

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**CASE No. 216 of 2022**

**Case of Mindspace Business Parks Pvt. Ltd. for approval of Truing up of FY 2019-20,  
FY 2020-21 and FY 2021-22, Provisional Truing up of FY 2022-23, and Revised  
Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24 to FY 2024-25 for its  
Distribution Business**

**Coram**

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

**ORDER**

**Date: 31 March, 2023**

M/s Mindspace Business Parks Private Limited (MBPPL) (formerly Serene Properties Private Limited) has filed its Petition for approval of Truing-up of FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24 and FY 2024-25, for its Electricity Distribution Business. MBPPL filed its Original Petition on 30 November 2022 and revised Petition on 5 January 2023.

The Petition has been submitted in accordance with the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015 (hereinafter referred as “MYT Regulations, 2015”) for Truing-up for FY 2019-20 and in accordance with the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019 ( hereinafter referred as “ MYT Regulations, 2019”) for Truing up of FY 2020-21 and FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24 and FY 2024-25

In exercise of its powers under Sections 61, 62 and 86 of the Electricity Act, 2003 (herein after referred as “EA, 2003”) and all other powers enabling it in this behalf, and after taking into consideration the submissions made by MBPPL, the public and stakeholders and all other relevant material, the Commission issues the following Order.

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### LIST OF ABBREVIATIONS

A&G	Administrative & General
ABR	Average Billing Rate
ACoS	Average Cost of Supply
AMR	Automatic Meter Reading
APP	Agreement of Power Purchase
ARR	Aggregate Revenue Requirement
BUA	Built-up Area
CEA	Central Electricity Authority
CPI	Consumer Price Index
CSD	Consumers' Security Deposit
CSS	Cross Subsidy Surcharge
DPR	Detailed Project Report
EA	Electricity Act
FCA	Fuel Cost Adjustment
GFA	Gross Fixed Asset
GEPL	Gigaplex Estate Private Limited
HT	High Tension
IDFC	Infrastructure Development Finance Company
IEEE	Institute of Electrical and Electronics Engineers
IoWC	Interest on Working Capital
IT	Information Technology
ITeS	Information Technology Enabled Services
KRCSPPL	K. Raheja Corporate Services Private Limited
kV	kilo Volt
kW	kilo Watt
KRCIPPL	KRC Infrastructure and Projects Private Limited
LT	Low Tension
MAT	Minimum Alternate Tax
MBPPL	Mindspace Business Parks Private Limited
MERC	Maharashtra Electricity Regulatory Commission
MIDC	Maharashtra Industrial Development Corporation
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSETCL	Maharashtra State Electricity Transmission Corporation Limited
MSLDC	Maharashtra State Load Despatch Centre

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MU	Million Units
MW	Mega Watt
MVA	Mega Volt Ampere
MYT	Multi Year Tariff
O&M	Operation & Maintenance
PBT	Profit Before Tax
PPA	Power Purchase Agreement
R&M	Repair & Maintenance
REC	Renewable Energy Certificate
RPO	Renewable Purchase Obligation
RTC	Round the Clock
SAIL	Steel Authority of India Limited
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition
SEZ	Special Economic Zone
STOA	Short Term Open Access
STU	State Transmission Utility
ToD	Time of Day
TPC	The Tata Power Company Limited
TSU	Transmission System User
TTSC	Total Transmission System Cost

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# 1 INTRODUCTION

## 1.1 Background

- 1.1.1 MBPPL is a Company incorporated under the Companies Act, 1956, having its registered office at Plot No. C-30, Block ‘G’, Opp. SIDBI, Bandra-Kurla Complex, Bandra (East), Mumbai.
- 1.1.2 M/s. Serene Properties Private Limited (SPPL) was notified as ‘Developer’ by the Ministry of Commerce & Industry, Government of India (GoI) under the Special Economic Zones (SEZ) Act, 2005 vide Notification No. S.O. 1876(E) dated 2 November, 2007 for its Information Technology (IT) and Information Technology-enabled Services (ITeS) SEZ located at Plot No.3, Airoli, Kalwa Trans-Thane Creek Industrial Area, Maharashtra Industrial Development Corporation (MIDC), District Thane.
- 1.1.3 In accordance with Section 14 (b) of the EA, 2003 read with Section 4(1) of the SEZ Act, 2005, SPPL was a Deemed Distribution Licensee for supplying electricity to consumers in its SEZ area. The Commission vide Order dated 11 April, 2012 in Case No. 157 of 2011 had recognised SPPL’s Deemed Distribution Licensee status and also notified the Specific Conditions of Distribution Licence for SPPL by way of Regulations (‘Specific Conditions Regulations’) on 21 August, 2013.
- 1.1.4 The Commission allowed SPPL to charge the tariff and Schedule of Charges of Maharashtra State Electricity Distribution Co. Ltd. (“MSEDCL”) for the respective consumer categories as the ceiling tariff vide Order dated 12 June, 2014.
- 1.1.5 SPPL was renamed as MBPPL with effect from 23 November, 2015. The Commission took the change in name on record vide Order in Case No. 152 of 2015 dated 16 May, 2016. MBPPL started its operation as a Distribution Licensee from 9 April, 2015.
- 1.1.6 **MYT ORDER FOR TRUE-UP OF FY 2015-16 AND FY 2016-17:** In its first Tariff Order for MBPPL in Case No 194 of 2017 dated 12 September 2018 (“the first Tariff Order”), the Commission approved Truing-up of FY 2015-16 and FY 2016-17, Provisional Truing-up of FY 2017-18 and revised ARR of FY 2018-19 and FY 2019-20.
- 1.1.7 **MYT ORDER FOR FY 2019-20 TO FY 2024-25:** In its Order in Case No 328 of 2019 dated 30 March 2020 (“MYT Order”), the Commission approved Provisional Truing-up of FY 2019-20 and approved the ARR and Tariff for FY 2020-21 to FY 2024-25.
- 1.1.8 **ADMISSION OF THE MYT PETITION AND PUBLIC PROCESS:** Regulation 5 (1)(c) of the MYT Regulations, 2019 specifies that MTR Petitions are to be filed by 30 November, 2022 from the Distribution Licensees. Accordingly, MBPPL filed its MYT Petition for approval of truing up of FY 2019-20, FY 2020-21 and FY 2021-22, Provisional Truing up of FY 2022-23, and revised ARR and Tariff for FY 2023-24 to FY 2024-25 on 30 November, 2022. This Petition has been registered as Case No 216

of 2022.

1.1.9 The Commission directed MBPPL to address the data gaps raised before the Technical Validation Session (TVS) held on 22 December, 2022. At the meeting, MBPPL was asked to provide additional information and clarifications on the issues raised. Based on the data gap responses received, MBPPL was directed to submit a revised Petition incorporating all the necessary data and changes. List of persons who attended the TVS is mentioned in Appendix-I

1.1.10 MBPPL submitted its replies to the data gaps and filed its revised MYT Petition on 11 January 2023 with the following main prayers:

- i. *To admit the MTR Petition as per the provisions of MERC (MYT) Regulations 2019, consider for further proceedings before the Hon'ble 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 MBPPL;*
- 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 MBPPL;*
- iv. *To allow recovery of past Revenue Gaps/(Surplus) along with the carrying/(holding) cost as proposed by MBPPL;*
- 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 MBPPL;*
- vii. *To consider the peak demand catered by MBPPL 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 MBPPL's share of the Transmission Charges and MSLDC Charges, and consider the same while approving the ARR for MBPPL for FY 2023-24 and FY 2024-25;*
- ix. *To approve Retail Supply Tariff for FY 2023-24 and FY 2024-25 and the Tariff schedule, as proposed by MBPPL;*
- x. *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 the Petitioner;*
- xi. *Condone any inadvertent omissions, errors, short comings and permit MBPPL to add/change/modify/alter this filing and make further submissions as may be required at a future date; and*
- xii. *Pass such other and further Orders as deemed fit and proper in the facts and circumstances of the case*

1.1.11 The Commission admitted the MYT Petition on 11 January, 2023. In accordance with Section 64 of the EA, 2003, the Commission directed MBPPL to publish its Petition in



the prescribed abridged form and manner, to ensure adequate public participation and to reply expeditiously to the suggestions and objections received. MBPPL issued a Public Notice inviting suggestions and objections from the public in the daily newspapers Business Standard and Active Times (English) on 13 January 2023; and in Aapla Mahanagar and Mumbai Lakshadeep (Marathi) on 14 January, 2023. The copies of the MYT Petition and its Executive Summary were made available for inspection/purchase at MBPPL's offices. The Petition was made available on MBPPL's website ([www.krahejacorp.com](http://www.krahejacorp.com)) free of cost in downloadable format. The Public Notice and Executive Summary of the Petition were also made available on the website of the Commission ([www.merc.gov.in](http://www.merc.gov.in)) in downloadable format. Further, as directed by the Commission, MBPPL has informed its consumers through email about Tariff revision petition and time line for filing suggestions / objections.

- 1.1.12 The Commission did not receive any written or oral suggestions or objections on the Petition during the public consultation process in response to the Public Notice. An e-Public Hearing was held on 7 February, 2023 at 10:30 hrs through video conferencing. The list of persons who participated in e- Public hearing is provided as Appendix- II.
- 1.1.13 The Commission has ensured that the due process contemplated under the law to ensure transparency and public participation was followed at every stage. Adequate opportunity was given to all concerned to express their views. No written suggestion or objections were received by MBPPL nor were any raised during the Public Hearing. Therefore, the Commission has not recorded suggestions and objections as separate chapter in the Order.

## 1.2 Organisation of the Order

1.2.1 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 2017-18 & FY 2018-19;
- **Section 3** deals with approval of Provisional Truing-up of ARR for FY 2019-20;
- **Section 4** deals with the determination of MYT for 4<sup>th</sup> Control Period from FY 2020-21 to FY 2024-25;
- **Section 5** details the Commission's Tariff Philosophy and the category-wise Tariff applicable for the 4<sup>th</sup> Control Period from FY 2020-21 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 in Annexure-I to VI.

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## 2 Truing-up for FY 2019-20, FY 2020-21, and FY 2021-22

### 2.1 Background

2.1.1 MBPPL sought final Truing-up of expenditure and revenue for FY 2019-20, FY 2020-21 and FY 2021-22 based on actual and audited costs and revenue, vis-à-vis the amounts provisionally approved by the Commission in the MYT Order in Case No. 328 of 2019 dated 30 March, 2020 as specified in Regulation 5.1 (c) of the MYT Regulations, 2019.

2.1.2 While the truing up of the three years is being undertaken in the single section of the Order, there are certain differences in the provisions of the two Regulations governing the two control periods i.e., 3<sup>rd</sup> Control Period – FY 2016-17 to FY 2019-20 and 4<sup>th</sup> Control Period – FY 2020-21 to FY 2024-25. 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 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.

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.

2.1.3 In this Section, the Commission has analysed all the elements of actual expenditure and revenue of MBPPL for FY 2019-20, FY 2020-21, and FY 2021-22 and, after prudence check, has undertaken the Truing-up of expenses and revenue.

## 2.2 Energy Sales

### MBPPL's Submission

2.2.1 MBPPL submitted that there is no major variation in actual sales for FY 2019-20 vis-à-vis approved in MYT Order. However, actual sales were drastically lower in FY 2020-21 and FY 2021-22 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 due to which power consumption reduced significantly.

2.2.2 MBPPL considered the actual sales for the purpose of Truing-up for FY 2019-20, FY 2020-21, and FY 2021-22 as shown in the following Table:

**Table 1. Energy Sales for FY 2019-20, FY 2020-21, and FY 2021-22 (MU)**

Consumer Category & Consumption Slab	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing-up	MYT Order	Actual for Truing-up	MYT Order	Actual for Truing-up
<b>HT Category</b>						
HT I	68.87	68.40	68.87	35.88	74.04	34.61
<b>Sub-total HT</b>	<b>68.87</b>	<b>68.40</b>	<b>68.87</b>	<b>35.88</b>	<b>74.04</b>	<b>34.61</b>
<b>LT Category</b>						
LT II (A)	0.77	0.83	0.77	0.10	0.78	0.09
LT II (B)	0.38	0.58	0.38	0.22	0.37	0.19
LT III (A)	0.01	0.01	0.01	0.49	0.01	0.40
LT III (B)	8.15	9.38	8.15	5.97	7.86	5.48
<b>Sub-total LT</b>	<b>9.31</b>	<b>10.79</b>	<b>9.31</b>	<b>6.78</b>	<b>9.03</b>	<b>6.15</b>
<b>Total</b>	<b>78.18</b>	<b>79.19</b>	<b>78.18</b>	<b>42.65</b>	<b>83.06</b>	<b>40.76</b>

### Commission's Analysis and Ruling

2.2.3 The Commission notes that the actual energy sales of FY 2019-20 i.e., 79.19 MU is slightly higher than that provisionally approved by the Commission in MYT Order whereas Sales are lower in FY 2020-21 and FY 2021-22 vis-à-vis that approved in MYT Order. The reduction in sales is due to the COVID-19 pandemic with its consequential restrictions on operations, and the practice of Work-from-Home (WFH) adopted by most of its consumers which are IT&ITeS based units. This has led reduction in power consumption significantly.

