00	0.1	0.00
Retail Supply Business						
Capital Expenditure	0.06	0.00	0.29	0.00	0.05	0.00
Capitalisation	0.06	0.00	0.29	0.00	0.05	0.00

Commission’s Analysis and Ruling

2.8.3 The Commission notes that submission of GEPL and approves Nil Capital Expenditure and Capitalisation for truing-up of FY 2019-20 to FY 2021-22.

2.9 Depreciation

GEPL’s Submission

2.9.1 GEPL has computed the depreciation for FY 2019-20 in accordance with Regulation 27 of the MYT Regulations, 2015, by applying the asset class-wise depreciation rate specified in the MYT Regulations, 2015 on the average asset class-wise GFA during the year. Similarly, for FY 2020-21 and FY 2021-22 the depreciation is computed in accordance with Regulation 28 of the MYT Regulations, 2019, by applying the asset class-wise depreciation rate specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the respective year.

2.9.2 Further, the closing GFA for FY 2018-19 as approved in the Truing up of FY 2018-19 by the Commission in the MYT Order in Case No. 330 of 2019, has been considered as Opening GFA for FY 2019-20. GEPL has not considered any addition to GFA for FY 2019-20 to FY 2021-22 as discussed in the previous section.

2.9.3 The depreciation claimed by GEPL for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 31: Depreciation for FY 2019-20 to FY 2021-22 submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual	MYT Order	Actual	MYT Order	Actual
Distribution Wires Business						
Opening GFA	28.04	28.04	28.04	28.04	30.89	28.04
Additions during the year	0.00	0.00	2.85	0.00	0.10	0.00
Retirement during the year	0.00	0.00	0.00	0.00	0.00	0.00
Closing GFA	28.04	28.04	30.89	28.04	30.99	28.04
Depreciation	1.27	1.27	1.35	1.27	1.42	1.27
Retail Supply Business						
Opening GFA	1.58	1.58	1.64	1.58	1.93	1.58
Additions during the year	0.06	0.00	0.29	0.00	0.05	0.00

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual	MYT Order	Actual	MYT Order	Actual
Closing GFA	1.64	1.58	1.93	1.58	1.98	1.58
Depreciation	0.09	0.08	0.16	0.14	0.18	0.14

2.9.4 GEPL has requested the Commission to approve the depreciation in the true-up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission’s Analysis and Ruling

2.9.5 The Commission has computed the depreciation for FY 2019-20 in accordance with Regulation 27 of MYT Regulations, 2015. The Commission has calculated the depreciation by applying the asset class-wise depreciation rate as specified in the MYT Regulations, 2015 on the average asset class-wise GFA during the year, and no depreciation has been considered on the assets funded by consumer’s contribution. For, FY 2020-21 and FY 2021-22, the Commission has followed Regulation 28 of the MYT Regulations, 2019 for computing depreciation.

2.9.6 The Commission has observed that Depreciation for FY 2019-20 is lower than FY 2020-21 and FY 2021-22 although the GFA remains the same. Accordingly, the Commission had sought justification from GEPL regarding the variation in depreciation. In response GEPL has submitted that the depreciation for the Wires Business has also remained the same over this period but the depreciation for the Supply Business has increased in FY 2020-21 and FY 2021-22, on account of the higher depreciation rate of 9% specified in the MYT Regulations, 2019 for metering equipment, as compared to the depreciation rate of 5.28% specified in the MYT Regulations, 2015 for metering equipment.

2.9.7 In view of the above, the Commission approves Depreciation for FY 2019-20 to FY 2021-22 as shown in the Table below:

Table 32: Depreciation for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business									
Opening GFA	28.04	28.04	28.04	28.04	28.04	28.04	30.89	28.04	28.04
Additions during the year	0.00	0.00	0.00	2.85	0.00	0.00	0.10	0.00	0.00
Retirement during the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing GFA	28.04	28.04	28.04	30.89	28.04	28.04	30.99	28.04	28.04
Depreciation	1.27	1.27	1.27	1.35	1.27	1.27	1.42	1.27	1.27
Retail Supply Business									
Opening GFA	1.58	1.58	1.58	1.64	1.58	1.58	1.93	1.58	1.58
Additions during the year	0.06	0.00	0.00	0.29	0.00	0.00	0.05	0.00	0.00
Closing GFA	1.64	1.58	1.58	1.93	1.58	1.58	1.98	1.58	1.58
Depreciation	0.09	0.08	0.08	0.16	0.14	0.14	0.18	0.14	0.14

2.10 Interest on Loan

GEPL’s Submission

2.10.1 GEPL has computed the Interest on Long-Term Loan Capital for FY 2019-20 in accordance with Regulation 29 of the MYT Regulations, 2015 and for FY 2020-21 and FY 2021-22 in accordance with Regulation 30 of MYT Regulations, 2019. The closing balance of net normative loan approved in the true-up for FY 2018-19 has been considered as opening balance of net normative loan for FY 2019-20. Similarly, the closing balance of net normative loan considered for FY 2019-20 has been considered as Opening Balance of net normative loan for FY 2020-21 and closing balance of net normative loan considered for FY 2020-21 has been considered as Opening Balance of net normative loan for FY 2021-22.

2.10.2 There is no addition of normative loan during FY 2019-20 to FY 2021-22.

2.10.3 The Interest on Long Term Loan capital claimed by GEPL for FY 2019-20 to FY 2021-22 is shown in the following table:

Table 33: Interest on Long Term Loan Capital for FY 2019-20 to FY 2021-22 submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Wires Business						
Opening Normative Loan	17.55	17.55	16.28	16.28	16.93	15.01
Addition of Normative Loan during the year	0.00	0.00	2.00	0.00	0.07	0.00
Repayment of Normative Loan during the year	1.27	1.27	1.35	1.27	1.42	1.27
Closing Normative Loan	16.28	16.28	16.93	15.01	15.58	13.74
Rate of Interest	9.53%	10.01%	9.53%	8.81%	9.53%	7.28%
Interest Expenses	1.61	1.69	1.58	1.38	1.55	1.05
Retail Supply Business						
Opening Normative Loan	0.88	0.88	0.83	0.80	0.89	0.65
Addition of Normative Loan during the year	0.04	0.00	0.20	0.00	0.04	0.00
Repayment of Normative Loan during the year	0.09	0.08	0.16	0.14	0.18	0.14
Closing Normative Loan	0.83	0.80	0.89	0.65	0.75	0.51
Rate of Interest	9.53%	10.01%	9.53%	8.81%	9.53%	7.28%
Interest Expenses	0.08	0.08	0.08	0.06	0.08	0.04

2.10.4 GEPL has requested the Commission to approve the interest on long-term loans in the true-up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission’s Analysis and Ruling

2.10.5 The repayment of loan is considered equal to the depreciation allowed during the year in accordance with Regulation 29.3 of MYT Regulations, 2015 for FY 2019-20 and Regulation

30.3 of MYT Regulations, 2019 for FY 2020-21 and FY 2021-22.

- 2.10.6 The Commission raised query regarding information of outstanding loans in the books of GEPL, in response GEPL submitted that there is no outstanding loan in the books of the Power division.
- 2.10.7 Further, the Commission directed GEPL to provide the computation of weighted average rate of interest for the years FY 2019-20 to FY 2021-22 along with certificate from banks reflecting the opening and closing loan balance, interest rate and interest paid during the year for FY 2019-20 to FY 2021-22. GEPL in its reply provided computation of weighted average rate of interest for the respective years without providing any bank certificates to substantiate details of opening and closing loan balance, interest rate and interest paid during the year. The details shared by GEPL were not sufficient to validate the weighted average rate of interest submitted by GEPL.
- 2.10.8 The issue of insufficient data about interest on long term loan is also faced by the Commission in case of the tariff Petitions of MBPPL and KRCIPL which are owned by the parent company of GEPL.
- 2.10.9 In this case, in absence /non-availability of comprehensive supporting documents, the Commission has considered SBI Marginal Cost of Funds-based Lending Rate (MCLR) base rates for the FY 2019-20, FY 2020-21, and FY 2021-22. The Commission compared the interest rates proposed by GEPL with the SBI MCLR base rates prevailed at the beginning of respective year and found GEPL proposed interest rates on a higher side.
- 2.10.10 In accordance with Regulation 30.5 of the MYT Regulations, 2019, the Commission has computed the interest amount on loans for the FY 2019-20 to FY 2021-22 considering the SBI MCLR base rates prevailing at the beginning of each year, available on the SBI official website <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>. The details of the interest rate considered for computing the interest amount on loans is as follows:

Table 34: Interest rate on Long Term loans approved by the Commission for FY 2019-20 to FY 2021-22

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	SBI MCLR Rate	MYT Order	MTR Petition	SBI MCLR Rate	MYT Order	MTR Petition	SBI MCLR Rate
Distribution Wires Business									
Rate of Interest	9.53%	10.01%	8.55%	9.53%	8.81%	7.75%	9.53%	7.28%	7.00%
Retail Supply Business									
Rate of Interest	9.53%	10.01%	8.55%	9.53%	8.81%	7.75%	9.53%	7.28%	7.00%

- 2.10.11 Based on the above consideration, the Interest on Loan Capital approved by the Commission for FY 2019-20 to FY 2021-22 is summarised in the table below:

Table 35: Interest on Loan Capital for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MYT Petition	Approved	MYT Order	MYT Petition	Approved	MYT Order	MYT Petition	Approved
Distribution Wires Business									

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MYT Petition	Approved	MYT Order	MYT Petition	Approved	MYT Order	MYT Petition	Approved
Opening Normative Loan	17.55	17.55	17.55	16.28	16.28	16.28	16.93	15.01	15.01
Addition of Normative Loan during the year	0.00	0.00	0.00	2.00	0.00	0.00	0.07	0.00	0.00
Repayment of Normative Loan during the year	1.27	1.27	1.27	1.35	1.27	1.27	1.42	1.27	1.27
Closing Normative Loan	16.28	16.28	16.28	16.93	15.01	15.01	15.58	13.74	13.74
Rate of Interest	9.53%	10.01%	8.55%	9.53%	8.81%	7.07% 7.75%	9.53%	7.28%	7.00%
Interest Expenses	1.61	1.69	1.45	1.58	1.38	1.21	1.55	1.05	1.01
Retail Supply Business									
Opening Normative Loan	0.88	0.88	0.88	0.83	0.80	0.80	0.89	0.65	0.65
Addition of Normative Loan during the year	0.04	0.00	0.00	0.20	0.00	0.00	0.04	0.00	0.00
Repayment of Normative Loan during the year	0.09	0.08	0.08	0.16	0.14	0.14	0.18	0.14	0.14
Closing Normative Loan	0.83	0.80	0.80	0.89	0.65	0.65	0.75	0.51	0.51
Rate of Interest	9.53%	10.01%	8.55%	9.53%	8.81%	7.75%	9.53%	7.28%	7.00%
Interest Expenses	0.08	0.08	0.07	0.08	0.06	0.06	0.08	0.04	0.04

2.10.12 The variation in the Interest on Loan expense sought by GEPL and that approved by the Commission in this Order is mainly on account of consideration of SBI MCLR base rates instead of weighted average interest rates proposed by GEPL.

2.11 Interest on Working Capital and Consumer’s Security Deposit

GEPL’s Submission

2.11.1 GEPL has computed the normative working capital requirement for FY 2019-20 in accordance

with the MYT Regulations, 2015, and the MERC (MYT) (First Amendment) Regulations, 2017 notified by the Commission on 29 November 2017. In the amendment, the Commission has revised the formulation for Base Rate, and linked the same to the one-year MCLR of State Bank of India (SBI). For FY 2020-21 and FY 2021-22, GEPL has computed the normative working capital requirement in accordance with the MYT Regulations, 2019.

2.11.2 For computation of Interest on Working Capital (IoWC), GEPL has considered the rate of interest equal to the weighted average one-year MCLR during the year plus 150 basis points, from FY 2017-18 onwards. The rate of IoWC has been worked out as 9.66%, 8.57%, and 8.50% for FY 2019-20, FY 2020-21, and FY 2021-22, respectively.

2.11.3 The interest on Consumer Security Deposit (CSD) has been paid at the applicable rate of MCLR plus 150 basis points for FY 2019-20, and as per the RBI Bank Rate for FY 2020-21 and FY 2021-22. The interest on CSD has been claimed as per the audited accounts for FY 2019-20, FY 2020-21, and FY 2021-22.

2.11.4 The computation of IoWC and Interest on CSD for Wires Business for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 24: IoWC and Interest on CSD for Wire Business for FY 2019-20 to FY 2021-22 submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Revised Normative	MYT Order	Revised Normative	MYT Order	Revised Normative
O&M expenses for one month	0.137	0.14	0.156	0.11	0.176	0.12
Maintenance Spares at 1% of Opening GFA	0.28	0.28	0.28	0.28	0.309	0.28
One and half months’ equivalent of revenue from Wheeling Charges	0.517	0.49	0.777	0.27	0.821	0.29
Less: Amount held as Security Deposit from Distribution System Users	0.194	0.03	0.3	0.03	0.419	0.03
Total Working Capital Requirement	0.741	0.87	0.914	0.62	0.886	0.65
Computation of Working Capital Interest						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.50%	8.57%	9.50%	8.50%
Interest on Working Capital	0.07	0.08	0.087	0.054	0.084	0.055
Interest on Consumers’ Security Deposit	0.013	0.04	0.02	0.04	0.02	0.01

2.11.5 The computation of IoWC and interest on CSD for Retail Supply Business for FY 2019-20, FY 2020-21, and FY 2021-22 is shown in the following table:

Table 25: IoWC and Interest on CSD for Retail Supply Business for FY 2019-20 to FY 2021-22 submitted by GEPL(Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Revised Normative	MYT Order	Revised Normative	MYT Order	Revised Normative
O&M expenses for one month	0.074	0.07	0.057	0.06	0.059	0.06
Maintenance Spares at 1% of Opening GFA	0.016	0.02	0.016	0.02	0.019	0.02
One and half months’ equivalent of the revenue from sale of electricity	2.677	2.51	3.221	2.51	3.535	1.46
Less: Amount held as Security Deposit	1.744	0.30	2.199	0.31	2.881	0.31
Less: One-month equivalent of cost of power purchase, Transmission Charges and MSLDC Charges	1.793	2.67	2.023	1.67	2.289	1.20
Total Working Capital Requirement	(0.770)	(0.36)	(0.926)	0.61	(1.557)	0.02
Computation of Working Capital Interest						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.50%	8.57%	9.50%	8.50%
Interest on Working Capital	0.00	0.00	0.00	0.05	0.00	0.00
Interest on Consumers’ Security Deposit	0.119	0.36	0.119	0.32	0.156	0.12

2.11.6 GEPL has requested the Commission to approve IoWC and Interest on CSD in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Tables.

Commission’s Analysis and Ruling

2.11.7 The Commission has computed total working capital requirement in accordance with the Regulations 31.3 and 31.4 of MYT Regulations, 2015 for FY 2019-20 and with Regulation 32.3 and 32.4 of MYT Regulations, 2019 for FY 2020-21 and FY 2021-22. It has also computed the Interest on CSD by considering the actual interest paid by the Licensee during the year as per the audited accounts for FY 2019-20 to FY 2021-22.

2.11.8 The provisions of Supply Code Regulation 2021 prescribes that the amount of Security Deposit shall be twice the average billing of the billing cycle period. The Licensee should ensure adherence to the requirements as it would also improve the liquidity of the Licensee. However, in the present Order the Commission has considered the actual Security Deposit details submitted by the Licensee for the purpose of computation of Working Capital Requirement.

2.11.9 The Commission has undertaken prudence check on the documents submitted by GEPL and found that the values of ‘Amount held as Security Deposit and from Distribution System Users’ and ‘Interest on CSD’ submitted in the Petition for the FY 2019-20 to FY 2021-22 were at variance with the Audit Reports. The Commission has followed the values of Audit Report and accordingly approves IoWC and Interest on CSD for FY 2019-20 to FY 2021-22 as follows:

Table 26: IoWC and Interest on CSD for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business									
O&M expenses for a month	0.137	0.14	0.10	0.156	0.11	0.12	0.176	0.12	0.12
Maintenance Spares at 1% of Opening GFA	0.28	0.28	0.28	0.280	0.28	0.28	0.309	0.28	0.28
One and half months equivalent of the expected revenue from charges for use of Distribution Wires	0.517	0.49	0.49	0.777	0.27	0.27	0.821	0.29	0.29
Less: Amount held as Security Deposit from Distribution System Users	0.194	0.03	0.26	0.30	0.03	0.26	0.419	0.03	0.22
Total Working Capital Requirement	0.741	0.87	0.61	0.914	0.62	0.41	0.886	0.65	0.46
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.66%	9.50%	8.57%	8.57%	9.50%	8.50%	8.50%
Interest on Working Capital	0.070	0.08	0.06	0.087	0.05	0.04	0.084	0.05	0.04
Interest on Security Deposit	0.013	0.04	0.02	0.02	0.04	0.01	0.02	0.01	0.01
Retail Supply Business									
O&M expenses for a month	0.074	0.07	0.06	0.057	0.06	0.06	0.059	0.06	0.07

Order on GEPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Maintenance Spares at 1% of Opening GFA	0.016	0.02	0.02	0.016	0.02	0.02	0.019	0.02	0.02
One and half months equivalent of the expected revenue from sale of electricity	2.677	2.51	2.51	3.221	2.51	2.51	3.535	1.46	1.46
Less: Amount held as security deposit	1.744	0.30	2.35	2.199	0.31	2.31	2.881	0.31	2.02
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.793	2.67	2.67	2.023	1.67	1.67	2.289	1.20	1.20
Total Working Capital Requirement	(0.770)	(0.36)	(2.43)	(0.926)	0.61	(1.38)	(1.557)	0.02	(1.68)
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.66%	9.50%	8.57%	8.57%	9.50%	8.50%	8.50%
Interest on Working Capital	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	-
Interest on Security Deposit	0.119	0.36	0.14	0.119	0.32	0.07	0.156	0.12	0.12

2.12 Return on Equity

GEPL's Submission

2.12.1 GEPL has computed the Return on Equity (RoE) for FY 2019-20 in accordance with Regulation 28 of the MYT Regulations, 2015 and for FY 2020-21 and FY 2021-22, in accordance with Regulation 29 of the MYT Regulations, 2019.

2.12.2 GEPL has computed the RoE for FY 2019-20 at 15.50% and 17.50% for the Wires Business and Supply Business, respectively, on the opening equity for the respective year and on 50% of the asset addition during the year, by considering the normative equity as 30% of the capitalisation. The Closing Balance of regulatory equity approved in the true-up for FY 2018-19 has been considered as Opening Balance of regulatory equity for FY 2019-20.

2.12.3 For FY 2020-21 and FY 2021-22, GEPL has computed the RoE in two components, viz., base return and additional return on equity linked to actual performance as per Regulation 29 of the MYT Regulations, 2019.

2.12.4 For FY 2020-21 and FY 2021-22, GEPL has computed the Base RoE for the Wires Business at 14% and Additional RoE at 1.5% as the Wires Availability was 100% during the period. For FY 2020-21 and FY 2021-22, GEPL has computed the Base RoE for the Retail Supply Business at 15.5% and Additional RoE at 2% on account of actual zero percent of assessed bills with respect to total bills issued during the year and for achieving collection efficiency target in the year.

2.12.5 The RoE claimed by GEPL for FY 2019-20 to FY 2021-22 for the Wires Business and Retail Supply Business is shown in the following Table:

Table 27: Return on Equity for Distribution Wires Business for FY 2019-20 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20	
	MYT Order	MTR Petition
Regulatory Equity at the beginning of the year	8.41	8.41
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	8.41	8.41
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year	1.30	1.30
Return on Regulatory Equity addition during the year	0.00	0.00
Total Return on Equity	1.30	1.30

Table 28: Return on Equity for Retail Supply Business for FY 2019-20 submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20	
	MYT Order	MTR Petition
Regulatory Equity at the beginning of the year	0.47	0.47
Equity portion of capitalisation during the year	0.02	0.00
Regulatory Equity at the end of the year	0.49	0.47
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year	0.08	0.08
Return on Regulatory Equity addition during the year	0.00	0.00
Total Return on Equity	0.08	0.08

Base Return on Equity for FY 2020-21 and FY 2021-22

2.12.6 The Base RoE claimed by GEPL for FY 2020-21 and FY 2021-22 for the Wires Business and Retail Supply Business is shown in the following Tables:

Table 29: Base Return on Equity for Distribution Wires Business for FY 2020-21 and FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	8.41	8.41	11.26	8.41
Equity portion of capitalisation during the year	2.85	0	0.10	0.00
Regulatory Equity at the end of the year	11.26	8.41	11.36	8.41
Return on Equity Computation				
Base Rate of Return on Equity	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate		14.00%		14.00%
Return on Regulatory Equity at the beginning of the year		1.18		1.18
Return on Regulatory Equity addition during the year		0.00		0.00
Total Return on Equity	1.24	1.18	1.30	1.18

Table 30: Base Return on Equity for Retail Supply Business for FY 2020-21 and FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	0.49	0.47	0.58	0.47
Equity portion of capitalisation during the year	0.09	0.00	0.02	0.00
Regulatory Equity at the end of the year	0.58	0.47	0.59	0.47
Return on Equity Computation				
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate		15.50%		15.50%
Return on Regulatory Equity at the beginning of the year	0.08	0.07		0.07
Return on Regulatory Equity addition during the year	0.01	0.00		0.00
Total Return on Equity	0.08	0.07	0.09	0.07

2.12.7 GEPL has requested the Commission to approve Return on Equity in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Tables.

Commission’s Analysis and Ruling

2.12.8 The Commission has computed RoE at 15.50% and 17.50% for FY 2019-20 for the Wires Business and Supply Business, respectively, in accordance with the Regulations, on the opening equity of the respective year and on 50% of the approved asset Capitalisation during the year, considering the debt: equity ratio of 70:30.

2.12.9 Further, for FY 2020-21 and FY 2021-22, as per Regulation 29 of MYT Regulations 2019, the RoE is computed in two components, viz., base return and additional return on equity linked to actual performance. The base RoE for both FY 2020-21 and FY 2021-22 has been computed at 14.00% and 15.50% for the Wires Business and Supply Business, respectively.

2.12.10 As per Regulation 34.2 of MYT Regulations, 2019,

“The rate of Return on Equity, including additional rate of Return on Equity as allowed by the Commission under Regulation 29 of these Regulations shall be grossed up with the effective tax rate of respective financial year.”

2.12.11 In para 2.13 of this Order, nil Income Tax is approved by the Commission for the respective years and hence grossing up of RoE with the tax rate would be of no effect in such condition.

2.12.12 The RoE approved by the Commission for FY 2019-20 to FY 2021-22 is summarised in the following table:

Table 31: Return on Equity approved by the Commission for FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	Actual	Approved	MYT Order	Actual	Approved	MYT Order	Actual	Approved
Distribution Wires Business									
Regulatory Equity at the beginning of the year	8.41	8.41	8.41	8.41	8.41	8.41	11.26	8.41	8.41
Equity portion of capitalisation during the year	0.00	0.00	0.00	2.85	0	0	0.10	0.00	0.00
Regulatory Equity at the end of the year	8.41	8.41	8.41	11.26	8.41	8.41	11.36	8.41	8.41
Rate of Return (FY 2019-20) / Base RoE (FY 2020-21 & FY 2021-22)	15.50%	15.50%	15.50%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Return on Equity for Wires Business	1.30	1.30	1.30	1.24	1.18	1.18	1.30	1.18	1.18
Retail Supply Business									
Regulatory Equity at the beginning of the year	0.47	0.47	0.47	0.49	0.47	0.47	0.58	0.47	0.47
Equity portion of capitalisation during the year	0.02	0.00	0.00	0.09	0.00	0.00	0.02	0.00	0.00
Regulatory Equity at the end of the year	0.49	0.47	0.47	0.58	0.47	0.47	0.59	0.47	0.47
Rate of Return (FY 2019-20) / Base RoE (FY 2020-21 & FY 2021-22)	17.50%	17.50%	17.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity for Supply Business	0.08	0.08	0.08	0.08	0.07	0.07	0.09	0.07	0.07

Additional Return on Equity for FY 2020-21 and FY 2021-22

GEPL’s Submission

2.12.13 GEPL has claimed Additional RoE for FY 2020-21 and FY 2021-22 for the Wires Business and Retail Supply Business as shown in the following Tables:

Table 32: Additional Return on Equity for FY 2020-21 and FY 2021-22 submitted by GEPL (Rs. Crore)

Particulars	Unit	FY 2020-21	FY 2021-22
		MTR Petition	MTR Petition
Distribution Wires Business			
Wires Availability above 98%	%	100%	100%
Additional Rate of Return on Equity for Wire availability	%	1.50%	1.50%
Additional Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.13	0.13
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.00
Total Additional Return on Equity for Wires	Rs. Crore	0.13	0.13
Retail Supply Business			
% of Assessed bills with respect to total bills issued during the year	%	0.00%	0.00%
Additional Rate of Return on Equity for assessment of bills	%	1.00%	1.00%
Collection Efficiency for the year	%	100%	99.42%
Additional Rate of Return for collection efficiency	%	1.00%	1.00%
Total Additional Return on Equity	%	2.00%	2.00%
Additional Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.01	0.009
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.00
Total Additional Return on Equity for Supply	Rs. Crore	0.01	0.009

2.12.14 GEPL has requested the Commission to approve Additional Return on Equity in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Tables.

Commission’s analysis and ruling:

2.12.15 The Commission had sought clarification from GEPL over its eligibility to claim additional RoE as per the provision of Regulation 29.9 of MYT Regulations 2019. In response, GEPL submitted that there were no system interruptions during the period FY 2020-21 to FY 2021-22 and Wires Availability was 100% during this period. GEPL has also submitted copies of Quarterly SoP reports to substantiate the fact.

2.12.16 Regulation 34.2 of the MYT Regulations mentions that the rate of RoE including the Additional RoE as allowed by the Commission under Regulation 29 of MYT Regulations 2019 shall be grossed up with the effective tax rate for the respective financial year. However, in para 2.13 of this Order, for FY 2020-21 and FY 2021-22, nil Income Tax is approved by the Commission for the respective years and hence grossing up of RoE with the tax rate would be of no effect in such condition.

2.12.17 Further GEPL submitted that all the consumers within the licence area are metered consumers, i.e., 100% metering is in place in case of GEPL, and monthly bills of consumer are being issued as per the actual meter readings. Automated Meter Reading (AMR) system is in place within the licence area of GEPL. GEPL further submitted that all the meters are communicated in real time through AMR system and the data gets stored into the Energy Management Software with an interval of 15 minutes. In addition to this, the physical manual meter readings of each

consumer are also being taken on regular basis (on daily basis with an interval of 2 hours). During such activity, if any variation/ defect in any meter consumption is observed, then GEPL proactively replaces such defective meter on immediate basis. GEPL further clarifies that in the case of display segment defective meters (if any), the meter readings are taken through the AMR system or through OEM's Basic Computer Software. Thus, while carrying out the monthly billing process, the assessed bills remain Nil. Hence, GEPL has claimed 0% assessed bills as there are no assessed bills (i.e., bills not based on meter reading).

2.12.18 Considering the above analysis, the Additional RoE for FY 2020-21 and FY 2021-22 for the Wires Business and Retail Supply Business approved by the Commission is as shown in the following Table:

Table 33: Additional Return on Equity for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Unit	FY 2020-21		FY 2021-22	
		MTR Petition	Approved	MTR Petition	Approved
Distribution Wires Business					
Wires Availability above 98%	%	100%	100%	100%	100%
Additional Rate of Return on Equity for Wire availability	%	1.50%	1.50%	1.50%	1.50%
Additional Return on Equity Computation					
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.13	0.13	0.13	0.13
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.00	0.00	0.00
Total Additional Return on Equity for Wires	Rs. Crore	0.13	0.13	0.13	0.13
Retail Supply Business					
% of Assessed bills with respect to total bills issued during the year	%	0%	0%	0%	0%
Additional Rate of Return on Equity for assessment of bills	%	1%	1%	1%	1%
Collection Efficiency for the year	%	100%	100%	99.42%	99.42%
Additional Rate of Return for collection efficiency	%	1%	1%	1%	1%
Total Additional Return on Equity	%	2.00%	2.00%	2.00%	2.00%
Additional Return on Equity Computation					
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.01	0.01	0.009	0.009
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.00	0.00	0.00
Total Additional Return on Equity for Supply	Rs. Crore	0.01	0.01	0.009	0.009

2.13 Income Tax

GEPL's Submission

- 2.13.1 GEPL has not claimed any Income Tax for FY 2019-20, since the Regulatory PBT is working out to be negative, even after considering tax depreciation for that year.
- 2.13.2 For FY 2020-21 and FY 2021-22, the Income Tax is allowed by grossing up the applicable rate of RoE with the effective tax rate. For both FY 2020-21 and FY 2021-22, the regulatory PBT is working out to be negative, hence, the RoE rate has not been grossed up.
- 2.13.3 GEPL has requested the Commission to approve the same in the Truing up of FY 2019-20, FY 2020-21, and FY 2021-22.

Commission's Analysis and Ruling

- 2.13.4 For FY 2019-20, as stated in Regulations 33.1 of MYT Regulations 2015, the tax computation using PBT method should be followed in case of final Truing-Up since actual income and expenditure details are available.
- 2.13.5 Considering the Profit before Tax mechanism, the calculation of Income tax provides the tax payable for the Regulatory business whereby all the items of ARR and Revenue are considered on normative basis for tariff purpose. The Commission has undertaken prudence check on the Segmental Financial report submitted by GEPL for its 'Power Distribution Division' segment and has observed that Income Tax section has not been covered under the said reports. GEPL has also not submitted any Income Tax challans for the years FY 2019-20, FY 2020-21, and FY 2021-22.
- 2.13.6 In light of the above analysis, the Commission approves nil Income Tax for the FY 2019-20 in accordance with MYT Regulations 2015.
- 2.13.7 For FY 2020-21 and FY 2021-22, as per Regulations 34.2 of MYT Regulations 2019, the rate of Return on Equity, including additional rate of Return on Equity as allowed by the Commission under Regulation 29 of these Regulations shall be grossed up with the effective tax rate of respective financial year.
- 2.13.8 For FY 2020-21 and FY 2021-22, since the actual income tax claimed by GEPL is nil, accordingly the Commission has not considered any effective tax rate for grossing up with Return on Equity. Thus, the Commission approves truing up of nil Income Tax for the said period.