2.2.4 As per Regulation 9 of MYT Regulations 2019, the variation in sales is uncontrollable factor. Accordingly, the Commission has approved the actual Energy Sales for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by MBPPL which is summarised in the Table below:

**Table 2: Energy Sales for FY 2019-20, FY 2020-21 and FY 2021-22 as approved by Commission (MU)**

Consumer Category & Consumption Slab	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
<b>HT Category</b>									
HT I	68.87	68.40	68.40	68.87	35.88	35.88	74.04	34.61	34.61
<b>Sub-total HT</b>	<b>68.87</b>	<b>68.40</b>	<b>68.40</b>	<b>68.87</b>	<b>35.88</b>	<b>35.88</b>	<b>74.04</b>	<b>34.61</b>	<b>34.61</b>
<b>LT Category</b>									
LT II (A)	0.77	0.83	0.83	0.77	0.09	0.09	0.78	0.09	0.09
LT II (B)	0.38	0.58	0.58	0.38	0.22	0.22	0.37	0.19	0.19
LT III (A)	0.01	0.01	0.01	0.01	0.49	0.49	0.01	0.40	0.40
LT III (B)	8.15	9.38	9.38	8.15	5.97	5.97	7.86	5.48	5.48
<b>Sub-total LT</b>	<b>9.31</b>	<b>10.79</b>	<b>10.79</b>	<b>9.31</b>	<b>6.77</b>	<b>6.77</b>	<b>9.02</b>	<b>6.15</b>	<b>6.15</b>
<b>Total</b>	<b>78.18</b>	<b>79.19</b>	<b>79.19</b>	<b>78.18</b>	<b>42.65</b>	<b>42.65</b>	<b>83.06</b>	<b>40.76</b>	<b>40.76</b>

  

Consumer Category & Consumption Slab	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
<b>HT Category</b>									
HT I	68.87	68.40	68.40	68.87	35.88	35.88	74.04	34.61	34.61
<b>Sub-total HT</b>	<b>68.87</b>	<b>68.40</b>	<b>68.40</b>	<b>68.87</b>	<b>35.88</b>	<b>35.88</b>	<b>74.04</b>	<b>34.61</b>	<b>34.61</b>
<b>LT Category</b>									
LT II (A)	0.77	0.83	0.83	0.77	0.09	0.09	0.78	0.09	0.09
LT II (B)	0.38	0.58	0.58	0.38	0.22	0.22	0.37	0.19	0.19
LT III (A)	0.01	0.01	0.01	0.01	0.49	0.49	0.01	0.40	0.40
LT III (B)	8.15	9.38	9.38	8.15	5.97	5.97	7.86	5.48	5.48
<b>Sub-total LT</b>	<b>9.31</b>	<b>10.79</b>	<b>10.79</b>	<b>9.31</b>	<b>6.77</b>	<b>6.77</b>	<b>9.02</b>	<b>6.15</b>	<b>6.15</b>
<b>Total</b>	<b>78.18</b>	<b>79.19</b>	<b>79.19</b>	<b>78.18</b>	<b>42.65</b>	<b>42.65</b>	<b>83.06</b>	<b>40.76</b>	<b>40.76</b>

### 2.3 Distribution Loss

#### MBPPL's Submission

2.3.1 MBPPL has considered the actual Distribution Loss for FY 2019-20, FY 2020-21 and FY 2021-22 based on actual energy sales, and the actual energy drawl at the interface point (T<>D Interface).

2.3.2 For computing distribution losses, MBPPL 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. 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 The increase in the Distribution Loss for FY 2020-21 and FY 2021-22 as against the

approved in the MYT Order is on account of no-load losses of transformer due to lower loading of network, during COVID-19 pandemic. MBPPL distribution network is primarily on higher voltage level of 22 kV, therefore distribution losses are on account of technical losses in the system.

2.3.4 The Distribution Loss for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by MBPPL is shown in the following Table:

**Table 3. Distribution Loss for FY 2019-20, FY 2020-21, and FY 2021-22 (%)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Distribution Loss (%)	1.60%	1.60%	1.28%	1.78%	0.97%	1.64%

2.3.5 MBPPL requested the Commission not to consider any sharing of gains or losses for distribution loss target for FY 2019-20, FY 2020-21 and for FY 2021-22, as the Distribution Losses are very low and are purely technical losses.

### Commission's Analysis and Ruling

2.3.6 In the MYT Order, the Commission had directed MBPPL 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.

2.3.7 MBPPL has submitted the technical loss report for each month from April 2019 to September 2022 carried out by PPS Energy Solutions. In the said 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 MBPPL end and using the formula  $3xI^2xRxL/1000$ . HT loss has been calculated. Study Report also computed transformation loss which is equal to no load loss+ (% loading of transformer at full load)<sup>2</sup>. Study report has considered LT loss limited to bus duct as the consumers are metered at LT Panel and computed by using formula  $3xI^2xRxL/1000$ . The total distribution losses for the respective months are computed based on above methodology. It is observed that the during light load conditions, transformation losses attributed the maximum in total losses which is due to under loading of transformers. The share of transformation loss is 70% to 90 % out of total loss. Line loss contributed from 10% to 29 %. 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. It is claimed that theoretical loss of MBPPL is range of 1.21% to 1.57%.

2.3.8 The actual loss submitted by MBPPL for true up years is higher than the range observed in the study report. Loading on transformer plays major role in the increase in the percentage distribution losses. The Distribution loss as per study report and as submitted in the Petition do not have major difference, however there is still scope for improvement.

2.3.9 The Commission notes that COVID 19 affected the sales of MBPPL 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 2019-20. The percentage Distribution loss will be reduced as and when loading on the transformer will increase. Therefore, the Commission is not currently relying on the distribution loss as per study report and computing the same as the difference between the energy input at T&D interface as submitted by MSLDC and energy sales approved in this Order. The Commission notes the difference in the input energy as submitted by MSLDC Vs MBPPL. The Commission is relying on MSLDC energy input, this has resulted into different distribution loss percentage than MBPPL.

2.3.10 Accordingly, the Distribution Losses approved by the Commission after final Truing-up for FY 2019-20, FY 2020-21 and FY 2021-22 are shown in the Table below:

**Table 4. Distribution Loss for FY 2019-20, FY 2020-21 and FY 2021-22 as 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 (%)	1.60%	1.60%	1.29%	1.28%	1.78%	1.65%	0.97%	1.64%	1.64%

## 2.4 Energy Balance

### MBPPL's Submission

2.4.1 MBPPL considered the Energy Balance for FY 2019-20, FY 2020-21 and FY 2021-22 based on the actual energy sales, actual Distribution Loss and actual energy purchased.

2.4.2 The Energy Balance for FY 2019-20, FY 2020-21 and FY 2021-22 is shown in the following Table:

**Table 5. Energy Balance for FY 2019-20, FY 2020-21, and FY 2021-22**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for truing up	MYT Order	Actual for truing up	MYT Order	Actual for Truing up
Energy Sales (MU)	78.19	79.19	78.18	42.65	83.06	40.75
Distribution loss (%)	1.60%	1.60%	1.28%	1.78%	0.97%	1.64%
Energy Requirement at T<math>\leftrightarrow</math>D (MU)	79.46	80.48	79.20	43.42	83.88	41.43
Intra-State Transmission Loss (%)	3.18%	3.16%	3.18%	2.93%	3.18%	3.19%
<b>Energy Requirement at G&lt;math&gt;\leftrightarrow&lt;/math&gt;T (MU)</b>	<b>82.07</b>	<b>83.11</b>	<b>81.80</b>	<b>44.73</b>	<b>86.63</b>	<b>42.80</b>
Total Purchase at State Periphery (MU)	95.29*	94.54	94.93	63.78	86.63	50.23
Less: Surplus Energy Traded (MU)	13.23	11.43	13.13	19.05		7.43

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for truing up	MYT Order	Actual for truing up	MYT Order	Actual for Truing up
Imbalance Pool (MU)	0.36	(0.73)		(0.61)		(1.97)
<b>Total Energy Purchased</b>	<b>82.07</b>	<b>83.11</b>	<b>81.80</b>	<b>44.73</b>	<b>86.63</b>	<b>42.80</b>

### Commission's Analysis and Ruling

2.4.3 The Commission has considered InSTS loss as per State Grid Loss Account for respective years as available on MSLDC website.

2.4.4 The Commission approves the Energy Balance for Truing-Up of ARR for FY 2019-20, FY 2020-21, and FY 2021-22, as given below:

**Table 6. Energy Balance for FY 2019-20, FY 2020-21 and FY 2021-22 as approved by the 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)	78.19	79.19	79.19	78.18	42.65	42.65	83.06	40.75	40.76
Distribution loss (%)	1.60%	1.60%	1.29%	1.28%	1.78%	1.65%	0.97%	1.64%	1.64%
Energy Requirement at T<math>\leftrightarrow</math>D (MU)	79.46	80.48	80.23	79.20	43.42	43.37	83.88	41.43	41.44
Intra-State Transmission Loss (%)	3.18%	3.16%	3.16%	3.18%	2.93%	2.93%	3.18%	3.19%	3.19%
<b>Energy Requirement at G&lt;math&gt;\leftrightarrow&lt;/math&gt;T (MU)</b>	<b>82.07</b>	<b>83.11</b>	<b>82.85</b>	<b>81.80</b>	<b>44.73</b>	<b>44.67</b>	<b>86.63</b>	<b>42.80</b>	<b>42.81</b>
Total Purchase at State Periphery (MU)	94.93	95.27	95.27	94.93	64.39	64.39	86.63	52.20	52.08
Less: Surplus Energy Traded (MU)	13.23	11.43	11.43	13.13	19.05	19.05	-	7.43	7.43
Imbalance Pool (MU)	0.36	(0.73)	(0.99)	-	(0.61)	(0.67)	-	(1.97)	(1.83)
<b>Total Energy Purchased</b>	<b>82.06</b>	<b>83.11</b>	<b>82.85</b>	<b>81.80</b>	<b>44.73</b>	<b>44.67</b>	<b>86.63</b>	<b>42.80</b>	<b>42.81</b>

### 2.5 Power Purchase Quantum and Cost

#### MBPPL's Submission

2.5.1 The power purchase cost of MBPPL includes the purchase from conventional sources

for meeting its Base Load and Peak Load requirement, Renewable Purchase Obligation (RPO), net purchase from Imbalance Pool, and sale of surplus power made during the year.

- 2.5.2 MBPPL has entered into Medium-Term Power Purchase Agreement (PPA) for 10 MW with M/s. Jindal Power Limited (JPL) for meeting the Base Load demand and for 10 MW with M/s. GMR Energy Trading Limited (GMRETL) to meet the Peak load demand for a period of 5 years from 1 July 2016 to 30 June 2021, based on rates discovered through competitive bidding, as approved by the Commission. The said PPAs expired in June 2021, i.e., during FY 2021-22.
- 2.5.3 The Commission has approved the proposal for the combined power purchase for KRC DISCOMs vide its Order in Case No 231 of 2020. Accordingly, MBPPL has conducted the combined tendering process for KRC DISCOMs and entered the respective PPAs with Kreate Energy Pvt Ltd for the period from 1 July,2021 to 30 June, 2022 in accordance with the approval of the Commission. Further during FY 2021-22, in the month of October 2021, there was shortfall in power availability from Kreate Energy, because of which, MBPPL had to purchase costly power from the Power Exchange at Exchange-linked rates. MBPPL has adjusted the Liquidated Damages (LD) for the non-supply of power in accordance with the terms of the PPA, from the amount payable to Kreate Energy, and the same benefit has been passed on to the consumers, as reduction in power purchase cost.
- 2.5.4 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 Kreate Energy during this period. The Commission in its Order dated 8 November 2022 directed Kreate Energy to compensate KRC DISCOMS for excess power purchase expenses. MBPPL is yet to receive this amount of compensation from Kreate Energy, and has hence, not adjusted the same against the power purchase cost of FY 2021-22 or FY 2022-23
- 2.5.5 For Truing up for FY 2019-20, FY 2020-21, and FY 2021-22, MBPPL has considered the actual power purchase quantum and cost from M/s. Jindal Power Limited (JPL), M/s. GMR Energy Trading Limited (GMRETL) and Kreate Energy.
- 2.5.6 MBPPL submitted that the amount of power purchase expense reflecting in the audited accounts of FY 2019-20, FY 2020-21 and FY 2021-22 is without excluding revenue from sale of surplus power (which is considered as Income in the Accounts) adjusted in the power purchase cost.

#### Renewable Purchase Obligations

- 2.5.7 MBPPL has considered the RPO targets for FY 2019-20, FY 2020-21 and FY 2021-22 as specified in the applicable MERC Renewable Purchase Obligations Regulations, 2016. The RPO targets are 3.50% for Solar and 11.50% for Non-Solar for FY 2019-20, 4.50% for Solar and 11.50% for Non-Solar for FY 2020-21, and 6% for Solar and 11.50% for Non-Solar for FY 2021-22.



- 2.5.8 For meeting the RPO target for FY 2019-20, FY 2020-21, and FY 2021-22 MBPPL has purchased Solar and Non-Solar RECs.
- 2.5.9 As REC sessions on the Exchange platforms was put on hold, as per Order dated 24 July, 2020 in Case No. 113 of 2020 by Hon'ble Appellate Tribunal for Electricity (APTEL), MBPPL could not procure RECs from Exchanges to fulfil the RPO targets for FY 2020-21. MBPPL has filed the petition in Case No. 45 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. The Commission in the Order ruled that KRC DISCOMs are at liberty to pray for waiver of the penalty after demonstrating their efforts as a part its MTR Petition.
- 2.5.10 MBPPL submitted that after introduction of exchange based Green Energy Contracts, MBPPL made transactions through Green Term Ahead Market (G-TAM) product and through Integrated Day Ahead Market (G-DAM) contract on regular intervals to fulfil its RPO compliances.
- 2.5.11 MBPPL submitted that it has fulfilled the composite RPO targets for FY 2021-22 by procuring Renewable Energy and through purchase of RECs on Power Exchange India Limited (PXIL) and Indian Energy Exchange (IEX). The following table shows the yearly entitlement of RPO, RPO fulfilled and shortfall in RPO for FY 2020-21 and FY 2021-22.

**Table 7: RPO target achievement by MBPPL for FY 2020-21 and FY 2021-22**

Particulars	FY 2020-21		FY 2021-22		Cumulative	
	%	MU	%	MU	%	MU
<b>Gross Energy Consumption (GEC)</b>	100%	43.42	100%	41.442	100%	84.86
<b>Solar RPO</b>						
<b>Target</b>	4.50%	1.95	6.00%	2.49	5.23%	4.44
<b>Achievement</b>	0.81%	0.35	3.41%	1.41	2.08%	1.76
<b>Shortfall/(Surplus)</b>	3.69%	1.60	2.59%	1.07	3.16%	2.68
<b>Non-Solar RPO</b>						
<b>Target</b>	11.50%	4.99	11.50%	4.77	11.50%	9.76
<b>Achievement</b>	2.06%	0.89	30.58%	12.673	15.99%	13.57
<b>Shortfall/(Surplus)</b>	9.44%	4.10	(19.08)%	(7.91)	(4.49)%	(3.81)
<b>Total RE to be procured as per the Target</b>	<b>16.00%</b>	<b>6.95</b>	<b>17.50%</b>	<b>7.25</b>	<b>16.73%</b>	<b>14.20</b>
<b>Total Actual RE Procured</b>	<b>2.86%</b>	<b>1.24</b>	<b>33.99%</b>	<b>14.09</b>	<b>18.06%</b>	<b>15.33</b>
<b>Total Shortfall/(Surplus)</b>	<b>13.14%</b>	<b>5.70</b>	<b>(16.49)%</b>	<b>(6.83)</b>	<b>(1.33)%</b>	<b>(1.13)</b>

- 2.5.12 Imbalance Pool: MBPPL 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 actual amount paid in respective year against FBSM bills/DSM bills received from MSLDC, if any, 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 the Petitioner.