2.14 Provisioning for Bad Debts

GEPL's Submission

- 2.14.1 GEPL has not claimed any provision for Bad and doubtful debt for FY 2019-20 to FY 2021-22 as no such provisioning has been done in its audited accounts.

Commission's Analysis and Ruling

- 2.14.2 As GEPL has not envisaged any provisioning for bad debts, the Commission has also not considered any amount for FY 2019-20 to FY 2021-22.

2.15 Contribution to Contingency Reserves

GEPL's Submission

2.15.1 GEPL has considered the Contribution to Contingency Reserve at 0.5% of cost of Opening GFA for FY 2019-20 to FY 2021-22, as shown in the following Table:

Table 34: Contribution to Contingency Reserves for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
A	Wires Business						
1	Opening Balance of GFA	28.04	28.04	28.04	28.04	30.89	28.04
2	Contribution to Contingency Reserves	0.14	0.299	0.14	0.12	0.15	0.158
B	Retail Supply Business						
3	Opening Balance of GFA	1.58	1.58	1.64	1.58	1.93	1.58
4	Contribution to Contingency Reserves	0.008	0.008	0.008	0.008	0.010	0.008

2.15.2 In accordance with the MYT Regulations, 2015 and MYT Regulations, 2019, GEPL has invested the amount of Contribution to Contingency Reserves in approved securities and relevant documentary proof have been submitted to the Commission in this MTR Petition.

Commission’s Analysis and Ruling

2.15.3 Regulations 34.1 of MYT Regulations, 2015 and Regulation 35.1 of MYT Regulations, 2019 provide for Contribution to Contingency Reserves from 0.25% to 0.5% of the opening GFA.

2.15.4 Further, the Commission noted that entire amount claimed for FY 2019-20, FY 2020-21 and FY 2021-22 was invested within timeline of six months from end of financial year as per Regulation 35.1 of the MYT Regulations, 2019.

2.15.5 In view of the above, the Contribution to Contingency Reserves approved by the Commission for FY 2019-20 to FY 2021-22 is summarised below:

Table 35: Contribution to Contingency Reserves for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Wires Business									
Opening Balance of GFA	28.04	28.04	28.04	28.04	28.04	28.04	30.89	28.04	28.04
Contribution to Contingency Reserves	0.14	0.299	0.299	0.14	0.12	0.12	0.15	0.158	0.158
Retail Supply Business									
Opening Balance of GFA	1.58	1.58	1.58	1.64	1.58	1.58	1.93	1.58	1.58

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Contribution to Contingency Reserves for	0.008	0.008	0.008	0.008	0.008	0.008	0.010	0.008	0.008

2.16 Non- Tariff Income

GEPL’s Submission

2.16.1 Non-Tariff Income considered by GEPL mainly comprises income from investments, Income from Contingency reserve investments and income from consumer charges levied in accordance with the Schedule of Charges approved by the Commission. The interest on contingency reserve investments have been considered in the ratio of 90:10 between the Wires Business and Supply Business, in accordance with the Allocation Matrix specified in the applicable MYT Regulations.

2.16.2 The Non-Tariff Income claimed by GEPL for FY 2019-20 to FY 2021-22 is shown in the following table:

Table 36: Non-Tariff Income for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Non-Tariff Income for Wires Business	0.0075	0.005	0.022	0.008	0.031	0.008
Non-Tariff Income for Supply Business	0.248	0.046	0.376	0.071	0.421	0.071

Commission’s Analysis and Ruling

2.16.3 The Commission had observed that the Non-Tariff income considered by GEPL is significantly lower than that approved by the Commission for the FY 2019-20 to FY 2021-22. In response to the query GEPL submitted that the actual Non-Tariff income of GEPL has been considered in accordance with the ‘Other Income’ reported in Audited Accounts, viz., Schedule 3.13 (a) and 3.14 for FY 2019-20 to FY 2021-22.

2.16.4 The Commission has carried out the requisite prudence check towards the Non-Tariff Income and therefore, approves the actual Non-Tariff Income as shown in table below:

Table 37: Non-Tariff Income for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Non-Tariff Income for Wires Business	0.0075	0.005	0.005	0.022	0.008	0.008	0.031	0.008	0.008
Non-Tariff Income for	0.248	0.046	0.046	0.376	0.071	0.071	0.421	0.071	0.071

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Supply Business									

2.17 Revenue from Sale of Electricity

GEPL's Submission

2.17.1 GEPL has considered the actual revenue from sale of electricity for FY 2019-20, FY 2020-21, and FY 2021-22, as per the Audited Accounts. Further, GEPL has submitted category-wise break-up of revenue from Fixed Charges, Demand Charges, Energy Charges, etc..

2.17.2 The summary of revenue from sale of electricity for FY 2019-20 to FY 2021-22 submitted by GEPL is shown in the following Table:

Table 38: Revenue from Sale of electricity for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Revenue from Sale of Electricity	25.55	24.01	30.97	16.16	34.88	13.97

2.17.3 GEPL submitted that the revenue claimed in this Petition as stated in the above Table is after excluding revenue from sale of surplus energy. The revenue from sale of surplus power has been adjusted in the power purchase cost claimed in this Petition.

2.17.4 Subsequently, GEPL has requested the Commission to approve the Revenue from sale of electricity in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission's Analysis and Ruling

2.17.5 The Commission has carried out a prudence check to ascertain the actual revenue received by GEPL in this respect and accordingly approves the consolidated category-wise actual revenue for FY 2019-20, FY 2020-21, and FY 2021-22 from sale of electricity.

2.17.6 The Commission notes that COVID-19 pandemic and subsequent work-from-home culture adopted by consumers of GEPL has led to reduction in sales and hence reduction in revenue as compared to revenue approved in MYT Order. The Commission reconciled the revenue with the audited accounts for FY 2019-20, FY 2020-21 and FY 2021-22, and approves actual revenue as shown in table below.

Table 39: Revenue for FY 2019-20 to FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Revenue from Sale of Power	25.55	24.01	24.01	30.97	16.16	16.16	34.88	13.97	13.97

2.17.7 Accordingly, the Commission thus approves the actual revenue of Rs. 24.01 Crore, Rs. 16.16 Crore and Rs. 13.97 Crore for FY 2019-20, FY 2020-21, and FY 2021-22, respectively.

2.18 Sharing of gains/losses

GEPL's Submission

2.18.1 In line with the Regulation 11 of MYT Regulations, 2015 for FY 2019-20, and MYT Regulations, 2019 for FY 2020-21 and FY 2021-22, GEPL has claimed the difference between the actual O&M expenses and the allowable O&M expenses in the True up of FY 2019-20 to FY 2021-22, as per the Commission's approved methodology, as shown in table below:

Table 40: Sharing of Gains/(Losses) of O&M expenses submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be shared/borne by GEPL
FY 2019-20					
1	O&M Expenses for Wires Business	1.64	1.74	(0.03)	(0.01)
2	O&M Expenses for Retail Supply Business	0.88	0.94	(0.02)	(0.01)
3	Total Sharing to be claimed/(adjusted) in ARR				(0.02)
FY 2020-21					
1	O&M Expenses for Wires Business	1.27	1.72	(0.15)	(0.05)
2	O&M Expenses for Retail Supply Business	0.68	0.92	(0.08)	(0.038)
3	Total Sharing to be claimed/(adjusted) in ARR				(0.08)
FY 2021-22					
1	O&M Expenses for Wires Business	1.32	1.89	(0.19)	(0.06)
2	O&M Expenses for Retail Supply Business	0.71	1.02	(0.10)	(0.03)
3	Total Sharing to be claimed/(adjusted) in ARR				(0.09)

2.18.2 GEPL has also computed sharing of gains/(losses) on account of difference between normative Interest on Working Capital approved and claimed in the True up of FY 2019-20 to FY 2021-22.

Table 41: Sharing of Gains/(Losses) on Interest on Working Capital submitted by GEPL(Rs. Crore)

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be shared/borne by GEPL
FY 2019-20					
1	Interest on Working Capital for Wires Business	0.07	0.08	(0.014)	(0.005)
2	Interest on Working Capital for Retail Supply Business	-	-	-	-
3	Total Sharing to be adjusted/(claimed) in ARR				(0.005)

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be shared/borne by GEPL
FY 2020-21					
1	Interest on Working Capital for Wires Business	0.08	0.05	0.02	0.01
2	Interest on Working Capital for Retail Supply Business	-	0.05	(0.05)	(0.02)
3	Total Sharing to be adjusted/(claimed) in ARR				(0.03)
FY 2021-22					
1	Interest on Working Capital for Wires Business	0.09	0.05	0.03	0.01
2	Interest on Working Capital for Retail Supply Business	-	-	-	-
3	Total Sharing to be adjusted/(claimed) in ARR				0.01

Commission's Analysis and Ruling

- 2.18.3 The Commission has computed sharing of gains/losses in line with the Regulation 11 of MYT Regulations, 2015, for FY 2019-20 and MYT Regulations, 2019 for FY 2020-21 and FY 2021-22.
- 2.18.4 The Commission observes that GEPL has considered O&M expenses & IoWC as controllable factors and accordingly proposed sharing of gain/loss for these expenses. GEPL has requested the Commission not to consider any sharing of gains or losses for distribution loss target, as the Distribution Losses are very low and are purely technical losses.
- 2.18.5 GEPL has clarified that actual Interest on Working Capital is not shown in the Audited Accounts of FY 2019-20 to FY 2021-22, as there are no loans on the books of the licensee, and the loans considered are for the parent entity.

In this regard, Regulation 31.6 of the MYT Regulations, 2015 specifies as under:

"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 Generating Company 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:... " (emphasis added)

Similarly, Regulation 32.6 of the MYT Regulations, 2019 specifies as under:

"32.6 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 Generating Company 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/ies or consumer as the case may be, in accordance with Regulation 11:... ” (emphasis added)

Hence, in accordance with the MYT Regulations, 2015 applicable for truing up of FY 2019-20 and the MYT Regulations, 2019 applicable for truing up of FY 2020-21 and FY 2021-22, the Commission has considered the actual working capital interest as ‘zero’ and the difference between the revised normative IOWC and actual IoWC (zero) is computed as efficiency gains.

2.18.6 In the MYT Order, the Commission had directed GEPL to undertake a technical study to assess the actual distribution loss considering the No load loss on the transformers and provide the study report at the time of MTR submission along with the detailed calculation of distribution loss. GEPL has submitted the technical loss report. Based on the findings of the study report carried out by GEPL, the Commission observed that the losses are purely on technical basis and therefore has decided not to undertake any sharing of gains/ loss on account of distribution loss for FY 2019-20, FY 2020-21, and FY 2021-22.

2.18.7 The Commission has arrived at normative computation of O&M expenses and IoWC as elaborated in earlier sections of this Order. Same has been considered for undertaking sharing of gains/losses as shown in table below.

2.18.8 The Commission after undertaking prudence check on the documents submitted by GEPL and approves the sharing of gains/losses for said period as shown below:

Table 42: Sharing of gains/losses approved by the Commission for FY 2019-20 (Rs. Cr)

Particulars	Revised Normative	Approved in this Order	Gain	Rebate in Tariff	Efficiency gain retained
O&M Expenses for Wires Business	1.23	1.52	-0.29	-0.10	-0.19
O&M Expenses for Retail Supply Business	0.66	0.82	-0.16	-0.05	-0.11
Interest on Working Capital for Wires Business	0.06	-	0.06	0.04	0.02
Interest on Working Capital for Retail Supply Business	-	-	-	-	-

Table 43: Sharing of gains/losses approved by the Commission for FY 2020-21 (Rs. Cr)

Particulars	Revised Normative	Approved in this Order	Gain	Rebate in Tariff	Efficiency gain retained
O&M Expenses for Wires Business	1.38	1.10	0.28	0.19	0.09
O&M Expenses for Retail Supply Business	0.74	0.59	0.15	0.10	0.05
Interest on Working Capital for Wires Business	0.04	-	0.04	0.02	0.01
Interest on Working Capital for Retail Supply Business	-	-	-	-	-

Table 44: Sharing of gains/losses approved by the Commission for FY 2021-22 (Rs. Cr)

Particulars	Revised Normative	Approved in this Order	Gain	Rebate in Tariff	Efficiency gain retained
O&M Expenses for Wires Business	1.45	1.29	0.16	0.11	0.05
O&M Expenses for Retail Supply Business	0.78	0.69	0.09	0.06	0.03
Interest on Working Capital for Wires Business	0.04	-	0.04	0.03	0.01
Interest on Working Capital for Retail Supply Business	-	-	-	-	-

2.19 Segregation of Wires and Supply ARR

GEPL’s Submission

2.19.1 As regards the norms considered for segregation of ARR into Wires Business and Supply Business for each component of ARR, the same has been considered as specified in the MYT Regulations, 2015 and MERC MYT Regulations, 2019, as shown below:

Table 45: Allocation Matrix for segregation of ARR into Wires and Supply Business (as submitted by GEPL)

Particulars	Wires Business	Supply Business
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Operation & Maintenance Expenses	65%	35%
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%
Non-Tariff Income	10%	90%

Commission’s Analysis and Ruling

2.19.2 Regulation 68 of the MYT Regulations, 2015 and 71 of MYT Regulations, 2019 outlines the requirement of separation of accounts of Distribution Licensee into Distribution Wires Business and Retail Supply Business. It also stipulates that, in the absence of separate accounting records, the Allocation Matrix specified in the Regulations should be used for apportioning the ARR.

2.19.3 The Allocation Matrix specified in the Regulations 71 of the MYT Regulations 2019 has been considered by the Commission. However, with regards to the rebate on power procurement cost, the same has been allocated 100% on the supply business.

2.20 Aggregate Revenue Requirement for FY 2019-20 to FY 2021-22

GEPL’s Submission

2.20.1 The Summary of ARR for FY 2019-20 to FY 2021-22 for Distribution Wires Business is shown in the following Table:

Table 46: ARR Summary for Distribution Wires Business for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Operation & Maintenance Expenses	1.64	1.74	1.27	1.72	1.32	1.89
Depreciation	1.27	1.27	1.35	1.27	1.42	1.27
Interest on Loan Capital	1.61	1.69	1.58	1.38	1.55	1.05
Interest on Working Capital	0.07	0.08	0.08	0.05	0.09	0.05
Interest on deposit from Consumers and Distribution System Users	0.01	0.04	0.01	0.04	0.02	0.01

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Contribution to contingency reserves	0.14	0.30	0.14	0.12	0.15	0.16
Income Tax	-	-	-	-	-	-
Sharing of gains/(losses)	-	(0.10)	-	(0.38)	-	(0.48)
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	(0.19)	-	(0.18)
Total Revenue Expenditure	4.75	5.03	4.43	4.01	4.55	3.77
Add: Return on Equity Capital	1.30	1.30	1.24	1.30	1.30	1.30
Aggregate Revenue Requirement	6.05	6.33	5.67	5.31	5.85	5.08
Less: Non-Tariff Income	0.01	0.01	0.02	0.01	0.03	0.01
Total ARR	6.05	6.33	5.65	5.30	5.82	5.07
Past Period Gap/(Surplus)/ Deferment	(1.10)	(1.10)	(0.43)	(0.43)	0.79	0.79
Net ARR	4.95	5.22	5.22	4.87	6.61	5.86

2.20.2 The Summary of ARR for FY 2019-20 to FY 2021-22 for the Retail Supply Business is shown in the following Table:

Table 47: ARR Summary for Retail Supply Business for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Power Purchase Expenses	18.43	18.21	21.95	11.06	24.93	7.12
O&M Expenses	0.88	0.94	0.68	0.92	0.71	1.02
Depreciation	0.09	0.08	0.16	0.14	0.18	0.14
Interest on Loan Capital	0.08	0.08	0.08	0.06	0.08	0.06
Interest on Working Capital	-	-	-	0.05	-	0.00
Interest on CSD	0.12	0.36	0.12	0.32	0.16	0.12
Provision for bad and doubtful debts	-	-	-	-	-	-
Contribution to Contingency Reserves	0.01	0.01	0.01	0.01	0.01	0.01
Intra-State Transmission Charges	3.07	3.09	2.31	2.26	2.53	2.50
MSLDC Fees & Charges	0.02	0.02	0.01	0.02	0.01	0.01
Income Tax	-	-	-	-	-	-
Sharing of Gains/(Losses)	-	(0.05)	-	3.38	-	5.66
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	(0.20)	-	(0.10)
Total Revenue Expenditure	22.68	22.75	25.32	18.03	28.60	16.55
Add: RoE	0.08	0.08	0.08	0.08	0.09	0.08
Aggregate Revenue Requirement	22.76	22.83	25.40	18.11	28.69	16.63
Less: Non-Tariff Income	0.25	0.05	0.38	0.07	0.42	0.07
Aggregate Revenue Requirement from Retail Supply	22.51	22.78	25.03	18.04	28.27	16.56
Past Period Gap/(Surplus)/ Deferment	(3.76)	(3.76)	0.72	0.72	--	--
Net ARR	18.75	19.02	25.75	18.76	28.27	16.56

Commission's Analysis and Ruling

2.20.3 Based on the foregoing analysis by the Commission, the Commission has approved the ARR

for FY 2019-20 to FY 2021-22, as summarised in the tables below:

Table 48: ARR for Wires Business of GEPL for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Operation & Maintenance Expenses	1.64	1.74	1.52	1.27	1.72	1.10	1.32	1.89	1.29
Depreciation	1.27	1.27	1.27	1.35	1.27	1.27	1.42	1.27	1.27
Interest on Loan Capital	1.61	1.69	1.45	1.58	1.38	1.21	1.55	1.05	1.01
Interest on Working Capital	0.07	0.08	0.06	0.08	0.05	0.04	0.09	0.05	0.04
Interest on deposit from Consumers and Distribution System Users	0.01	0.04	0.02	0.01	0.04	0.01	0.02	0.01	0.01
Contribution to contingency reserves	0.14	0.30	0.30	0.14	0.12	0.12	0.15	0.16	0.16
Sharing of gains/(losses)	-	-0.10	-0.18	-	-0.38	0.11	-	-0.48	0.07
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	-	-0.19	-	-	-0.18	-
Total Revenue Expenditure	4.75	5.03	4.44	4.43	4.01	3.85	4.55	3.77	3.84
Add: Return on Equity Capital	1.30	1.30	1.30	1.24	1.30	1.30	1.30	1.30	1.30
Aggregate Revenue Requirement	6.05	6.33	5.74	5.67	5.31	5.15	5.85	5.08	5.15
Less: Non-Tariff Income	0.01	0.01	0.01	0.02	0.01	0.01	0.03	0.01	0.01
Total ARR	6.05	6.33	5.73	5.65	5.30	5.14	5.82	5.07	5.14
Past Period Gap/(Surplus)/Deferment	-1.10	-1.10	-1.10	-0.43	-0.43	-0.43	0.79	0.79	0.79
Net ARR	4.95	5.22	4.62	5.22	4.87	4.71	6.61	5.86	5.93

Table 49: ARR approved by Commission for Supply Business of GEPL for FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	18.43	18.21	18.21	21.95	11.06	11.06	24.93	7.12	7.09
Operation & Maintenance Expenses	0.88	0.94	0.82	0.68	0.92	0.59	0.71	1.02	0.69
Depreciation	0.09	0.08	0.08	0.16	0.14	0.14	0.18	0.14	0.14
Interest on Loan Capital	0.08	0.08	0.07	0.08	0.06	0.06	0.08	0.06	0.06
Interest on Working Capital	-	-	-	-	0.05	-	-	0.00	-
Interest on Consumer Security Deposit	0.12	0.36	0.14	0.12	0.32	0.07	0.16	0.12	0.12
Contribution to contingency reserves	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Intra-State Transmission Charges	3.07	3.09	3.09	2.31	2.26	2.26	2.53	2.50	2.50
MSLDC Fees & Charges	0.02	0.02	0.02	0.01	0.02	0.02	0.01	0.01	0.01
Sharing of gains/(losses)	-	(0.05)	(0.11)	-	3.38	0.05	-	5.66	0.03
Impact of restatement of O&M expenses based on share of sales of	-	-	-	-	(0.20)	-	-	(0.10)	-

Order on GEPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
KRC DISCOMs									
Total Revenue Expenditure	22.68	22.75	22.34	25.32	18.03	14.26	28.60	16.55	10.65
Add: Return on Equity Capital	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.08	0.08
Aggregate Revenue Requirement	22.76	22.83	22.42	25.40	18.11	14.34	28.69	16.63	10.73
Less: Non-Tariff Income	0.25	0.05	0.05	0.38	0.07	0.07	0.42	0.07	0.07
Aggregate Revenue Requirement from Retail Supply	22.51	22.78	22.37	25.03	18.04	14.27	28.27	16.56	10.66
Revenue Gap/(Surplus) of past period/After Deferment	(3.76)	(3.76)	(3.76)	0.72	0.72	0.72	-	-	-
ARR after Gap/(Surplus)	18.75	19.02	18.61	25.75	18.76	14.99	-	16.56	10.66

Table 50: Combined ARR for Distribution Wires and Supply Business of GEPL for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	April-March (Audited)	Approved	MYT Order	April-March (Audited)	Approved	MYT Order	April-March (Audited)	Approved
Power Purchase Expenses (including Inter-State Transmission Charges)	18.43	18.21	18.21	21.95	11.06	11.06	24.93	7.12	7.09
Operation & Maintenance Expenses	2.52	2.67	2.34	1.95	2.64	1.69	2.03	2.91	1.98
Depreciation	1.36	1.35	1.35	1.51	1.41	1.41	1.60	1.41	1.41
Interest on Loan Capital	1.69	1.78	1.52	1.66	1.44	1.27	1.63	1.11	1.06
Interest on Working Capital	0.07	0.08	0.06	0.08	0.11	0.04	0.09	0.06	0.04
Interest on Consumer Security Deposit	0.13	0.40	0.15	0.13	0.35	0.07	0.17	0.13	0.13
Contribution to contingency reserves	0.15	0.31	0.31	0.15	0.13	0.13	0.16	0.17	0.17
Intra-State Transmission Charges	3.07	3.09	3.09	2.31	2.26	2.26	2.53	2.50	2.50
MSLDC Fees & Charges	0.02	0.02	0.02	0.01	0.02	0.01	0.01	0.01	0.01
Sharing of gains/Losses	-	(0.14)	(0.28)	-	3.00	0.16	-	5.18	0.10
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	-	(0.38)	-	-	(0.27)	-
Total Revenue Expenditure	27.42	27.78	26.77	29.75	22.03	18.10	33.15	20.32	14.49

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	April-March (Audited)	Approved	MYT Order	April-March (Audited)	Approved	MYT Order	April-March (Audited)	Approved
Add: Return on Equity Capital	1.39	1.39	1.39	1.32	1.39	1.39	1.39	1.39	1.39
Aggregate Revenue Requirement	28.81	29.16	28.16	31.07	23.42	19.49	34.54	21.71	15.88
Less: Non-Tariff Income	0.26	0.05	0.05	0.40	0.08	0.08	0.45	0.08	0.08
Aggregate Revenue Requirement from Retail Supply	28.55	29.11	28.11	30.68	23.34	19.41	34.09	21.63	15.80

2.21 Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22

GEPL Submission:

2.21.1 GEPL has computed the combined Revenue Gap/ (Surplus) for FY 2019-20, FY 2020-21, and FY 2021-22 as shown in the following table:

Table 51: Combined Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22 as submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
1	ARR for Distribution Wires Business	4.95	5.22	5.22	4.87	6.61	5.86
2	ARR for Retail Supply Business	18.75	19.02	25.75	18.76	28.27	16.56
3	Combined ARR for Wires and Retail Supply Business	23.70	24.25	30.97	23.63	34.88	22.42
4	Revenue from Wheeling Charges	-	3.90	-	2.15	-	2.29
5	Revenue from sale of electricity	-	20.11	-	14.00	-	11.68
6	Total Revenue	-	24.01	-	16.16	-	13.97
7	Gap/(Surplus) of Wires Business	-	1.31	-	2.72	-	3.57
8	Gap/(Surplus) of Supply Business	-	(1.08)	-	4.76	-	4.88
9	Combined Revenue Gap/(Surplus)	-	0.24	-	7.47	-	8.45

2.21.2 GEPL has requested the Commission to approve the Revenue Gap/(Surplus) in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table. Further, considering the peculiar circumstances under which the Revenue Gap has been generated, viz.,

combination of lower sales due to COVID-19 impact, lower tariffs due to deferment of revenue requirement, recovery of fixed Wires ARR through variable sales units, which have declined sharply, etc., GEPL has requested the Commission to consider the combined Revenue Gap of the Wires Business and Supply Business, rather than separately.

2.21.3 Further, the recovery of the above Revenue Gap/(Surplus) has been claimed over the remaining years of the Control Period, i.e., FY 2023-24 and FY 2024-25.

Commission’s Analysis and Ruling:

2.21.4 On detailed analysis of all the ARR components, and after arriving at the ARR approved in this Order for Distribution Wires Business and Retail Supply Business, the Commission has arrived at the Revenue Gap/(Surplus) values.

2.21.5 The resulting Revenue Gap/ (Surplus) approved by the Commission for FY 2019-20 to FY 2021-22 is as follows:

Table 52: Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business									
Aggregate Revenue Requirement from Distribution Wires	4.95	5.22	4.62	5.22	4.87	4.71	6.61	5.86	5.93
Revenue from existing tariff	-	3.90	3.90	-	2.15	2.15	-	2.29	2.29
Revenue Gap/(Surplus) of Licensed Business	-	1.31	0.72	-	2.72	2.56	-	3.57	3.64
Retail Supply Business									
Aggregate Revenue Requirement from Retail Supply Business	18.75	19.02	18.61	25.75	18.76	14.99	-	16.56	10.66
Revenue from existing tariff	-	20.11	20.11	-	14.00	14.00	-	11.68	11.68
Revenue Gap/(Surplus) of Licensed Business	-	-1.08	-1.49	-	4.76	0.98	-	4.88	-1.03

2.21.6 The detailed analysis underlying the Commission’s approval of individual ARR elements on Truing up of FY 2019-20 to FY 2021-22 is already set out above, however, the variation in the ARR sought by GEPL and that approved by the Commission is mainly on account of the sharing of gains/losses on account of O&M expenses and interest on long term loans.

3 PROVISIONAL TRUING-UP OF ARR FOR FY 2022-23

3.1 Background

- 3.1.1 GEPL has sought provisional Truing-up of FY 2022-23 in accordance with MYT Regulations, 2019, as specified in Regulation 5.1 (b) (iii), based on the estimated/provisional expenditure and revenue . GEPL has also presented the comparison of expenditure and revenues approved by the Commission vide the MYT Order dated 30 March 2020 in Case No. 330 of 2019 vis-à-vis the estimated performance.
- 3.1.2 The provisional Truing up for FY 2022-23 has been assessed based on actual values of energy sales, power purchase, revenue, and expenditure from 1 April 2022 to 30 September 2022, and estimated values of energy sales, power purchase, revenue and expenditure from 1 October 2022 to 31 March 2023 in accordance with the provisions of MYT Regulations, 2019.
- 3.1.3 The detailed analysis underlying the Commission’s approval for Provisional Truing-up of FY 2022-23 is set out below.

3.2 Energy Sales

GEPL’s Submission

- 3.2.1 As against the approved sales of 58.58 MU for FY 2022-23, the estimated energy sales in FY 2022-23 are 25.07 MU. The actual sales in H1 of FY 2022-23 were 14.58 MU.
- 3.2.2 For estimating the energy sales for the six-month period from October 2022 to March 2023, GEPL has projected monthly sales on the basis of past trend in sales during this period, as compared to overall sales during the year. Further, GEPL has also factored in the de-notification of part of its licence area in H2 of FY 2022-23.
- 3.2.3 The summary of Energy Sales (actual and estimated) for FY 2022-23 is shown in the Table below:

Table 53: Estimated Energy Sales for FY 2022-23 as submitted by GEPL (MU)

Consumer Category	FY 2022-23			
	MYT Order	Apr – Sep (Actual)	Oct – Mar (Estimated)	Provisional Truing up
HT Category				
HT I	49.29	12.20	9.00	21.20
HT II	1.91	0.41	0.30	0.71
Sub-total HT	51.20	12.61	9.30	21.91
LT Category				
LT II (A)	1.31	0.23	0.14	0.37
LT II (B)	0.28	0.25	0.15	0.40
LT III (A)	0.12	0.17	0.10	0.27
LT III (B)	5.67	1.31	0.80	2.11
Sub-total LT	7.38	1.96	1.19	3.15
Total	58.58	14.58	10.49	25.07

- 3.2.4 Further, the building wise occupancy projections submitted by GEPL for FY 2022-23 are as follows:

Table 54: building wise occupancy projections submitted by GEPL for FY 2022-23

Area Occupied in %	Particular	FY 2022-23
Building 2	Projected Occupancy in MYT	100%
	Actual/revised projected Occupancy	81%
Building 3	Projected Occupancy in MYT	70%
	Actual/revised projected Occupancy	58%
Building 4	Projected Occupancy in MYT	70%
	Actual/revised projected Occupancy	46%
Building 5	Projected Occupancy in MYT	50%
	Actual/revised projected Occupancy	0%
Building 6	Projected Occupancy in MYT	80%
	Actual/revised projected Occupancy	75%

3.2.5 However, taking into account the present situation and expected future predictions, GEPL has requested the Commission not to link the building occupancy with the sales projections, as mere occupancy in terms of continuation of lease agreements does not translate to sales, unless the employees actually work from the offices.

Commission’s Analysis and Ruling

3.2.6 The Commission observed that estimated sales in FY 2022-23 are much lower than approved in MYT Order in Case No 330 of 2019 and sought clarification from GEPL for low projections in the H2 of FY 2022-23. In response of which GEPL submitted that the Commission vide its Order dated 29.07.2022 in Case No. 74 of 2021, with regards to interim arrangement for supplying to the existing consumers located in the de-notified area, has directed GEPL to supply to the existing consumers in the de-notified area i.e., Building No. 9 for next three months from the date of the Order or till MSEDCL alternate supply arrangement for supplying to existing consumers in the de-notified area is established, whichever is earlier.

3.2.7 The Commission vide its Order dated 27.11.2022 in Case No. 188 of 2022 had directed GEPL Licensee to disconnect its supply in the de-notified area with due intimation to MSEDCL and the consumers in the de-notified area, within 15 days from the date of this Order. The electricity supply which was extended to Building No.9 from Building No.5 located within SEZ area using Developer's underground cable, has been removed on 12.11.2022. MSEDCL has been supplying power to the consumers of Building No.9 from 12.11.2022 onwards.

3.2.8 GEPL has considered the actual sales of H1 of FY 2022-23 and for H2 of FY 2022-23 has projected the sales excluding the sales of Building No. 9. as the same is no longer part of GEPL's Distribution Licence.

3.2.9 The Commission has noted the reasons for such lower projections and deviation between the approved sales and the estimated sales recorded by GEPL and approved the proposed sales for the said period.

3.2.10 The Commission is of the view that GEPL, being a Distribution Licensee, is aware of the ground realities and is hence in a better position to assess its impact on the estimated sales. Accordingly, the energy sales as submitted by GEPL are provisionally approved by the Commission for FY 2022-23.

Table 55: Category-wise actual Energy Sales for FY 2022-23 approved by the Commission (MU)

Consumer Category	FY 2022-23		
	MYT Order	MTR Petition	Approved
HT Category			
HT I	49.29	21.20	21.20
HT II	1.91	0.71	0.71
Sub-total HT	51.20	21.91	21.91
LT Category			
LT II (A)	1.31	0.37	0.37
LT II (B)	0.28	0.40	0.40
LT III (A)	0.12	0.27	0.27
LT III (B)	5.67	2.11	2.11
Sub-total LT	7.38	3.15	3.15
Total	58.58	25.07	25.07

3.3 Distribution Loss

GEPL’s Submission

- 3.3.1 The Commission, in the MYT Order in Case No. 330 of 2019, approved the distribution loss of 1.20% for FY 2022-23.
- 3.3.2 After considering the actual energy sales and the actual energy drawal at the interface point (T<>D Interface), the Distribution Losses for the first half of FY 2022-23 works out to 1.16%, considering the T<> D Interface consumption as per the DSM meters. However, owing to the discrepancies in the metering arrangement at the source MSETCL EHV Sub-Station for the DSM meters and the time anticipated to resolve the same, GEPL has considered 1.16% of distribution losses for H2 of FY 2022-23, in line with the past period i.e., 2.68%, which was based on ABT meters.
- 3.3.3 GEPL has requested the Commission to consider distribution loss of 1.16% for the provisional true-up of FY 2022-23.
- 3.3.4 Further, GEPL has established the distribution network primarily on the higher voltage level of 22 kV. Consequently, the Distribution Losses are very low, and are attributable to only Technical loss in the system. GEPL has estimated Distribution Loss of 1.16% for FY 2022-23, which is very low, and there is no scope for reducing it further.

Table 56: Distribution Loss for FY 2022-23 as submitted by GEPL

Particulars	MYT Order	MTR Petition
Distribution Loss (%)	1.20%	1.16%

Commission’s Analysis and Ruling

- 3.3.5 GEPL has projected Distribution Loss for H2 of FY 2022-23 at the same level of H1 of FY 2022-23. The Commission in MYT Order has given Distribution Loss trajectory for MYT Control Period. The Commission is not in line to change such trajectory in MTR proceeding, although GEPL has projected lower losses.
- 3.3.6 Accordingly, the Distribution Loss provisionally approved by the Commission for FY 2022-

23 is as shown in the following Table:

Table 57: Distribution Loss for FY 2022-23 approved by the Commission

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Loss (%)	1.20%	1.16%	1.20%

3.4 Energy Balance

GEPL’s Submission

3.4.1 GEPL has considered the Energy Balance for FY 2022-23 after considering the estimated energy sales, Distribution Loss and energy purchase. Further, GEPL has considered the actual InSTS loss for first half (H1) of FY 2019-20 based on State Grid Loss account which is maintained by the MSLDC and estimated InSTS loss of 3.18% for second half of FY 2022-23 as approved in the MYT Order. The InSTS loss for FY 2022-23 has been computed at 3.27%.

3.4.2 The estimated Energy Balance for FY 2022-23 is shown in the following Table:

Table 58: Energy Balance for FY 2022-23 as submitted by GEPL

Particulars	MYT Order	MTR Petition
Energy Sales (MU)	58.58	25.07
Distribution Loss (%)	1.20%	1.16%
Energy Requirement at T<>D (MU)	59.29	25.36
Intra-State Transmission Loss (%)	3.18%	3.27%
Energy Requirement at G <> T (MU)	61.24	26.38
Total Power Purchase at State Periphery (MU)	61.24	26.38
DSM (MU)	0.00	(0.08)
Less: Surplus Energy Traded (MU)	0.00	0.00
Total Power Available at G<>T (MU)	61.24	26.38

Commission’s Analysis and Ruling

3.4.3 For projecting the energy requirement, the Commission has considered the approved energy sales and Distribution Loss for FY 2022-23. The Commission has considered InSTS loss of 3.18% as approved in MYT Order.

3.4.4 Accordingly, the total energy requirement provisionally approved for FY 2022-23 is as shown in the table below:

Table 59: Energy Balance for FY 2022-23 approved by Commission (MU)

Particulars	MYT Order	MTR Petition	Approved in this Order
Energy Sales (MU)	58.58	25.07	25.07
Distribution Loss (%)	1.20%	1.16%	1.20%
Energy Requirement at T<>D (MU)	59.29	25.36	25.37
Intra-State Transmission Loss (%)	3.18%	3.27%	3.18%
Energy Requirement at G <> T (MU)	61.24	26.38	26.21
Total Power Purchase at State Periphery (MU)	61.24	26.45	26.45
DSM (MU)	0.00	(0.08)	(0.24)

Particulars	MYT Order	MTR Petition	Approved in this Order
Less: Surplus Energy Traded (MU)	0.00	0.00	0.00
Total Energy Purchased (MU)	61.24	26.38	26.21

3.5 Power Procurement Cost

GEPL’s Submission

- 3.5.1 The power purchase cost of GEPL includes the purchase from conventional sources for meeting its base load and peak load requirement, RPO, purchase from Imbalance Pool, and sale of surplus power made during the year.
- 3.5.2 The KRC DISCOMs have entered into a PPA with GMRETL for purchase of 8 MW base load power from the period from 1 November 2022 to 31 October 2023, and for purchase of 4 MW Peak Load (Renewable Energy – NSL Sugars) power from PTC Ltd. for the period from 1 November 2022 to 28 February 2023. These PPAs have been duly approved by the Commission vide its Order dated 28 October 2022 in Case No. 177 of 2022. The average rate of Base Load power is Rs. 6.35/kWh and the average rate of RE Peak Load power is Rs. 7.95/kWh.

Renewable Purchase Obligation

- 3.5.3 In accordance with the MERC RPO Regulations, 2019, the RPO targets are 8% for Solar and 11.50% for Non-Solar for FY 2022-23.
- 3.5.4 Thus, for meeting the RPO target for FY 2022-23, GEPL has estimated purchase of Solar power at the cost of Rs. 1.51 Crore and Non-Solar power at the cost of Rs. 1.81 Crore. Also, GEPL has estimated purchase of non-solar power from PTC - NSL Sugars at the cost of Rs. 7.95 Crore. The total cost of purchase of Solar and Non-Solar power is thus, estimated at Rs. 11.26 Crore.
- 3.5.5 GEPL further submitted that the Commission in its Order dated 23 January 2021 in Case No. 231 of 2020 has encouraged KRC DISCOMs to try and maximize procurement of Solar power.
- 3.5.6 In H1 of FY 2022-23, GEPL has procured 2.42 MU out of total quantum of 15.26 MU power procured, which contributes to 15.85% of the overall power purchase during the said period.

DSM

- 3.5.7 GEPL has considered the actual quantum and cost of purchase from DSM for first half of FY 2022-23. As purchase from DSM cannot be projected as a source of supply, the same has not been estimated for the second half of FY 2022-23.
- 3.5.8 The estimated power purchase quantum and cost for FY 2022-23 is shown in the following Table:

Table 60: Power Purchase Cost for FY 2022-23 as submitted by GEPL

Source of Power (Station wise)	MYT Order			Provisional Truing up as per MTR Petition		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Short-term Sources						

Source of Power (Station wise)	MYT Order			Provisional Truing up as per MTR Petition		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Other Medium-Term Source	44.68	17.51	3.92			
GMR – Bilateral				9.89	7.76	7.85
GMR - STPP PPA				5.04	3.20	6.35
Purchase of additional power (Exchange)	4.62	1.98	4.28	4.69	3.10	6.60
Imbalance Pool/DSM				(0.08)	(0.03)	3.38
Solar Purchase	4.90	1.42	2.90	2.26	1.50	6.65
Non-Solar Purchase	7.04	2.02	2.87	2.57	1.81	7.03
Non-Solar - NSL Sugars				2.00	1.59	7.95
Re-scheduling Charges					0.001	
Power Exchange charges					0.005	
Bank Guarantee of KEIPL invoked					(1.08)	
Total	61.24	22.93	3.74	26.38	17.86	6.77

Commission's Analysis and Ruling

Power Purchase for Base Load and Peak Load

3.5.9 The Commission observes that the short term and medium-term power procured by GEPL is from the sources/contracts entered into by GEPL through Competitive Bidding route and also as adopted by the Commission in its various Orders as and when GEPL approached for approval of the same. The details of such contracts are outlined in the Table below:

Table 61: Approval of Power Procurement and adoption of Tariff for FY 2022-23

FY	Period	Time Slot	Quantum	Average Rate	Seller	Delivery Point	MERC Order- Case No. and date
			MW	Rs./kWh			
2022-2023	-	00:00 to 24:00 hrs	as and when required basis	Exchange linked rates	Exchange/GMR	Regional Periphery	Case No.138 of 2022 dated 15 September 2022
2022-2023 to 2023-2024	1 Nov,22 to 31 Oct,23	00:00 to 24:00 hrs	1.5	6.35	GMRETL	Maharashtra State Periphery	Case No.177 of 2022 dated 28 October 2022
2022-2023 to 2023-2024	1 Nov,22 to 28 Feb,23	00:80 to 23:00 hrs	1	7.95	PTC India Ltd.	Maharashtra State Periphery	Case No.177 of 2022 dated 28 October 2022

- 3.5.10 GEPL has been procuring power from Medium Term and short-term sources i.e., M/s. GMRETL. The PPA with GMRETL for both the sources is approved by the Commission. The Delivery Point of power purchased by GEPL for FY 2022-23 to FY 2023-24 is at Maharashtra State periphery as per the PPA.
- 3.5.11 The Commission has observed that the Power purchase cost estimated is significantly higher than the cost approved for FY 2022-23 and sought clarification over the same from GEPL. In response to the query, GEPL submitted that the PPA between KRC DISCOMs and Kreate Energy was valid for a period of 1 year i.e., from July 1, 2021 to June 30, 2022. However, Kreate Energy did not supply any energy to GEPL for the period from April to June 2022. In the absence of the power supply from the contracted source, GEPL had procured the power from other sources (exchange and bilateral transaction) at market linked prices, which has resulted in higher power purchase cost.
- 3.5.12 In this regard, KRC DISCOMs had filed a Petition before the Commission seeking approval of the Commission for undertaking combined power purchase at Power Exchange linked rates for the period from July 2022, till alternative arrangements are in place (Case No. 138 of 2022). All the details and reasons and justification for higher power purchase cost till June 2022 have been stated in the said Petition for exchange linked power purchase and reasoning for non-tied up of power from July 2022 onwards is also mentioned.
- 3.5.13 As a result of the non-supply of power from Kreate Energy during the period from April 2022 to June 2022, and due to the non-discovery of competitive procured power from July 2022 to October 2022, GEPL purchased power from Power Exchange at market rates and exchange-linked rates. In accordance with the provisions of the PPA, GEPL has encashed the Performance Bank Guarantee (PBG) of Kreate Energy, amounting to Rs. 1.08 Crore, which has been considered towards reduction of the power purchase cost in FY 2022-23.
- 3.5.14 In this context, the KRC DISCOMs have filed a Petition in Case No. 162 of 2022, seeking recovery of the additional power purchase cost incurred by KRC DISCOMs on account of non-supply of power by Kreate Energy during this period. The Commission has held a hearing in this matter, and the matter is sub-judice at present.

Renewable Purchase Obligation

- 3.5.15 It is observed that KRC DISCOMs have a combined Peak Power purchase arrangement of 4 MW RE Power from 1 November 2022 to 28 February 2023, at a rate of Rs. 7.95/kWh. Additionally, GEPL is meeting the RPO requirement through Green Power Market products, i.e., GDAM/GTAM.
- 3.5.16 Regarding efforts undertaken by GEPL for entering into long term RE power procurement GEPL submitted that MBPPL had floated a Tender on DEEP Portal of Ministry of Power on behalf of KRC DISCOMs for purchase of Solar Power up to 6 MW (Maharashtra State Periphery) for the period from 01.10.2021 to 30.09.2022. However, in response to the Tender, MBPPL had not received any bid from the market participants.
- 3.5.17 GEPL has submitted that it will procure REC for meeting RPO targets specified by the Commission in line with provisions of the RPO-REC Regulations notified by the Commission.
- 3.5.18 In this Order the Commission has allowed projection of Solar and Non-Solar purchase to enable

GEPL to achieve RPO target. Further, as regards the Non-Solar RPO targets there are two sources indicated by GEPL in its submission with Power Purchase cost of Rs.7.03/kWh for Non-Solar purchase and Rs. 7.95/kWh from NSL Sugars. The Commission has considered the actual purchase for the first six months against Non-Solar purchase and for the remaining six months the power purchase per month is computed on the basis of actual average power purchased in the first six months of FY 2022-23. The remaining quantum required to meet the Non-Solar RPO target is approved from NSL-Sugars. The same has been illustrated below:

Table 62: RPO Target Achievement Estimated for FY 2022-23 approved by the Commission

Particulars	Units	FY 2022-23	
		MTR Petition	Approved
Solar Power			
Solar RPO target	%	8.00%	8.00%
Solar RPO target	MU	2.26	2.10
Non- Solar Power			
Non-Solar RPO target	%	11.50%	11.50%
Non-Solar RPO target	MU	4.57	3.01

DSM

3.5.19 The Commission has considered average InSTS loss of 3.27% in the H1 of FY 2022-23 and accordingly has adjusted the DSM purchases to balance the Power Purchase to match the Energy Requirement. The Commission has not projected the DSM purchase/sell for H2 of FY 2022-23.

3.5.20 The Commission has also approved Rescheduling Charges and Power Exchange charges as projected by GEPL for FY 2022-23.

3.5.21 Accordingly, based on the submission of GEPL and prudence check carried out by the Commission, it provisionally approves the power purchase cost on provisional basis for FY 2022-23 as shown in the table below:

Table 63: Power Purchase cost for FY 2022-23 as approved by the Commission

Source of Power (Station wise)	MYT Order			Provisional Truing up as per MTR Petition			Approved		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Short-term Sources									
Other Medium-Term Source	44.68	17.51	3.92	-	-	-	-	-	-
GMR – Bilateral	-	-	-	9.89	7.76	7.85	9.91	7.78	7.85
GMR - STPP PPA	-	-	-	5.04	3.20	6.35	6.73	4.28	6.35
Purchase of additional	4.62	1.98	4.29	4.69	3.10	6.60	4.69	3.10	6.60

Source of Power (Station wise)	MYT Order			Provisional Truing up as per MTR Petition			Approved		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
power (Exchange)									
Imbalance Pool/DSM	-	-	-	(0.08)	(0.03)	3.38	(0.24)	(0.08)	3.38
Solar Purchase	4.90	1.42	2.90	2.26	1.50	6.65	2.10	1.39	6.65
Non-Solar Purchase	7.04	2.02	2.87	2.57	1.81	7.03	2.57	1.81	7.03
Non-Solar - NSL Sugars	-	-	-	2.00	1.59	7.95	0.44	0.35	7.95
Re-scheduling Charges	-	-	-	-	0.001	-	-	0.001	-
Power Exchange charges	-	-	-	-	0.00	-	-	0.00	-
Bank Guarantee of KEIPL invoked	-	-	-	-	(1.08)	-	-	(1.08)	-
Total	61.24	22.93	3.74	26.38	17.86	6.77	26.21	17.55	6.70

3.5.22 Thus, as illustrated in the table above, the Commission approves power purchase cost of Rs 17.55 Crore in the Provisional Truing-Up of ARR for FY 2022-23. The variance between GEPL's submission and approved by the Commission is on account of restricting the RE power purchase to the RPO target level and adjusting the difference in power purchase from conventional sources.

3.6 Transmission Charges and MSLDC Charges

GEPL's Submission

3.6.1 The Commission in the MYT Order approved the Intra-State Transmission Charges and MSLDC Charges on the basis of the Commission's Order dated March 30, 2020 in Case No. 327 of 2019 determining the InSTS Tariff and Order dated March 30, 2020 in Case No. 291 of 2019 determining the MSLDC Charges.

3.6.2 During H1 of FY 2022-23, GEPL has incurred actual Intra-State Transmission Charges and MSLDC Charges of Rs. 1.24 Crore and Rs. 0.006 Crore, respectively. GEPL has considered Intra-State Transmission Charges of Rs. 2.48 Crore for FY 2022-23 against Rs. 2.50 Crore approved by the Commission in the MTR Order for InSTS. Further, GEPL has considered MSLDC Charges for H2 of FY 2022-23 same as actual MSLDC Charges for H1 i.e., Rs. 0.006 Crore.

3.6.3 The Intra-State Transmission Charges and MSLDC Charges considered by GEPL for FY 2022-

23 are shown in the table below:

Table 64: InSTS Charges and MSLDC Charges for FY 2022-23 as submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Intra-State Transmission Charges	2.50	2.48
MSLDC Charges	0.012	0.012

3.6.4 GEPL has requested the Commission to approve the InSTS Transmission Charges and MSLDC Charges in the provisional truing up for FY 2022-23, as shown in the above Table.

Commission’s Analysis and Ruling

3.6.5 The Commission notes the submission of GEPL and provisionally approves the InSTS Transmission Charges and MSLDC Charges for FY 2022-23 in accordance with various orders issued by the Commission from time to time. The InSTS Transmission Charges and MSLDC Charges are summarized in the table below. The small variation in the MYT Order approved charges and charges provisionally submitted by GEPL is mainly on account of rounding off of the figures.

Table 65: InSTS Charges and MSLDC Charges for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	2.50	2.48	2.48
MSLDC Charges	0.012	0.012	0.012

3.7 Operation and Maintenance Expenses

GEPL’s Submission

3.7.1 GEPL has worked out the normative O&M expenses for FY 2022-23. GEPL has considered the normative O&M expenses of FY 2019-20 and escalated the same with WPI and CPI indices of last 5 years in the ratio 70:30 in line with the applicable provisions of MYT Regulations, 2019.

3.7.2 The MYT Regulations, 2019 specify that the escalation factor must be reduced by an efficiency factor of 1%, unless there is an increase in the number of consumers including open Access Consumers connected to the Distribution Wires of at least 2% annually over the last 3 years. GEPL submitted that 2 out of the last 3 years have been adversely affected due to COVID-19 Pandemic, and to link the escalation rate to increase in the number of consumers during this period would not be appropriate.

3.7.3 GEPL has requested the Commission to rely on its power to relax the provisions of its Regulations in view of the extraordinary circumstances prevailing, and not reduce the applicable escalation rate by the efficiency factor of 1% and to consider the escalation factor based on the composite WPI: CPI index.

3.7.4 Accordingly, the O&M expenses in FY 2022-23 submitted by GEPL for approval is as follows:

Table 66: Summary of O&M expenses for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
Employee Expenses	1.37	1.98
A&G Expenses		

Particulars	MYT Order	MTR Petition
R&M Expenses		
Total O&M Expenses – Wires	1.37	1.98
Retail Supply Business		
Employee Expenses		
A&G Expenses	0.74	1.07
R&M Expenses		
Total O&M Expenses – Retail Supply	0.74	1.07

3.7.5 GEPL has requested the Commission to approve the normative O&M expenses in the provisional truing up for FY 2022-23, as shown in the above Table.

Commission’s Analysis and Ruling

3.7.6 The MYT Regulations, 2019 specify that the normative O&M charges for FY 2019-20 would be determined by escalating at the inflation factor of WPI:CPI reduced by an efficiency factor of 1%.

3.7.7 At present data regarding number of consumers is available till H1 of FY 2022-23 only. GEPL has projected 91 number of consumers for the FY 2022-23 in their ARR model. Thus, considering the actual number of consumers for the year FY 2019-20(91 Nos) , FY 2020-21(86 Nos) , FY 2021-22(90 Nos) and GEPL’s projections for the FY 2022-23, the 3-year CAGR works out to be lower than 2%. Therefore, in accordance with MYT Regulations 2019 the Commission has reduced the escalation factor by an efficiency factor of 1%. However, the O&M expenses for FY 2022-23 provisionally approved in this Order would be subject to consideration of actual number of consumers while final truing up for the said year.

3.7.8 Thus, the Commission has computed the normative O&M charges for FY 2022-23 by escalating the normative O&M expenses determined for FY 2021-22 at the inflation factor determined for FY 2021-22 and reduced by efficiency factor of 1%.

3.7.9 Accordingly, provisionally approved normative O&M expenses for FY 2022-23 are as follows:

Table 67: Normative O&M Expenditure for FY 2022-23 as approved by Commission (Rs Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Employee Expenses			
A&G Expenses	1.37	1.98	1.51
R&M Expenses			
Total O&M Expenses – Wires	1.37	1.98	1.51
Retail Supply Business			
Employee Expenses			
A&G Expenses	0.74	1.07	0.81
R&M Expenses			
Total O&M Expenses – Retail Supply	0.74	1.07	0.81

3.8 Capital Expenditure and Capitalisation for FY 2022-23

GEPL’s Submission

3.8.1 The Commission, in the MYT Order in Case No 330 of 2019, approved Capital Expenditure

and Capitalisation of Rs. 0.10 Crore for the Wires Business for FY 2022-23. Similarly, Capital Expenditure and Capitalisation of Rs. 0.02 Crore has been approved for the Retail Supply Business for FY 2022-23.

- 3.8.2 During FY 2022-23, GEPL has estimated capital expenditure and capitalisation of Rs. 0.006 crore and Rs. 0.077 Crore for the Wires Business and Supply Business, respectively. These CAPEX is related to metering and allied accessories.
- 3.8.3 The Capital expenditure and capitalisation submitted by GEPL for FY 2022-23 are shown in the following Table:

Table 68: Capital Expenditure & Capitalisation for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
<i>Capital Expenditure</i>	0.10	0.006
<i>Capitalisation</i>	0.10	0.006
Retail Supply Business		
<i>Capital Expenditure</i>	0.02	0.077
<i>Capitalisation</i>	0.02	0.077

- 3.8.4 GEPL has requested the Commission to approve the Capital Expenditure and Capitalisation in the Provisional True-up for FY 2022-23, as discussed above.

Commission’s Analysis and Ruling

- 3.8.5 GEPL has proposed to undertake the capitalisation in FY 2022-23 towards AMR & Consumer Metering whereby it has estimated Capital expenditure of Rs. 0.084 Crore for FY 2022-23.
- 3.8.6 The Commission has observed that GEPL has estimated capital expenditure against Non-DPR schemes only and no DPR scheme has been considered under the same and sought clarification regarding the same. In response, GEPL submitted that, it is a unique Distribution Licensee supplying to a very small area for IT & ITeS specific consumers. In case of GEPL, the entire distribution network in its area of supply under DPR schemes has already been laid. Hence, in case of GEPL, capital expenditure against DPR schemes will not be required every year. In nutshell, there may not be any major CAPEX proposal of Deemed Distribution Licensees once operationalized, except CAPEX on account of notification of additional SEZ area.
- 3.8.7 The Commission is of the view that the non-DPR capitalisation schemes may be necessary for satisfactory operation of distribution business. Therefore, the Commission has provisionally approved the capitalisation as claimed by GEPL as shown in table below. Any variation in actual capitalisation will be reviewed at the time of final Truing- up.

Table 69: Capital Expenditure & Capitalisation for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
<i>Capital Expenditure – Wires</i>	0.10	0.006	0.006
<i>Capitalisation – Wires</i>	0.10	0.006	0.006
Retail Supply Business			
<i>Capital Expenditure – Retail Supply</i>	0.02	0.077	0.077
<i>Capitalisation – Retail Supply</i>	0.02	0.077	0.077

3.9 Depreciation

GEPL’s Submission

3.9.1 GEPL has computed the depreciation for FY 2022-23 in accordance with Regulation 28 of the MYT Regulations, 2019, by applying the asset class-wise depreciation rate specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the year. The closing GFA for FY 2021-22 considered in the Truing-up of FY 2021-22 has been considered as the Opening GFA for FY 2022-23.

3.9.2 The depreciation claimed by GEPL for FY 2022-23 is shown in the following Table:

Table 70: Depreciation for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
Opening GFA	30.99	28.04
Additions during the year	0.10	0.01
Closing GFA	31.09	28.04
Depreciation	1.43	1.27
Retail Supply Business		
Opening GFA	1.98	1.58
Additions during the year	0.02	0.08
Closing GFA	2.00	1.66
Depreciation	0.17	0.15

3.9.3 GEPL has requested the Commission to approve the depreciation in the Provisional Truing up for FY 2022-23, as shown in the above Table.

Commission’s Analysis and Ruling

3.9.4 The Commission has computed the depreciation for FY 2022-23 in accordance with Regulation 28 of MYT Regulations, 2019. It has considered the approved capitalisation for FY 2022-23 for addition of assets during the year. The Commission has calculated the depreciation by applying the asset class-wise depreciation rate as specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the year, and no depreciation has been considered on the assets funded by consumer’s contribution. In accordance with the above, the Commission provisionally approves Depreciation for FY 2022-23 as shown in the table below:

Table 71: Depreciation approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Opening GFA	30.99	28.04	28.04
Additions during the year	0.10	0.01	0.01
Closing GFA	31.09	28.04	28.04
Depreciation - Wires	1.43	1.27	1.27
Retail Supply Business			
Opening GFA	1.98	1.58	1.58
Additions during the year	0.02	0.08	0.08

Closing GFA	2.00	1.66	1.66
Depreciation – Retail Supply	0.17	0.15	0.15

3.10 Interest on loan

GEPL’s Submission

3.10.1 GEPL has computed the Interest on Long-Term Loan Capital in accordance with Regulation 30 of the MYT Regulations, 2019. The Closing Balance of net normative loan considered in the Truing-up for FY 2021-22 has been considered as the Opening Balance of net normative loan for FY 2022-23. For arriving at the addition of debt component during the year, GEPL has considered normative debt: equity ratio of 70:30 on the addition to GFA as discussed in the earlier section. The Depreciation has been considered as normative repayment of loan during the year. The Interest on Loan had been calculated on the average normative loan for the year by applying the rate of 7.28% applicable for FY 2021-22. At the time of true-up for FY 2022-23, the weighted average rate of interest during the year shall be considered, in accordance with the MYT Regulations, 2019.

3.10.2 The Interest on Long Term Loan capital claimed by GEPL for FY 2022-23 is shown in the following table:

Table 72: Interest on Loan Capital for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
Opening Normative Loan	15.58	13.74
Addition of Normative Loan during the year	0.07	0.00
Repayment of Normative Loan during the year	1.43	1.27
Closing Normative Loan	14.22	12.47
Weighted average Rate of Interest on actual Loans	9.53%	7.28%
Interest Expenses	1.42	0.95
Retail Supply Business		
Opening Normative Loan	0.75	0.51
Addition of Normative Loan during the year	0.01	0.00
Repayment of Normative Loan during the year	0.17	0.15
Closing Normative Loan	0.59	0.37
Weighted average Rate of Interest on actual Loans	9.53%	7.28%
Interest Expenses	0.06	0.03

Commission’s Analysis and Ruling

3.10.3 For arriving at the debt component, the debt: equity ratio of 70:30, as submitted by GEPL, is applied to the Capitalisation approved for FY 2022-23 and the opening balance of GFA is considered same as the closing balance approved for FY 2021-22.

3.10.4 The repayment of loan is considered equal to the depreciation allowed during the year in accordance with MYT Regulation, 2019.

3.10.5 In continuation of the approach adopted by the Commission in the previous chapter for the true-up years, one year SBI MCLR Base Rate at beginning of the year is considered as the rate of interest on long term loan for provisional true-up of FY 2022-23.

3.10.6 The one-year SBI MCLR base rate as prevailed at the beginning of FY 2022-23 is 7.00%, as available on the SBI official website, and the same has been considered by the Commission.

3.10.7 Accordingly, the interest on long-term loan provisionally approved by the Commission for FY 2022-23 is summarised in the table below:

Table 73: Interest on Loan Capital approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
<i>Distribution Wires Business</i>			
Opening Normative Loan	15.58	13.74	13.74
Addition of Normative Loan during the year	0.07	0.00	0.00
Repayment of Normative Loan during the year	1.43	1.27	1.27
Closing Normative Loan	14.22	12.47	12.47
Rate of Interest	9.53%	7.28%	7.00%
Interest Expenses	1.42	0.95	0.92
<i>Retail Supply Business</i>			
Opening Normative Loan	0.75	0.51	0.51
Addition of Normative Loan during the year	0.01	0.00	0.00
Repayment of Normative Loan during the year	0.17	0.15	0.15
Closing Normative Loan	0.59	0.37	0.37
Rate of Interest	9.53%	7.28%	7.00%
Interest Expenses	0.06	0.03	0.03

3.11 Interest on Working Capital and Consumer's Security Deposit

GEPL's Submission

3.11.1 GEPL has computed the normative working capital requirement in accordance with the MYT Regulations, 2019.

3.11.2 The one-year SBI MCLR as on 30 November 2022, was 8.05%. Accordingly, for computation of IoWC, GEPL has considered the rate of interest of 9.55% (after adding 150 basis points) for FY 2022-23, in accordance with the MYT Regulations, 2019. The CSD in FY 2022-23 has been considered at the same levels as actuals of FY 2021-22. The rate of interest on CSD has been considered equal to the RBI Bank Rate as on 1st April 2022, i.e., 4.25%.