2.5.13 Sale of Surplus Power: For FY 2019-20, FY 2020-21, and FY 2021-22, MBPPL has considered the actual quantum and revenue from sale of surplus power. The revenue from sale of surplus power has been deducted from the power purchase cost to pass on the benefits to the consumers.

Accordingly, Power purchase cost is as follows: -

**Table 8: Power Purchase Cost for FY 2019-20**

Source of Power (Station wise)	MYT Order			Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Jindal Power Limited	66.32	25.71	3.88	69.38	27.81	4.01
GMR Energy Trading Limited	28.61	12.92	4.52	25.45	11.28	4.43
Sale of Surplus Power	(13.23)	(5.18)	3.92	(11.43)	(4.93)	4.31
Exchange Procurement				0.45	0.17	3.86
Imbalance Pool	0.36			(0.73)	0.02	
Solar REC Purchase		0.69			0.69	
Non-Solar REC Purchase		1.56			1.75	
<b>Total</b>	<b>82.07</b>	<b>35.69</b>	<b>4.35</b>	<b>83.11</b>	<b>36.79</b>	<b>4.43</b>

**Table 9: Power Purchase Cost for FY 2020-21**

Source of Power (Station wise)	MYT Order			Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Jindal Power Limited	66.32	27.16	4.10	52.60	24.76	4.71
GMR Energy Trading Limited	28.61	15.83	5.53	11.15	6.49	5.82
Sale of Surplus Power	(13.13)	(4.08)	3.11	(19.05)	(5.64)	2.96
Imbalance Pool				(0.61)	0.45	
Purchase from Exchange				0.64	0.20	3.10
Solar REC Purchase		0.37			0.06	
Non-Solar REC Purchase		0.94			0.09	
Power Exchange charges					0.01	
<b>Total</b>	<b>81.80</b>	<b>40.24</b>	<b>4.92</b>	<b>44.73</b>	<b>26.42</b>	<b>5.91</b>

**Table 10: Power Purchase Cost for FY 2021-22**

Source of Power (Station wise)	MYT Order			Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Jindal Power Limited	74.09	29.07	3.92	12.67	6.38	5.03
GMR Energy Trading Limited	12.54	5.52	4.00	4.11	1.89	4.60
Kreate Energy				29.29	9.09	3.10
Sale of Surplus Power				(7.43)	(2.17)	2.92
Purchase from Exchange				2.30	1.97	8.54
DSM / Imbalance Pool				(1.97)	(0.72)	
Solar Purchase				1.46	0.71	4.87

Source of Power (Station wise)	MYT Order			Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Non-Solar purchase				2.36	1.43	6.07
Solar REC Purchase		0.52			1.06	
Non-Solar REC Purchase		1.00			0.01	
Power Exchange charges					0.01	
<b>Total</b>	<b>81.80</b>	<b>40.24</b>	<b>4.92</b>	<b>42.80</b>	<b>19.65</b>	<b>4.59</b>

### Commission's Analysis and Ruling

- 2.5.14 The Commission vide Order dated 26 February 2016 in Case No. 49 of 2015 had approved medium-term power procurement of 20 MW, under Section 63 of EA, 2003. Accordingly, MBPPL has been procuring power from JPL for meeting the Base Load demand of 10 MW (RTC) and from GMRETL for Peak Load demand of 10 MW for a period of 5 years from 1 July, 2016 to 30 June, 2021.
- 2.5.15 The Commission reconciled the data provided by MBPPL about the payments of bills for supply of power by JPL and GMRETL. Accordingly, the Commission approves quantum and cost of power purchased from JPL and GMRETL as claimed in the Petition for FY 2019-20, FY 2020-21, and FY 2021-22.
- 2.5.16 The Commission notes that Kreate Energy did not supply power as per provisions under PPA during period 11 October, 2021 to 31 October, 2021. The Commission has already ruled in Case No. 1 of 2022 dated 8 November 2022 that Kreate Energy must compensate to the KRC Discoms for increased power purchase expenses. Kreate Energy filed appeal with APTEL against the Commission's order. As per APTEL Order in IA No. 1951 of 2022 in Appeal No 428 of 2022 (Appeal against the Commission's Order in Case No. 1 of 2022), Kreate Energy has paid the part of the balance amount of Rs 0.06 Cr to MBPPL on 10 January 2023. This cost has been adjusted by the Commission in power purchase cost of FY 2021-22 because it pertains to FY 2021-22 despite the receipt of the payment in FY 2022-23.
- 2.5.17 The Commission also sought documentary evidence for sale of surplus power. MBPPL submitted invoices for sale of the surplus power. The Commission has reconciled quantum of energy sold and revenue from sale of surplus power as submitted by MBPPL with the invoices received. The Commission further observes that MBPPL has sold power at the rate higher than rate at which it is procuring medium term power for FY 2019-20 thereby benefitting its consumers. During FY 2020-21 and FY 2021-22, the average rate of sale of surplus power was lower than the average rate of procurement (average fixed tariff + variable rate per unit). However, it was higher than the variable tariff of energy tied up from the medium-term sources. MBPPL submitted that the fixed cost is payable irrespective of how much energy is scheduled. Therefore, when its sales were lower than expected during FY 2020-21 and FY 2021-22, MBPPL sold surplus power if the market rate is higher than the variable tariff of electricity. The Commission observed that MBPPL has stopped sale of surplus power from July 2021,

- i.e., after expiry of medium term PPA. MBPPL had submitted invoices for sale of surplus power to the Commission in response to data gaps. The Commission observed that the rate of sale of surplus power is higher than the variable tariff of the medium term PPA.
- 2.5.18 In view of above, the Commission has approved the reduction in power purchase cost due to sale of surplus power, because there is no additional burden on the consumers due to these transactions. Accordingly, the Commission approves the sale of surplus power by MBPPL.
- 2.5.19 On analysis of details related to FBSM bills submitted by MBPPL, the Commission approves the cost related to imbalance pool quantum for FY 2019-20 and FY 2020-21 submitted by MBPPL. MBPPL was supposed to claim power purchase cost towards FBSM settlement of FY 2018-19 in power purchase cost of FY 2020-21 as provisionally allowed by the Commission in MYT Order. In response to the data gap query by the Commission, MBPPL submitted the cost of power purchase towards the same is Rs. 0.33 Cr which MBPPL missed inadvertently in the Petition. As a result, the Commission is approving the cost of power purchase towards FBSM settlement of FY 2018-19 in the power purchase cost of FY 2020-21. Power purchase cost towards FBSM settlement for FY 2020-21 and FY 2021-22 is included in ARR of these years itself instead of carrying forward in the subsequent years.
- 2.5.20 The Commission notes that MBPPL has approached 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 in Case 45 of 2021. The Commission vide its Order dated 7 September 2021 has ruled that KRC DISCOMs are at liberty to pray for waiver of the penalty after demonstrating their efforts as a part its MTR Petition.
- 2.5.21 The Commission observed that MBPPL has complied with the targets with cumulative surplus of 6.59 MU in FY 2021-22 as shown in the table below. As the targets have been fulfilled in the stipulated time frame, the Commission is not inclined to levy any penalty.
- 2.5.22 The Commission verified the RECs issued by the Power Exchanges to MBPPL. Accordingly, the Commission approves the total REC cost incurred by MBPPL for FY 2019-20, 2020-21 and FY 2021-22 based on actual REC purchase to meet the RPO targets.
- 2.5.23 As per MERC (Renewable Purchase Obligations) Regulations, 2016 [MERC RPO Regulations, 2016] and MERC (Renewable Purchase Obligations) Regulations, 2019 [MERC RPO Regulations, 2019], Renewable purchase obligation of MBPPL is computed as shown in table below.

**Table 11. RPO compliance of MBPPL for FY 2020-21 & FY 2021-22**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Gross Energy Consumption (MU)	82.85	44.67	42.81
Solar Target (%)	3.50%	4.50%	6.00%
Non-Solar Target (%)	11.50%	11.50%	11.50%

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Solar Target (MU)	2.90	2.01	2.57
Non-Solar Target (MU)	9.53	5.14	4.92
<b>Total RPO Target</b>	<b>12.43</b>	<b>7.15</b>	<b>7.49</b>
<b>REC Purchase (MU)</b>			
Solar	2.96	0.35	
Non-Solar RECs	9.74	0.89	10.38
Solar energy purchase			1.41
Non-solar energy purchase			2.29
<b>Total</b>	<b>12.70</b>	<b>1.24</b>	<b>14.09</b>
<b>Shortfall/ (Surplus) for Year</b>			
Solar	-0.06	1.66	1.16
Non-Solar	-0.21	4.24	-7.75
<b>Total</b>	<b>-0.27</b>	<b>5.90</b>	<b>-6.59</b>

2.5.24 The Commission, thus approves the power purchase cost for FY 2019-20 to FY 2021-22 as shown in the following Table:

**Table 12. Power Purchase Cost for FY 2019-20 as approved by Commission**

Source of Power (Station wise)	MYT Order			MTR Petition			Approved in this Order		
	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)
<b>Long/ Medium-term Sources</b>									
Jindal Power Limited	66.32	25.71	3.88	69.38	27.81	4.01	69.38	27.81	4.01
GMR Energy Trading Limited	28.61	12.92	4.52	25.45	11.28	4.43	25.45	11.28	4.43
Sale of Surplus Power	(13.23)	(5.18)	3.92	(11.43)	(4.93)	4.31	(11.43)	(4.93)	4.31
Purchase of additional power (exchange)	0.36	-	-	0.45	0.17	3.86	0.45	0.17	3.86
Imbalance Pool	-	-	-	(0.73)	0.02	-	(0.99)	0.02	-
Solar REC Purchase	-	0.69	-	-	0.69	-	-	0.69	-
Non-Solar REC Purchase	-	1.56	-	-	1.75	-	-	1.75	-
<b>Total</b>	<b>82.07</b>	<b>35.69</b>	<b>4.35</b>	<b>83.11</b>	<b>36.79</b>	<b>4.43</b>	<b>82.85</b>	<b>36.79</b>	<b>4.44</b>

**Table 13. Power Purchase Cost for FY 2020-21 as approved by Commission**

Source of Power (Station wise)	MYT Order			MTR Petition			Approved in this Order		
	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)
<b>Long/ Medium-term Sources</b>									
Jindal Power Limited	66.32	27.16	4.10	52.60	24.76	4.71	52.60	24.76	4.71
GMR Energy Trading Limited	28.61	15.83	5.53	11.15	6.49	5.82	11.15	6.49	5.82
Sale of Surplus Power	-13.13	-4.08	3.11	-19.05	-5.64	2.96	-19.05	-5.64	2.96
Purchase of additional power (exchange)	-	-	-	0.64	0.20	3.10	0.64	0.20	3.10
Imbalance Pool for FY 20-21	-	0.37	-	-0.61	0.45	-	-0.67	0.45	-
Solar REC Purchase	-	0.94	-	-	0.06	-	-	0.06	-
Non-Solar REC Purchase	-	-	-	-	0.09	-	-	0.09	-
PX-1	-	-	-	-	0.01	-	-	0.01	-
Imbalance Pool for FY 18-19 and FY 19-20	-	0.02	-	-	-	-	-	0.33	-
<b>Total</b>	<b>81.80</b>	<b>40.24</b>	<b>4.92</b>	<b>44.73</b>	<b>26.42</b>	<b>5.91</b>	<b>44.67</b>	<b>26.75</b>	<b>5.99</b>

\* Note: In MYT Order, Rs. 0.02 Cr was approved towards imbalance pool of FY 2018-19 and FY 2019-20 both. However, cost towards imbalance pool for FY 2019-20 in this Order is included in power purchase cost of FY 2019-20 separately above. Rs. 0.33 Cr is towards FY 2018-19 only.

**Table 14. Power Purchase Cost for FY 2021-22 as approved by Commission**

Source of Power (Station wise)	MYT Order			MTR Petition			Approved in this Order		
	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)
<b>Long/ Medium-term Sources</b>									
Jindal Power Limited	74.09	29.07	3.92	12.67	6.38	5.03	12.67	6.38	5.03
GMR Energy Trading Limited	-	-	-	4.11	1.89	4.60	4.11	1.89	4.60
Sale of Surplus Power	-	-	-	-7.43	-2.17	2.92	-7.43	-2.17	2.92
Purchase of additional power (exchange)	-	-	-	2.30	1.97	8.54	2.30	1.97	8.54
Imbalance Pool	-	-	-	-1.97	-0.72	-	-1.83	-0.72	-
Solar energy Purchase	-	0.52	-	1.46	0.71	4.87	1.41	0.71	5.03

Source of Power (Station wise)	MYT Order			MTR Petition			Approved in this Order		
	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)	Quantu m (MU)	Cost (INR crores)	Per unit cost (Rs. /kWh)
Non-Solar energy purchase	-	1.00	-	2.36	2.49	6.07	2.29	2.49	6.27
Payment by Kreate Energy as per APTEL Order on 10-Jan-23	-	-	-	-	-	-	-	-0.06	-
PX-1	-	-	-	-	0.01	-	-	0.01	-
Short term sources	-	5.52	4.40	29.29	9.09	3.10	29.29	9.09	3.10
<b>Total</b>	<b>74.09</b>	<b>36.11</b>	<b>4.17</b>	<b>42.80</b>	<b>19.65</b>	<b>4.59</b>	<b>42.81</b>	<b>19.59</b>	<b>4.58</b>

## 2.6 Transmission Charges and MSLDC Charges

### MBPPL's Submission

2.6.1 For FY 2019-20, FY 2020-21, and FY 2021-22, MBPPL considered the actual Intra-State Transmission Charges and MSLDC Charges, as shown in the Table below:

**Table 15. InSTS Charges and MSLDC Charges for FY 2019-20, FY 2020-21, and FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Intra-State Transmission Charges	3.64	3.56	5.07	5.01	5.02	4.99
MSLDC Charges	0.02	0.02	0.03	0.03	0.02	0.02

### Commission's Analysis and Ruling

2.6.2 The Commission has verified the Intra-State Transmission Charges payable by MBPPL based on relevant Intra-State Transmission Orders and the MSLDC Order and also reconciled the same with invoices submitted by MBPPL. Accordingly, the Commission has approved Intra-State Transmission Charges and MSLDC charges as shown in table below.