3.11.3 The computation of IoWC and interest on CSD for FY 2022-23 is shown in the following table:

Table 74: IoWC and Interest on CSD for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
<i>Distribution Wires business</i>		
O&M expenses for a month	0.114	0.17
Maintenance Spares at 1% of Opening GFA	0.310	0.28
One and half months equivalent of the expected revenue from charges for use of Distribution Wires	0.806	0.70
Less: Amount held as Security Deposit from Distribution System Users	0.329	0.03
Total Working Capital Requirement	0.901	1.11
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%
Interest on Working Capital	0.086	0.106

Particulars	MYT Order	MTR Petition
Interest on Security Deposit		
Interest Rate (%) - RBI Base Rate	5.40%	4.25%
Interest on Security Deposit	0.018	0.001
Retail Supply Business		
O&M expenses for a month	0.062	0.09
Maintenance Spares at 1% of Opening GFA	0.02	0.02
One and half month's equivalent of the expected revenue from sale of electricity	3.288	2.71
Less: Amount held as security deposit	2.962	0.31
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	2.120	2.54
Total Working Capital Requirement	(1.713)	(0.05)
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%
Interest on Working Capital	0.00	0.00
Interest on Security Deposit		
Interest Rate (%) - RBI Base Rate	5.40%	4.25%
Interest on Security Deposit	0.16	0.01

3.11.4 GEPL has requested the Commission to approve IoWC and Interest on CSD in the provisional true-up for FY 2022-23, as shown in the above Table.

Commission's Analysis and Ruling

3.11.5 The Commission has worked out the working capital requirement on a normative basis, which is based on the approved parameters as per this Order. Considering the amount security deposit, which is to be deducted, the normative working capital requirement works out to be negative and considered as nil for Retail Supply business.

3.11.6 As regards CSD, the Commission has considered RBI Bank rate as on 1 April 2020 i.e., 4.25%, in accordance the Supply Code Regulations, 2021. Further, the Commission has followed the methodology as stated in para 2.11.8 and has considered the actual CSD for FY 2021-22 as CSD for FY 2022-23 as well.

3.11.7 The Commission has computed the total working capital requirement and IoWC in accordance with the MYT Regulations, 2019, which links the interest rate to one-year MCLR of SBI as on the day of filing of MTR Petition. Any variation in actual interest on CSD will be adjusted at the time of final Truing up of FY 2022-23.

3.11.8 The IoWC and CSD provisionally approved by the Commission are shown in the Table below:

Table 75: IoWC and Interest on CSD for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
O&M expenses for a month	0.114	0.17	0.13
Maintenance Spares at 1% of Opening GFA	0.310	0.28	0.28

Particulars	MYT Order	MTR Petition	Approved in this Order
One and half months equivalent of the expected revenue from charges for use of Distribution Wires	0.806	0.70	0.36
Less: Amount held as Security Deposit from Distribution System Users	0.329	0.03	0.22
Total Working Capital Requirement	0.90	1.11	0.54
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%	9.55%
Interest on Working Capital	0.086	0.106	0.052
Interest on Security Deposit			
Interest Rate (%) - RBI Base Rate	5.40%	4.25%	4.25%
Interest on Security Deposit	0.018	0.001	0.010
Retail Supply Business			
O&M expenses for a month	0.062	0.09	0.07
Maintenance Spares at 1% of Opening GFA	0.02	0.02	0.02
One and half months equivalent of the expected revenue from sale of electricity	3.288	2.71	1.74
Less: Amount held as security deposit	2.962	0.31	2.02
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	2.120	2.54	2.50
Total Working Capital Requirement	(1.713)	(0.05)	(2.70)
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%	9.55%
Interest on Working Capital	0.00	0.00	-
Interest on Security Deposit			
Interest Rate (%) - RBI Base Rate	5.40%	4.25%	4.25%
Interest on Security Deposit	0.16	0.013	0.086

3.12 Return on Equity

GEPL's Submission

3.12.1 GEPL has computed the RoE for FY 2022-23 in accordance with Regulation 29 of the MYT Regulations, 2019.

3.12.2 The RoE claimed by GEPL for FY 2022-23 for the Wires Business and Retail Supply Business is shown in the following Table:

Table 76: Return on Equity for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
Regulatory Equity at the beginning of the year	11.36	8.41
Equity portion of capitalisation during the year	0.1	0.00
Regulatory Equity at the end of the year	11.46	8.41
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year		1.18
Return on Regulatory Equity addition during the year		0.00
Total Return on Equity for Distribution Wires Business	1.30	1.18
Retail Supply Business		
Regulatory Equity at the beginning of the year	0.59	0.47
Equity portion of capitalisation during the year	0.01	0.02

Particulars	MYT Order	MTR Petition
Regulatory Equity at the end of the year	0.60	0.49
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year		0.07
Return on Regulatory Equity addition during the year		0.00
Total Return on Equity for Retail Supply Business	0.09	0.07

3.12.3 GEPL has requested the Commission to approve the RoE in the provisional truing up for FY 2022-23, as shown in the above Table.

Commission’s Analysis and Ruling

3.12.4 The Commission has computed RoE at 14% and 15.5% for the Wires Business and Supply Business, respectively, in accordance with the MYT Regulations, 2019 on the opening equity FY 2022-23 which has been considered same as the closing equity for FY 2021-22 approved in the MYT Order. The addition to the equity during the year has been computed considering a debt: equity ratio of 70:30.

3.12.5 Regulation 34.2 of the MYT Regulations mentions that the rate of RoE including the Additional RoE as allowed by the Commission under Regulation 29 of MYT Regulations 2019 shall be grossed up with the effective tax rate for the respective financial year. However, as ruled in the truing up of this Order, for FY 2022-23, the Commission approves Nil Income Tax and hence grossing up of RoE with the tax rate would be of no effect in such scenario.

3.12.6 The RoE provisionally approved for FY 2022-23 is summarised in the following table:

Table 77: Return on Equity for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
<i>Distribution Wires Business</i>			
Regulatory Equity at the beginning of the year	11.36	8.41	8.41
Equity portion of capitalisation during the year	0.1	0.002	0.002
Regulatory Equity at the end of the year	11.46	8.41	8.41
Return on Equity Computation			
Base Rate of Return on Equity	14%	14%	14%
Return on Regulatory Equity at the beginning of the year		1.18	1.18
Return on Regulatory Equity addition during the year		0.00	0.00
Total Return on Equity	1.30	1.18	1.18
<i>Retail Supply Business</i>			
Regulatory Equity at the beginning of the year	0.59	0.47	0.47
Equity portion of capitalisation during the year	0.01	0.02	0.02
Regulatory Equity at the end of the year	0.60	0.49	0.49
Return on Equity Computation			
Base Rate of Return on Equity	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate			
Return on Regulatory Equity at the beginning of the year	0.09		
Return on Regulatory Equity addition during the year	0.00		
Total Return on Equity	0.09	0.07	0.07

3.13 Provisioning for Bad Debts

GEPL’s Submission

3.13.1 GEPL submitted that the approved amount for bad debts is Nil for the FY 2022-23 in MYT Order. GEPL has not claimed any provision for Bad debts during FY 2022-23.

3.13.2 GEPL has requested the Commission to approve the NIL amount of Bad Debts in the provisional truing up for FY 2022-23.

Commission’s Analysis and Ruling

3.13.3 As GEPL has not envisaged any provisioning for bad debts, the Commission has not considered any amount for FY 2022-23.

3.14 Contribution to Contingency Reserves

GEPL’s Submission

3.14.1 In accordance with the MYT Regulations, 2019 and the approach adopted by the Commission in the MYT Order, GEPL has considered the Contribution to Contingency Reserve at 0.5% of Opening GFA for FY 2022-23, as shown in the following Table:

Table 78: Contribution to Contingency Reserves for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Wires Business		
Opening GFA of Wire Business	30.99	28.04
Contribution to Contingency Reserves	0.155	0.140
Retail Supply Business		
Opening GFA of Retail Supply Business	1.98	1.58
Contribution to Contingency Reserves	0.010	0.008

Commission’s Analysis and Ruling

3.14.2 The Regulations 35 of the MYT Regulations 2019 provide for Contribution to Contingency Reserves from 0.25% to 0.5% of the opening GFA. The Commission approves the Contribution to Contingency Reserves as 0.5% of the opening GFA, as sought by GEPL. The Commission has also verified that the cumulative amount of contingency reserve has not exceeded the limit of 5% of the GFA as prescribed in the MYT Regulations, 2019.

3.14.3 GEPL should invest contribution to contingency reserves approved by the Commission in authorized securities as per Regulation 35.1 of the MYT Regulations, 2019. Accordingly, the Contribution to Contingency Reserves is provisionally approved for FY 2022-23 as summarised in table below:

Table 79: Contribution to Contingency Reserves approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Contribution to Contingency Reserves for Wires Business	0.155	0.140	0.140
Contribution to Contingency Reserves for Retail Supply Business	0.010	0.008	0.008

3.15 Non- Tariff Income

GEPL’s Submission

3.15.1 GEPL has considered Non-Tariff income of Rs. 0.006 Crore and 0.051 Crore for the Wires Business and Retail Supply Business, respectively for FY 2022-23 at the same level as the actuals of FY 2021-22 as shown in the following Table:

Table 80: Non-Tariff Income for FY 2022-23 submitted by GEPL (Rs. Crore)

Sr. No.	Non-Tariff Income	FY 2022-23	
		MYT Order	Provisional Truing up
1	Wires Business	0.041	0.006
2	Retail Supply Business	0.394	0.051
	Total Non-Tariff Income	0.435	0.057

Commission’s Analysis and Ruling

3.15.2 The Commission notes that GEPL has appropriately considered the interest income on investment made in Government Bonds, and consumer charges levied in accordance with Schedule of Charges as part of the Non-Tariff Income.

3.15.3 Accordingly, the Commission provisionally approves the following amount as Non-Tariff Income for FY 2022-23 as given in the Table below. The variation in GEPL’s submission and NTI values approved in this Order is on account of the fact that GEPL has considered nil amount under ‘Income from consumer charges levied in accordance with Schedule of Charges. However, the Commission has considered it at the same level as that of FY 2021-22.

Table 81: Non-Tariff Income for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Non-Tariff Income for Wires Business	0.041	0.006	0.008
Non-Tariff Income for Retail Supply Business	0.394	0.051	0.071

3.16 Revenue from Sale of Electricity

GEPL’s Submission

3.16.1 For the purpose of calculation of revenue, GEPL has considered actual tariff approved by the Commission for FY 2022-23 in the MYT Order, and the actual category-wise FAC applicable in October 2022, on the estimated sales for FY 2022-23.

3.16.2 The revenue from electricity for FY 2022-23 submitted by GEPL in the present Petition is shown in the following table:

Table 82: Revenue from Sale of electricity for FY 2022-23 by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Revenue from Sale of Power	32.75	16.81

Commission’s Analysis and Ruling

3.16.3 The Commission has examined the computation of the estimated revenue for FY 2022-23 as

submitted by GEPL and the same is allowed on provisional basis, subject to truing up in the future.

Table 83: Approved Revenue from Sale of electricity for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved Total Revenue
Revenue from Sale of Power	32.75	16.81	16.81

3.17 Aggregate Revenue Requirement for FY 2022-23

GEPL's Submission

3.17.1 The Summary of ARR for FY 2022-23 claimed by GEPL on provisional truing up for Distribution Wires Business is shown in the Table below:

Table 84: ARR Summary for Distribution Wires Business for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Operation & Maintenance Expenses	1.37	1.98
Depreciation	1.43	1.27
Interest on Loan Capital	1.42	0.95
Interest on Working Capital	0.09	0.11
Interest on deposit from Distribution System Users	0.02	0.00
Provision for bad and doubtful debts	-	-
Contribution to Contingency Reserves	0.15	0.14
Income Tax	-	-
Total Revenue Expenditure	4.48	4.46
Add: Return on Equity Capital	1.30	1.18
Aggregate Revenue Requirement	5.78	5.64
Less: Non-Tariff Income	0.041	0.01
Total Aggregate Revenue Requirement	5.74	5.63
Past Gap/(Surplus)/After Deferment	0.72	0.72
Net ARR from Distribution wires business	6.46	6.35

3.17.2 The Summary of ARR for FY 2022-23 claimed by GEPL on provisional truing up for the Retail Supply Business is shown in the Table below:

Table 85: ARR Summary for Retail Supply Business for FY 2022-23 submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
1	Power Purchase Expenses (including Inter-State Transmission Charges)	22.93	17.86
2	Operation & Maintenance Expenses	0.74	1.07
3	Depreciation	0.17	0.15
4	Interest on Loan Capital	0.06	0.03
5	Interest on Working Capital	0.00	0.00
6	Interest on Consumer Security Deposit	0.16	0.01
7	Provision for bad and doubtful debts	0.00	0.00
8	Contribution to Contingency Reserves	0.01	0.008
9	Intra-State Transmission Charges	2.50	2.48
10	MSLDC Fees & Charges	0.01	0.01
11	Income Tax	-	-
12	Total Revenue Expenditure	26.58	21.62
13	Add: Return on Equity Capital	0.09	0.07

Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
14	Aggregate Revenue Requirement	26.68	21.69
15	Less: Non-Tariff Income	0.39	0.05
16	Aggregate Revenue Requirement from Retail Supply	26.28	21.64

Commission's Analysis and Ruling

3.17.3 Based on the analysis in the previous paragraphs, the Commission has provisionally approved the ARR for FY 2022-23, as summarised in the Table below:

Table 86: ARR for Distribution Wires Business approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Operation & Maintenance Expenses	1.37	1.98	1.51
Depreciation	1.43	1.27	1.27
Interest on Loan Capital	1.42	0.95	0.92
Interest on Working Capital	0.09	0.11	0.05
Interest on deposit from Distribution System Users	0.02	0.00	0.01
Provision for bad and doubtful debts	-	-	-
Contribution to Contingency Reserves	0.15	0.14	0.14
Total Revenue Expenditure	4.48	4.46	3.90
Add: Return on Equity Capital	1.30	1.18	1.18
Aggregate Revenue Requirement	5.78	5.64	5.08
Less: Non-Tariff Income	0.04	0.01	0.01
Total Aggregate Revenue Requirement	5.74	5.63	5.07

Table 87: ARR for Retail Supply Business approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	22.93	17.86	17.55
Operation & Maintenance Expenses	0.74	1.07	0.81
Depreciation	0.17	0.15	0.15
Interest on Loan Capital	0.06	0.03	0.03
Interest on Working Capital	-	-	-
Interest on Consumer Security Deposit	0.16	0.01	0.09
Provision for bad and doubtful debts	-	-	-
Contribution to Contingency Reserves	0.01	0.008	0.01
Intra-State Transmission Charges	2.50	2.48	2.48
MSLDC Fees & Charges	0.01	0.01	0.01
Total Revenue Expenditure	26.58	21.62	21.12
Add: Return on Equity Capital	0.09	0.07	0.07
Aggregate Revenue Requirement	26.68	21.69	21.20
Less: Non-Tariff Income	0.39	0.05	0.07
Aggregate Revenue Requirement from Retail Supply	26.28	21.64	21.13

Table 88: Combined ARR approved for Distribution Wires and Retail Supply Business by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	22.93	17.86	17.55
Operation & Maintenance Expenses	2.11	3.05	2.32
Depreciation	1.60	1.42	1.42
Interest on Loan Capital	1.48	0.99	0.95
Interest on Working Capital	0.09	0.11	0.05
Interest on Consumer Security Deposit	0.18	0.01	0.10
Provision for bad and doubtful debts	-	-	0.00
Contribution to Contingency Reserves	0.16	0.15	0.15
Intra-State Transmission Charges	2.50	2.48	2.48
MSLDC Fees & Charges	0.01	0.01	0.01
Income Tax	-	-	0.00
Total Revenue Expenditure	31.05	26.08	25.02
Add: Return on Equity Capital	1.39	1.25	1.25
Aggregate Revenue Requirement	32.45	27.33	26.28
Less: Non-Tariff Income	0.44	0.06	0.08
Combined Aggregate Revenue Requirement from Wire + Supply Business	32.01	27.27	26.20

3.18 Revenue Gap/ (Surplus) for FY 2022-23

GEPL's Submission:

3.18.1 GEPL has computed the combined provisional Revenue Gap/ (Surplus) for FY 2022-23 as shown in the following table:

Table 89: Revenue Gap/ (Surplus) for FY 2022-23 submitted by GEPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
ARR for Distribution Wires Business	6.46	6.35
ARR for Retail Supply Business	26.28	21.64
ARR for Combined Wire Business and Retail Supply Business	32.73	27.99
Less: Revenue at Existing Tariff		16.81
Revenue Gap/(Surplus)		11.18

Commission's Analysis and Ruling:

3.18.2 The Commission carried out computation of the provisional Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply business separately for FY 2022-23 as shown in the Table below:

Table 90: Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply Business for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
ARR for Distribution Wires Business	6.46	6.35	5.79
Less: Wires Revenue at Existing Tariff		2.89	2.89
Revenue Gap/(Surplus) - Distribution Wires		3.46	2.90

Particulars	MYT Order	MTR Petition	Approved in this Order
ARR for Retail Supply Business	26.28	21.64	21.13
Less: Retail Supply Revenue at Existing Tariff		13.92	13.92
Revenue Gap/(Surplus) - Retail Supply		7.72	7.21

3.18.3 Accordingly, the Commission provisionally approves the Revenue Gap of Rs. 2.90 Crore for Distribution Wires Business and Revenue Gap of Rs. 7.21 Crore for Retail Supply Business for FY 2022-23.

3.18.4 The variation in the Revenue Gap / (Surplus) sought by GEPL and that approved by the Commission in this Order is mainly on account of difference in approach adopted for meeting the RPO target, Approach in calculation of Normative O&M Expenses, difference in Interest rate for computation of Interest on Long term loan for reasons discussed in the earlier Section.

4 DETERMINATION OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 and FY 2024-25

4.1 ARR for the FY 2023-24 to FY 2024-25

4.1.1 The MYT Regulations, 2019 specify that at the time of filing for Mid-term Review, the Licensees shall submit the revised projections of ARR for the remaining years of the Control Period, i.e., FY 2023-24 and FY 2024-25. Accordingly, in this Chapter, GEPL has projected the revised ARR for FY 2023-24 and FY 2024-25, after considering the impact of truing up for FY 2019-20, FY 2020-21 and FY 2021-22, and the provisional truing up for FY 2022-23, which has resulted in change in base values for FY 2023-24 and FY 2024-25.

4.2 Energy Sales

GEPL’s Submission

4.2.1 For realistic projections of sales, GEPL has undertaken discussion with their consumers. Based on these discussions, GEPL has projected an annual overall increase of 5% in sales in FY 2023-24 and FY 2024-25.

4.2.2 Therefore, taking into account the present situation and expected future predictions, GEPL has requested the Commission not to link the building occupancy with the sales projections, as mere occupancy in terms of continuation of lease agreements does not translate to sales, unless the employees actually work from the offices.

4.2.3 The month-wise sales have been projected based on the contribution of each category in the overall sales and the sales pattern in each month of the year. Based on the above approach, the month-wise and category-wise sales have been projected for FY 2023-24 and FY 2024-25.

4.2.4 Based on the above assumptions, the category-wise sales projections for the FY 2023-24 and FY 2024-25 are shown in the following table:

Table 91: Energy Sales Projected by GEPL for FY 2023-24 and FY 2024-25 (MU)

Consumer Category & Consumption Slab	FY 2023-24		FY 2024-25	
	MYT Order	Revised Projections	MYT Order	Revised Projections
HT Category				
HT I	49.29	22.26	49.29	23.38
HT II	1.91	0.75	1.91	0.79
Sub-total	51.20	23.01	51.20	24.16
LT Category				
LT II (A)	1.31	0.39	1.31	0.41
LT II (B)	0.28	0.42	0.28	0.44
LT III (A)	0.12	0.28	0.12	0.30
LT III (B)	5.67	2.22	5.67	2.33
LT IV	0	0.00	0	0.00
Sub-total	7.38	3.31	7.38	3.48
Total	58.58	26.32	58.58	27.64

4.2.5 Further, GEPL has proposed kVAh tariff for all categories in accordance with the

Commission’s directions in this regard. Hence, the projected category-wise sales in Million kVAh (Mn. kVAh) for FY 2023-24 and FY 2024-25 is also presented in the Table below:

Table 92: Projected category wise Energy Sales for FY 2023-24 and FY 2024-25 (Mn. kVAh)

Consumer Category & Consumption Slab	FY 2023-24		FY 2024-25	
	MYT Order	Revised Projections	MYT Order	Revised Projections
HT Category				
HT I	50.89	24.06	50.89	25.27
HT II	2.00	0.80	2.00	0.84
Sub-total	52.89	24.86	52.89	26.10
LT Category				
LT II (A)	1.38	0.42	1.38	0.44
LT II (B)	0.29	0.49	0.29	0.51
LT III (A)	0.12	0.30	0.12	0.32
LT III (B)	5.70	2.29	5.70	2.40
LT IV	0.00	0.00	0.00	0.00
Sub-total	7.49	3.50	7.49	3.67
Total	60.39	28.36	60.39	29.77

Commission’s Analysis and Ruling

- 4.2.6 The Commission notes that due to COVID-19 pandemic and the associated practice of WFH, especially in the IT & ITeS sector, it has resulted in steep decline in the sales of GEPL for the period from FY 2020-21 to FY 2022-23. As was observed in the provisional truing up for FY 2022-23, though the COVID-19 pandemic is now considered to be almost over with almost all restrictions being lifted, the sales in FY 2022-23 though estimated to be higher by around 33% over the levels in FY 2021-22, are still lower than the actual sales achieved in FY 2019-20. This is because of the continuation of the WFH or hybrid approach, with employees required to come to office around once/twice every week.
- 4.2.7 It is also observed that GEPL has estimated the energy consumption for FY 2023-24 and FY 2024-25 based on trends of past sales in various tariff categories. Also, GEPL has discussed with its consumers regarding their future power requirement and same is factored in sales projections.
- 4.2.8 The Commission notes that being a deemed distribution licensee with limited area of supply, GEPL can estimate its demand for the future years more accurately vis-à-vis other distribution licensees with comparatively larger license area.
- 4.2.9 Accordingly, the Commission accepts the methodology followed by GEPL for projecting the energy sales for the FY 2023-24 and FY 2024-25, and accordingly approves the sales as submitted by GEPL.

Table 93: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by Commission (MU)

Consumer Category & Consumption Slab	FY 2023-24			FY 2024-25		
	MYT Order	Revised Projections	Approved in this order	MYT Order	Revised Projections	Approved in this order
HT Category						
HT I	49.29	22.26	22.26	49.29	23.38	23.38
HT II	1.91	0.75	0.75	1.91	0.79	0.79
Sub-total	51.20	23.01	23.01	51.20	24.16	24.16
LT Category						
LT II (A)	1.31	0.39	0.39	1.31	0.41	0.41
LT II (B)	0.28	0.42	0.42	0.28	0.44	0.44
LT III (A)	0.12	0.28	0.28	0.12	0.30	0.30
LT III (B)	5.67	2.22	2.22	5.67	2.33	2.33
LT IV	0	0.00	0.00	0	0.00	0.00
Sub-total	7.38	3.31	3.31	7.38	3.48	3.48
Total	58.58	26.32	26.32	58.58	27.64	27.64

Table 94: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by Commission (MkVAh)

Consumer Category & Consumption Slab	FY 2023-24			FY 2024-25		
	MYT Order	Revised Projections	Approved in this order	MYT Order	Revised Projections	Approved in this order
HT Category						
HT I	50.89	24.06	24.06	50.89	25.27	25.27
HT II	2.00	0.80	0.80	2.00	0.84	0.84
Sub-total	52.89	24.86	24.86	52.89	26.10	26.10
LT Category						
LT II (A)	1.38	0.42	0.42	1.38	0.44	0.44
LT II (B)	0.29	0.49	0.49	0.29	0.51	0.51
LT III (A)	0.12	0.30	0.30	0.12	0.32	0.32
LT III (B)	5.70	2.29	2.29	5.70	2.40	2.40
LT IV	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total	7.49	3.50	3.50	7.49	3.67	3.67
Total	60.39	28.36	28.36	60.39	29.77	29.77

4.3 Distribution Loss

GEPL's Submission

- 4.3.1 GEPL has projected Distribution Loss for the FY 2023-24 to FY 2024-25 in line with the estimated loss for FY 2021-22.
- 4.3.2 GEPL has established the distribution network primarily on higher voltage level of 22 kV and as a result, distribution losses are only on account of technical loss in the system. GEPL has further submitted that the Distribution Losses in the area of supply are very low and there is no

scope for reducing it further, considering the suppressed level of sales due to WFH/hybrid practice adopted by the IT & ITeS consumers. In case the sales levels increase, and the loading levels reach optimum levels, then one can hope that the loss levels may reduce further.

4.3.3 The projected Distribution Losses for FY 2023-24 and FY 2024-25 are as under:

Table 95: Projection of Distribution Loss by GEPL for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24		FY 2024-25	
	MYT order	Projected	MYT order	Projected
Distribution Loss (%)	1.20%	2.04%	1.20%	2.04%

Commission’s Analysis and Ruling

4.3.4 The Commission notes that main reason for the losses is sub-optimal loading of transformers due to lower sales. Further, as submitted by GEPL, there are no commercial losses and entire loss is technical in nature.

4.3.5 The Commission is of the view that GEPL itself has achieved Distribution Loss of 1.20% for FY 2018-19 and there is no reason why the same cannot be achieved in the projection period of this MTR Order. The Commission is of the view that business risk of lower occupancy cannot be entirely passed onto the consumers by allowing higher Distribution Loss. GEPL is expected to reconfigure its network without compromising on reliability in such a manner that transformer loading is increased resulting in lower losses. Further, the loading of the transformers is also likely to improve with increasing occupancy during the FY 2023-24 and FY 2024-25. Therefore, the Commission is not inclined to change Distribution Loss trajectory approved in MYT Order. Accordingly, the trajectory of Distribution Loss targets for the control period is as given below:

Table 96: Distribution Loss as approved by Commission for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24			FY 2024-25		
	MYT order	Projected	Approved	MYT order	Projected	Approved
Distribution Loss (%)	1.20%	2.04%	1.20 %	1.20%	2.04%	1.20 %

4.3.6 Although, distribution loss trajectory has been approved for the FY 2023-24 and FY 2024-25 as above, considering very low level of Distribution Loss, the Commission will decide on the sharing of the efficiency gains/losses on this account at the time of truing up of the relevant years based on the justifications provided by GEPL and subject to necessary prudence check.

4.4 Energy Balance

GEPL Submission

4.4.1 GEPL has arrived at the Energy Balance for the entire Control Period based on the projected sales, Distribution Losses, and InSTS Losses. GEPL has considered the InSTS losses as approved by the Commission in its MYT Order in Case No. 330 of 2019.

4.4.2 Accordingly, GEPL has projected the energy requirement for FY 2023-24 and FY 2024-25, as under:

Table 97: Energy Balance submitted by GEPL for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Energy Sales	58.58	26.32	58.58	27.64
Distribution Loss (%)	1.20%	2.04%	1.20%	2.04%
Energy Requirement at T<>D	59.29	26.87	59.29	28.21
Intra-State Transmission Loss (%)	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<>T (MU)	61.24	27.75	61.24	29.14
Total Energy Required	61.24	27.75	61.24	29.14

Commission’s Analysis and Ruling

4.4.3 For projecting the energy requirement, the Commission has considered the approved energy sales and Distribution Loss for each year of the Control Period. It has considered InSTS Loss of 3.18% for each year as approved in its InSTS Tariff Order dated 31 March, 2023 in Case No. 239 of 2022.

4.4.4 However, the Commission has approved distribution losses at 1.20% for each of the FY 2023-24 and FY 2024-25 in para 4.3.5 in this order.

4.4.5 Accordingly, the total energy requirement approved by the Commission for each year of the FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 98: Energy Balance for FY 2023-24 and FY 2024-25 approved by Commission.

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Energy Sales	58.58	26.32	26.32	58.58	27.64	27.64
Distribution Loss (%)	1.20%	2.04%	1.20%	1.20%	2.04%	1.20%
Energy Requirement at T<>D	59.29	26.87	26.64	59.29	28.21	27.97
Intra-State Transmission Loss (%)	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<>T (MU)	61.24	27.75	27.52	61.24	29.14	28.89

4.5 Power Procurement

GEPL’s Submission

4.5.1 GEPL has entered Short-term PPA with GMRETL till 31 October 2023. The power purchase rate discovered through competitive bidding and adopted by the Commission for this Base Load power purchase is Rs. 6.35/kWh. However, this rate is on the higher side and reflects the higher market rates for power prevalent on account of certain circumstances.

4.5.2 GEPL hopes to procure short-term power for the remaining period of FY 2023-24 and entire FY 2024-25 through new short-term sources at a lower rate of Rs. 5 per kWh.

Renewable Purchase Obligation (RPO)

4.5.3 For FY 2023-24 and FY 2024-25, GEPL has considered the RPO targets specified in the MERC (RPO, its Compliance and Implementation of REC Framework) Regulations, 2019, as shown in the Table below:

Table 99: RPO for FY 2023-24 and FY 2024-25 submitted by GEPL

Year	Solar	Non-Solar	Total
2023-24	10.50%	11.50%	22.00%
2024-25	13.50%	11.50%	25.00%

4.5.4 The tied-up capacity for Base Load @Rs. 6.35/kWh is approximately 65% of the total load of GEPL. GEPL shall procure the remaining power requirement through the market under GDAM and GTAM to fulfil the green energy requirement of its customers.

4.5.5 GEPL has proposed to procure RE power to the extent of 65% and 75% of its total power requirement in FY 2023-24 and FY 2024-25, respectively, at the rate of Rs. 5.50/kWh.

4.5.6 GEPL proposes to purchase such RE power from green power market products in the Power Exchange, i.e., GDAM and GTAM.

4.5.7 GEPL has projected the source-wise power purchase quantum and cost from FY 2023-24 to FY 2024-25 as under:

Table 100: Projected Power Purchase Cost for FY 2023-24 to FY 2024-25

Particulars	Source	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
Power Purchase Quantum (MU)	GMR STPP PPA Short-Term Peak Load		5.60		
	Other Medium-Term Source	44.68		44.68	
	New Source	3.09	4.12	1.25	7.28
	Solar Purchase	6.43	9.71	8.27	13.11
	Non-Solar Purchase	7.04	8.33	7.04	8.74
	Total	61.24	27.75	61.24	29.14
Power Purchase Cost (Rs. Crore)	GMR STPP PPA Short-Term Peak Load		3.55		
	Other Medium-Term Source	17.51		17.51	
	New Source	1.32	2.06	0.54	3.64
	Solar Purchase	1.86	5.34	2.40	7.21
	Non-Solar Purchase	2.02	4.58	2.02	4.81
	Total	22.72	15.53	22.47	15.66
Average Power Purchase Cost (Rs. /kWh)	GMR STPP PPA Short-Term Peak Load		6.35		
	Other Medium-Term Source	3.92		3.92	
	New Source	4.28	5.00	4.28	5.00
	Solar Purchase	2.90	5.50	2.90	5.50
	Non-Solar Purchase	2.87	5.50	2.87	5.50

Particulars	Source	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
	Total	3.71	5.60	3.67	5.38

Commission’s Analysis and Ruling

4.5.8 The Commission notes that GEPL has proposed 65% and 75% purchase of power from Renewable Energy sources for FY 2023-24 and FY 2024-25 which is significantly higher than its RPO target for the respective years. The rate of such power purchase is also higher than other sources. Had GEPL been able to contract RE sources through long term contract such high cost of RE sources would have been avoided. But when there is no firm contract of RE source, projecting 65% and 75% of power through RE sources would not be appropriate. Even if, GEPL contracts new RE source, it would take at least 18 months for commissioning of RE project and hence possibility of energy availability from such sources during next two years is negligible. Hence, the Commission is restricting RE requirement of GEPL to RPO percentage stipulated in Regulations for FY 2023-24 and FY 2024-25. Also tariff of RE sources is considered as Rs. 4.90 per unit which is weighted average rate of GDAM for the period of July to December 2022.

4.5.9 For conventional sources, the Commission notes that it has adopted tariff of Rs. 5.40 per unit for similar size of SEZ vide Order in Case No. 9 of 2023 the Commission has considered balance power requirement (after energy projected from RE sources) to be met procured from New Sources at average power purchase cost of Rs. 5.40/ kWh.

4.5.10 The power purchase quantum and cost for the FY 2023-24 and FY 2024-25 as approved by the Commission is shown in the table below:

Table 101: Power Purchase Quantum and Cost for FY 2023-24 and FY 2024-25 as approved by Commission.

Particulars	Source	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Power Purchase Quantum (MU)	GMR STPP PPA Short-Term Peak Load	-	5.60	5.55	-	-	-
	Other Medium-Term Sources	44.68	-	-	44.68	-	-
	New Source	3.09	4.12	15.91	1.25	7.28	21.67
	Solar Purchase	6.43	9.71	2.89	8.27	13.11	3.90
	Non-Solar Purchase	7.04	8.33	3.16	7.04	8.74	3.32
	Total	61.24	27.75	27.52	61.24	29.14	28.89
Power Purchase	GMR STPP PPA Short-	-	3.55	3.52	-	-	-

Particulars	Source	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Cost (Rs. Crore)	Term Peak Load						
	Other Medium-Term Sources	17.51	-	-	17.51	-	-
	New Source	1.32	2.06	8.59	0.54	3.64	11.70
	Solar Purchase	1.86	5.34	1.42	2.40	7.21	1.91
	Non-Solar Purchase	2.02	4.58	1.55	2.02	4.81	1.63
	Total	22.72	15.53	15.08	22.47	15.66	15.24
Average Power Purchase Cost (Rs. /kWh)	GMR STPP PPA Short-Term Peak Load	-	6.35	6.35	-	-	-
	Other Medium-Term Sources	3.92	-	-	3.92	-	-
	New Source	4.28	5.00	5.40	4.28	5.00	5.40
	Solar Purchase	2.90	5.50	4.90	2.90	5.50	4.90
	Non-Solar Purchase	2.87	5.50	4.90	2.87	5.50	4.90
	Total	3.71	5.60	5.48	3.67	5.38	5.28

4.6 Intra-state Transmission Charges and MSLDC Charges

GEPL's Submission

4.6.1 GEPL has considered the Intra-State Transmission Charges and MSLDC charges for FY 2023-24 and FY 2024-25 in line with the approved charges for FY 2022-23.

4.6.2 The Transmission Charges and MSLDC Charges projected by GEPL are as shown in the table below:

Table 102: Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 projected by GEPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Intra-State Transmission Charges	2.46	2.48	2.40	2.48
MSLDC Charges	0.013	0.012	0.013	0.012

Commission's Analysis and Ruling

4.6.3 The Commission has notified Intra-state Transmission Charges through its InSTS Order dated-31 March 2023 in Case No. 239 of 2022 and MSLDC Charges in Case No. 233 of 2022 which have been considered by Commission for the FY 2023-24 and FY 2024-25 are shown in the

table below:

Table 103: Intra-state Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Intra-State Transmission Charges	2.46	2.48	0.52*	2.40	2.48	2.05
MSLDC Charges	0.013	0.012	0.007	0.013	0.012	0.007

*Standalone charges is Rs. 2.07 Crore. Net amount after adjusting true-up surplus for FY 2020-21 and FY 2021-22 is shown here.

4.7 Operation and Maintenance Expenses

GEPL’s Submission

4.7.1 GEPL has computed O&M expense for FY 2023-24 and FY 2024-25 based on MYT Regulations, 2019.

4.7.2 GEPL has taken the WPI- CPI data of past 7 years and has computed the following escalation rates to be applied on calculating O&M Expenses:

Table 104: Escalation factor computation submitted by GEPL.

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
CPI (%)	5.04%	5.24%	5.24%	5.24%	5.24%
WPI (%)	2.38%	4.63%	4.63%	4.63%	4.63%
CPI: WPI:: 70:30	4.24%	5.06%	5.06%	5.06%	5.06%
Escalation factor	4.24%	5.06%	5.06%	5.06%	5.06%

4.7.3 GEPL has also requested for non-consideration of the Efficiency factor as specified in Clause 75.3 of the MYT Regulations, 2019 (for Wires Business; similar provisions are there for Supply Business also).

4.7.4 GEPL submitted that in the true-up for FY 2020-21 and FY 2021-22, there was a decline in the number of consumers of GEPL, which has increased again, primarily due to the impact of COVID-19 pandemic, which is an event over which GEPL had no control. Hence, the Commission is requested to use its powers to relax the Regulations considering the peculiar circumstances, and not consider reduction in the escalation rate on account of the efficiency factor.

4.7.5 Based on the above, GEPL has requested the Commission to not consider any efficiency factor on the composite WPI: CPI index for the purpose of estimation of normative O&M expenses for FY 2023-24 to FY 2024-25, in line with the MYT Regulations, 2019.

4.7.6 GEPL has claimed the normative employee expenses, as approved by the Commission based on the approved rationale for the same, without linkage to the actuals incurred by GEPL. Further, as elaborated in the earlier Chapter, the MYT approved normative employee expenses have been restated on account of the variation in share of employee expenses between the KRC DISCOMs.

4.7.7 The following table shows the normative O&M expenses for FY 2023-24 to FY 2024-25:

Table 105: Projected Normative O&M Expenses as per MYT Regulations (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
O&M Expenses for Wires Business	1.42	2.09	1.48	2.19
O&M Expenses for Supply Business	0.77	1.12	0.80	1.18
Total O&M Expenses	2.19	3.21	2.28	3.37
Escalation Rate (WPI:CPI) (70:30)	3.83%	5.06%	3.83%	5.06%

Commission’s Analysis and Ruling

4.7.8 In earlier part of this Order, the Commission has disallowed the restatement of employee expenses on equitable sharing basis among the KRC DISCOMs. Hence, same is also not considered for projection period of FY 2023-24 and FY 2024-25.

4.7.9 The Commission has computed the normative O&M charges for FY 2023-24 and FY 2024-25 by escalating the normative O&M expenses of previous year at the same inflation factor as that of FY 2021-22. Issue of not reducing efficiency factor based on growth in number of consumers will be considered at the time of True-up after considering actual number of consumers. Accordingly, O&M expense for these years is revised as follows. The O&M expenses for FY 2023-24 and FY 2024-25 projected and approved in this Order will be subject to final truing up of the said years.

Table 106: Total O&M Expenses for FY 2023-24 and FY 2024-25 as approved by the Commission.

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this Order
Wire Business						
<i>Total O&M Expenses</i>	1.42	2.09	1.57	1.48	2.19	1.64
Supply Business						
<i>Total O&M Expenses</i>	0.77	1.12	0.85	0.80	1.18	0.85
Wire & Supply Business						
<i>Total O&M Expenses</i>	2.19	3.21	2.42	2.28	3.37	2.48
Escalation Rate (WPI: CPI) (70:30)	3.83%	5.06%	4.06%	3.83%	5.06%	4.06%

4.7.10 The variance in O&M Expenses proposed by the Licensee and that approved by the Commission is on account of methodology adopted by the Commission for Truing up O&M expenses for FY 2019-20 to FY 2021-22 and provisioning O&M expenses for FY 2022-23.

4.8 Capital Expenditure and Capitalisation

GEPL’s Submission

4.8.1 The details of work and required capital expenditure and capitalisation are shown in following Table. GEPL expects that all the Capital Expenditure for respective year shall get capitalized

in the same year.

- 4.8.2 GEPL submitted that there is no Capital expenditure and Capitalization proposed for FY 2024-25 for the Wires Business. The Capital Expenditure for FY 2023-24 shall get Capitalized in the same year.

Table 107: Capital Expenditure and Capitalisation for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Name of the Scheme	FY 2023-24	FY 2024-25
A) Distribution Wires Business		
Restructuring and Renovation of DL Office	0.40	-
Fire Suppression for HT LT Panel	0.10	-
Harmonic Filter	0.25	-
Real time conditional monitoring of transformer and switchgear system	0.60	-
Standby 22KV HT source to B#4 at RMU	0.20	-
GPS/GIS Mapping	0.20	-
Power Quality Meters	0.13	-
Total Wire Business	1.88	0.00
B) Retail Supply Business		
Consumer Portal: Various Online Services (Phase II)	0.06	-
Meter & Metering Instruments	0.02	0.02
Total Retail Supply Business	0.08	0.02
Total Capitalisation	1.96	0.02

Commission’s Analysis and Ruling:

- 4.8.3 The Commission has observed that GEPL has not planned any DPR scheme for the FY 2023-24 and FY 2024-25 and only certain Non-DPR schemes have been proposed for approval of Capital Expenditure and Capitalization for Wires Business and Retail Supply Business. The Commission notes that the Non-DPR schemes have been proposed for enhancing its efficiency on the operational and commercial front and retain consistency in providing reliable, quality power to its esteemed consumers.
- 4.8.4 Further GEPL clarified that in its case, the entire distribution network in the area of supply under DPR schemes has already been laid. Hence, capital expenditure against DPR schemes will not be required every year. Hence, GEPL has sought relaxation under Regulation 24.7 .
- 4.8.5 The Commission has analysed the justification given by GEPL for the Non-DPR schemes. The Commission is of the considered view that such Non-DPR schemes would be required for smooth and efficient operations. Further, as there is no DPR Capex proposed for the entire control period, the Capex under Non-DPR schemes will exceed the limit of 20% of the approved DPR schemes. As held previously by the Commission, the schemes proposed by GEPL are regular schemes required for smooth operations of the Licensee and accordingly, the Commission considers the relaxation in Regulations 24.7 of MYT Regulations 2019 as proposed by GEPL and approves the said Capex and Capitalisation of Non-DPR schemes as submitted GEPL.
- 4.8.6 However, the Commission is of the view that the scheme “Restructuring and Renovation of DL Office” projected by GEPL under Distribution wires business does not come under Capital

Expenditure and hence, is disallowed.

4.8.7 Accordingly, the Capitalisation approved by the Commission for the FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 108: Capital Expenditure & Capitalisation for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Name of the Scheme	FY 2023-24	FY 2024-25
A) Distribution Wires Business		
Restructuring and Renovation of DL Office	0.00	-
Fire Suppression for HT LT Panel	0.10	-
Harmonic Filter	0.25	-
Real time conditional monitoring of transformer and switchgear system	0.60	-
Standby 22KV HT source to B#4 at RMU	0.20	-
GPS/GIS Mapping	0.20	-
Power Quality Meters	0.13	-
Total Wire Business	1.48	0.00
B) Retail Supply Business		
Consumer Portal: Various Online Services (Phase II)	0.06	-
Meter & Metering Instruments	0.02	0.02
Total Retail Supply Business	0.08	0.02
Total Capitalisation	1.56	0.02

4.8.8 It shall be the responsibility of GEPL to ensure that only capital nature scope of work is executed as per the provisions of the MERC Capex Approval Regulations 2022.

4.9 Depreciation

GEPL’s Submission

4.9.1 GEPL submitted that the Closing GFA of FY 2022-23 considered in Provisional Truing-up is taken as Opening GFA for FY 2023-24 and onwards. Further, addition to GFA is considered same as capitalization proposed in the previous section.

4.9.2 The following table shows the Depreciation computed for FY 2023-24 and FY 2024-25, based on Opening GFA and addition to GFA during the respective years:

Table 109: Depreciation for 4th Control Period submitted by GEPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Wires Business				
Opening GFA	31.09	28.04	31.09	29.92
Additions during the Year	-	1.88	-	0.00
Closing GFA	31.09	29.92	31.09	29.92
Depreciation	1.43	1.39	1.43	1.52
Retail Supply Business				
Opening GFA	2.00	1.66	2.02	1.73
Additions during the Year	0.02	0.08	0.02	0.02
Closing GFA	2.02	1.73	2.04	1.75

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Depreciation	0.17	0.16	0.17	0.16

Commission’s Analysis and Ruling

- 4.9.3 The Commission has computed the depreciation in accordance with Regulation 28 of MYT Regulations, 2019 for the Distribution Wires and Retail Supply Businesses separately.
- 4.9.4 For computation of the Depreciation for each year, the closing GFA for FY 2022-23 as approved in the Order has been considered as the opening GFA for FY 2023-24 and the approved capitalisation from FY 2023-24 to FY 2024-25 has been considered for addition of assets during the year. The Commission has calculated the depreciation by applying the asset class-wise depreciation rate as specified in the MYT Regulations on the average asset class-wise GFA during the year.
- 4.9.5 The Depreciation approved for FY 2023-24 to FY 2024-25 for the Distribution Wires and Retail Supply Businesses is as shown in the table below:

Table 110: Depreciation for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Distribution Wires Business						
Opening GFA	31.09	28.04	28.04	31.09	29.92	29.52
Additions during the Year	-	1.88	1.48	-	0.00	0.00
Closing GFA	31.09	29.92	29.52	31.09	29.92	29.52
Depreciation	1.43	1.39	1.39	1.43	1.52	1.50
Retail Supply Business						
Opening GFA	2.00	1.66	1.66	2.02	1.73	1.73
Additions during the Year	0.02	0.08	0.08	0.02	0.02	0.02
Closing GFA	2.02	1.73	1.73	2.04	1.75	1.75
Depreciation	0.17	0.16	0.16	0.17	0.16	0.16

4.10 Interest on Loan Capital

GEPL’s Submission

- 4.10.1 GEPL has computed the Interest on Long-term Loan as per Regulation 30 of the MYT Regulations, 2019. The Closing net normative loan of FY 2022-23 considered in Provisional Truing-up is taken as Opening net normative loan for FY 2023-24 and onwards. The computation of interest on Long-term loan capital has done on the basis of opening normative loan in a year. The normative repayment of loan has been considered equal to the projected depreciation for the respective year, in accordance with the Regulations. For arriving at the debt component, the debt: equity ratio of 70:30 has been considered on the proposed

capitalisation for respective year. The interest rate has been considered as weighted average rate of interest of the actual loan basket of GEPL.

4.10.2 Interest on long-term loan capital projected for FY 2023-24 and FY 2024-25 is shown in the following Table:

Table 111: Interest on Loan Capital for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Source of Loan	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Distribution Wires Business				
Opening Balance of Net Normative Loan	14.22	12.47	12.79	12.40
Addition of Normative Loan due to capitalisation during the year	0.00	1.32	0.00	0.00
Repayment of Normative loan during the year	1.43	1.39	1.43	1.52
Closing Balance of Net Normative Loan	12.79	12.40	11.36	10.88
Average Balance of Net Normative Loan	13.51	12.43	12.08	11.64
Weighted average Rate of Interest on actual Loans (%)	9.53%	7.28%	9.53%	7.28%
Interest Expenses	1.29	0.91	1.15	0.85
Retail Supply Business				
Opening Balance of Net Normative Loan	0.59	0.37	0.43	0.25
Addition of Normative Loan due to capitalisation during the year	0.01	0.05	0.01	0.02
Repayment of Normative loan during the year	0.17	0.16	0.17	0.16
Closing Balance of Net Normative Loan	0.43	0.27	0.27	0.12
Average Balance of Net Normative Loan	0.51	0.32	0.35	0.20
Weighted average Rate of Interest on actual Loans (%)	9.53%	7.28%	9.53%	7.28%
Interest Expenses	0.05	0.02	0.03	0.01

Commission’s Analysis and Ruling

4.10.3 The Commission has considered the funding pattern for capitalisation for FY 2023-24 and FY 2024-25 considering a debt equity ratio of 70:30 in line with the submissions of GEPL, and after considering the approved quantum of capitalisation. This would be subject to prudence check and reviewed during the Final Truing Up for the relevant years.

4.10.4 Regulation 30.3 of MYT Regulations, 2019 specifies that the loan repayment be equal to the Depreciation allowed during the year. As per Regulations 30.5 of MYT Regulations 2019, the rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year.

4.10.5 GEPL was directed to provide supporting documents to substantiate the interest rates considered by GEPL for computing the weighted average interest rate of each year of the True-up period. However, GEPL failed to provide sufficient comprehensive documents to substantiate the interest rates against the loans.

4.10.6 As also mentioned in para 2.10 and para 3.10, in such a scenario when insufficient documents are available to substantiate GEPL’s claim, the Commission has considered the SBI MCLR

base rate for each year of the true up period and provisional true up period. In similar manner, for computing interest on loans for the FY 2023-24 and FY 2024-25, the Commission has followed the interest rate equal to that considered for provisional truing up year FY 2022-23, i.e., 7.00% for both the years.

4.10.7 The Interest on Loan approved by the Commission is summarised in the table below:

Table 112: Interest on Loan Capital for FY 2023-24 and 2024-25 approved by Commission (Rs. Crore)

Source of Loan	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Distribution Wires Business						
Opening Balance of Net Normative Loan	14.22	12.47	12.47	12.79	12.40	12.12
Addition of Normative Loan due to capitalisation during the year	0.00	1.32	1.04	0.00	0.00	0.00
Repayment of Normative loan during the year	1.43	1.39	1.39	1.43	1.52	1.50
Closing Balance of Net Normative Loan	12.79	12.40	12.12	11.36	10.88	10.62
Weighted average Rate of Interest on actual Loans (%)	9.53%	7.28%	7.00%	9.53%	7.28%	7.00%
Interest Expenses	1.29	0.91	0.86	1.15	0.85	0.80
Retail Supply Business						
Opening Balance of Net Normative Loan	0.59	0.37	0.37	0.43	0.27	0.27
Addition of Normative Loan due to capitalisation during the year	0.01	0.05	0.05	0.01	0.02	0.02
Repayment of Normative loan during the year	0.17	0.16	0.16	0.17	0.16	0.16
Closing Balance of Net Normative Loan	0.43	0.27	0.27	0.27	0.12	0.12
Weighted average Rate of Interest on actual Loans (%)	9.53%	7.28%	7.00%	9.53%	7.28%	7.00%
Interest Expenses	0.05	0.02	0.02	0.03	0.01	0.01

4.11 Interest on Working Capital and Consumers’ Security Deposit

GEPL’s Submission

- 4.11.1 GEPL has computed the normative Interest on Working Capital as per Regulation 32.3(b) and 34.3(b) of the MYT Regulations, 2019.
- 4.11.2 GEPL has projected the CSD by considering the actual CSD in FY 2022-23.
- 4.11.3 The one-year SBI MCLR prevalent on November 30, 2022 has been considered, i.e., 8.05%. Accordingly, for computation of IoWC, GEPL has considered the rate of interest of 9.55% for FY 2023-24 and FY 2024-25, in accordance with the MYT Regulations, 2019.
- 4.11.4 The rate of interest for computation of interest on CSD has been considered equal to the prevailing Bank Rate of Reserve Bank of India (RBI), in accordance with the MYT Regulations, 2019, i.e., 6.15% prevalent as on November 30, 2022, as the closest proxy for the RBI Bank rate likely as on April 1, 2023.
- 4.11.5 The projected IoWC and interest on CSD for the Control Period is shown in the Tables below:

Table 113: Interest on Working Capital and CSD for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution wires business				
O&M expenses for a month	0.12	0.17	0.12	0.18
Maintenance Spares at 1% of Opening GFA	0.31	0.28	0.31	0.30
One and half months' equivalent of the expected revenue from Wheeling Charges	0.70	0.73	0.70	0.76
Less: Amount held as Security Deposit from Distribution System Users	0.33	0.03	0.33	0.03
Total Working Capital Requirement	0.80	1.15	0.80	1.21
Computation of Working Capital Interest				
Interest Rate (%) - SBI MCLR +150 basis points	9.50%	9.55%	9.50%	9.55%
Interest on Working Capital	0.08	0.11	0.08	0.12
Interest on CSD				
Interest Rate (%) - Bank Rate	5.40%	6.15%	5.40%	6.15%
Interest on CSD	0.02	0.002	0.02	0.002
Retail Supply business				
O&M expenses for a month	0.06	0.09	0.06	0.10
Maintenance Spares at 1% of Opening GFA	0.02	0.02	0.02	0.02
One and half months equivalent of the expected revenue from sale of electricity	3.26	2.42	3.22	2.45
Less: Amount held as security deposit	2.96	0.31	2.96	0.31
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	2.10	2.25	2.07	2.27
Total Working Capital Requirement	(1.72)	(0.03)	(1.73)	(0.02)
Computation of Working Capital Interest				
Interest Rate (%) - SBI MCLR+150 basis points	9.50%	9.55%	9.50%	9.55%
Interest on Working Capital	0.00	0.00	0.00	0.00

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Interest on CSD				
Interest Rate (%) - Bank Rate	5.40%	6.15%	5.40%	6.15%
Interest on CSD	0.16	0.02	0.16	0.019

Commission’s Analysis and Ruling

4.11.6 The Commission has computed the normative IoWC in accordance with the Regulation 32.3 and 32.4 of the MYT Regulations, 2019. The rate of IoWC considered is the SBI MCLR Rate prevailed on the date of filing the Petition (i.e., 8.05%) plus 150 basis points, for both FY 2023-24 and FY 2024-25.

4.11.7 Further, in-line with the approach adopted for FY 2022-23 as stated in para 3.11.7, the Commission has considered the actual CSD for FY 2021-22 as the CSD for FY 2023-24 and FY 2024-25. This would be subject to prudence check at the time of truing-up of the said years.

4.11.8 The Commission has considered interest rate on CSD equal to the prevailing Bank Rate of RBI, in accordance with the MYT Regulations, 2019. The rate of interest on consumer security deposits is considered as 6.15% p.a. for FY 2023-24 and FY 2024-25.

4.11.9 The IoWC and CSD as approved by the Commission for the Distribution Wires Business and the Supply Business is as shown in the table below:

Table 114: Interest on Working Capital and Consumers’ Security Deposit for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Distribution wires business						
O&M expenses for a month	0.12	0.17	0.13	0.12	0.18	0.14
Maintenance Spares at 1% of Opening GFA	0.31	0.28	0.28	0.31	0.30	0.30
One and half months’ equivalent of the expected revenue from Wheeling Charges	0.70	0.73	1.23	0.70	0.76	1.18
Less: Amount held as Security Deposit from Distribution System Users	0.33	0.03	0.22	0.33	0.03	0.22
Total Working Capital Requirement	0.80	1.15	1.42	0.80	1.21	1.38
Computation of Working Capital Interest						
Interest Rate (%) - SBI MCLR +150 basis points	9.50%	9.55%	9.55%	9.50%	9.55%	9.55%
Interest on Working Capital	0.08	0.11	0.14	0.08	0.12	0.13

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Interest on CSD						
Interest Rate (%) – RBI Rate	5.40%	6.15%	6.15%	5.40%	6.15%	6.15%
Interest on CSD	0.02	0.002	0.014	0.02	0.002	0.014
Retail Supply business						
O&M expenses for a month	0.06	0.09	0.07	0.06	0.10	0.07
Maintenance Spares at 1% of Opening GFA	0.02	0.02	0.02	0.02	0.02	0.02
One and half months equivalent of the expected revenue from sale of electricity	3.26	2.42	2.02	3.22	2.45	3.91
Less: Amount held as security deposit	2.96	0.31	2.02	2.96	0.31	2.02
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	2.10	2.25	1.95	2.07	2.27	2.16
Total Working Capital Requirement	(1.72)	(0.03)	(1.87)	(1.73)	(0.02)	(0.19)
Computation of Working Capital Interest						
Interest Rate (%) - SBI MCLR+150 basis points	9.50%	9.55%	9.55%	9.50%	9.55%	9.55%
Interest on Working Capital	0.00	0.00	-	0.00	0.00	-
Interest on CSD						
Interest Rate (%) - RBI Rate	5.40%	6.15%	6.15%	5.40%	6.15%	6.15%
Interest on CSD	0.16	0.02	0.124	0.16	0.019	0.124

4.12 Return on Equity

GEPL’s Submission

4.12.1 GEPL has computed the Return on Equity Capital for FY 2023-24 and FY 2024-25 in accordance with Regulation 29 of the MERC MYT Regulations, 2019 for Distribution Wires and Retail Supply Business, separately.

4.12.2 GEPL has considered Closing Equity of FY 2022-23 as Opening Equity of FY 2023-24 and onwards. Addition to equity is considered equal to 30% of the capitalization proposed for respective year of the Control Period as specified in the MYT Regulations, 2019. Further, MYT Regulations, 2019 provides for pre-tax RoE to be computed for the Control Period. In line with Regulation 34 of MYT Regulations, 2019, GEPL has claimed pre-tax RoE for FY 2023-24 and FY 2024-25.

4.12.3 For computation of pre-tax RoE, GEPL has considered the total gross income of Regulated Business and the actual income tax payable by the Regulated Business for FY 2021-22.

4.12.4 The Return on Equity projected for FY 2023-24 and FY 2024-25 is shown in the following table:

Table 115: Return on Equity for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Distribution wires business				
Regulatory Equity at the beginning of the year	11.46	8.41	11.46	8.98
Equity portion of capitalisation during the year	0	0.56	0	0
Regulatory Equity at the end of the year	11.46	8.98	11.46	8.98
Return on Equity Computation				
Base Rate of Return on Equity	14%	14%	14%	14%
Pre-tax Return on Equity after considering effective Tax rate	14%	14%	14%	14%
Return on Regulatory Equity at the beginning of the year		1.18		1.26
Return on Regulatory Equity addition during the year		0.04		0.00
Total Return on Equity	1.31	1.22	1.31	1.26
Retail supply business				
Regulatory Equity at the beginning of the year	0.60	0.49	0.60	0.52
Equity portion of capitalisation during the year	0.01	0.02	0.01	0.01
Regulatory Equity at the end of the year	0.60	0.52	0.61	0.52
Return on Equity Computation				
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.50%	15.50%	15.50%	15.50%
Return on Regulatory Equity at the beginning of the year	0.09	0.08	0.09	0.08
Return on Regulatory Equity addition during the year	0.00	0.00	0.00	0.00
Total Return on Equity	0.09	0.08	0.09	0.08

Commission's Analysis and Ruling

4.12.5 The Commission has computed RoE at 14% and 15.5% of the equity for Wires Business and Supply Businesses, respectively, in accordance with the Regulations 29 of MYT Regulations, 2019 on the opening equity of the year and on 50% of the projected asset capitalisation during each year and considering 70:30 Debt: Equity ratio.

4.12.6 For arriving at the regulatory equity at the beginning of the year for 2023-24, the closing equity at the end of FY 2022-23 as approved in this Order has been considered.

4.12.7 Since the actual income tax approved by the Commission at the time of True-up of FY 2021-22 in this Tariff Order is **NIL**, accordingly the Commission has not considered any effective

tax rate for grossing up with Return on Equity for the FY 2022-23 in provisioning the true-up and subsequently for FY 2023-24 and FY 2024-25.

4.12.8 The RoE approved by the Commission for the Wires Business and Supply Business is summarised in the following table:

Table 116: Return on Equity for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Distribution wires business						
Regulatory Equity at the beginning of the year	11.46	8.41	8.41	11.46	8.98	8.86
Equity portion of capitalisation during the year	0	0.56	0.44	0	0	0
Regulatory Equity at the end of the year	11.46	8.98	8.86	11.46	8.98	8.86
Return on Equity Computation						
Base Rate of Return on Equity	14%	14%	14%	14%	14%	14%
Pre-tax Return on Equity after considering effective Tax rate	14%	14%	14%	14%	14%	14%
Return on Regulatory Equity at the beginning of the year		1.18	1.18		1.26	1.24
Return on Regulatory Equity addition during the year		0.04	0.03		0.00	0.00
Total Return on Equity	1.31	1.22	1.21	1.31	1.26	1.24
Retail supply business						
Regulatory Equity at the beginning of the year	0.60	0.49	0.49	0.60	0.52	0.52
Equity portion of capitalisation during the year	0.01	0.02	0.02	0.01	0.01	0.01
Regulatory Equity at the end of the year	0.60	0.52	0.52	0.61	0.52	0.52
Return on Equity Computation						

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Regulatory Equity at the beginning of the year	0.09	0.08	0.08	0.09	0.08	0.08
Return on Regulatory Equity addition during the year	0.00	0.00	0.00	0.00	0.00	0.00
Total Return on Equity	0.09	0.08	0.08	0.09	0.08	0.08

4.13 Provisioning for Bad Debts

GEPL’s Submission

4.13.1 GEPL has not considered provisioning for bad debts as it has not envisaged any outstanding receivables during FY 2023-24 and FY 2024-25.

Commission’s Analysis and Ruling

4.13.2 The Commission has observed that GEPL has had high collection efficiency in the FY 2019-20, FY 2020-21, and FY 2021-22. Accordingly, considering GEPL’s submissions, the Commission has not considered any amount towards provisioning for bad debts for the FY 2023-24 and FY 2024-25 of the Control Period.