**Table 16. InSTS Charges and MSLDC Charges for FY 2019-20, FY 2020-21, and FY 2021-22 (Rs. Crore) as 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
Intra-State Transmission Charges	3.64	3.56	3.56	5.07	5.01	5.01	5.02	4.98	4.98

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
MSLDC Charges	0.02	0.02	0.02	0.03	0.03	0.03	0.02	0.02	0.02

## 2.7 Operation and Maintenance Expenses

### MBPPL's Submission

2.7.1 The Commission 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, in accordance with the MERC MYT Regulations, 2019. MBPPL had filed Review Petition in MYT Order in Case No. 328 of 2019 on the issue of employee expenses allowed to each KRC DISCOM, and the Commission had allowed MBPPL to claim the appropriate share of employee expenses in the true-up of the respective years. Accordingly, MBPPL requested the Commission to allow equitable sharing of employee expenses between three Distribution Licensees of the same Group, based on the actual/ estimated sales for each year under consideration.

2.7.2 As the issue of equitable allocation is relevant only for employee expenses and not to the other two components of O&M expenses, MBPPL computed the employee expenses effectively approved by Commission in the MYT Order and the restated employee expenses allowable based on the share of sales.

**Table 17. Re-Stated Employee Expenses for FY 2020-21 to FY 2024-25 (Rs. Crore)**

Sl.	DISCOM	Re-stated Approved Employee Expenses				
		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	<b>Wires Business</b>					
1	MBPPL	2.12	1.99	1.92	1.99	2.07
2	GEPL	0.86	0.91	0.89	0.92	0.96
3	KRCIPPL	0.48	0.69	0.92	0.96	1.00
	<b>Sub-total</b>	<b>3.46</b>	<b>3.60</b>	<b>3.73</b>	<b>3.88</b>	<b>4.03</b>
	<b>Supply Business</b>					
1	MBPPL	1.14	1.07	1.03	1.07	1.12
2	GEPL	0.47	0.49	0.48	0.50	0.52
3	KRCIPPL	0.26	0.37	0.50	0.52	0.54
	<b>Sub-total</b>	<b>1.87</b>	<b>1.94</b>	<b>2.01</b>	<b>2.09</b>	<b>2.17</b>
	<b>Combined Wires &amp; Supply Business</b>					
1	MBPPL	3.27	3.06	2.96	3.07	3.19
2	GEPL	1.33	1.41	1.37	1.42	1.48
3	KRCIPPL	0.74	1.07	1.42	1.48	1.53
	<b>Sub-total</b>	<b>5.33</b>	<b>5.53</b>	<b>5.75</b>	<b>5.97</b>	<b>6.19</b>

2.7.3 MBPPL submitted that in some years, the actual employee expenses are higher than the normative values, whereas in some years, the actual employee expenses are lower



than the normative values, as the actual expenses are linked to sales quantum, which has varied widely in the last 2-3 years due to the impact of COVID-19. Hence, MBPPL has considered the approved normative employee expenses, as revised above, as the actual employee expenses, and no sharing of the employee expenses has been done.

2.7.4 In order to ensure that the approved employee/ O&M expenses are reflected as approved in the MYT order, MBPPL has computed the impact of the re-stated employee expenses based on share of sales, as shown below:

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

Particulars	FY 2020-21			FY 2021-22		
	MYT Order	Restated	Impact	MYT Order	Restated	Impact
<b>Wires Business</b>						
O&M Expenses	3.43	3.60	0.17	3.56	3.52	-0.04
Sharing of gains/(losses)	0.10	0.14	0.04	0.11	0.11	-0.01
<b>Total Impact</b>			<b>0.21</b>			<b>-0.05</b>
<b>Supply Business</b>						
O&M Expenses	1.85	1.94	0.09	1.92	1.90	-0.02
Sharing of gains/(losses)	0.06	0.08	0.02	0.06	0.06	0.00
<b>Total Impact</b>			<b>0.12</b>			<b>-0.02</b>

2.7.5 MBPPL has also requested not to consider any reduction in efficiency factor in proportion to the percentage growth in the number of consumers, while considering the escalation indices due to the Force Majeure situation prevalent on account of COVID-19 pandemic

2.7.6 In view of the above, O&M expenses claimed in the True-up for FY 2019-20, FY 2020-21, and FY 2021-22 are shown in the Table below:

**Table 19. O&M Expenses for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for True-up	MYT Order	Actual for True-up	MYT Order	Actual for True-up
	<b>Distribution Wires Business</b>						
1	Employee Expenses	1.88	1.88		2.12		1.99
2	A&G Expenses	0.40	0.13		0.12		0.12
3	R&M Expenses	1.16	0.97		0.73		0.95
	<b>Total O&amp;M Expenses</b>	<b>3.44</b>	<b>2.98</b>	<b>3.43</b>	<b>2.97</b>	<b>3.56</b>	<b>3.06</b>
	<b>Retail Supply Business</b>						
1	Employee Expenses	1.01	1.01		1.14		1.07
2	A&G Expenses	0.21	0.07		0.07		0.07
3	R&M Expenses	0.62	0.52		0.39		0.51

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for True-up	MYT Order	Actual for True-up	MYT Order	Actual for True-up
	<b>Total O&amp;M Expenses</b>	<b>1.85</b>	<b>1.60</b>	<b>1.85</b>	<b>1.60</b>	<b>1.92</b>	<b>1.65</b>

## Commission's Analysis and Ruling

### Normative O&M expenses

- 2.7.7 The Commission in the MYT Order while approving provisional normative for FY 2019-20 had considered equitable sharing of employee expenses as per the stand taken in earlier years for FY 2017-18 and FY 2018-19 due to non-availability of the past data as the actual operation of MBPPL as a distribution Licensee started in 2015. For the 4th control period, as the sufficient past data is available, the Commission has projected the normative O& M expenses strictly as per MYT Regulations, 2019.
- 2.7.8 The Commission notes that MBPPL has requested for equitable sharing of employee expenses on the basis of actual/ projected sales for computing the normative expenses. Further MBPPL 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 in the MYT Order it had followed the allocation-based methodology in absence of any past cost trends available for the licensee to approve the normative costs as per provision of prevailing Regulations. But now, past data since operation of MBPPL in the year 2015 is available. Hence, it would not be prudent to continue such adhoc method of reallocating employee expenses of three separate Distribution Licensees (although from same group of companies) based on actual sales. 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 MBPPL to have equitable sharing of employee expenses and thus approving the normative expenses based on the methodology prescribed in the MYT Regulations, 2019.
- 2.7.9 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 :---"*

- 2.7.10 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 had reduced an efficiency factor of 1 % .
- 2.7.11 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. Hence, the Commission has disallowed MBPPL's request of non -consideration of efficiency factor while truing up the O&M expenses for FY 2019-20.
- 2.7.12 Accordingly, the Commission has arrived at normative O&M expense of Rs. 5.30 Crore for FY 2019-20 after applying the escalation factor adjusted for efficiency factor on normative O&M expense of FY 2018-19
- 2.7.13 As per MYT Regulations 2019, the normative 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. Regulations provides that efficiency factor of 1% shall not be reduced only if number of consumers increase by at least 2% annually over the last 3 years.
- 2.7.14 The escalation factor for FY 2020-21 and FY 2021-22 is determined as per regulation 75.3 of MYT Regulations 2019. The number of consumers in FY 2020-21 are 139, while those in FY 2017-18 were 125. Therefore, the number of consumers grew by YoY rate of 3.6% per annum. Therefore, the Commission has not considered efficiency factor for computing normative O&M expense for FY 2020-21. However, the number of consumers were reduced to 131 at the end of FY 2021-22. This was same as the number of consumers at end of FY 2018-19. Therefore, the Commission has considered the efficiency factor of 1% while computing normative O&M expense for FY 2021-22. Accordingly, normative O&M expense for FY 2019-20 to FY 2021-22 is as shown in table below.

**Table 20. Normative O&M expense for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Normative O&M expense: Distribution wire	3.44	3.50	3.64
Normative O&M expense: Retail supply	1.86	1.89	1.97
<b>Total normative O&amp;M expense</b>	<b>5.30</b>	<b>5.39</b>	<b>5.61</b>

### Employee Expenses

- 2.7.15 MBPPL has erroneously considered normative employee expenses re-calculated on pro-rata basis of energy sales as actual employee expenses. The Commission has considered 'Project support fees (non-technical)' as given in audited financial accounts as employee expenses for truing up. MBPPL and other KRC Discoms have entered

into agreement with KRCSPL for availing corporate services.

- 2.7.16 The Commission computed the service charges paid to KRCSPL per unit basis for the trued-up years based on audited accounts as shown in table below. The Commission has observed that the YoY escalation in service charges paid to KRCSPL is about 11.41%.

**Table 21. Computation of average YoY escalation of employee expenses per unit of sales**

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Employee expenses (Rs Cr)	4.093	4.359	2.622	2.778
Energy sales (MU)	83.06	79.19	42.65	40.75
Service charges to KRCSPL (Rs/unit)	0.04927	0.05504	0.06147	0.06817
YoY increase (% p.a.)		11.68%	11.69%	10.87%
<b>Average YoY increase (% p.a.)</b>		<b>11.42%</b>		
Actual escalation rate		0.55	0.61	0.68

- 2.7.17 The Commission had already ruled in the first Tariff Order in Case No. 194 of 2017 dated 12 September 2018 that the escalation rate of 12% is significantly higher than weighted average escalation rate as determined by the Commission. The Commission's ruling in this regard is reproduced as below:

*“4.6.23 The Commission is of the opinion that the escalation rate considered for escalating the rates towards non-technical O&M activities carried out by M/s KRCSPL (12%) is significantly high as compared to the escalation rate determined by the Commission (5.06%). The Commission finds it imprudent for MBPPL to maintain such a high escalation rate for a rate of 35 paisa/ Unit that is already identified to be high by the Commission. The Commission disallows the escalation of 12% considered by MBPPL towards the Employee Expenses. The Commission has considered actual Employee Expense for MBPPL as Rs. 3.05 Crore, based on the escalation rate determined, instead of Rs. 3.23 Crore as claimed by MBPPL.”*

- 2.7.18 Considering the above stand taken by the Commission in the earlier Tariff Order, 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 4.06% computed as per applicable MYT Regulations for FY 2019-20, FY 2020-21, and FY 2021-22 respectively for approving the actual employee expense. In view of the same, the actual employee expense approved by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22 are Rs 3.21 Crore, Rs 1.80 Crore and 1.79 Crore respectively.

### **Administration and General Expenses**

- 2.7.19 MBPPL has claimed A&G expenses wherein major components are legal charges and audit fee, license fee, internet and related charges, advertisements, and miscellaneous expenses. The Commission reconciled each component of A&G expense with the audited accounts.

2.7.20 The Commission analysed the A&G expenses of true-up years as per the audited accounts. The sharp increase in A&G expense of FY 2019-20 was due to increase in filing fees and stamping charges from Rs. 0.03 Crore to Rs. 0.09 Crore.

**Table 22. Comparison of A&G expense of true-up years with A&G expense of FY 2018-19**

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
A&G expense	0.17	0.16	0.21	0.19	0.19

2.7.21 Accordingly, the Commission approves the actual A&G expenses for FY 2020-21 and FY 2021-22 as submitted by MBPPL.

### Repair & Maintenance

2.7.22 MBPPL has claimed R&M expenses of Rs. 1.49 Crore, Rs. 1.12 Crore and Rs. 1.46 Crore for FY 2019-20, FY 2020-21, and FY 2021-22 respectively. R&M expense towards only plant & machinery and buildings has been claimed by MBPPL.

2.7.23 The Commission has carried out prudence check of the R&M Expenses submitted by MBPPL and reconciled claim of MBPPL with the audited accounts. The Commission has observed that there is reduction in R & M expenses for plant and machinery. R&M expense in FY 2019-20 to FY 2021-22 is primarily on electric installations. The Commission observed that R&M expense of MBPPL in FY 2019-20 to FY 2021-22 is very close to/lower than the approved R&M expense of MBPPL in FY 2017-18 and FY 2018-19 as shown in the table below.