4.14 Contribution to Contingency Reserves

GEPL’s Submission

4.14.1 GEPL has considered the Contribution to Contingency Reserves in accordance with Regulation 35 of the MYT Regulations, 2019 at 0.5% of original cost of fixed assets as shown in the Table below:

Table 117: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening GFA of Wire Business	31.09	28.04	31.09	29.92
Contribution to Contingency Reserves for Wires Business	0.155	0.140	0.155	0.150
Opening GFA of Retail Supply Business	2.00	1.66	2.02	1.73

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Contribution to Contingency Reserves for Retail Supply Business	0.010	0.008	0.010	0.009

Commission’s Analysis and Ruling

4.14.2 The Commission approves the Contribution to Contingency Reserves for each year of the Control Period as 0.5% of the original cost of fixed assets as proposed by GEPL and in line with the Regulations 35 of MYT Regulations 2019.

4.14.3 At the time of true-up, contribution to contingency reserve would be allowed only if it is invested in securities authorised under the Indian Trusts Act, 1882 within a period of six months of the close of the Year.

4.14.4 The Contribution to Contingency Reserves approved by the Commission is as summarised below:

Table 118: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particular	2023-24			2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Contribution to Contingency Reserves for Distribution Wires Business	0.155	0.14	0.140	0.155	0.15	0.148
Contribution to Contingency Reserves for Retail Supply Business	0.010	0.008	0.008	0.010	0.009	0.009

4.15 Non- Tariff Income

GEPL’s Submission

4.15.1 GEPL has projected Non-Tariff Income for FY 2023-24 and FY 2024-25 at the same level as the estimated levels for FY 2022-23. The Non-Tariff Income projected for FY 2023-24 and FY 2024-25 is shown in the following Table:

Table 119: Non-Tariff Income for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
1	Non-Tariff Income for Wires Business	0.052	0.006	0.063	0.006

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
2	Non-Tariff Income for Retail Supply Business	0.391	0.052	0.388	0.052
	Total Non-Tariff Income	0.443	0.058	0.451	0.058

Commission’s Analysis and Ruling

- 4.15.2 Non-Tariff Income of GEPL in FY 2019-20, FY 2020-21 and FY 2021-22 included recurring income like interest on investment in contingency reserves and non-recurring income like charges levied as per schedule of charges.
- 4.15.3 The Commission has approved income from investment in contingency reserves for FY 2023-24 and FY 2024-25 at same level as that for FY 2021-22 considering that it is recurring Non-Tariff Income. The income from charges levied as per schedule of charges does not exhibit any pattern. However, the Commission has considered income from charges levied as per schedule of charges at same level as that of FY 2021-22 in absence of any particular pattern.
- 4.15.4 The Non-Tariff Income approved by the Commission for each year of FY 2023-24 and FY 2024-25 is shown in table below. Any variation in Non-Tariff Income due to interest from investment or any other non-recurring Non-Tariff Income will be adjusted at time of final truing-up.

Table 120: Non-Tariff Income for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
1	Non-Tariff Income for Wires Business	0.052	0.006	0.008	0.063	0.006	0.008
2	Non-Tariff Income for Retail Supply Business	0.391	0.052	0.071	0.388	0.052	0.071
	Total Non-Tariff Income	0.443	0.058	0.079	0.451	0.058	0.079

- 4.15.5 Since GEPL has considered nil amount for income from charges levied as per schedule of charges, a variation is observed between MTR Petition values and values approved in this Order.

4.16 Summary of Aggregate Revenue Requirement (ARR) for FY 2023-24 and FY 2024-25

GEPL’s Submission

- 4.16.1 The Summary of ARR for FY 2023-24 and FY 2024-25 for Distribution Wires Business is shown in the following Table:

Table 121: ARR Summary for Distribution Wires Business for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	MTR Petition	MYT Order	MTR Petition
1.	Operation & Maintenance Expenses	1.42	2.09	1.48	2.19
2.	Depreciation	1.43	1.39	1.43	1.52
3.	Interest on Loan Capital	1.29	0.91	1.15	0.85
4.	Interest on Working Capital	0.08	0.11	0.08	0.12
5.	Interest on Consumers Security Deposit	0.02	0.00	0.02	0.00
6.	Contribution to contingency reserves	0.16	0.14	0.16	0.15
7.	Impact of Review Order in Case No. 85 of 2020		(0.001)		
8.	Total Revenue Expenditure	4.39	4.63	4.31	4.82
9.	Add: Return on Equity Capital	1.31	1.22	1.31	1.26
10.	Aggregate Revenue Requirement	5.70	5.85	5.62	6.08
11.	Less: Non-Tariff Income	0.052	0.006	0.063	0.006
12.	Aggregate Revenue Requirement from Distribution Wires	5.65	5.85	5.55	6.07

Table 122: ARR Summary for Retail Supply Business for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
1.	Power Purchase Expenses	22.72	15.53	22.47	15.66
2.	Operation & Maintenance Expenses	0.77	1.12	0.80	1.18
3.	Depreciation	0.17	0.16	0.17	0.16
4.	Interest on Loan Capital	0.05	0.02	0.03	0.01
5.	Interest on Working Capital	0.00	0.00	0.00	0.00
6.	Interest on Consumer Security Deposit	0.16	0.02	0.16	0.02
7.	Write-off of bad and doubtful debts	-	-	-	-
8.	Contribution to contingency reserves	0.01	0.01	0.01	0.01
9.	Intra-State Transmission Charges	2.46	2.48	2.40	2.48
10.	MSLDC Fees & Charges	0.01	0.01	0.01	0.01
11.	Total Revenue Expenditure	26.35	19.35	26.06	19.53
12.	Add: Return on Equity Capital	0.09	0.08	0.09	0.08
13.	Aggregate Revenue Requirement	26.45	19.43	26.15	19.61
14.	Less: Non-Tariff Income	0.39	0.05	0.39	0.05
15.	Aggregate Revenue Requirement from Retail Supply	26.06	19.38	25.76	19.56

Commission's Analysis and Ruling

4.16.2 Based on the analysis by the Commission on various components of the ARR previous paragraphs, the Commission has approved the ARR for the Distribution Wires Business and Supply Business for FY 2023-24 and FY 2024-25 as summarised in the Tables below:

Table 123: ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
1.	Operation & Maintenance Expenses	1.42	2.09	1.57	1.48	2.19	1.64
2.	Depreciation	1.43	1.39	1.39	1.43	1.52	1.50
3.	Interest on Loan Capital	1.29	0.91	0.86	1.15	0.85	0.80
4.	Interest on Working Capital	0.08	0.11	0.14	0.08	0.12	0.13
5.	Interest on Consumers Security Deposit	0.02	0.00	0.01	0.02	0.00	0.01
6.	Provision for bad and doubtful debts	-	-	0.00	-	-	0.00
7.	Contribution to contingency reserves	0.16	0.14	0.14	0.16	0.15	0.15
8.	Income Tax	-	-	0.00	-	-	0.00
9.	Sharing of gains/(losses)	-	-	0.00	-	-	0.00
10.	Total Revenue Expenditure	4.39	4.63	4.11	4.31	4.82	4.23
11.	Add: Return on Equity Capital	1.31	1.22	1.21	1.31	1.26	1.24
12.	Aggregate Revenue Requirement	5.70	5.85	5.32	5.62	6.08	5.47
13.	Less: Non-Tariff Income	0.052	0.006	0.01	0.063	0.006	0.01
14.	Aggregate Revenue Requirement from Distribution Wires	5.65	5.85	5.31	5.55	6.07	5.46

Table 124: ARR for Retail Supply Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
1.	Power Purchase Expenses	22.72	15.53	15.08	22.47	15.66	15.24
2.	Operation & Maintenance Expenses	0.77	1.12	0.85	0.80	1.18	0.85
3.	Depreciation	0.17	0.16	0.16	0.17	0.16	0.16
4.	Interest on Loan Capital	0.05	0.02	0.02	0.03	0.01	0.01
5.	Interest on Working Capital	0.00	0.00	0.00	0.00	0.00	0.00

Order on GEPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
6.	Interest on Consumer Security Deposit	0.16	0.02	0.12	0.16	0.02	0.12
7.	Write-off of bad and doubtful debts	-	-		-	-	
8.	Contribution to contingency reserves	0.01	0.01	0.01	0.01	0.01	0.01
9.	Intra-State Transmission Charges	2.46	2.48	0.52	2.40	2.48	2.05
10.	MSLDC Fees & Charges	0.01	0.01	0.01	0.01	0.01	0.01
11.	Income Tax	-	-		-	-	
12.	Sharing of gains/(losses)	-	-		-	-	
13.	Total Revenue Expenditure	26.35	19.35	16.77	26.06	19.53	18.45
14.	Add: Return on Equity Capital	0.09	0.08	0.08	0.09	0.08	0.08
15.	Aggregate Revenue Requirement	26.45	19.43	16.85	26.15	19.61	18.53
16.	Less: Non-Tariff Income	0.39	0.05	0.07	0.39	0.05	0.07
17.	Aggregate Revenue Requirement from Retail Supply	26.06	19.38	16.78	25.76	19.56	18.46

Table 125: Combined ARR for Distribution Wires and Retail Supply Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Power Purchase Expenses	22.72	15.53	15.08	22.47	15.66	15.24
Operation & Maintenance Expenses	2.19	3.21	2.42	2.28	3.37	2.48
Depreciation	1.60	1.55	1.54	1.60	1.68	1.66
Interest on Loan Capital	1.34	0.93	0.88	1.18	0.86	0.81
Interest on Working Capital	0.08	0.11	0.14	0.08	0.12	0.13
Interest on Consumer Security Deposit	0.18	0.02	0.14	0.18	0.02	0.14
Write-off/Provision for bad and doubtful debts	-	-	-	-	-	-

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Contribution to contingency reserves	0.17	0.15	0.15	0.17	0.16	0.16
Intra-State Transmission Charges	2.46	2.48	0.52	2.40	2.48	2.05
MSLDC Fees & Charges	0.01	0.01	0.01	0.01	0.01	0.01
Income Tax	-	-	-	-	-	-
Sharing of gains/(losses)	-	-	-	-	-	-
Total Revenue Expenditure	30.74	23.99	20.88	30.37	24.35	22.68
Add: Return on Equity Capital	1.40	1.30	1.29	1.40	1.34	1.32
Aggregate Revenue Requirement	32.14	25.28	22.16	31.77	25.69	24.00
Less: Non-Tariff Income	0.44	0.06	0.08	0.45	0.06	0.08
Aggregate Revenue Requirement from Distribution Wires and Retail Supply Business	31.70	25.22	22.08	31.32	25.63	23.92

4.16.3 The detailed analysis underlying the Commission’s approval of individual ARR elements for FY 2023-24 and FY 2024-25 is already set out above. However, the variation in the ARR sought by the GEPL and that approved by the Commission in this Order is mainly on account of the variation in power purchase cost, consideration of one-year SBI MCLR rate as interest on long term loans, Interest on Working Capital, revision in Consumer Security Deposit computation, revision in Intra-State Transmission Charges and MSLDC Charges, and variation in Non-Tariff Income as discussed in earlier sections.

5 TARIFF PHILOSOPHY, TARIFF DESIGN AND CATEGORY-WISE TARIFFS FOR FY 2023-24 AND FY 2024-25

5.1 Approach to Tariff Design

5.1.1 The Commission has kept in view the main objectives of the Electricity Act, 2003 (“EA, 2003”), as set out in its Preamble, including the protection of the interest of consumers, the supply of electricity to all areas and rationalisation of tariffs. The EA, 2003 also mandates the Commission to maintain a healthy balance between the interest of the Utilities and the reasonableness of the cost of power being supplied to consumers. The Commission has also kept in view the principles of tariff determination set out in Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 and the MYT Regulations, 2019, and also taken into considerations GEPL’s submissions in these MYT proceedings.

5.1.2 Considering the above, the Commission has determined the ARR as well as the category wise tariff, Wheeling Charges and Cross-Subsidy Surcharge (CSS) for FY 2023-24 and FY 2024-25.

5.2 Carrying / (Holding) Cost on account of Truing-up of FY 2019-20 to FY 2021-22 and Provisional Truing up of FY 2022-23

GEPL’s Submission

5.2.1 GEPL has computed carrying/(holding cost) on Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22 to be passed on in the tariff of FY 2023-24 and FY 2024-25. GEPL submitted that the Commission has already considered the Revenue Gap of Rs. 0.81 Crore for the Wires Business and Revenue surplus of Rs. (2.65) Crore for the Supply Business after Provisional True-up of FY 2019-20 in the MYT Order dated March 30, 2020, and adjusted the same in the Tariff for the MYT Control Period.

5.2.2 In the earlier Chapters, GEPL had computed consolidated Revenue Gap of Rs. 2.08 Crore for FY 2019-20 after Truing-up. Since certain amount of Revenue Gap/(Surplus) of FY 2019-20 has already been passed through in the MYT Order, GEPL has claimed pass through of the incremental Revenue Gap/(Surplus) and the associated Carrying/(Holding) cost on the incremental Revenue Gap/(Surplus), vis-à-vis the amounts already passed through in the MYT Order. The Revenue Gap after truing up for FY 2020-21 and FY 2021-22 have been considered fully, as these are yet to be passed through to the consumers. The interest rate considered for computation of carrying/(holding) cost is same as the rate of interest on working capital for the respective year.

5.2.3 The following Table shows the computation of carrying/ (holding) cost on the Revenue Gap/ (Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22 till the end of FY 2023-24, if the same were to be entirely recovered in FY 2023-24:

Table 126: Computation of carrying/(holding) cost submitted by GEPL (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening Incremental Gap/(Surplus)	0.00	2.08	9.56	18.01	18.01	

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Incremental Gap/(Surplus) during the year	2.08	7.47	8.45		0.00	
Closing Gap/(Surplus)	2.08	9.56	18.01	18.01	18.01	
Average Gap/(Surplus)	1.04	5.82	13.78	18.01	18.01	
Interest Rate for Carrying/ (Holding) Cost	9.66%	8.57%	8.50%	9.55%	9.55%	
Carrying/(Holding) Cost for the Year	0.10	0.50	1.17	1.72	1.72	5.21

5.2.4 GEPL has arrived at total carrying cost of Rs. 5.21 Crore on the incremental Revenue Gap/(Surplus) for FY 2019-20 to FY 2021-22, to be adjusted in ARR of FY 2023-24. Further, the carrying cost for remaining years on the amount of deferred revenue recovery, i.e., FY 2023-24 to FY 2024-25, has been included in the ARR of the respective years.

Commission’s Analysis and Ruling

5.2.5 The Commission approves adjustment of Revenue gap of Rs. 0.81 Crore from Wires Business and Revenue surplus of Rs. (2.65) Crore from Retail Supply Business in the FY 2019-20 which was considered by the Commission during Provisional Truing-up of FY 2019-20 in its MYT Order in Case No. 330 of 2019. The aforesaid amounts have been considered while Truing-up the ARR for FY 2019-20.

5.2.6 The Carrying/Holding cost on the Revenue Gap/Surplus amounts as determined for FY 2019-20 to FY 2023-24 is considered in ARR of FY 2023-24 in this MTR Order.

5.2.7 Regulation 33 of the MYT Regulations, 2019 specifies that Carrying Cost or Holding Cost shall be allowed on the admissible amounts, with simple interest, at the weighted average Base Rate prevailing during the concerned Year, plus 150 basis points.

5.2.8 In line with the said Regulation, the Commission has computed the Carrying Cost or Holding Cost by applying prevalent interest rate as specified in the said Regulations. The carrying cost on above incremental Revenue Gaps for FY 2019-20 to FY 2021-22 is computed as shown below:

Table 127: Incremental Carrying/ (Holding) Cost approved by the Commission (Rs. Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Opening Revenue Gap/(Surplus)	0.00	1.08	4.62	7.24	7.24	0.00
Addition of Revenue Gap/(Surplus) in the year	1.08	3.54	2.62		-7.24	0.00
Closing Revenue Gap/(Surplus)	1.08	4.62	7.24	7.24	0.00	0.00
Average Revenue Gap/(Surplus)	0.54	2.85	5.93	7.24	3.62	0.00
Carrying/(Holding) Cost - interest rate (%)	9.66%	8.57%	8.50%	9.55%	9.55%	9.55%
Carrying/(Holding) Cost	0.05	0.24	0.50	0.69	0.35	0.00
Total Carrying Cost till that year					1.84	0.00
<i>*No Carrying Cost is considered for FY 2022-23 as it is being provisionally trued-up</i>						

5.3 Revenue Gap/(Surplus) at existing tariff in FY 2023-24 and FY 2024-25

GEPL’s submission

5.3.1 GEPL has computed the Revenue Gap/(Surplus) at the existing tariff based on the projected ARR of the Distribution Wires and Retail Supply Business, and the revenue based on the projected category-wise sales and tariff presently being charged to the consumers, i.e., Tariff for FY 2022-23, as approved by the Commission in the MYT Order. The FAC prevailing in October 2022 has been considered by GEPL as part of the existing tariff, in line with the approach followed by the Commission in all its Tariff Orders.

5.3.2 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 128: Revenue Gap/(Surplus) at existing Tariff for FY 2023-24 and FY 2024-25 submitted by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1	ARR for Distribution Wires Business	5.85	6.07
2	ARR for Retail Supply Business	19.38	19.56
3	ARR for Combined Wires Business & Retail Supply Business	25.22	25.63
4	Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	2.08	-
5	Add: Revenue Gap/(Surplus) for FY 2020-21	7.47	-
6	Add: Revenue Gap/(Surplus) for FY 2021-22	8.45	-
7	Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22	5.21	-
8	Add: Revenue Gap/(Surplus) for FY 2022-23	-	11.18
9	Total Revenue Requirement	48.44	36.82
10	50% of Gap between ARR and Revenue shifted to FY 2024-25	(15.50)	15.50
11	Carrying Cost due to shifting Revenue Requirement to FY 2024-25	1.48	-
12	Revised Net Revenue Requirement	34.42	52.32
13	Revenue Requirement deferred to future years	6.28	22.45
14	Net ARR of Licensed Business	28.14	29.87
15	Revenue from existing tariff	17.44	18.10
16	Revenue Gap of Licensed Business	10.70	11.76

5.3.3 From the above Table, it is observed that there is a Revenue Gap for FY 2023-24 and FY 2024-25, as the revenue at the existing tariff is lower than the ARR of the Wires Business and Supply Business, even after adjustment and deferment of the Revenue Gap. Hence, the tariff is required to be increased in order to recover the ARR of the Wires Business and Supply Business., GEPL has proposed category-wise tariffs for FY 2023-24 and FY 2024-25, such that the tariffs are comparable with the tariffs approved for MSEDCL in the MTR Order for the respective years, to realise the revised Net ARR computed in the Table above.

5.3.4 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 129: Revenue Requirement and ACoS for FY 2023-24 to FY 2024-25 projected by GEPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Net ARR of Licensed Business	28.14	29.87
2.	Energy Sales (MkWh)	26.32	27.64
3.	Energy Sales (MkVAh)	28.36	29.77
4.	Average Cost of Supply (Rs. /kWh)	10.69	10.81
5.	Average Cost of Supply (Rs. /kVAh)	9.92	10.03

Commission's Analysis and Ruling

5.3.5 The Commission has computed the Revenue Gap/(Surplus) after Truing-up of FY 2019-20 to FY 2021-22 and Provisional Truing-up for FY 2022-23 as detailed in preceding part of this Order. Further, the Revenue Gap/(Surplus) has been determined for FY 2023-24 and FY 2024-25 at the existing Tariff based on the approved ARR of the Distribution Wires and Retail Supply Business, and the revenue estimated by it from sale of electricity at the existing tariff.

5.3.6 The Revenue Gap/(Surplus) approved for the Control Period is as shown below:

Table 130: Revenue Gap/(Surplus) approved by the Commission for FY 2023-24 and FY 2024-25

Sl. No.	Particulars	FY 2023-24		FY 2024-25	
		MTR Petition	Approved in this Order	MTR Petition	Approved in this Order
1.	ARR for Distribution Wires Business	5.85	5.31	6.07	5.46
2.	ARR for Retail Supply Business	19.38	16.78	19.56	18.46
3.	ARR for Combined Wires Business & Retail Supply Business	25.22	22.08	25.63	23.92
4.	Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	2.08	1.08		
5.	Add: Revenue Gap/(Surplus) for FY 2020-21	7.47	3.54		
6.	Add: Revenue Gap/(Surplus) for FY 2021-22	8.45	2.62		
7.	Add: Revenue Gap/(Surplus) for FY 2022-23		10.11	11.18	
8.	Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2019-20 to FY 2023-24	5.21	1.84		
9.	Total Revenue Requirement	48.44	41.27	36.82	23.92
10.	Portion of Gap between ARR and Revenue shifted to FY 2024-25	-15.50	-16.00	15.50	16.00
11.	Carrying Cost due to shifting Revenue Requirement to FY 2024-25	1.48	0.76		0.76
12.	Revised Net Revenue Requirement	34.42	26.04	52.32	40.68
13.	Revenue Requirement deferred to future years	6.28	0.00	22.45	0.00
14.	Net ARR of Licensed Business	28.14	26.04	29.87	40.68
15.	Revenue from existing tariff	17.44	15.27	18.10	15.61
16.	Revenue Gap of Licensed Business	10.70	10.77	11.76	25.07

5.3.7 Based on the above the projected revenue requirement and the ACOS computed by the

Commission for FY 2023-24 and FY 2024-25 is given in the Table below:

Table 131: Projected Revenue Requirement and ACoS approved by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
ARR for (Wires + Retail Supply Business) (Rs. Crore)	26.04	40.68
Energy Sales (MU)	26.32	27.64
Energy Sales (MkVAh)	28.36	29.77
Average Cost of Supply (Rs. /kWh)	9.89	14.72
Average Cost of Supply (Rs/kVAh)	9.18	13.66
%YOY increase in tariff (Average Billing Rate) (ABR for FY 2022-23 is Rs. 6.23/kVAh)	47.42%	48.84%

5.4 Deferment of Tariff Recovery

GEPL’s Submission

5.4.1 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, it is observed that if the entire Revenue Gap is recovered in either FY 2023-24 alone or even if spread equally over FY 2023-24 and FY 2024-25, there is a very steep tariff increase required, which will certainly amount to a tariff shock for its consumers. The computation of ACOS and hence, ABR, if the entire revenue requirement along with the entire Revenue Gap were recovered in FY 2023-24 and FY 2024-25, is shown in the Table below:

Table 132: Projected ACOS for FY 2023-24 and FY 2024-25 if entire Revenue Requirement is recovered (Rs. Crore)

Particulars	Adjusted ARR Requirement	
	FY 2023-24	FY 2024-25
ARR (Rs. Crore)	34.42	52.32
Sales (Mn. kWh)	26.32	27.64
Sales (Mn. kVAh)	28.36	29.77
ACOS (Rs/kWh)	13.08	18.93
ACOS (Rs/kVAh)	12.14	17.57
Annual Tariff Increase required (%)	97%	45%

5.4.2 Accordingly, it can be observed that the effective tariff increase required will be 97% and 45% in FY 2023-24 and FY 2024-25, which will certainly amount to a tariff shock to the consumers.

5.4.3 GEPL submitted that the present situation of GEPL of facing a very high Revenue Gap vis-à-vis its sales is on account of very peculiar circumstances, viz., steep reduction in sales due to COVID-19 pandemic, under-recovery of Wheeling Charges due to reduction in sales, steep increase in power purchase costs in FY 2022-23, and inability to recover the same on account of the prevalent FAC Cap of 20% of variable component of tariff, and subsequent denotification of part of the licence area. The problem has also been exacerbated by the deferment of the recovery of past Gaps approved in the MYT Order, which has resulted in the lower tariffs being charged on the lower sales due to COVID-19 and hence, even higher Revenue Gaps.

5.4.4 GEPL further highlights that it cannot also be ignored that GEPL is the second Distribution Licensee in its area of supply, with MSEDCL being the first Licensee. For all the years since

commencement of distribution operations, the tariffs of GEPL have been significantly lower than that of MSEDCL. Hence, the tariffs cannot be increased to such levels where the tariffs of GEPL are suddenly higher than that approved for MSEDCL for the same consumer categories, which will also amount to tariff shock for its consumers.

5.4.5 Hence, GEPL has proposed category-wise tariffs for FY 2023-24 and FY 2024-25, such that the tariffs are slightly lower than the tariffs approved for MSEDCL in the MYT Order for the respective years. The resultant Revenue Gap in FY 2023-24 and FY 2024-25 are thus, proposed to be deferred to the next MYT Control Period. GEPL hopes that the sales situation will improve, and the power purchase costs will also come under control by then, which will enable GEPL to recover the deferred Revenue Gap at the earliest in the years of the next MYT Control Period. GEPL has estimated that the proposed tariffs will result in an under-recovery of around Rs. 6.28 Crore and Rs. 22.45 Crore in FY 2023-24 and FY 2024-25, respectively.

5.4.6 GEPL envisages that the deferred Revenue Gap shall be recovered over a period of 4 years of the next Control Period, i.e., FY 2025-26 to FY 2029-30, as shown in the Table below:

Table 133: Proposed Recovery of Deferred Revenue Gap (Rs. Crore)

Particulars	Units	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Opening Revenue Gap	Rs. Crore	0.00	6.28	28.73	21.55	14.37	7.18
Deferred Revenue Gap during the year	Rs. Crore	6.28	22.45	0.00	0.00	0.00	0.00
Revenue Gap recovered during the year	Rs. Crore	0.00	0.00	7.18	7.18	7.18	7.18
Revenue Gap at the end of the year	Rs. Crore	6.28	28.73	21.55	14.37	7.18	0.00
Carrying Cost Interest Rate	%	9.55%	9.55%	9.55%	9.55%	9.55%	9.55%
Carrying Cost	Rs. Crore	0.30	1.67	2.40	1.71	1.03	0.34
Additional ARR Recovery during the year due to past gaps	Rs. Crore	0.30	1.67	9.58	8.90	8.21	7.53

5.4.7 The Tariff Philosophy, 2016 stipulates as under:

*“8.2.2 The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as a very rare **exception in case of natural calamity or force majeure conditions** and subject to the following:*

1. Under business-as-usual conditions, no creation of Regulatory Assets shall be allowed”

5.4.8 Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. The State Commission may specify the trajectory for the same.

5.4.9 In accordance with the above, GEPL submitted that the present situation squarely fits the situation of force majeure identified under the Tariff Policy, 2016 for creation of Regulatory Asset. Further, GEPL has proposed a timeframe of 4 years for recovery of the Regulatory Assets, which is well within the timeframe of 7 years stipulated under the Tariff Policy. Hence,

GEPL has requested the Commission to approve its proposal for deferment of recovery of Revenue Gap to the extent proposed.

Commission's Analysis and Ruling

- 5.4.10 The Commission notes that it is the duty of the Commission to protect the interest of the consumers while ensuring recovery of the cost by the utilities. With regards to the creation and allowance of Regulatory Assets, National Tariff Policy clearly states that the regulatory assets should only be allowed in exceptional circumstances and should always be accompanied by a small recovery period preferably within control period. In the present case GEPL has proposed the recovery of the deferred revenue in the next MYT Control Period.
- 5.4.11 Also, Hon'ble APTEL Order O.P.No.01 of 2011 dated 23 September 2019 has issued directions for ensuring timely revision in tariff including regular truing up and non-creation of Regulatory assets. The Order clearly states that in the determination of ARR/ tariff, the revenue gaps ought not to be left and Regulatory Assets should not be created as a matter of course except where it is justifiable in accordance with the Tariff Policy and Regulations. Also, Ministry of Power (MoP) vide its notification dated 3 May 2011 has directed SERC to timely issue tariff orders so as to avoid any creation of Regulatory Assets. Again, vide letter dated 3 January, 2022, MoP has directed to comply with the provisions of EA 2003 and the tariff Policy and lay down the trajectory for recovery of Regulatory assets along with carrying cost. No fresh regulatory assets may be created. Even under the guidelines issued by MoP for "Revamped Distribution Sector Scheme" have provided indicative list of reforms whereby activities related to Regulatory assets are outlined as below:
- "Tariff Reforms including annual tariff fixation, rationalization of consumers category and no Regulatory Assets to be created.*
- Preparation of and adherence to a roadmap for funding accumulated and current financial losses and clearance of part or whole of regulatory assets through tariff or state funding."*
- 5.4.12 The Commission notes the impact of COVID 19 on the performance of GEPL which is serving particularly the IT Industries. The Commission notes that deferment of revenue is the easy solution to remain competitive in parallel licence scenario with the hope that in long run deferred revenue can be recovered with carrying cost. The Commission is of the opinion that GEPL has not explored the other options to reduce the revenue gap.
- 5.4.13 The work culture of IT and ITeS firms has changed temporarily due to lock downs during COVID-19. The work-from-home culture and partial occupancy of the workplaces may continue in the coming years. Therefore, the increase in sales projected by GEPL may not materialize. Also, GEPL has recently undertaken de-notification of part of its licence area. This may result in even higher average cost of supply in future which would impact its ability to recover such deferred revenue in future.
- 5.4.14 The Commission observes that the sales of GEPL in COVID period has dropped drastically **from 32.53 MUs in 2019-20 to 18.72 MUs in the year 2021-22**. Also, current sales of GEPL and the projected sales are far away from that of the pre COVID situation in FY 2019-20. In such state of affairs, there is uncertainty in the recovery of the revenue gap in the next control period as well. In view of above, the Commission does not deem it fit to defer revenue gap to the next control period.

- 5.4.15 The Commission notes that as per Regulation 91.5 of MYT Regulations, 2019, it is specified that while determining the tariff, the Commission shall minimise the tariff shock to the consumers. However, for minimising tariff shock, creation of Regulatory Asset is not the only solution. The Commission notes that GEPL is a SEZ which has decided to operationalise its deemed distribution license status with objective to provide reliable supply to its consumers at tariff lower than its parallel licensee. Many other notified SEZ in Maharashtra have not come forward to operationalise their deemed Distribution Licence and taking supply from incumbent/parallel distribution licensee. Thus, main intent of GEPL to operationalise Distribution License is to provide electricity at lower tariff than incumbent parallel licensee i.e. MSEDCL.
- 5.4.16 The Commission notes that as per Regulation 81.5 of MYT Regulations, 2019, Distribution licensee may offer rebate in the tariff and charges proposed by the Commission 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. GEPL has this option to avoid tariff shock to its consumers. It is important to note that GEPL in present Petition has requested for RoE as per provisions of MYT Regulations and the Commission in earlier part of this Order has also allowed the applicable RoE for each financial year which amounts to total of Rs. 8.03 crore. Although, it is the complete discretion of GEPL to use such amount of RoE, it can use this amount to provide tariff rebate to its consumers which would be facing tariff increase on account of total Revenue gap of Rs. 35.98 Crore approved for recovery in FY 2023-24 and FY 2024-25.
- 5.4.17 Also, the Commission is of the opinion that if consumer has other options to source its power requirement, increased tariff for one of the options cannot be considered as tariff shock. The Commission notes that consumers of GEPL have option of procuring power from third party through Open Access or from parallel distribution licensee i.e., MSEDCL. Although such options were present earlier, consumers may not have opted earlier as GEPL's tariff was on lower side. Now when GEPL's tariff will be required to be increased substantially for meeting its revenue gap without creating any Regulatory Asset, these two alternatives need to become operational. In subsequent part of this Order, the Commission has dealt with the same.
- 5.4.18 In view of the above, the Commission has not considered the request of GEPL to create Regulatory Asset. Further, for argument sake, even if the Commission had decided to create Regulatory Asset, it would have been difficult to give any time bound trajectory for recovery of such Regulatory Asset in view of reduced sales and limited possibility of achieving original level of sales on account of work from home culture becoming new normal for IT Sector.
- 5.4.19 Accordingly, the YOY increase in tariff is approved at 48.39% and 47.81% for FY 2023-24 and FY 2024-25, respectively as shown in Table 130 above.

5.5 Determination of Wheeling Charges:

GEPL's submission

- 5.5.1 The Wheeling Charges have been proposed in accordance with the approach followed by the 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.

5.5.2 GEPL submitted that, it has computed the Wheeling Charges separately for HT and LT voltage, as shown in the Table below:

Table 134: Wheeling charges for FY 2023-24 and FY 2024-25 projected by GEPL

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Distribution Wires Business ARR (Rs. Crore)	5.85	6.07
2.	GFA attributable to HT Network (%)	36.00%	36.00%
3.	GFA attributable to LT Network (%)	64.00%	64.00%
4.	Charge recoverable from HT consumers (Rs. Crore)	2.10	2.19
5.	Charge recoverable from LT consumers (Rs. Crore)	3.74	3.89
6.	Total HT Sales (MkVAh)	24.86	26.10
7.	Total LT Sales (MkVAh)	3.50	3.67
8.	Charge recoverable from HT consumers (Rs. Crore)	1.84	1.92
9.	Charge recoverable from LT consumers (Rs. Crore)	4.00	4.16
10.	HT Wheeling Charge (Rs./kVAh)	0.74	0.73
11.	LT Wheeling Charge (Rs./kVAh)	11.44	11.31
12.	Composite Wheeling Charges (Rs/kVAh)	2.06	2.04

5.5.3 It is observed from the above table that the LT Wheeling Charges, if computed separately, are working out to be very high, on account of the very low share of sales (12%) as against share of 64% of the Wires ARR. Hence, GEPL has requested the Commission to consider the composite (HT and LT combined) Wheeling Charges in case of GEPL.

5.5.4 GEPL has requested the Commission to approve the composite Wheeling Charges for FY 2023-24 and FY 2024-25, as proposed in the above Table.

Commission’s Analysis and Ruling

5.5.5 In continuation of approach followed by the Commission in the last MYT Order of GEPL and taking into consideration nature of business of GEPL, the Commission has approved same Distribution Loss levels for both HT and LT consumers in FY 2023-24 and FY 2024-25.

5.5.6 The Commission has computed revised ARR for FY 2023-24 and FY 2024-25 of Distribution Wire business after considering revenue gap/(surplus) of FY 2019-20 to FY 2021-22 along with carrying cost, in FY 2023-24. Revenue gap of FY 2022-23 is considered for recovery in FY 2023-24.

5.5.7 The Commission has determined the common Wheeling Charges for HT and LT categories based on the estimated revenue from Wheeling Charges and approved energy sales as shown in the table below:

Table 135: Wheeling Charges approved by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Wires ARR (Rs. Crore)	9.88	9.40
GFA attributable to HT Network (%)	36%	36%
GFA attributable to LT Network (%)	64%	64%
Charge recoverable from HT consumers (Rs. Crore)	3.56	3.38

Particulars	FY 2023-24	FY 2024-25
Charge recoverable from LT consumers (Rs. Crore)	6.32	6.02
Total HT Sales (MkVAh)	24.86	26.10
Total LT Sales (MkVAh)	3.50	3.67
Charge recoverable from HT consumers (Rs. Crore)	3.12	2.97
Charge recoverable from LT consumers (Rs. Crore)	6.76	6.43
HT Wheeling Charge (Rs./kVAh)	1.25	1.14
LT Wheeling Charge (Rs./kVAh)	19.33	17.52
Composite Wheeling Charges (Rs/kVAh)	3.48	3.16

5.6 Tariff Philosophy

Background

5.6.1 As discussed earlier, the Commission is guided by the provisions of the EA 2003, the draft National Tariff Policy and other Orders by APTEL in the matter of Tariff design. The Commission has considered the main objectives of the Electricity Act, 2003 (“EA, 2003”) including the protection of the interest of consumers, the supply of electricity to all areas and rationalisation of tariffs. Apart from the above, the Commission also taken into consideration GEPL’s submissions.

5.6.2 The subsequent paragraphs deal with the submissions of GEPL regarding the Tariff Philosophy and the changes approved by the Commission in the existing tariff structure.

GEPL’s Submission

(a) Fixed/Demand Charges

5.6.3 GEPL has proposed to increase Fixed/Demand Charges for each of the consumer categories to be in line with the Fixed/Demand charges approved by the Commission for MSEDCL. The recovery of Fixed Costs through existing and proposed Fixed/Demand Charges is shown in the Table below:

Table 136: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25

Particulars	Units	FY 2023-24	FY 2024-25
Fixed Costs	Rs. Crore	9.69	9.97
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	4.22	4.22
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	4.98	5.57
Recovery of Fixed Costs through Existing Tariff	%	44%	42%
Recovery of Fixed Costs through Proposed Tariff	%	51%	56%

5.6.4 As shown in the above Table, GEPL has proposed to increase the recovery of Fixed Costs through Fixed/Demand Charges from the present level of 42%- 44% to 51% in FY 2023-24 and 56% in FY 2024-25, which is still on the lower side.

(b) Cross Subsidy Trajectory

5.6.5 The Petitioner supplies electricity primarily to consumers of IT & ITeS industry in its area of supply. In the MYT Petition, the Petitioner had requested the Commission to approve the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories. The Commission also approved this philosophy and approved the Average Billing Rate for all categories as equal to the ACoS.

5.6.6 GEPL has continued with the same approach in the Petition and requested the Commission to

continue to approve the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories.

(c) Time-of-the-Day Tariff

5.6.7 GEPL in its MYT Petition had requested the Commission to discontinue ToD tariffs for GEPL, as there is no shift of load on account of ToD tariffs and the peak of GEPL remains constant throughout the day. Further, GEPL has contracted for the power in accordance with its load curve. Hence, there was no benefit of continuing with the ToD tariffs, with the intention of shifting the load. The Commission accepted this request and did not approve ToD tariffs for GEPL in the MYT Order.

5.6.8 In continuation of the same approach, GEPL has not proposed ToD tariffs in its MTR Petition.

(d) Green Energy Tariff

5.6.9 In order to increase the purchase of RE power and to meet the requirements of green power consumption of consumers desirous of doing so, over and above the RPO requirement, GEPL has proposed to procure RE power to the extent of 65% and 75% of its total power requirement in FY 2023-24 and FY 2024-25, respectively.

5.6.10 The projected rate of purchase for RE power is Rs. 5.50/kWh and the rate differential is Rs. 0.50/kWh vis-à-vis conventional power, as projected by GEPL for FY 2023-24 and FY 2024-25. Considering the distribution losses and the intra-State transmission losses, the effective rate differential at the consumer's end works out to around 53 paise/kWh. Hence GEPL has requested the Commission to approve the Green Energy Tariff of 53 paise/kWh for consumers desirous of procuring additional RE power over and above the mandatory RPO target for GEPL.

Commission's Analysis and Ruling

(a) Fixed/Demand Charges

5.6.11 The Commission notes that GEPL has proposed an increase in the Fixed/Demand Charges from the existing level.

5.6.12 In this context, the Commission on careful analysis of load pattern of SEZ's has observed that Load Factor of consumers in such SEZs is likely to be less than 40%. Such low Load Factor indicates that most consumers have contracted demand far in excess of their actual power requirement. However, as a licensee, it is necessary to have the distribution capacity and contracted power to the extent of the contract demand so as to meet any surge in demand in future. This necessitates the recovery of the fixed charges to enable proper maintenance of the infrastructure so as to provide the quality supply of power.

5.6.13 Moreover, considering the principle involved, the endeavour should be that a Licensee increasingly recovers its fixed cost from Fixed Charges to the extent possible considering other relevant factors.

5.6.14 Accordingly, the Commission has approved increase in Fixed Charges/Demand Charges for FY 2023-24 and FY 2024-25 as mentioned in the Tariff Schedule in the subsequent section of this Order.

Table 137: Percentage of Fixed Cost Recovery for FY 2023-24 and FY 2024-25 approved by the Commission.

Particulars	Units	FY 2023-24	FY 2024-25
Fixed Costs	Rs. Crore	7.00	8.68
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	4.34	4.46
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	4.40	5.15
Recovery of Fixed Costs through Existing Tariff	%	62%	51%
Recovery of Fixed Costs through Proposed Tariff	%	63%	59%

5.6.15 The Commission notes that the recovery of fixed cost from the proposed tariff is higher in comparison to the recovery of fixed cost due to existing tariff. As the Commission has disallowed the carry forward of revenue gap to the next control period, in order to minimise the percentage hike in the energy charge, it necessitates increase in the fixed charge so that overall increase in tariff shall be within permissible limits. Further as a licensee, it is necessary to have the distribution capacity and contracted power to the extent of the contract demand so as to meet any surge in demand in future. This necessitates the recovery of the fixed charges to enable proper maintenance of the infrastructure so as to provide the quality supply of power.

(b) Cross Subsidy Trajectory

5.6.16 The category-wise tariffs approved by the Commission are in such a manner that there is no cross-subsidy between the consumer categories. However, while determining the tariff, the Commission has also considered the load factor of the respective category of consumers and accordingly the recovery of the same by way of demand charges and accordingly, the energy charges has been adjusted so as to determine the tariff with no cross subsidy between the consumer categories.

5.6.17 Further, the Commission has undertaken the determination of tariff on the basis of ACoS as per the provisions of the MYT Regulations, 2019 for the 4th MYT Control Period.

5.6.18 Accordingly, the category wise Cross-Subsidy Trajectory for FY 2023-24 and FY 2024-25 approved by the Commission is shown in the table below:

Table 138: Cross Subsidy Trajectory Approved by the Commission for FY 2023-24 and FY 2024-25 (%)

Category	Approved FY 2022-23*	FY 2023-24	FY 2024-25
	%	%	%
HT Category			
HT I	100%	100%	100%
HT II	100%	100%	100%
LT Category			
LT II (A)	100%	100%	101%
LT II (B)	100%	100%	101%
LT III (A)	100%	100%	100%
LT III (B)	100%	100%	101%

* Approved in the MYT Order in Case no. 330 of 2019

(c) Time-of-Day Tariff

5.6.19 ToD tariffs were introduced as a DSM measure to mitigate diurnal variation in the load curve which would help the Distribution Licensee to reduce its peak period power procurement at relatively higher rate. Since GEPL has also submitted that it shall be contracting for the power in accordance with its load curve, and hence, there is no benefit of continuing with the ToD tariff. In view of the same, the Commission is inclined to accept the submission of GEPL for non-consideration of the ToD tariff for FY 2023-24 and FY 2024-25.

(d) Green Energy Tariff

5.6.20 The Commission determined Green Power Tariff for the consumers opting for meeting its 100% of power requirement through RE sources in the Case No. 134 of 2020 dated 22.03.2021, which is stipulated as Rs 0.66 per kWh as per the conditions and methodology specified under said Order.

5.6.21 On 6 June, 2022, Ministry of Power, GoI has notified Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said rules mandate the State Commission to determine Green Power Tariff. The Commission has already determined the same vide its Order dated 22 March, 2021 as mentioned above.

5.6.22 Such Green Power Tariff would be in addition to regular tariff approved in MYT Order. The Commission observes that the concept of Green Tariff has been well appreciated by many stakeholders across state as it provides opportunity for consumers willing to meet their power requirement through green energy sources, however, the concept is still at nascent stage with limited participation.

5.6.23 Besides, there have been several developments since introduction of concept including COVID pandemic situation, which also has bearing on renewable energy development in the country. Other market related developments such as introduction of GDAM/GTAM and REC multiplier etc. are still evolving. Under the circumstance, the Commission is of the considered view that any change in mechanism of Green Tariff is not desirable at this stage and the same should continue for remaining period of the 4th Control Period. Thus, the Commission hereby approves the Green Tariff of Rs 0.66/kWh to be applicable during remaining period of 4th Control Period (i.e. FY 2023-24 and FY 2024-25). .

5.6.24 However for ease of implementation and to comply with provisions of MoP Rules, the Commission stipulates following terms and conditions for levy of Green Power Tariff.

5.6.24.1 All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.

5.6.24.2 The consumers who have opted for Open Access can also requisition for RE Power on payment of Green Power Tariff for balance power supplied by Distribution Licensee.

5.6.24.3 If the Obligated Entity wants to meet its RPO by requisitioning RE Power from the Distribution Licensee, then such entity shall pay additional Rs 0.50 /kWh for the Green Power Tariff i.e., the Obligated entity shall pay total Green Power Tariff of Rs 1.16/kWh. Since the obligated entity also has the option to meet RPO by purchasing REC and is currently being traded at Rs 1/kWh, the green tariff is proposed with slight premium to REC Price.

5.6.24.4 Revenue earned through Green Power Tariff shall be treated as tariff income of Supply Business and thereby be fully accounted for reduction in ARR of supply business.

- 5.6.24.5 If the consumer is not an obligated entity under RPO Regulations, then that energy shall be counted towards RPO fulfilment of Distribution Licensee.
- 5.6.24.6 The Consumer will have option to select the quantum of green power to be purchased in steps of 25% and going up to 100% of the consumption.
- 5.6.24.7 Such an option will also be available for Open Access consumer for its balance consumption from the Distribution Licensee.
- 5.6.24.8 The Distribution Licensee will levy Green Power Tariff only for percentage of consumption opted by the Consumer.
- 5.6.24.9 Distribution Licensee shall issue Annual certificate to consumers stating percentage of power requirement of such consumer has been sourced through RE sources
- 5.6.24.10 Any requisition for green energy from a distribution licensee shall be for a minimum period of one year.
- 5.6.24.11 Distribution Licensee shall process the request of Consumer for Green Power Tariff not later than 30 days from the receipt of the request or next billing cycle, whichever is earlier. Distribution Licensee shall provide the facility of requesting for Green Power Tariff through its Web Portal, Mobile App or any other digital mode for convenience of consumers.
- 5.6.24.12 Temporary Consumers can also opt of Green Tariff as per methodology specified above and Distribution Licensee shall issue certificate specifying that power requirement has been sourced through RE sources after receipt of payment.
- 5.6.24.13 The Rules notified by MoP, GOI also specify that rating of the consumer based on the percent of green energy purchased by such consumer. The Commission notes that RPO specified for FY 2023-24 and FY 2024-25 is 22% and 25% respectively and is likely to be revised upwards going forward in next Control Period. As Distribution Licensee will already be meeting such consumption, it would not be correct to issue any certificate to individual consumer for RPO to be met by Distribution Licensee as a whole. The Commission has allowed the consumer the choice to opt for RE purchase in the steps of 25%. Accordingly, the Commission introduces the rating to be given by Distribution Licensee at the end of the financial year along with the electricity bill for the month of March specifying the percentage of power purchased from RE sources from his total consumption and rating as given below:

Table 139: Rating to be given by Distribution Licensee at the end of Financial Year

% of RE Purchase Opted	Rating
>50% to 75%	Semi-Green
>75% to 100%	Green

5.7 Load Factor Incentive

GEPL’s submission

5.7.1 Load Factor Incentive (up to 15% of energy charge) has been introduced by the Commission

for incentivising bulk consumers in the State to maintain steady demand on the system.

- 5.7.2 The Commission has ruled that that Load Factor Incentive shall not be applicable for the month if the consumer exceeds its Contract Demand in that month. Consumers exceeding Contract demand during the off-peak hours (2200 hrs to 0600 hrs) would also not be eligible for Load factor Incentive for that month.
- 5.7.3 GEPL has not proposed any change in the Load Factor Incentive mechanism.

Commission's Analysis and Ruling

- 5.7.4 As GEPL has not proposed any change in Load Factor Incentive, accordingly, the Commission does not need any need to change the Load Factor Incentive mechanism.

5.8 kVAh Billing for Control Period

GEPL's submission

- 5.8.1 GEPL has proposed kVAh billing for all categories, in continuation of the approach adopted by the Commission in the MYT Order.

Commission's Analysis and Ruling

- 5.8.2 The Commission, in the Mid-term Review (MTR) Orders issued in September 2018 for other Distribution Licensees in the State, had expressed its intentions to implement kVAh billing to all HT consumer and LT consumers having load above 20 kW from 1 April, 2020 so as to have enough lead time to take necessary steps such as meter replacement, if required, preparedness of billing software etc. to ensure their operational preparedness for implementing the kVAh billing.
- 5.8.3 The Commission had indicated implementation of kVAh billing for all HT consumers and LT consumers having load above 20 kW, however, GEPL has proposed to implement kVAh billing for all categories of Consumers.
- 5.8.4 The Commission observes that sales projected by GEPL for FY 2023-24 and FY 2024-25 are mainly in HT and LT II category and as such there would be no difficulty even if all the categories are implemented with kVAh billing. The Commission intends to implement the same in a phased manner for all the Consumers subject to readiness of the Distribution Licensee. Accordingly, the Commission allows implementation of kVAh billing for all categories of Consumers of GEPL.
- 5.8.5 The Commission has approved the detailed Tariff as set out in Tariff Schedule.
- 5.8.6 While determining per unit charges in kVAh, the Commission has used category wise PF which could be lower than unity. This makes per unit tariff lower than the tariff which would have been determined in kWh term.

5.9 Discount for Digital payment

GEPL's submission

- 5.9.1 MERC MYT Regulations, 2019 provides for discount to be given to LT category of consumers for payment of electricity bills through various modes of digital payment.
- 5.9.2 GEPL therefore has proposed a discount of 0.25% of the monthly bill (excluding taxes and

duties), subject to a cap of Rs. 500/- per month per bill, for all LT category consumers.

Commission’s Analysis and Ruling

5.9.3 The Government of India has been encouraging digitization across various areas including monetary transactions. To support the initiatives of the Government, a discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

5.10 Advance Payment

5.10.1 Regulation 16 of the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 allows the consumer to make the advance payment of charges for electricity supplied. The Commission notes that interest is payable at Bank Rate for such advance payment and such rate being lower than prevailing market rate, there is not much response from the Consumer to avail this facility.

5.10.2 The Commission is of the view that there is need to encourage the consumers to make advance payment, which will not only increase the collection of Distribution Licensee but also reduce the working capital requirement. Thus, the Commission, hereby deems it fit to invoke its Power to Relax under Regulation 30 of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 to allow higher interest rate based on the amount of advance payment.

5.10.3 Thus, the Commission hereby allows the advance payment/pre-payment of the bills for consumers for amount not exceeding 12 times average monthly bill for the past twelve months. Such facility shall be available for eligible consumers only for non-defaulting consumers on record for at least past 12 months. Such consumers shall be eligible to avail discount in graded manner on their monthly bills, so long as they maintain advance payment amount in following manner:

Table 140: Methodology for Computation of Discount on monthly bill on Advanced Payment

Advance Payment Amount maintained with Utility as on date of monthly bill	Discount in monthly bill applicable at the rate of	Illustration discount* (%)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 9 to 12 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{150 \text{ basis points}}</math> 	<ul style="list-style-type: none"> $(1/12) \times 8.5\% = 0.708\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 6 to 9 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{120 \text{ basis points}}</math> 	<ul style="list-style-type: none"> $(1/12) \times 8.2\% = 0.683\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 3 to 6 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{90 \text{ basis points}}</math> 	<ul style="list-style-type: none"> $(1/12) \times 7.9\% = 0.658\%$ (monthly bill discount)

Advance Payment Amount maintained with Utility as on date of monthly bill	Discount in monthly bill applicable at the rate of	Illustration discount* (%)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, upto 3 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 60 \text{ basis points}</math> 	<ul style="list-style-type: none"> $(1/12) \times 7.6\% = 0.633\%$ (monthly bill discount)

*Note: Assume SBI 1-year MCLR of 7% p.a.

5.11 Tariff for Electric Charging Vehicles

GEPL’s submission

5.11.1 The Commission had created a separate tariff category for EV Charging Stations. As a promotional measure, the Commission has fixed slightly lower Fixed Cost for this category and ensure that resultant Tariff is near the ACoS.

5.11.2 GEPL presently has no consumer/consumption under this category. GEPL has proposed tariffs for this category along similar lines as approved by the Commission in the MYT Order.

Commission’s Analysis and Ruling

5.11.3 The Commission has noted GEPL’s submission and has computed and approved a revised tariff for EV category as mentioned in the Tariff Schedule.

5.12 Cross Subsidy

GEPL’s Submission

5.12.1 The Commission in its MYT Order had approved GEPL’s philosophy to consider the Average Billing rate for all categories equal to the ACoS. GEPL continues with the same approach in its MTR Petition also and has requested the Commission to continue to approve the category-wise tariffs in such a manner that there is no Cross-Subsidy between the consumers categories.

5.12.2 GEPL submitted the category wise Average Billing rate and Cross-Subsidy among various consumer categories as tabulated below:

Table 141: Category-wise ABR and Cross-subsidy submitted by GEPL for the period FY 2023-24

Category	Projected Average Cost of Supply (Rs/kVAh)	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
		Existing Tariff	Previous Tariff Order	Proposed Tariff	Proposed Tariff
HT Category	9.92				
HT I		6.18	5.41	9.98	101%
HT II		5.23	5.42	8.36	84%
LT Category					
LT II (A)		6.23	5.41	9.82	99%

Category	Projected Average Cost of Supply (Rs/kVAh)	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
		Existing Tariff	Previous Tariff Order	Proposed Tariff	Proposed Tariff
LT II (B)		4.17	5.41	9.82	99%
LT III (A)		6.44	5.41	9.85	99%
LT III (B)		6.58	5.42	9.93	100%

Table 142: Category-wise ABR and Cross-subsidy submitted by GEPL for the period FY 2024-25

Category	Projected Average Cost of Supply (Rs/kVAh)	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
		Existing Tariff	Previous Tariff Order	Proposed Tariff	Proposed Tariff
HT Category	10.03				
HT I		6.10	5.35	10.08	101%
HT II		5.23	5.35	8.24	82%
LT Category					
LT II (A)		6.23	5.35	10.06	100%
LT II (B)		4.14	5.35	10.09	101%
LT III (A)		6.43	5.35	10.09	101%
LT III (B)		6.52	5.35	10.09	101%

Commission's Analysis and Ruling

5.12.3 Based on the approved ARR for FY 2023-24 and FY 2024-25 and the approach for tariff design stated earlier, the revised ABR and the cross subsidy inter-alia various consumer categories as approved by the Commission for the FY 2023-24 and FY 2024-25 are given in the Table below. The Commission, in accordance with the MYT Order has also maintained zero cross subsidy among the various consumer categories:

Table 143: Category-wise ABR and Tariff Increase/ Decrease approved by Commission for FY 2023-24 and FY 2024-25

Category	Average Billing Rate (Rs. /kVAh)			% Tariff Increase / Reduction	
	Existing	Approved in this Order		Approved in this Order	
	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
	A	B	C	D=(B/A)-1	E=(C/B)-1
HT Category					
HT I	6.26	9.18	13.65	47%	49%

Category	Average Billing Rate (Rs. /kVAh)			% Tariff Increase / Reduction	
	Existing	Approved in this Order		Approved in this Order	
	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
	A	B	C	D=(B/A)-1	E=(C/B)-1
HT II	5.23	9.18	13.61	76%	48%
LT Category					
LT II (A)	6.24	9.21	13.81	48%	50%
LT II (B)	4.25	9.17	13.80	116%	51%
LT III (A)	6.44	9.20	13.69	43%	49%
LT III (B)	6.64	9.20	13.77	39%	50%

* Estimated ABR for FY 2022-23 at existing tariff including FAC

5.12.4 The steep hike in tariff in all the categories is due to the reason that the Commission in accordance with the provisions under Clause 8.2 of the Tariff Policy, 2016 has not allowed creation of Regulatory Asset for the FY 2023-24 and FY 2024-25 which was sought by GEPL.

5.13 Revised Tariff Proposed for FY 2023-24 and FY 2024-25

GEPL's Submission

5.13.1 GEPL has requested the Commission to approve the category-wise tariffs for FY 2023-24 and FY 2024-25 as below:

Table 144: Proposed Tariff Schedule for FY 2023-24

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 425 per kVA	2.06	6.00
2	HT II: HT Commercial	Rs. 425 per kVA	2.06	6.30
3	HT III: HT Electric Vehicle Charging Station	Rs. 100 per kVA	2.06	6.00
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 300	2.06	7.00
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 425	2.06	7.50
	(B) Above 20 kW	Rs. 425 per kVA	2.06	7.00
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 425	2.06	7.55
	(B) Above 20 kW	Rs. 425 per kVA	2.06	6.50
7	LT IV: LT Electric Vehicle Charging Station	Rs. 100 per kVA	2.06	7.00

Table 145: Proposed Tariff Schedule for FY 2024-25

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 475 per kVA	2.04	6.00

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs./kVAh)	Energy Charges (Rs/kVAh)
2	HT II: HT Commercial	Rs. 475 per kVA	2.04	6.20
3	HT III: HT Electric Vehicle Charging Station	Rs. 125 per kVA	2.04	6.00
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 325	2.04	6.30
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 475	2.04	7.75
	(B) Above 20 kW	Rs. 475 per kVA	2.04	7.25
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 475	2.04	7.80
	(B) Above 20 kW	Rs. 475 per kVA	2.04	6.60
7	LT IV: LT Electric Vehicle Charging Station	Rs. 125 per kVA	2.04	7.00

Commission's Analysis and Ruling

5.13.2 In the light of the foregoing discussions, the approved revised Tariffs for FY 2023-24 and FY 2024-25 are as set out below and also detailed in the Tariff Schedule in the subsequent Chapter.

Table 146: Revised Tariffs for FY 2023-24 (effective from 1 April, 2023)

Sr. No	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs/kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 375 per kVA	3.48	4.00
2	HT II: HT Commercial	Rs. 375 per kVA	3.48	5.70
3	HT III: HT Electric Vehicle Charging Station	Rs. 75 per kVA	3.48	4.02
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 280	3.48	3.00
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 385	3.48	5.50
	(B) Above 20 kW	Rs. 385 per kVA	3.48	5.00
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 380	3.48	5.50
	(B) Above 20 kW	Rs. 380 per kVA	3.48	4.50
7	LT IV: LT Electric Vehicle Charging Station	Rs. 75 per kVA	3.48	3.77

Note:

Fuel Adjustment Charge (FAC) computed as per the provisions of the MYT Regulations from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.

The detailed computation of category-wise revenue with revised tariffs for FY 2023-24 is set out at **Annexure I** of this Order.

Table 147: Revised Tariffs for FY 2024-25 (effective from 1 April, 2024)

Sr. No	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs/kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 440 per kVA	3.16	8.60
2	HT II: HT Commercial	Rs. 440 per kVA	3.16	10.45
3	HT III: HT Electric Vehicle Charging Station	Rs. 80 per kVA	3.16	4.84
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 280	3.16	3.00
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 440	3.16	10.40
	(B) Above 20 kW	Rs. 440 per kVA	3.16	9.90
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 430	3.16	10.30
	(B) Above 20 kW	Rs. 430 per kVA	3.16	9.30
7	LT IV: LT Electric Vehicle Charging Station	Rs. 80 per kVA	3.16	4.59

Note:

FAC computed as per the provisions of the MYT Regulations from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.

The detailed computation of category-wise revenue with revised tariffs for FY 2024-25 is set out at **Annexure II** of this Order.

5.14 Determination of Cross-subsidy Surcharge

GEPL's Submission

5.14.1 Section 2(47) of the EA, 2003 defines 'Open Access', while Section 42 requires the Distribution Licensee to provide OA to eligible consumers subject to payment of CSS, Additional Surcharge and other applicable charges. Section 86(1) of the Act inter alia mandates the Commission to determine CSS, Additional Surcharge and other applicable charges payable by the consumers opting for Open Access. Further, the Commission in the MYT Order has determined the CSS based on the Formula stipulated in the revised Tariff Policy notified by Ministry of Power on January 28, 2016.

5.14.2 GEPL has computed the category-wise CSS for HT I Category, i.e., the category eligible for Open Access in accordance with the above formula, for FY 2023-24 and FY 2024-25, as shown in the following Table. As there is no consumer in the HT-II category presently, the ABR is not available, hence, the CSS has not been computed for HT-II category:

Table 148: Cross-Subsidy Surcharge for HT-I category proposed by GEPL for FY 2023-24 and FY 2024-25

Year	T (ABR)	C	WL	TL	L	C/(1-L%)	D	CSS
	Rs./ kWh	Rs./ kWh	%	%	%	Rs./ kWh	Rs./ kWh	Rs./ kWh
FY 2023-24	9.98	5.60	2.04%	3.18%	5.22%	5.91	1.91	2.00
FY 2024-25	10.08	5.38	2.04%	3.18%	5.22%	5.67	1.89	2.02

5.14.3 Further, as directed by the Commission, GEPL has presented the CSS in terms of Rs./ kVAh as shown in the Table below:

Table 149: Proposed Cross-Subsidy Surcharge for HT-I category for the Control Period submitted by GEPL (Rs./kVAh)

Year	HT-I
	CSS (Rs./kVAh)
FY 2023-24	1.85
FY 2024-25	1.87

Commission’s Analysis and Ruling

5.14.4 Section 42 of the Electricity Act 2003, inter-alia mandates the Distribution Licensee to provide Open Access to eligible consumers, subject to payment of Cross-Subsidy Surcharge. However, the proviso of Section 42 of the Electricity Act 2003 clearly states that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee.