**Table 23. R&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22**

Particulars	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Building	0.10	0.04	0.05	0.07	0.02
Plant and machinery	1.59	1.41	-	0.02	0.01
Electrical installation			1.43	0.99	1.40
Others		0.02	0.01	0.04	0.03
<b>Total</b>	<b>1.69</b>	<b>1.47</b>	<b>1.49</b>	<b>1.12</b>	<b>1.46</b>

2.7.24 The Commission approves the R&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by MBPPL.

2.7.25 In view of above, the Commission approved O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22 as shown in table below:

**Table 24. O&M Expenses for FY 2019-20, FY 2020-21 and FY 2021-22 as approved by Commission (Rs. Crore)**

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	MY T Order	Norm a-tive	MTR Petition	Approved in this Order	MY T Order	Norm a-tive	MTR Petition	Approved in this Order	MY T Order	Norm a-tive	MTR Petition	Approved in this Order
Distribution Wires												
Employee Expenses	1.88	-	1.88	2.09	1.95	-	2.12	1.17	2.03	-	1.99	1.17
A&G Expenses	-	-	0.13	0.13	-	-	0.12	0.12	-	-	0.12	0.12

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	MY T Order	Norm a-tive	MTR Petition	Appro ved in this Order	MY T Order	Norm a-tive	MTR Petition	Appro ved in this Order	MY T Order	Norm a-tive	MTR Petition	Appro ved in this Order
R&M Expenses	-	-	0.97	0.97	-	-	0.73	0.73	-	-	0.95	0.95
<b>Total O&amp;M Expenses (Distribution Wire)</b>	<b>3.44</b>	<b>3.44</b>	<b>2.98</b>	<b>3.19</b>	<b>3.43</b>	<b>3.50</b>	<b>2.97</b>	<b>2.02</b>	<b>3.56</b>	<b>3.64</b>	<b>3.06</b>	<b>2.24</b>
<b>Retail Supply</b>												
Employee Expenses	1.01	1.13	1.01	1.13	1.05	-	1.14	0.63	1.09	-	1.07	0.63
A&G Expenses	-	-	0.07	0.07	-	-	0.07	0.07	-	-	0.07	0.07
R&M Expenses	-	-	0.52	0.52	-	-	0.39	0.39	-	-	0.51	0.51
<b>Total O&amp;M Expenses (Retail Supply)</b>	<b>1.85</b>	<b>1.86</b>	<b>1.60</b>	<b>1.72</b>	<b>1.85</b>	<b>1.89</b>	<b>1.60</b>	<b>1.09</b>	<b>1.92</b>	<b>1.97</b>	<b>1.65</b>	<b>1.20</b>
<b>Total O&amp;M Expenses (Distribution Wire + Retail Supply)</b>	<b>5.29</b>	<b>5.30</b>	<b>4.59</b>	<b>4.91</b>	<b>5.28</b>	<b>5.39</b>	<b>4.57</b>	<b>3.11</b>	<b>5.48</b>	<b>5.61</b>	<b>4.71</b>	<b>3.44</b>

2.7.26 Sharing of gain/loss of O&M expense is done separately in subsequent sub-section of this chapter:

## 2.8 Capital Expenditure and Capitalisation

### MBPPL's Submission

2.8.1 Capital Expenditure and capitalization incurred by MBPPL in FY 2019-20 to FY 2021-22 are towards non-DPR schemes, as detailed in the Table below:

**Table 25. Non-DPR schemes for FY 2019-20 to FY 2021-22**

Sl.	Scheme Particulars	Business	Amount (Rs.)
<b>A</b>	<b>FY 2019-20</b>		
	LT meter with cable and other accessories	Supply	3,45,000
	Ethernet data converter with 8 port switches	Supply	9,65,536
	<b>TOTAL</b>		<b>3,69,893</b>
<b>B</b>	<b>FY 2021-22</b>		
	SITC of 6 KVA UPS and 26 AH battery	Wires	1,70,000
	Electrical Installation and Accessories ABT Meter	Wires	9,24,643
	Electrical Installation and Accessories ABT Meter	Wires	11,49,751
	Energy meters with accessories	Supply	2,99,208
	APEX 100 ABT Meter, Make: Secure	Wires	2,95,000

Sl.	Scheme Particulars	Business	Amount (Rs.)
	<b>TOTAL</b>		<b>28,38,604</b>

2.8.2 The Capital Expenditure and Capitalisation claimed for Truing-up for FY 2019-20 to FY 2021-22 is shown in the following Table:

**Table 26. Capital Expenditure & Capitalisation for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
<b>Distribution Wires Business</b>						
Capital Expenditure	0.24	0	1.67	0	0.55	0.25
Capitalisation	0.24	0	1.67	0	0.55	0.25
<b>Retail Supply Business</b>						
Capital Expenditure	0	0.04	0.11	0	0.05	0.03
Capitalisation	0	0.04	0.11	0	0.05	0.03

2.8.3 Further, in addition to the capitalisation incurred against non-DPR schemes in FY 2019-20, FY 2020-21, and FY 2021-22, as detailed above, the Commission had provisionally approved Rs. 1.24 Crore at depreciated value in addition to GFA for Conversion from HT to LT connections in Building No. 8.

### Commission's Analysis and Ruling

2.8.4 The Commission notes that MBPPL is claiming Capital Expenditure and Capitalisation against Non DPR schemes. As per Regulation 24.7 of the MYT Regulations, 2019, capitalisation against non-DPR schemes for any financial year shall not exceed 20% or such other limit as may be stipulated by the Commission by an Order, of the amount of Capitalisation approved against DPR schemes for that Year. The Commission notes that as per SEZ Policy and the conditions thereof, most of the infrastructure activities were carried out at the initial stage only and thereby having less scope for major DPR Schemes as compared to other Licensees.

2.8.5 The Commission notes that most of the capitalisation carried out by MBPPL is towards Meters and associated DBs/Panels, metering cables for releasing supply to new consumers as well as for replacement of faulty meters in system.

2.8.6 The Commission had provisionally approved capitalisation of Rs. 1.24 Cr at depreciated value in MYT Tariff Order in Case No. 328 of 2019 towards HT to LT conversion in Building No. 8. MBPPL has submitted that the work has been carried out in the month of December 2019. In view of the above, the Commission allowed the capitalisation at depreciated value of Rs 1.24 Cr.in FY 2019-20

2.8.7 Capitalisation towards these assets is reflected in the financial statements of the respective years. MBPPL has confirmed that these assets are put-to-use. Therefore, the Commission approves Capital Expenditure & Capitalisation for FY 2019-20 to FY 2021-22 as shown in the following Table:

**Table 27. Capital Expenditure & Capitalisation for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
<b>Distribution Wires Business</b>									
Capital Expenditure	0.24	-	-	1.67	-	-	0.55	0.25	0.25
Capitalisation	0.24	1.24	1.24	1.67	-	-	0.55	0.25	0.25
<b>Retail Supply Business</b>									
Capital Expenditure	-	0.04	0.04	0.11	-	-	0.05	0.03	0.03
Capitalisation	-	0.04	0.04	0.11	-	-	0.05	0.03	0.03

## 2.9 Depreciation

### MBPPL's Submission

2.9.1 MBPPL has considered Closing GFA for FY 2018-19, as approved in the MYT Order, to be Opening GFA for FY 2019-20 and onwards. Further, addition to GFA is considered same as capitalization proposed in the previous section. Depreciation claimed by MBPPL for FY 2019-20 to FY 2021-22 is shown in the following Table:

**Table 28. Depreciation for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
<b>Distribution Wires Business</b>						
Opening GFA	45.89	45.89	47.36	47.13	49.03	47.13
Additions during the Year	1.48	1.24	1.67	0	0.55	0.21
Retirement during the year	0	0	0	0	0	0
Closing GFA	47.36	47.13	49.03	47.13	49.58	47.34
<b>Depreciation</b>	<b>2.24</b>	<b>2.24</b>	<b>2.32</b>	<b>2.27</b>	<b>2.38</b>	<b>2.28</b>
<b>Retail Supply Business</b>						
Opening GFA	1.51	1.51	1.51	1.55	1.62	1.55
Additions during the Year	0.00	0.04	0.11	0.00	0.05	0.03
Closing GFA	1.51	1.55	1.62	1.55	1.67	1.58
<b>Depreciation</b>	<b>0.08</b>	<b>0.08</b>	<b>0.09</b>	<b>0.08</b>	<b>0.09</b>	<b>0.08</b>

### Commission's Analysis and Ruling

2.9.2 The Commission has computed the depreciation for FY 2019-20, FY 2020-21, and FY 2021-22 in accordance with Regulation 29 of the MYT Regulations, 2019. It has



considered the closing GFA of FY 2018-19 as opening GFA of FY 2019-20 for addition of assets during the year. Addition in asset is considered as per audited accounts for FY 2019-20, FY 2020-21, and FY 2021-22. The Commission has corrected computational error in addition of GFA in Distribution Wires Business for FY 2021-22 in the Petition of MBPPL.

2.9.3 The Commission has calculated the depreciation by applying the asset class-wise depreciation rates 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.

2.9.4 In view of the above, the Commission approves depreciation for FY 2019-20, FY 2020-21 and FY 2021-22 as shown in the Table below:

**Table 29. Depreciation for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
<b>Distribution Wires Business</b>									
Opening GFA	45.89	45.89	45.89	47.37	47.13	47.13	49.04	47.13	47.13
Additions during the Year	1.48	1.24	1.24	1.67	-	-	0.55	0.21	0.25
Retirement during the year	-	-	-	-	-	-	-	-	-
<b>Closing GFA</b>	<b>47.37</b>	<b>47.13</b>	<b>47.13</b>	<b>49.04</b>	<b>47.13</b>	<b>47.13</b>	<b>49.59</b>	<b>47.34</b>	<b>47.38</b>
<b>Depreciation</b>	<b>2.24</b>	<b>2.24</b>	<b>2.24</b>	<b>2.32</b>	<b>2.27</b>	<b>2.27</b>	<b>2.39</b>	<b>2.28</b>	<b>2.28</b>
<b>Retail Supply Business</b>									
Opening GFA	1.51	1.51	1.51	1.51	1.55	1.55	1.62	1.55	1.55
Additions during the Year	-	0.04	0.04	0.11	-	-	0.05	0.03	0.03
Retirement during the year	-	-	-	-	-	-	-	-	-
<b>Closing GFA</b>	<b>1.51</b>	<b>1.55</b>	<b>1.55</b>	<b>1.62</b>	<b>1.55</b>	<b>1.55</b>	<b>1.67</b>	<b>1.58</b>	<b>1.58</b>
<b>Depreciation</b>	<b>0.08</b>	<b>0.08</b>	<b>0.08</b>	<b>0.09</b>	<b>0.08</b>	<b>0.08</b>	<b>0.09</b>	<b>0.08</b>	<b>0.08</b>

## 2.10 Interest on Long-Term Loan Capital

### MBPPL's Submission

2.10.1 MBPPL has computed the Interest on Long-Term Loan Capital in accordance with Regulation 29 of the MYT Regulations, 2015 for FY2019-20 and in accordance with Regulation 30 of the MYT Regulations, 2019 for FY 2020-21 and FY 2021-22.

2.10.2 The Interest on Long Term Loan Capital claimed by MBPPL for FY 2019-20, FY 2020-21 and FY 2021-22 is shown in the following Tables:

**Table 30. Interest on Long Term Loan Capital for Wires Business for FY 2019-20, FY 2020-21, and FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Opening Balance of Net Normative Loan	23.97	23.97	22.62	22.60	21.47	20.33
Addition of Normative Loan during the year	0.89	0.87	1.17	0.00	0.39	0.18
Repayment of Normative loan during the year	2.24	2.24	2.32	2.27	2.38	2.28
Closing Balance of Net Normative Loan	22.62	22.60	21.47	20.33	19.48	18.23
Average Balance of Net Normative Loan	23.28	23.28	22.04	21.47	20.46	19.28
Weighted average Rate of Interest on actual Loans (%)	9.45%	9.21%	9.45%	8.29%	9.45%	7.20%
<b>Interest Charges</b>	<b>2.20</b>	<b>2.14</b>	<b>2.08</b>	<b>1.78</b>	<b>1.93</b>	<b>1.39</b>

**Table 31. Interest on Long Term Loan Capital for Retail Supply Business for FY 2019-20, FY 2020-21, and FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Opening Balance of Net Normative Loan	0.74	0.74	0.66	0.69	0.65	0.60
Addition of Normative Loan during the year	0.00	0.03	0.08	0.00	0.04	0.02
Repayment of Normative loan during the year	0.08	0.08	0.09	0.08	0.09	0.08
Closing Balance of Net Normative Loan	0.66	0.69	0.65	0.60	0.59	0.54
Average Balance of Net Normative Loan	0.69	0.71	0.65	0.64	0.61	0.57
Weighted average Rate of Interest on actual Loans (%)	9.45%	9.21%	9.45%	8.29%	9.45%	7.20%
<b>Total Interest &amp; Financing Charges</b>	<b>0.07</b>	<b>0.07</b>	<b>0.06</b>	<b>0.05</b>	<b>0.06</b>	<b>0.04</b>

### Commission's Analysis and Ruling

2.10.3 The Commission through data gaps sought documentary evidence for interest rates claimed in the Petition. In reply, MBPPL submitted that there is no outstanding loan in the electricity distribution business and that the interest rate for long term loan is as per the actual interest rate on the loans at company level. MBPPL submitted the computation methodology for FY 2020-21.

2.10.4 However, the documentary evidence for the actual interest paid by the company for loans was not available in the response given by MBPPL. Opening and closing balance of actual loan required for computation of weighted average interest rate could not be verified from the documentary evidence. Due to non-submission of the requisite

documentary proof, the Commission could not reconcile the figures.

2.10.5 In view of above, the Commission has relied on the same methodology which was used in MYT Order for computation of rate of interest on long term loan for FY 2019-20. The Commission noted that the term loan was repaid on 16 May 2020 as per the audited accounts for FY 2019-20. Therefore, the utility business had term loan during FY 2019-20 contrary to the submission of MBPPL. Accordingly, the rate of interest for long term loan for FY 2019-20 is computed as follows:

**Table 32. Computation of rate of interest for long term loan for FY 2019-20**

Particulars	Legend	Value	Reference in audited accounts
Opening non-current maturities of long-term loan	A	41,06,05,200	Schedule 14 of audited accounts FY 2018-19
Opening current maturities of long-term loan	B	6,44,59,800	Schedule 16 of audited accounts FY 2018-19
Total opening balance of the loan	C=A+B	47,50,65,000	
Closing non-current maturities of long-term loan	D	26,73,81,726	Schedule 13 of audited accounts FY 2019-20
Closing current maturities of long-term loan	E	5,29,19,754	Schedule 15 of audited accounts FY 2019-20
Total closing balance of the loan	F=D+E	32,03,01,480	
Average loan during the year	G=(C+F)/2	39,76,83,240	
Actual interest paid	H	4,75,22,110	Schedule 20 of audited accounts FY 2019-20
Average rate of interest	I=H/G	11.95%	

2.10.6 For FY 2019-20, the Commission has approved rate of interest higher than the rate of interest sought by MBPPL in accordance with the regulations. However, for FY 2020-21 and FY 2021-22, there are no actual loans. The weighted average rates of interest sought by MBPPL for these years are 8.29% and 7.20% p.a. respectively. Therefore, the Commission does not see any merit in considering the rate of interest of 11.95% for all the subsequent years due to lack of submission of adequate information by MBPPL.

2.10.7 Therefore, the Commission has considered Base Rate at beginning of the year as the rate of interest on long term loan for true-up of FY 2020-21 and FY 2021-22 as per Regulation 30.5 of MYT Regulations 2019. Accordingly, rate of interest considered by the Commission are 7.75% for FY 2020-21 and 7.00% for FY 2021-22 respectively.

2.10.8 Closing balance of normative loan for previous year is considered as the opening balance of the current year for the years being trued-up. Addition in the loan is considered to be equal to 70% of the capitalisation for the year. The loan repayment is considered equal to depreciation.

2.10.9 Reduction in normative loan on account of retirement/reduction in assets is nil because no assets have been retired during FY 2019-20, FY 2020-21, and FY 2021-22. Repayment of normative loan is considered equal to depreciation.

2.10.10 The Commission approves interest on loan as shown in the following Table.

**Table 33. Interest on Long Term Loan Capital for Wires Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Opening Balance of Net Normative Loan	23.97	23.97	23.97	22.62	22.60	22.60	21.47	20.33	20.33
Less: Reduction of Normative Loan due to retirement or replacement of assets	-	-	-	-	-	-	-	-	-
Addition of Normative Loan	0.89	0.87	0.87	1.17	-	-	0.39	0.18	0.18
Repayment of Normative loan	2.24	2.24	2.24	2.32	2.27	2.27	2.38	2.28	2.28
<b>Closing Balance of Net Normative Loan</b>	<b>22.62</b>	<b>22.60</b>	<b>22.60</b>	<b>21.47</b>	<b>20.33</b>	<b>20.33</b>	<b>19.48</b>	<b>18.23</b>	<b>18.23</b>
Average Balance of Net Normative Loan	23.28	23.28	23.28	22.04	21.47	21.47	20.46	19.28	19.28
Weighted average Rate of Interest on actual Loans (%)	9.45%	9.21%	11.95%	9.45%	8.29%	7.75%	9.45%	7.20%	7.00%
Interest Expenses	2.20	2.14	2.78	2.08	1.78	1.66	1.93	1.39	1.35
Financing Charges	-	-	-	-	-	-	-	-	-
<b>Total Interest &amp; Financing Charges</b>	<b>2.20</b>	<b>2.14</b>	<b>2.78</b>	<b>2.08</b>	<b>1.78</b>	<b>1.66</b>	<b>1.93</b>	<b>1.39</b>	<b>1.35</b>

**Table 34. Interest on Long Term Loan Capital for Retail Supply Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Opening Balance of Net Normative Loan	0.74	0.74	0.74	0.66	0.69	0.69	0.65	0.60	0.60
Less: Reduction of Normative Loan due to retirement or replacement of assets	-	-	-	-	-	-	-	-	-
Addition of Normative Loan due to capitalisation	-	0.03	0.03	0.08	-	-	0.04	0.02	0.02

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
Repayment of Normative loan	0.08	0.08	0.08	0.09	0.08	0.08	0.09	0.08	0.08
<b>Closing Balance of Net Normative Loan</b>	<b>0.66</b>	<b>0.69</b>	<b>0.69</b>	<b>0.65</b>	<b>0.60</b>	<b>0.60</b>	<b>0.59</b>	<b>0.54</b>	<b>0.54</b>
Average Balance of Net Normative Loan	0.69	0.71	0.71	0.65	0.64	0.64	0.61	0.57	0.57
Weighted average Rate of Interest on actual Loans (%)	9.45%	9.21%	11.95%	9.45%	8.29%	7.75%	9.45%	7.20%	7.00%
Interest Expenses	0.07	0.07	0.09	0.06	0.05	0.05	0.06	0.04	0.04
Financing Charges	-	-	-	-	-	-	-	-	-
<b>Total Interest &amp; Financing Charges</b>	<b>0.07</b>	<b>0.07</b>	<b>0.09</b>	<b>0.06</b>	<b>0.05</b>	<b>0.05</b>	<b>0.06</b>	<b>0.04</b>	<b>0.04</b>

## 2.11 Interest on Working Capital and Consumer Security Deposit

### MBPPL's Submission

2.11.1 For computation of Interest on Working Capital (IoWC), MBPPL has considered the rate of interest equal to the weighted average one-year MCLR during the year plus 150 basis points. The rate of IoWC has been worked out as 9.66%, 8.57% and 8.50% for FY 2019-20, FY 2020-21 and 2021-22, respectively, as shown in the table below:

**Table 35. Computation of Interest rate on Working Capital for FY 2019-20 and FY 2020-21**

Year	From	To	No. of days	Rate Type	Rate %	Wt. average rate	Final interest rate for IoWC & Carrying Cost
FY 2019-20	01-04-2017	30-06-2017	91	Base Rate	9.10%	8.68%	10.18%
	01-07-2017	30-09-2017	92	Base Rate	9.00%		
	01-10-2017	28-11-2017	59	Base Rate	8.95%		
	29-11-2017	28-02-2018	92	MCLR	7.95%		
	01-03-2018	31-03-2018	31	MCLR	8.15%		
FY 2020-21	01-04-2018	31-05-2018	61	MCLR	8.15%	8.39%	9.89%
	01-06-2018	31-08-2018	92	MCLR	8.25%		
	01-09-2018	30-09-2018	30	MCLR	8.45%		
	01-10-2018	09-12-2018	70	MCLR	8.50%		

2.11.2 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 36. IoWC and Interest on CSD for Wires Business for FY 2019-20 to FY 2021-22 (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	0.29	0.26	0.29	0.26	0.30	0.26
Maintenance Spares at 1% of Opening GFA	0.46	0.46	0.47	0.47	0.49	0.47
One and half months' equivalent of revenue from Wheeling Charges	0.92	0.93	1.27	0.82	1.28	0.69
Less: Amount held as Security Deposit from Distribution System Users	0.32	0.28	0.32	0.29	0.31	0.40
<b>Total Working Capital Requirement</b>	<b>1.35</b>	<b>1.37</b>	<b>1.72</b>	<b>1.26</b>	<b>1.76</b>	<b>1.02</b>
<b>Computation of Working Capital Interest</b>						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.50%	8.57%	9.50%	8.50%
<b>Interest on Working Capital</b>	<b>0.13</b>	<b>0.13</b>	<b>0.16</b>	<b>0.11</b>	<b>0.17</b>	<b>0.09</b>
<b>Interest on Consumers' Security Deposit</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>

2.11.3 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 37. IoWC and Interest on CSD for Retail Supply Business for FY 2019-20, FY 2020-21, and FY 2021-22 (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	0.15	0.14	0.13	0.14	0.13	0.14
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 revenue from sale of electricity	5.00	4.49	5.85	3.68	5.33	3.59
Less: Amount held as Security Deposit	2.86	2.52	2.86	2.58	2.76	3.63
Less: One-month equivalent of cost of power purchase, Transmission Charges and MSLDC Charges	3.28	3.36	3.78	2.62	3.43	2.06
<b>Total Working Capital Requirement</b>	<b>(0.97)</b>	<b>(1.24)</b>	<b>(0.64)</b>	<b>(1.37)</b>	<b>(0.71)</b>	<b>(1.93)</b>
<b>Computation of Working Capital Interest</b>						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.50%	8.57%	9.50%	8.50%
<b>Interest on Working Capital</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Interest on Consumers' Security Deposit</b>	<b>0.27</b>	<b>0.26</b>	<b>0.15</b>	<b>0.12</b>	<b>0.15</b>	<b>0.14</b>

## Commission's Analysis and Ruling

2.11.4 The Commission approves the IoWC for FY 2019-20, FY 2020-21, and FY 2021-22 in accordance with Regulations 32.3 and 32.4 of the MYT Regulations, 2019. The Commission has considered normative O&M expenses for computation of IoWC as against actual O&M expenses considered by MBPPL. The Commission has considered the weighted average Base Rate plus 150 basis points as rate of IoWC, i.e., 9.66%, 8.57% and 8.50% for FY 2019-20, FY 2020-21, and FY 2021-22 respectively.

2.11.5 The Commission has considered maintenance spares 1% of approved opening GFA. Further, in absence of separation of consumer security deposits between Distribution Wire business and Retail Supply business, segregation of CSD is considered as per allocation matrix in Regulation 71 of the MYT Regulations, 2019 for FY 2019-20 and FY 2021-22. MBPPL should have considered consumer security deposit of two months of revenue for computation of normative interest on working capital for FY 2021-22 onwards as per Supply Code Regulations, 2021. However, the Commission has considered the consumer security deposit as submitted by MBPPL. The consumer security deposits considered by MBPPL matches with the numbers given in the audited accounts of FY 2021-22.

2.11.6 The Commission has approved the Interest on CSD as submitted by MBPPL based on reconciliation with audited accounts. IoWC and Interest on CSD approved by the Commission for Distribution Wires and Retail Supply business is summarized as shown in Table below.

**Table 38. IoWC and Interest on CSD for Wire Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
O&M expenses for a month		0.26	0.29		0.26	0.29		0.26	0.30
Maintenance Spares at 1% of Opening GFA		0.46	0.46		0.47	0.47		0.47	0.47
One and half months equivalent of the expected revenue from charges for use of Distribution Wires		0.93	0.93		0.82	0.82		0.69	0.69
Less: Amount held as Security Deposit from Distribution System Users		0.28	0.28		0.29	0.29		0.40	0.40
<b>Total Working Capital Requirement</b>	<b>-</b>	<b>1.37</b>	<b>1.40</b>	<b>-</b>	<b>1.26</b>	<b>1.30</b>	<b>-</b>	<b>1.02</b>	<b>1.06</b>

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
<b>Computation of Working Capital Interest</b>									
Interest Rate (%) - SBI Base Rate +150 basis points	0.00%	9.66%	9.66%	0.00%	8.57%	8.57%	0.00%	8.50%	8.50%
<b>Interest on Working Capital</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.16</b>	<b>0.11</b>	<b>0.11</b>	<b>0.17</b>	<b>0.09</b>	<b>0.09</b>
Actual Working Capital Interest\$	-	-	-	-	-	-	-	-	-
<b>Interest on Security Deposit</b>									
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%			5.40%			5.40%	1.57%	
<b>Interest on Security Deposit</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

**Table 39. IoWC and Interest on CSD for Retail Supply Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
O&M expenses for a month		0.14	0.15		0.14	0.16		0.14	0.16
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 including revenue from CSS and Additional Surcharge		4.49	4.49		3.68	3.68		3.59	3.59
Less: Amount held as security deposit		2.52	2.52		2.58	2.58		3.63	3.63
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges		3.36	3.36		2.62	2.65		2.06	2.06
<b>Total Working Capital Requirement</b>	<b>-</b>	<b>-1.24</b>	<b>-1.23</b>	<b>-</b>	<b>-1.37</b>	<b>-1.38</b>	<b>-</b>	<b>-1.93</b>	<b>-1.91</b>



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
<b>Computation of Working Capital Interest</b>									
Interest Rate (%) - SBI Base Rate +150 basis points	0.00%	9.66%	9.66%	0.00%	8.57%	8.57%	0.00%	8.50%	8.50%
<b>Interest on Working Capital</b>	-	-	-	-	-	-	-	-	-
<b>Interest on Security Deposit</b>									
Interest Rate (%) - SBI Base Rate +150 basis points	-	-	-	-	-	-	-	-	-
<b>Interest on Security Deposit</b>	<b>0.27</b>	<b>0.26</b>	<b>0.26</b>	<b>0.15</b>	<b>0.12</b>	<b>0.12</b>	<b>0.15</b>	<b>0.14</b>	<b>0.14</b>

## 2.12 Return on Equity

### MBPPL's Submission

2.12.1 MBPPL has computed the Return on Equity (RoE) for FY 2019-20 in accordance with Regulation 28 of MYT Regulations, 2015 and for FY 2020-21 and FY 2021-22, in accordance with Regulation 29 of the MYT Regulations, 2019 and additional RoE in wires and retail supply business as per the MYT Regulations, 2019.

2.12.2 The RoE claimed by MBPPL for FY 2019-20 to FY 2021-22 for the Wires Business and Retail Supply Business is shown in the following Tables:

**Table 40. Return on Equity for Distribution Wires Business for FY 2019-20 to FY 2021-22 submitted by MBPPL (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	13.77	13.77	14.21	14.14	14.71	14.14
Equity portion of capitalisation during the year	0.44	0.37	0.50	0	0.17	0.08
Regulatory Equity at the end of the year	14.21	14.14	14.71	14.14	14.87	14.22
<b>Return on Equity Computation</b>						
Return on Regulatory Equity at the beginning of the year	2.13	2.13		1.98		2.03
Return on Regulatory Equity addition during the year	0.03	0.03		0		0.01
<b>Total Return on Equity</b>	<b>2.17</b>	<b>2.16</b>	<b>2.02</b>	<b>1.98</b>	<b>2.07</b>	<b>2.04</b>

**Table 41. Return on Equity for Retail Supply Business for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	0.45	0.45	0.45	0.45	0.48	0.45
Equity portion of capitalisation during the year	0.00	0.01	0.03	0	0.02	0.01
Regulatory Equity at the end of the year	0.45	0.46	0.48	0.45	0.50	0.46
<b>Return on Equity Computation</b>						
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%		15.90%
Return on Regulatory Equity at the beginning of the year	0.08	0.08		0.07		0.07
Return on Regulatory Equity addition during the year	0.00	0.001		0.00		0.00
<b>Total Return on Equity</b>	<b>0.08</b>	<b>0.08</b>	<b>0.07</b>	<b>0.07</b>	<b>0.08</b>	<b>0.07</b>

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

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

**Table 42. Additional Return on Equity for Distribution Wires Business for FY 2020-21 and FY 2021-22 (Rs. Crore)**

Particulars	Unit	FY 2020-21	FY 2021-22
Wires Availability above 98%	%	100%	100%
Additional Rate of Return on Equity for Wire availability	%	1.50%	1.50%
<b>Additional Return on Equity Computation</b>			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.21	0.22
Return on Regulatory Equity addition during the year	Rs. Crore	0	0
<b>Total Additional Return on Equity</b>	<b>Rs. Crore</b>	<b>0.21</b>	<b>0.22</b>

**Table 43. Additional Return on Equity for Retail Supply Business for FY 2020-21 and FY 2021-22 (Rs. Crore)**

Particulars	Unit	FY 2020-21	FY 2021-22
% of Assessed bills with respect to total bills issued during the year	%	0%	0%
Additional Rate of Return on Equity for assessment of bills	%	1%	1%
Collection Efficiency for the year	%	98.95%	99.78%
Additional Rate of Return for collection efficiency	%	0.75%	1.00%
Total Additional Return on Equity	%	1.75%	2.00%
<b>Additional Return on Equity Computation</b>			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.008	0.009
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.00

Particulars	Unit	FY 2020-21	FY 2021-22
<b>Total Additional Return on Equity</b>	<b>Rs. Crore</b>	<b>0.008</b>	<b>0.009</b>

### Commission's Analysis and Ruling

2.12.3 The Commission has computed RoE for FY 2019-20 in accordance with Regulation 29 of the MYT Regulations, 2019. The Commission has considered opening equity for FY 2019-20 as approved in MTR Order. Equity addition during FY 2019-20, FY 2020-21 and FY 2021-22 is considered 30% of Capitalisation approved during these years after deducting consumers' contribution. Opening equity of FY 2020-21 is considered equal to closing equity of FY 2019-20.