5.14.5 The basic intent of the levy of Cross Subsidy Surcharge as per the Electricity Act, 2003, is to compensate the Distribution Licensee (DL) for the loss of cross subsidy due to migration of its (cross subsidizing) consumers to open access. Further the Act also mandates that such Surcharge and cross subsidy is required to be progressively reduced by the State Commission.

5.14.6 In this Tariff Order, the Commission has determined the tariff of the consumers in such a manner that there is no cross-subsidy between the consumer categories. As the Cross subsidy between the consumer categories does not prevail and the consumers are paying the tariff equivalent to Average Cost of supply, hence the question of loss of cross subsidy does not arise. Therefore, as the tariff being determined is at 100% of the average cost of supply, the Commission is of the view that there is no need to determine the Cross Subsidy Surcharge, as there will be no loss of cross subsidy in case of any migration of consumers to open access.

5.14.7 It is important to highlight here that in the past also the Commission has been determining the tariff for various consumer categories of GEPL without any cross-subsidy. But still in respective tariff Orders in the past, the Commission had determined cross-subsidy surcharge by using formula stipulated in Tariff policy. However, none of the Consumers have opted for Open Access as tariff of GEPL was lower. Now when tariff of GEPL is required to be increase substantially, it is important to have correct approach towards determination of CSS. As stated earlier, as there is no cross-subsidy in tariff structure, the Commission in this tariff order is not determining any CSS for GEPL. With such nil CSS, consumers in GEPL area can opt for third party power procurement through Open Access.

Easing provision of Open Access for enabling consumers to opt for alternate source of power :

5.14.8 As discussed earlier in this Chapter, Open Access could be one of the options for securing cheaper power by GEPL's consumer when GEPL's tariff is required to be increased substantially for allowing full recovery of revenue gap. However, as per provisions of Open Access Regulations, only consumers having contract demand above 1 MVA are eligible for seeking Open Access. Such condition would create hurdles for seeking alternative supply by GEPL consumers. Hence, in these special circumstances where tariff of GEPL is being increased substantially, the Commission decides to use its following power to relax under Distribution Open Access Regulations:

“39 Power to Relax:

The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected by grant of relaxation, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.”

5.14.9 Accordingly, the Commission decides to relax eligibility condition for seeking Open Access for consumers of GEPL. The Commission rules that for FY 2023-24 and FY 2024-25, all consumers of GEPL irrespective of their Load are eligible for seeking Open Access. Also, considering plug and play model being implemented by GEPL in its SEZ, if all such consumers are asked to install ABT meter before opting for Open Access, then it would unnecessarily increase cost of GEPL. Hence, the Commission decides to relax condition of installing ABT meter also for the same period. GEPL is required to facilitate its consumers in seeking open access from cheaper source of power. GEPL may face issues / difficulties in operationalising the Open Access in terms of matters related to scheduling requirements for the open access consumers, participation in DSM, monitoring of open access transactions on 15-minute time blocks, etc. **Accordingly, in case, there are any such difficulties in operationalizing Open Access, GEPL shall file separate Petition for removal of the same within a month from date of this Order.**

Securing Power Supply from parallel distribution licensee:

5.14.10 The Electricity Act 2003 mandates the Distribution Licensee to allow non-discriminatory access to its distribution system on payment of wheeling charges, wheeling losses and cross-subsidy surcharge. Such non-discriminatory access can also be availed by other distribution licensee. MSEDCL being parallel distribution licensee, it can opt for such option to provide power supply to any consumer in GEPL licence area. In that case, consumer in GEPL area has to pay MSEDCL's tariff excluding wheeling charges plus wheeling charges & losses of GEPL without taking burden of CSS as part of wheeling charges as CSS has already been determined as Nil for GEPL. Thus, consumers in GEPL area can also avail this option if they so decide. GEPL and MSEDCL shall coordinate with each other to serve such request if received from GEPL's consumers.

5.15 Stabilising variation in consumer bill on account of FAC:

5.15.1 As per MYT Regulations, 2019, the aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges shall

be passed through under the FAC component of the Z-factor Charge (ZFAC), as an adjustment in its tariff on a monthly basis. Relevant part of the MYT Regulation is reproduced below:

“10.2 The aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges, covered under Regulation 9.1, shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its Tariff on a monthly basis, as specified in these Regulations and as may be determined in orders of the Commission passed under these Regulations, and shall be subject to ex-post facto approval by the Commission on a quarterly basis: ……….”

- 5.15.2 Similar arrangement for passing on the variation in fuel and power purchase cost existed in all previous Tariff Regulations of the Commission. Such mechanism is in line with the provision of the EA, 2003 which mandates recovery of the fuel cost in timely manner so that the Distribution Licensee are able to recover their legitimate power purchase cost variation. This has helped regular recovery of power purchase variations without accumulating it till next tariff revision. This provision also addresses the financial/cash flow issue of Distribution Licensee wherein the payment for power purchase is required to be made in timely manner at prevailing cost. At the same time it also helps in reducing carrying cost burden on consumer which otherwise would have to be borne if such monthly levy accumulates and the gap is recovered through tariff revision in MYT or MTR as the case may be. Although, consumers are now well aware of this mechanism, there is general and reasonable expectation that once the tariff is approved by the Commission, to the extent possible, it should remain constant during the year and there should not be large variations due to FAC. The unknown variation in the tariff on account of FAC has adverse financial implications on all the categories especially Industrial and Commercial categories where the impact of FAC is generally higher. Variation in tariff is magnified when there is negative FAC leading to reduction in tariff during a particular month and positive FAC in the immediate next month thereby increasing the tariff.
- 5.15.3 Variation in FAC is either on account of change in fuel related costs or mix of power procurement. During the Public hearings in case of other Distribution Licensees, many suggestions were received on this issue and the consumers requested that an appropriate revised mechanism should be put in place wherein there is a minimum impact of FAC felt by the consumers. The Commission opines that this is a very reasonable expectation of the Consumers. To alleviate this issue to the extent possible and to minimise the impact of FAC, the Commission, while approving this Tariff Order, has built-in annual fuel cost escalation. The Commission is fully aware that in-spite of approving this annual escalation rate, the possibility of FAC cannot be ruled out completely since this escalation covers only some sources that form a part of total FAC i.e., the power purchase cost primarily of the PPA's covered under section 62 of the EA, 2003. To ensure stabilisation of tariffs to the extent possible, and to minimise the variation in FAC, the Commission thinks it fit to approve constitution of a FAC Fund with Distribution Licensee which can be built up over a period of time to be used for payment of FAC bills of Generating companies without immediately loading it on consumers.
- 5.15.4 Therefore, using its powers for Removing Difficulty under Regulations 106 of MYT Regulations, 2019, the Commission is making following changes in FAC mechanism stipulated

under Regulation 10 of MYT Regulations, 2019:

- a. Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:
 - i. Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.
 - ii. Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.
 - iii. Such carry forward of negative FAC shall be continued till the next tariff determination process.
 - iv. In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism.

5.15.5 In order to maintain transparency in management and use of such FAC Fund, Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Such details shall also be submitted to the Commission on quarterly basis along with proposal for post facto vetting of FAC.

5.16 Applicability of Revised Tariff

5.16.1 The Tariffs determined in this Order shall be applicable from 1 April 2023 . Where the billing cycle of a consumer is different with respect to the date of applicability of the revised tariffs, they should be made applicable for the consumption on a pro rata basis. The bills for the respective periods as per the existing and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during the respective periods, computed on the basis of average unit consumption per day multiplied by the number of days in the respective periods covered in the billing cycle).

5.16.2 The Commission has determined the revenue from the revised tariffs as if they were applicable for the entire year. Any shortfall or surplus in the actual revenue against the approved ARR will be revised during final Truing-Up at the end of the Control Period, as specified in the MYT Regulations 2019.

6 SCHEDULE OF CHARGES

6.1 Background

GEPL's Submission

- 6.1.1 The Commission has approved the Schedule of Charges for the 4th Control Period for GEPL in the MYT Order dated 30 March, 2020 in Case no. 330 of 2019 and through the Review Order. GEPL has not proposed any revision to the Schedule of Charges as approved by the Commission in the MYT Order dated 30 March, 2020 in Case no. 330 of 2019.

Commission's Analysis and Ruling:

- 6.1.2 Considering the request of GEPL, the Commission has not made any revision in the Schedule of Charges as approved in the MYT Order.

7 SUMMARY OF COMPLIANCE OF EARLIER DIRECTIVES AND NEW DIRECTIVES

7.1 Compliance of Earlier Directives

7.1.1 The status of compliance by GEPL of the directives given in the previous MYT Order is set out below.

Directive 1: Agreement with KRCSPL on an arm's length basis

7.1.2 GEPL is directed to consider revision of its agreement with KRCSPL and enter into an agreement on an arm's length basis.

GEPL Response:

7.1.3 GEPL in its additional submission stated that, GEPL and KRCSPL are the separate legal entities. GEPL reiterates that, an Agreement has been entered between GEPL and KRCSPL on the basis of terms and conditions of all similar kind of agreements existing in its distribution licence area towards discharge of activities like Operation and Maintenance. The terms and conditions incorporated in the Agreement entered between GEPL and KRCSPL includes:

- a) General Terms and Conditions
- b) Representations and Warranties of the Service Provider
- c) Confidentiality,
- d) Taxes, Impost, Levies and Other Legal Costs
- e) Health, Safety, Environment & Quality, etc

7.1.4 GEPL further submitted that, GEPL in its MTR Petition for the truing-up of FY 2019-20 to FY 2021-22; provisional truing-up of FY 2022-23 and for FY 2023-24 & FY 2024-25 has claimed the Employee Expenses as per normative level approved by the Commission, as the actual employee expenses and no sharing of gain/loss has been done. GEPL has not claimed the employee expenses as per the rates mentioned in the Agreement with KRCSPL.

Commission's Ruling:

7.1.5 The Commission has noted the compliance.

Directive 2: Segregation of Distribution Loss between HT and LT Level

7.1.6 GEPL is directed to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of the MTR.

GEPL Response:

7.1.7 GEPL had commissioned a Technical Study on distribution losses, in compliance with the Commission's directions in this regard and submitted Report along with MTR Petition.

Commission's Ruling:

7.1.8 The Commission has noted the compliance.

Directive 3: Details regarding PF Incentive/ Penalty

7.1.9 GEPL is directed to display PF recorded during the month in the bill of the Consumers for the categories for whom PF Incentive /Penalty was applicable as per the last Tariff Order of the Commission.

GEPL Response:

7.1.10 In compliance to above direction of the Commission, GEPL has been displaying the PF recorded during the month in the bill of the consumers. The compliance of the same has been submitted to the Commission vide email dated 8th June, 2022.

Commission's Ruling:

7.1.11 The Commission has noted the compliance.

Directive 4: Accuracy and precision in Audited Accounts

7.1.12 GEPL is directed to ensure that no erroneous adjustment may occur in future audited accounts as it defeats the basic principle of financial prudence which will not be acceptable.

GEPL Response:

7.1.13 GEPL has ensured the compliance of the above direction of the Commission's directives.

Commission's Ruling:

7.1.14 The Commission has noted the compliance.

Directive 5: Contingency reserves

7.1.15 GEPL is directed to provide the necessary accounting entry related to contingency reserves on the periodic basis during the finalisation of the accounts.

GEPL Response:

7.1.16 GEPL has ensured the compliance of the above direction of the Commission's directives

Commission's Ruling:

7.1.17 The Commission has noted the compliance.

7.2 New Directives

7.2.1 GEPL is directed to ensure that no erroneous adjustment may occur in future audited accounts as it defeats the basic principle of financial prudence which will not be acceptable, as the same

was observed during consideration of DSM and ADSM charges.

- 7.2.2 GEPL to submit Banker's certificates to claim interest paid towards loans at the time of final truing-up.
- 7.2.3 GEPL to submit data regarding Working Capital loans for the FY 2019-20 to FY 2022-23.
- 7.2.4 GEPL to tie up long-term power purchase agreement for renewable energy power purchase at reasonable APPC.

8 APPLICABILITY OF ORDER

This Mid Term Review Order for the 4th Control Period from FY 2019-20 to FY 2024-25 shall come into force from 1 April, 2023.

The Petition of M/s Gigaplex Estate Private Limited in Case No. 215 of 2022 stands disposed of accordingly.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I. M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Abhijit Deshpande)
Secretary


MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
॥ आदर्य इदम ॥

Annexure I: Category-wise Revenue with revised Tariffs for FY 2023-24

Category of Consumers	No. of consumers	Components of tariff					Relevant sales & load/demand data for revenue calculation			Full year revenue excluding Government subsidy (Rs. Crore)						Government subsidy (Rs. Crore)	Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVAh)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (Rs/conn./month)	Demand Charges (Rs/kVA/month)	Energy Charges (Rs/kVAh)	Wheeling Charges (Rs/kVAh)	Fuel surcharge (Rs/kVAh)	Sanctioned Load in kW	Billing Demand in kVA	Sales in Mn. kVAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Revenue from fuel surcharge	Total				
HT Category																			
HT I	36		375	4.00	3.48			9053	24.06	4.07	9.62	8.38	-	22.08		22.08	9.18	100%	
HT II	2		375	5.70	3.48			0	0.80	-	0.45	0.28	-	0.73		0.73	9.18	100%	
HTIII	0		75	4.02	3.48				0.00										
Sub-total HT	38							9,053	24.86	-	4.07	10.08	8.66	-	22.81	-	22.81	9.18	100%
LT Category																			
LT I	0	280		3.00	3.48														
LT II (A)	21	385		5.50	3.48				0.42	0.010		0.23	0.15	-	0.39		0.39	9.21	100%
LT II (B)	3		385	5.00	3.48			72	0.49		0.03	0.24	0.17	-	0.45		0.45	9.17	100%
LT III (A)	14	380		5.50	3.48				0.30	0.006		0.17	0.11	-	0.28		0.28	9.20	100%
LT III (B)	14		380	4.50	3.48			612	2.29		0.28	1.03	0.80	-	2.11		2.11	9.20	100%
LT IV	1		75	3.77	3.48			8											
Sub-total LT	53							692	3.50	0.016	0.31	1.67	1.22	0.00	3.22	0.00	3.22	9.20	
Total	91							9745	28.36	0.016	4.39	11.75	9.88	-	26.03	-	26.03	9.18	

Annexure II: Category-wise Revenue with revised Tariffs for FY 2024-25

Category of Consumer	No. of consumers	Components of tariff					Relevant sales & load/demand data for revenue calculation			Full year revenue excluding Government subsidy (Rs. Crore)						Government subsidy (Rs. Crore)	Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVAh)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (Rs/conn./month)	Demand Charges (Rs/kVA/month)	Energy Charges (Rs/kVAh)	Wheeling Charges (Rs/kVAh)	Fuel surcharge (Rs/kVAh)	Sanctioned Load in kW	Billing Demand in kVA	Sales in Mn. kVAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Revenue from fuel surcharge	Total				
HT Category																			
HT I	36		440	8.60	3.16	0.00	9053	25.26	4.78	21.73	7.98	-	34.48		34.48	13.65	100%		
HT II	2		440	10.45	3.16	0.00	0	0.84	-	0.87	0.26	-	1.14		1.14	13.61	100%		
HTIII	0		80	4.84	3.16	0.00													
Sub-total HT	38						9,053	26.10	-	4.78	22.60	8.24	-	35.62	-	35.62	13.65	100%	
LT Category																			
LT I	0	280		3.00	3.16	0.00													
LT II (A)	21	440		10.40	3.16	0.00		0.44	0.011	0.46	0.14	-	0.61		0.61	13.81	101%		
LT II (B)	3		440	9.90	3.16	0.00	72	0.51		0.04	0.51	0.16	-	0.71		0.71	13.80	101%	
LT III (A)	14	430		10.30	3.16	0.00		0.32	0.007	0.33	0.10	-	0.43		0.43	13.69	100%		
LT III (B)	14		430	9.30	3.16	0.00	612	2.40		0.32	2.23	0.76	-	3.31		3.31	13.77	101%	
LT IV	1		80	4.59	3.16	0.00	8												
Sub-total LT	53						692	3.67	0.018	0.35	3.53	1.16	0.00	5.06	0.00	5.06	13.77	101%	
Total	91						9,745	29.77	0.018	5.13	26.13	9.40	-	40.68	-	40.68	13.66	100%	

Annexure III: Tariff Schedule

GIGAPLEX ESTATE PRIVATE LIMITED

SCHEDULE OF ELECTRICITY TARIFFS

(Effective from 1 April, 2023)

The Maharashtra Electricity Regulatory Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act, 2003 and all other powers enabling it in this behalf, has determined, by its Mid-Term Review Order dated **31st March, 2023 in Case No. 215 of 2022**, the revised tariffs for supply of electricity by the Distribution Licensee, Gigaplex Estate Private Limited (GEPL), to various categories of consumers as applicable for FY 2023-24 from **1 April 2023 and for FY 2024-25 from 1 April 2024 to 31 March, 2025**.

GENERAL:

1. These tariffs supersede all tariffs so far in force.
2. The tariffs are subject to revision and/or surcharge that may be levied by the Distribution Licensee from time to time as per the directives of the Commission.
3. The tariffs are exclusive of the separate Electricity Duty, Tax on Sale of Electricity and other levies by the Government or other competent authorities, which will be payable by consumers over and above the tariffs.
4. The tariffs are applicable for supply at one point only.
5. The Distribution Licensee may measure the Maximum Demand for any period shorter than 30 minutes / 15 minutes of maximum use, subject to conformity with the Commission's Electricity Supply Code Regulations, where it considers that there are considerable load fluctuations in operation.
6. The tariffs are subject to the provisions of the applicable Regulations and any directions that may be issued by the Commission from time to time.
7. Unless specifically stated to the contrary, the figures of Energy Charge and Wheeling Charge are denominated in Rupees per unit (kVAh) for the energy consumed during the month.
8. Fuel Adjustment Charge (FAC) computed in accordance with provisions of MYT Regulations, 2019 and Commission's directions in this regard from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.
9. The Commission has approved Green Power Tariff of Rs. 0.66/kWh to be applicable for all consumers during the remaining period of the 4th Control Period (i.e., FY 2023-24 and FY 2024-25).

10. The consumers who have opted for Open Access can also requisition for RE Power on payment of Green Power Tariff for balance power supplied by Distribution Licensee.
11. If the Obligated Entity wants to meet its RPO by requisitioning RE Power from the Distribution Licensee, then such entity shall pay additional Rs 0.50 /kWh for the Green Power Tariff i.e., the Obligated entity shall pay total Green Power Tariff of Rs 1.16/kWh. Since the obligated entity also has the option to meet RPO by purchasing REC and is currently being traded at Rs 1/kWh, the green tariff is proposed with slight premium to REC Price.
12. The detailed Terms & Conditions for the levy of Green Power Tariff is outlined in para 5.6.20 to 5.6.24 of this Order.

HIGH TENSION (HT) – TARIFF

HT I: HT - Industry

Applicability:

This tariff category is applicable for electricity for Industrial use at High Voltage for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteen, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; water pumps, fire-fighting pumps and equipment, street and common area lighting; Research and Development units, Telecommunications Tower etc. -

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply.

This tariff category shall be applicable for use of electricity / power supply by an Information Technology (IT) or IT-enabled Services (ITeS) Unit as defined in the applicable IT/ITes Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time. (In case the Government of Maharashtra revisits the present dispensation given under the IT and ITeS Policy, 2015, such use will be billed under the Commercial tariff category unless otherwise stipulated in the revised Policy.)

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Fixed (Rs/conn./ month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT I: HT – Industry	375.00	3.48	4.00

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Fixed (Rs/conn./ month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT I: HT – Industry	440.00	3.16	8.60

HT II: HT- Commercial

Applicability:

This tariff category is applicable for electricity used at High Voltage in non-residential, non-industrial and/or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises, including Shopping Malls and Showrooms;
- b) Combined lighting and power services for facilities relating to Entertainment, including film studios, cinemas and theatres (including multiplexes), Hospitality, Leisure, Meeting/Town Halls, and places of Recreation and Public Entertainment;
- c) Offices, including Commercial Establishments;
- d) Marriage Halls, Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps & Service Stations, including Garages; -
- f) Tailoring Shops, Computer Training Institutes, Typing Institutes, Photo Laboratories, Laundries, Beauty Parlours and Saloons;
- g) Banks and ATM centres, Telephone Exchanges, TV Stations, Microwave Stations, Radio Stations,;
- h) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes, and not covered under the HT I – Industry category;
- i) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
- j) Construction of all types of structures/ infrastructure for any purposes;
- k) Stand-alone Research and Development units not covered under any other category;

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT II: HT – Commercial	375.00	3.48	5.70

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT II: HT – Commercial	440.00	3.16	10.45

Note:

A consumer in the HT II tariff category requiring single-point supply for the purpose of downstream consumption by separately identifiable entities shall have to operate as a Franchisee authorised as such by the Distribution Licensee; or such downstream entities shall be required to take separate individual connections and be charged under the tariff category applicable to them.

HT III: HT – Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping stations for Electric Vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT III: HT – EV Charging Station	75.00	3.48	4.02

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT III: HT – EV Charging Station	80.00	3.16	4.84

LOW TENSION (LT) – TARIFF

LT I: LT- General Purpose

Applicability:

Electricity used at Low/Medium Voltage for Residential and any other activity not covered under the LT II (A), LT II (B), LT III (A) and LT III (B) tariff categories.

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT I: LT- General Purpose	280.00	3.48	3.00

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT I: LT- General Purpose	280.00	3.16	3.00

Note:

Consumers who avail power supply at High Voltage for the above purposes shall also be billed as per this tariff category.

LT II: LT – Commercial

LT II (A): LT- Commercial (0-20 kW)

LT II (B): LT- Commercial (Above 20 kW)

This tariff category is applicable for electricity used at Low/Medium Voltage in non-residential, non-industrial and/or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and

washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises, including Shopping Malls and Showrooms;
- b) Combined lighting and power supply for facilities relating to Entertainment, including film studios, cinemas and theatres (including multiplexes), Hospitality, Leisure, Meeting/Town Halls, and places of Recreation and Public Entertainment;
- c) Offices, including Commercial Establishments;
- d) Marriage Halls, Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths, and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps and Service Stations, including Garages;
- f) Tailoring Shops, Computer Training Institutes, Typing Institutes, Photo Laboratories, Laundries, Beauty Parlours and Saloons;
- g) Banks and ATM centres, Telephone Exchanges, TV Stations, Microwave Stations, Radio Stations;
- h) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
- i) Construction of all types of structures/ infrastructure for any purposes;
- j) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes, and not covered under the LT III – Industry category;
- k) Stand-alone Research and Development Units not covered under any other category;

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Fixed (Rs/conn./ month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LTII (A): LT – Commercial, 0-20 kW	385.00	3.48	5.50
LT II (B): LT – Commercial, Above 20 kW	Rs.385 per kVA per month	3.48	5.00

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Fixed (Rs/conn./month)/ Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LTII (A): LT – Commercial, 0-20 kW	440.00	3.16	10.40
LT II (B): LT – Commercial, Above 20 kW	Rs. 440 per kVA per month	3.16	9.90

LT III: LT- Industry

LT III (A) - LT-Industry up to 20 kW load

LT III (B) - LT- Industry, above 20 kW load

This tariff category is applicable for electricity for Industrial use, at Low/Medium Voltage, for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteens, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; Research and Development units, Telecommunications Towers etc. -

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply;

This tariff category shall also be applicable for use of electricity / power supply by an Information Technology (IT) or IT-enabled Services (ITeS) Unit as defined in the applicable IT and ITeS Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time. (In case the Government of Maharashtra revisits the present dispensation given under the IT and ITeS Policy, 2015, such use will be billed under the Commercial tariff category unless otherwise stipulated in the revised Policy.)

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT III (A): LT – Industry, up to 20 kW	380.00	3.48	5.50

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT III (B) : LT – Industry, Above 20 kW	Rs.380 per kVA per month	3.48	4.50

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT III (A): LT – Industry, up to 20 kW	430.00	3.16	10.30
LT III (B) : LT – Industry, Above 20 kW	Rs.430 per kVA per month	3.16	9.30

LT IV: LT- Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping stations for electric vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

Tariff w.e.f. 1 April 2023 to 31 March 2024

Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT IV: LT– EV Charging Station	75.00	3.48	3.77

Tariff w.e.f. 1 April 2024 to 31 March 2025

Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT IV: LT– EV Charging Station	80.00	3.16	4.59

MISCELLANEOUS AND GENERAL CHARGES

Fuel Adjustment Charge (FAC) Component of Z-factor Charge

The Fuel Adjustment Charge (FAC) component of the Z-factor Charge will be determined in accordance with the formula specified in the relevant Multi Year Tariff Regulations and any directions that may be given by the Commission from time to time and will be applicable to all consumer categories for their entire consumption.

In case of any variation in the fuel prices and power purchase prices, the Distribution Licensee shall pass on the adjustments through the FAC component of the Z-factor Charge accordingly.

The details of applicable Z_{FAC} for each month shall be available on the Distribution Licensee's website www.krahejacorp.com.

Electricity Duty and Tax on Sale of Electricity

Electricity Duty and Tax on Sale of Electricity shall be levied in addition to the tariffs approved by the Commission, and in accordance with the Government of Maharashtra stipulations from time to time. The rate and the reference number of the Government Resolution/ Order under which the Electricity Duty and Tax on Sale of Electricity are applied shall be stated in the consumers' energy bills. A copy of such Resolution / Order shall be provided on the Distribution Licensee's website www.krahejacorp.com.

Prompt Payment Discount

A prompt payment discount of one percent of the monthly bill (excluding Taxes and Duties) shall be provided to consumers for payment of electricity bills within 7 days from the date of their issue.

Delayed Payment Charge

In case the electricity bill is not paid within the due date mentioned on the bill, a Delayed Payment Charge of 1.25 percent shall be levied on the total amount of the electricity bill (including Taxes and Duties).

Digital Payment Discount

Digital payment discount of 0.25% of the monthly bill (excluding Taxes and Duties), subject to a cap of Rs. 500/- shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

Rate of Interest on Arrears

The rate of interest chargeable on the arrears of payment of billed dues shall be as given below:

Sr. No.	Delay in Payment (months)	Interest Rate per annum (%)
1	Payment made after 60 days and before 90 days from the date of billing	12%

Sr. No.	Delay in Payment (months)	Interest Rate per annum (%)
2	Payment made after 90 days from the date of billing	15%

Load Factor Incentive

Consumers having a Load Factor above 75% and up to 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85 % will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.

This incentive is applicable only to consumers in the tariff categories HT I: Industry and HT II: Commercial.

Additionally, the Load Factor Incentive shall not be applicable for the month if the consumer exceeds its Contract Demand in that month. Consumers exceeding Contract demand during the off-peak hours (2200 hrs to 0600 hrs) would also not be eligible for Load factor Incentive for that month.

The Load Factor incentive will be available only if the consumer has no arrears with the Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled. The Distribution Licensee shall take a commercial decision on the schedule for such payments.

The Load Factor is to be computed as follows:

$$\text{Load Factor} = \frac{\text{Consumption during the month in MU}}{\text{Maximum Consumption possible during the month in MU}}$$

Maximum consumption possible = Contract Demand (kVA) x Actual Power Factor

X (total no. of hours during the month, less actual interruption hours recorded in the meter for billing period)

Penalty for exceeding Contract Demand

A consumer (availing Demand-based Tariff) exceeding his Contract Demand will be billed at the applicable Demand Charge rate for the Demand actually recorded, and also be charged an

additional amount at the rate of 150% of the applicable Demand Charge (only for the Demand in excess of the Contract Demand).

Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.

Consumers' Security Deposit

As specified under Regulations 13 of the MERC (Supply Code Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, Consumer shall pay Security Deposit and will be entitle for interest on such Security Deposit.

Definitions

Maximum Demand

Maximum Demand in kilowatts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty minute blocks in that period.

Contract Demand

Contract Demand means the demand in kilowatt (kW) or kilo-Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the consumer as entered into in the agreement or agreed through other written communication. (For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)

Sanctioned Load

Sanctioned Load means the load in kW mutually agreed between the Distribution Licensee and the consumer.

Billing Demand - LT tariff categories

Monthly Billing Demand will be the higher of the following:

- 65% of the actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
- 40% of the Contract Demand.

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.

- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change in Contract Demand is effected.

Billing Demand - HT tariff categories

Monthly Billing Demand will be the higher of the following:

- a) Actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
- b) 75% of the highest Billing Demand recorded during the preceding eleven months, subject to the limit of Contract Demand;
- c) 55% of the Contract Demand*.

* For FY 2020-21: 55%, FY 2021-22: 60%, FY 2022-23: 65%, FY 2023-24: 70%, FY 2024-25: 75%

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change of Contract Demand is effected.

Appendix - I

List of Persons at the Technical Validation Session held on 22 December , 2022

Sr. No.	Name	Organisation
1.	Shri. Chandrashekar Iyer	Consultant to the Commission – Fichtner Consulting Engineers
2.	Shri. Anand Dhavale	Consultant to the Commission – Fichtner Consulting Engineers
3.	Shri. Nitin Chunarkar	GEPL
4.	Shri. Ajit Pujari	GEPL
5.	Shri. Pramod Burle	GEPL
6.	Shri. Palaniappan	Consultant to KRCIPPL –ABPS

Appendix - II

List of Persons at the Public Hearing on 7 February, 2023

Sr. No.	Name	Organisation
1.	Shri. Chandrashekar Iyer	Consultant to the Commission – Fichtner Consulting Engineers
2.	Shri. Anand Dhavale	Consultant to the Commission – Fichtner Consulting Engineers
3.	Shri. Nitin Chunarkar	GEPL
4.	Shri. Ajit Pujari	GEPL
5.	Shri. Pramod Burle	GEPL
6.	Shri. Palaniappan	Consultant to KRCIPPL –ABPS