2.12.4 Rate of return on Equity for Distribution Wires business and Retail Supply business has been considered 15.5% and 17.5% as per Regulation 29.2 of the MYT Regulations, 2019. The RoE is grossed up with the effective Income Tax Rate for FY 2020-21 and FY 2021-22 as detailed in para. 2.13 below. The RoE approved by the Commission for Wires Business and Supply Business for FY 2019-20, FY 2020-21 and FY 2021-22 is as shown in the Tables below:

**Table 44. Return on Equity for Distribution Wires Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Regulatory Equity at the beginning of the year	13.77	13.77	13.77	14.21	14.14	14.14	14.71	14.14	14.14
Equity portion of capitalisation during the year #	0.44	0.37	0.37	0.50	-	-	0.17	0.08	0.08
<b>Regulatory Equity at the end of the year</b>	<b>14.21</b>	<b>14.14</b>	<b>14.14</b>	<b>14.71</b>	<b>14.14</b>	<b>14.14</b>	<b>14.88</b>	<b>14.22</b>	<b>14.22</b>
<b>Return on Equity Computation</b>									
Base Rate of Return on Equity				14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Pretax Return on Equity after considering effective Tax rate				0.00%	14.00%	16.96%	0.00%	14.36%	16.96%
Return on Regulatory Equity at the beginning of the year	2.13	2.13	2.13	-	1.98	2.40	-	2.03	2.40
Return on Regulatory Equity	0.03	0.03	0.03	-	-	-	-	0.01	0.01

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
addition during the year									
<b>Total Return on Equity</b>	<b>2.16</b>	<b>2.16</b>	<b>2.16</b>	<b>-</b>	<b>1.98</b>	<b>2.40</b>	<b>-</b>	<b>2.04</b>	<b>2.41</b>

**Table 45. Return on Equity for Retail Supply Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Regulatory Equity at the beginning of the year	0.45	0.45	0.45	0.45	0.45	0.45	0.48	0.45	0.45
Equity portion of capitalisation during the year	-	0.01	0.01	0.03	-	-	0.02	0.01	0.01
<b>Regulatory Equity at the end of the year</b>	<b>0.45</b>	<b>0.46</b>	<b>0.46</b>	<b>0.48</b>	<b>0.45</b>	<b>0.45</b>	<b>0.50</b>	<b>0.46</b>	<b>0.46</b>
<b>Return on Equity Computation</b>									
Base Rate of Return on Equity				15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Pretax Return on Equity after considering effective Tax rate				0.00%	15.50%	18.78%	0.00%	15.90%	18.78%
Return on Regulatory Equity at the beginning of the year	0.08	0.08	0.08	-	0.07	0.08	-	0.07	0.08
Return on Regulatory Equity addition during the year	-	0.00	0.00	-	-	-	-	0.00	0.00
<b>Total Return on Equity</b>	<b>0.08</b>	<b>0.08</b>	<b>0.08</b>	<b>0.07</b>	<b>0.07</b>	<b>0.08</b>	<b>0.08</b>	<b>0.07</b>	<b>0.09</b>

2.12.5 The Commission noted that MBPPL has maintained the Wires Availability of 100% during FY 2020-21 and FY 2021-22. The number of bills assessed during FY 2020-21 and FY 2021-22 is nil. Further collection efficiency in these years is more than 98.95%. In view of this, the Commission approves additional Return on Equity as shown in the table below.

**Table 46. Additional RoE for Distribution Wires business approved by the Commission.**

Particulars	Unit	FY 2020-21		FY 2021-22	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
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%
Pre-tax return on equity	%	1.50%	1.82%	1.54%	1.82%
<b>Additional Return on Equity Computation</b>					
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.21	0.26	0.22	0.26
Return on Regulatory Equity addition during the year	Rs. Crore	-	-	0.00	0.00
<b>Total Additional Return on Equity</b>	<b>Rs. Crore</b>	<b>0.21</b>	<b>0.26</b>	<b>0.22</b>	<b>0.26</b>

**Table 47. Additional RoE for Retail Supply business approved by the Commission.**

Particulars	Unit	FY 2020-21		FY 2021-22	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
% 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	%	98.95%	98.95%	99.78%	99.78%
Additional Rate of Return for collection efficiency	%	0.75%	0.75%	1.00%	1.00%
Total Additional Return on Equity	%	1.75%	1.75%	2.00%	2.00%
Pre-tax return on equity	%	1.75%	2.12%	2.05%	2.42%
<b>Additional Return on Equity Computation</b>					
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.008	0.010	0.009	0.011
Return on Regulatory Equity addition during the year	Rs. Crore	-	-	0.000	0.000
<b>Total Additional Return on Equity</b>	<b>Rs. Crore</b>	<b>0.008</b>	<b>0.010</b>	<b>0.009</b>	<b>0.011</b>

### 2.13 Income Tax

#### MBPPL's Submission

2.13.1 MBPPL has not claimed any Income Tax for FY 2019-20 since Regulatory PBT is working out to be negative, even after considering tax depreciation for that year. In case of 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.

2.13.2 For FY 2020-21, the regulatory PBT is working out to be negative, hence, the RoE rate has not been grossed up. For FY 2021-22, the effective tax rate works out to 2.5%, and

hence, the RoE rate has been grossed up accordingly.

### Commission's Analysis and Ruling

- 2.13.3 The Commission has observed that the regulatory PBT for FY 2019-20 works out to be negative. Therefore, the Commission has considered tax to be zero for Truing-up of FY 2019-20.
- 2.13.4 For FY 2020-21 and FY 2021-22, the effective Income Tax Rate is 17.47% (MAT) as per ITR acknowledgment provided by MBPPL. Therefore, the Commission has considered effective Income Tax Rate of 17.47% (MAT) for FY 2020-21 and FY 2021-22 for grossing up of RoE.
- 2.13.5 Income tax is not shown separately in ARR, because RoE is grossed up by the effective Income Tax Rate.

### 2.14 Provisioning for Bad Debts

#### MBPPL's Submission

- 2.14.1 MBPPL has not claimed any provision for Bad and doubtful debts for FY 2019-20, FY 2020-21, and FY 2021-22 as no such provisioning has been done in its audited accounts of the respective years.

#### Commission's Analysis and Ruling

- 2.14.2 As MBPPL has not envisaged any provisioning for bad debts, the Commission has also not considered any amount for FY 2019-20, FY 2020-21, and FY 2021-22.

### 2.15 Contribution to Contingency Reserves

#### MBPPL's Submission

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

**Table 48. Contribution to Contingency Reserves for FY 2019-20, FY 2020-21 and FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
<b>A</b>	<b>Wires Business</b>						
1	Opening Balance of GFA	45.89	45.89	47.36	47.13	49.03	47.13
2	Contribution to Contingency Reserves	0.23	0.22	0.24	0.24	0.25	0.25
<b>B</b>	<b>Retail Supply Business</b>						
3	Opening Balance of GFA	1.51	1.51	1.51	1.55	1.62	1.55
4	Contribution to Contingency Reserves	0.008	0.008	0.008	0.008	0.008	0.008

- 2.15.2 In accordance with the MYT Regulations, 2015, MBPPL has invested the amount of

Contribution to Contingency Reserves in approved securities.

### Commission's Analysis and Ruling

2.15.3 Documentary evidence of investment of contribution to contingency reserves was sought from the Petitioner by the Commission. The Commission noted that investment of contribution to contingency reserves was done in securities authorized under the Indian Trusts Act, 1882.

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 Accordingly, summary of Contribution to Contingency Reserves approved by the Commission is as shown in Table below.

**Table 49. Contribution to Contingency Reserves for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
<b>Wires Business</b>									
Opening Balance of GFA	45.89	45.89	45.89	47.36	47.13	47.13	49.03	47.13	47.13
Contribution to Contingency Reserves	0.23	0.22	0.23	0.24	0.24	0.24	0.25	0.25	0.24
<b>Retail Supply Business</b>									
Opening Balance of GFA	1.51	1.51	1.51	1.51	1.55	1.55	1.62	1.55	1.55
Contribution to Contingency Reserves	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

### 2.16 Non-Tariff Income

#### MBPPL's Submission

2.16.1 Non-tariff Income as submitted by MBPPL is shown in the following Table:

**Table 50. Non-Tariff Income for FY 2019-20, FY 2020-21, and FY 2021-22 (Rs. Crore)**

Non-Tariff Income	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
<b>Wires Business</b>						
Income from Contingency Reserve investments		0.06		0.08		0.09
Income from Investments						
Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission				0.01		
Others				0.0001		0.0001

Non-Tariff Income	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
<b>Total Wires Business</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>	<b>0.09</b>	<b>0.09</b>	<b>0.09</b>
<b>Retail Supply Business</b>						
Income from Contingency Reserve investments		0.01		0.01		0.01
Income from Investments						
Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission		0.04		0.07		0.02
Others				0.001		0.001
<b>Total Supply Business</b>	<b>0.44</b>	<b>0.05</b>	<b>0.44</b>	<b>0.08</b>	<b>0.45</b>	<b>0.04</b>

### Commission's Analysis and Ruling

2.16.2 The Commission has reconciled the amounts under Non-Tariff Income as per the MYT Regulations, 2019 with the audited accounts and accordingly has approved Non-Tariff Income as submitted by MBPPL as shown in Table below.

**Table 51. Non-Tariff Income for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
<b>Wire Business</b>									
Income from consumer charges levied in accordance with Schedule of Charges	-	-	-	-	0.01	0.01	-	-	-
Income from Contingency reserve investments	-	0.06	0.06	-	0.08	0.08	-	0.09	0.09
<b>Total</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.07</b>	<b>0.09</b>	<b>0.09</b>	<b>0.09</b>	<b>0.09</b>	<b>0.09</b>
<b>Retail Supply Business</b>									
Income from consumer charges levied in accordance with Schedule of Charges	-	0.04	0.04	-	0.07	0.07	-	0.02	0.02
Income from Contingency reserve investments	-	0.01	0.01	-	0.01	0.01	-	0.01	0.01
<b>Total</b>	<b>0.44</b>	<b>0.05</b>	<b>0.05</b>	<b>0.44</b>	<b>0.08</b>	<b>0.08</b>	<b>0.45</b>	<b>0.04</b>	<b>0.04</b>

### 2.17 Sharing of Gains/ (Losses)

#### MBPPL's Submission

2.17.1 MBPPL has computed sharing of gains/(losses) on account of difference between



normative and actual O&M expenses (excluding employee expenses), in the True up of FY 2019-20 to FY 2021-22, as shown in the Table below:

**Table 52. Sharing of Gains/ (Losses) for FY 2019-20 (Rs. Crore)**

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be borne/retained by MBPPL
1	O&M Expenses for Wires Business	3.44	2.98	0.15	0.05
2	O&M Expenses for Retail Supply Business	1.85	1.60	0.08	0.03
3	<b>Total Sharing to be claimed/(adjusted) in ARR</b>				<b>0.08</b>

**Table 53. Sharing of Gains/ (Losses) for FY 2020-21 (Rs. Crore)**

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be borne/retained by MBPPL
1	O&M Expenses for Wires Business	3.43	2.97	0.16	0.11
2	O&M Expenses for Retail Supply Business	1.85	1.60	0.08	0.06
3	<b>Total Sharing to be claimed/(adjusted) in ARR</b>				<b>0.17</b>

**Table 54. Sharing of Gains/ (Losses) for FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be borne/retained by MBPPL
1	O&M Expenses for Wires Business	3.56	3.06	0.17	0.11
2	O&M Expenses for Retail Supply Business	1.92	1.65	0.09	0.06
3	<b>Total Sharing to be claimed/(adjusted) in ARR</b>				<b>0.17</b>

2.17.2 MBPPL 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, FY 2020-21, and FY 2021-22, as shown in the Table below:

**Table 55. Sharing of Gains/ (Losses) for FY 2019-20 (Rs. Crore)**

Sr. No.	Particulars	Revised Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be borne by MBPPL
1	Interest on Working Capital for Wires Business	0.13	0.13	0.00	0.00
2	Interest on Working Capital for Retail Supply Business	-	-	-	-
3	<b>Total Sharing to be claimed/(adjusted) in ARR</b>				<b>0.00</b>

**Table 56. Sharing of Gains/ (Losses) for FY 2020-21 (Rs. Crore)**

Sr. No.	Particulars	Revised Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be borne by MBPPL
1	Interest on Working Capital for Wires Business	0.16	0.11	0.05	0.03
2	Interest on Working Capital for Retail Supply Business	-	-	-	-
3	<b>Total Sharing to be claimed/(adjusted) in ARR</b>				<b>0.03</b>

**Table 57. Sharing of Gains/ (Losses) for FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	Revised Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be borne by MBPPL
1	Interest on Working Capital for Wires Business	0.17	0.09	0.08	0.05
2	Interest on Working Capital for Retail Supply Business	-	-	-	-
3	<b>Total Sharing to be claimed/(adjusted) in ARR</b>				<b>0.05</b>

### Commission's Ruling and analysis

2.17.3 The Commission observes that MBBPL has considered O&M expenses & IoWC as controllable factors and accordingly proposed sharing of gain/loss for these expenses. MBPPL 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.

2.17.4 In the MYT Order, the Commission had directed MBPPL 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. MBPPL has submitted the technical loss report for each month from April 2019 to September 2022. Based on the findings of the study report carried out by MBPPL, the Commission observed that the losses are purely technical and very low. Further reduction would require substantial amount of capital expenditure. It is further observed that there is year on year variation in distribution losses due to change in tenancy from single tenant to multi-tenant building resulting in shift of metering point from HT side of transformer to LT side possibly leading to losses being absorbed by MBPPL. Therefore, the Commission 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. It is in line with the approach taken at the time of MYT Order in Case No 328 of 2019.

2.17.5 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.

**Table 58. Sharing of efficiency gains/ (losses) for FY 2019-20 approved by Commission (Rs. Crore)**

Particulars	Normative	Actual	Gain	Rebate in Tariff	Efficiency gain retained
O&M Expenses for Wires Business	3.44	3.19	0.24	0.16	0.08
O&M Expenses for Retail Supply Business	1.86	1.72	0.14	0.09	0.05
Interest on Working Capital for Wires Business	0.13	-	0.13	0.09	0.04
Interest on Working Capital for Retail Supply Business	-	-	-	-	-

**Table 59. Sharing of efficiency gains/ (losses) for FY 2020-21 approved by Commission (Rs. Crore)**

Particulars	Normative	Actual	Gain	Rebate in Tariff	Efficiency gain retained
O&M Expenses for Wires Business	3.50	2.02	1.48	0.98	0.49
O&M Expenses for Retail Supply Business	1.89	1.09	0.80	0.53	0.27
Interest on Working Capital for Wires Business	0.11	-	0.11	0.07	0.04
Interest on Working Capital for Retail Supply Business	-	-	-	-	-

**Table 60. Sharing of efficiency gains/ (losses) for FY 2021-22 approved by Commission (Rs. Crore)**

Particulars	Normative	Actual	Gain	Rebate in Tariff	Efficiency gain retained
O&M Expenses for Wires Business	3.64	2.24	1.40	0.94	0.47
O&M Expenses for Retail Supply Business	1.97	1.20	0.76	0.51	0.25
Interest on Working Capital for Wires Business	0.09	-	0.09	0.06	0.03
Interest on Working Capital for Retail Supply Business	-	-	-	-	-

## 2.18 Revenue from Sale of Electricity

### MBPPL's Submission

2.18.1 MBPPL 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. The summary of revenue from sale of electricity for FY 2019-20 to FY 2021-22 submitted by MBPPL in the present Petition is shown in the following Table:

**Table 61. Revenue from Sale of electricity for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
1	Revenue from Sale of Electricity	40.94	43.33	52.82	36.03	56.25	34.27

2.18.2 MBPPL submitted that the revenue claimed in this Petition as stated in the above Table

is after excluding sale of surplus energy. The revenue from sale of surplus power is adjusted in the power purchase expenses.

### Commission's Analysis and Ruling

- 2.18.3 The Commission notes that COVID-19 pandemic and work-from-home culture subsequent to that has led to reduction in sales & 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.
- 2.18.4 The Commission has approved the revenue from sale of electricity for the trued-up years as shown in table below.

**Table 62. Revenue from Sale of electricity for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Revenue from Distribution Wire business		7.44	7.44		6.58	6.58		5.53	5.53
Revenue from Retail Supply business		35.89	35.89		29.45	29.45		28.74	28.74
<b>Revenue from sale of electricity</b>	<b>40.94</b>	<b>43.33</b>	<b>43.33</b>	<b>52.82</b>	<b>36.03</b>	<b>36.03</b>	<b>56.25</b>	<b>34.27</b>	<b>34.27</b>

### 2.19 Adjustment of Past Gaps/(Surplus) and Deferment of Revenue Requirement

#### MBPPL Submission

- 2.19.1 MBPPL submitted that the Commission, in the MYT Order dated 30 March, 2020, for MBPPL, adjusted the Revenue Gap/(Surplus) after truing up for previous years, in the revenue requirement of the Control Period from FY 2020-21 to FY 2024-25 by making certain adjustments in terms of revenue deferment of the revenue requirement to subsequent years, to smoothen the tariff trajectory. MBPPL has considered the adjustments exactly as made by the Commission for the respective year, in order to reflect the correct position of true-up for the respective years.

#### Commission's Analysis and Ruling

- 2.19.2 The Commission notes that in MYT Order dated 20 March 2020, although the Commission has spread past revenue gaps over the Control Period of FY 2020-21 to FY 2024-25, said Order does not clearly state the past gaps included in Supply and Wire business. For truing-up, provisional true-up and revised projections of ARR, it is important to compare approved quantum of each head of expense/revenue with actual actual expense / revenue. In this process, recovery of past gaps allowed also needs to be counted for.
- 2.19.3 Therefore, it is important to establish, year wise past gaps recovery allowed in supply and wire business through MYT Order. The Commission in following table by refereeing to tables in MYT Order dated 30 March 2020 has established past gaps for wires and supply business,

recovery of which is allowed in MYT Order :

**Table 63: Computation of the past gap/(surplus) for FY 2020-21 to FY 2024-25 (Rs. Crore)**

Particulars	Reference table in MYT Order	Legend	FY 2020-21	FY 2020-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>Standalone ARR</b>							
Approved stand alone Wires ARR	Table 150	A	10.2	10.28	10.23	10.13	10.04
Approved stand alone Supply ARR	Table 151	B	47.12	43.00	40.17	40.25	40.36
Approved Combined Standalone ARR without past gaps		C = A+B	57.32	53.28	50.40	50.38	50.40
<b>Combined ARR</b>							
Combined ARR allowed for recovery with the past gaps	Table 158	D	52.82	56.25	55.60	54.67	53.81
Combined Deferment/Adjustment of the past gaps		E=D-C	-4.50	2.97	5.20	4.29	3.41
Approved Wires ARR for wheeling charges along with past gaps	Table 161	F	12.06	11.19	11.59	11.51	11.40
Deferment/ Adjustment for Wires Business		G=F-A	1.86	0.91	1.36	1.38	1.36
Approved Supply ARR for Tariff determination along with past gaps		H=D-F	40.76	45.06	44.01	43.16	42.41
Deferment/ Adjustment for Supply Business		I=H-B	-6.36	2.06	3.84	2.91	2.05

The Commission has considered above stated pas gaps in true-up of FY 2020-21to FY 2021-22, provisional true-up of FY 2022-23 and revised ARR for FY 2023-24 and FY 2024-25.

## 2.20 Summary of Aggregate Revenue requirement for FY 2019-20 to FY 2021-22

### MBPPL's Submission

2.20.1 The summary of the ARR claimed by MBPPL for Truing-up for the Distribution Wires Business for FY 2019-20, FY 2020-21, and FY 2021-22, is as shown in the Table below:

**Table 64. ARR Summary for Wires Business for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
1	O&M Expenses	3.44	2.98	3.43	2.97	3.56	3.06
2	Depreciation	2.24	2.24	2.32	2.27	2.38	2.28
3	Interest on Loan Capital	2.20	2.14	2.08	1.78	1.93	1.39
4	Interest on Working Capital	0.13	0.13	0.16	0.11	0.17	0.09
5	Interest on CSD	0.03	0.03	0.02	0.01	0.02	0.02
6	Provision for bad and doubtful debts	0.00	0.00	0.00	0.00	0.00	0.00

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
7	Contribution to Contingency Reserves	0.23	0.22	0.24	0.24	0.25	0.25
8	Income Tax	0.00	0.00	0.00	0.00	0.00	0.00
9	Sharing of Gains/(Losses)		0.10		0.14		0.17
10	Impact of restatement of O&M expenses				0.21		(0.05)
11	<b>Total Revenue Expenditure</b>	<b>8.26</b>	<b>7.85</b>	<b>8.25</b>	<b>7.73</b>	<b>8.31</b>	<b>7.21</b>
11	Add: Return on Equity Capital	2.17	2.16	2.02	2.19	2.07	2.25
12	<b>Aggregate Revenue Requirement</b>	<b>10.43</b>	<b>10.01</b>	<b>10.27</b>	<b>9.92</b>	<b>10.38</b>	<b>9.46</b>
13	Less: Non-Tariff Income	0.05	0.06	0.07	0.09	0.09	0.09
14	<b>Total ARR</b>	<b>10.38</b>	<b>9.95</b>	<b>10.20</b>	<b>9.84</b>	<b>10.29</b>	<b>9.37</b>
15	<b>Past Period Gap/(Surplus)/Deferment</b>	-	-	<b>1.86</b>	<b>1.86</b>	<b>0.91</b>	<b>0.91</b>
16	<b>Net ARR</b>	<b>10.38</b>	<b>9.95</b>	<b>12.06</b>	<b>11.70</b>	<b>11.20</b>	<b>10.28</b>

2.20.2 The summary of the ARR claimed by MBPPL for Truing-up for the Retail Supply Business for FY 2019-20, FY 2020-21, and FY 2021-22, is as shown in the Table below:

**Table 65. ARR Summary for Retail Supply Business for FY 2019-20 to FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
1	Power Purchase Expenses	35.69	36.79	40.24	26.42	36.10	19.65
2	O&M Expenses	1.85	1.60	1.85	1.60	1.92	1.65
3	Depreciation	0.08	0.08	0.09	0.08	0.09	0.08
4	Interest on Loan Capital	0.07	0.07	0.06	0.05	0.06	0.04
5	Interest on Working Capital	-	-	-	-	-	-
6	Interest on CSD	0.27	0.26	0.15	0.12	0.15	0.14
7	Provision for bad and doubtful debts	0.00	0.00	0.00	0.00	0.00	0.00
8	Contribution to Contingency Reserves	0.01	0.01	0.01	0.01	0.01	0.01
9	Intra-State Transmission Charges	3.64	3.56	5.07	5.01	5.02	4.99
10	MSLDC Fees & Charges	0.02	0.02	0.03	0.03	0.02	0.02
11	Income Tax	---	---	---	---	---	---
12	Sharing of Gains/(Losses)		0.06		0.06		0.06
13	Impact of restatement of O&M expenses				0.12		(0.02)
14	<b>Total Revenue Expenditure</b>	<b>41.63</b>	<b>42.45</b>	<b>47.50</b>	<b>33.49</b>	<b>43.47</b>	<b>26.63</b>
15	Add: RoE	0.08	0.08	0.07	0.07	0.08	0.08

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
16	<b>Aggregate Revenue Requirement</b>	<b>41.71</b>	<b>42.53</b>	<b>47.57</b>	<b>33.56</b>	<b>43.45</b>	<b>26.71</b>
17	Less: Non-Tariff Income	0.44	0.05	0.44	0.08	0.45	0.04
18	<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>41.27</b>	<b>42.49</b>	<b>47.13</b>	<b>33.48</b>	<b>43.00</b>	<b>26.67</b>
19	<b>Past Period Gap/(Surplus)/Deferment</b>	-	-	(6.36)	(6.36)	2.06	2.06
20	<b>Net ARR</b>	<b>41.27</b>	<b>42.49</b>	<b>40.77</b>	<b>27.12</b>	<b>45.06</b>	<b>28.73</b>

### Commission's ruling and analysis

2.20.3 Based on the analysis in the previous paragraphs, the Commission has approved the ARR for FY 2019-20, FY 2020-21 and FY 2021-22 for Distribution Wires Business as shown in Table below:

**Table 66. ARR Summary for Wires Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Operation & Maintenance Expenses	3.44	2.98	3.19	3.43	2.97	2.02	3.56	3.06	2.24
Depreciation	2.24	2.24	2.24	2.32	2.27	2.27	2.38	2.28	2.28
Interest on Loan Capital	2.20	2.14	2.78	2.08	1.78	1.66	1.93	1.39	1.35
Interest on Working Capital	0.13	0.13	0.13	0.16	0.11	0.11	0.17	0.09	0.09
Interest on deposit from Consumers and Distribution System Users	0.03	0.03	0.03	0.02	0.01	0.01	0.02	0.02	0.02
Contribution to contingency reserves	0.23	0.22	0.23	0.24	0.24	0.24	0.25	0.25	0.24
Sharing of gains/(losses)	-	0.10	0.13	-	0.14	0.53	-	0.17	0.50
Impact of restatement of O&M expenses	-	-	-	-	0.21	-	-	-0.05	-
<b>Total Revenue Expenditure</b>	<b>8.27</b>	<b>7.85</b>	<b>8.73</b>	<b>8.25</b>	<b>7.73</b>	<b>6.84</b>	<b>8.31</b>	<b>7.21</b>	<b>6.71</b>
Add: Return on Equity Capital	2.17	2.16	2.16	2.02	2.19	2.66	2.07	2.25	2.66
<b>Aggregate Revenue Requirement</b>	<b>10.44</b>	<b>10.01</b>	<b>10.89</b>	<b>10.27</b>	<b>9.92</b>	<b>9.50</b>	<b>10.38</b>	<b>9.46</b>	<b>9.37</b>
Less: Non-Tariff Income	0.05	0.06	0.06	0.07	0.09	0.09	0.09	0.09	0.09
<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>10.38</b>	<b>9.95</b>	<b>10.83</b>	<b>10.20</b>	<b>9.84</b>	<b>9.41</b>	<b>10.28</b>	<b>9.37</b>	<b>9.28</b>
Past period gaps				1.86	1.86	1.86	0.91	0.91	0.91
<b>Aggregate Revenue Requirement from</b>	<b>10.38</b>	<b>9.95</b>	<b>10.83</b>	<b>12.06</b>	<b>11.70</b>	<b>11.28</b>	<b>11.19</b>	<b>10.28</b>	<b>10.19</b>

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 along with past gaps									

2.20.4 Based on the analysis in the paragraphs above, the Commission has approved the ARR for FY 2019-20, FY 2020-21 and FY 2021-22 for Retail Supply Business as shown in the Table below:

**Table 67. ARR Summary for Retail Supply Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Power Purchase Expenses (excluding Inter-State Transmission Charges)	35.69	36.79	36.79	40.24	26.42	26.75	36.10	19.65	19.59
Operation & Maintenance Expenses	1.85	1.60	1.72	1.85	1.60	1.09	1.92	1.65	1.20
Depreciation	0.08	0.08	0.08	0.09	0.08	0.08	0.09	0.08	0.08
Interest on Loan Capital	0.07	0.07	0.09	0.06	0.05	0.05	0.06	0.04	0.04
Interest on Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Consumer Security Deposit	0.27	0.26	0.26	0.15	0.12	0.12	0.15	0.14	0.14
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	3.64	3.56	3.56	5.07	5.01	5.01	5.02	4.99	4.98
MSLDC Fees & Charges	0.02	0.02	0.02	0.03	0.03	0.03	0.02	0.02	0.02
Sharing of gains/(losses)	-	0.06	0.05	-	0.06	0.27	-	0.06	0.25
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	-	0.12	-	-	(0.02)	-
<b>Total Revenue Expenditure</b>	<b>41.63</b>	<b>42.45</b>	<b>42.58</b>	<b>47.50</b>	<b>33.49</b>	<b>33.40</b>	<b>43.37</b>	<b>26.63</b>	<b>26.33</b>
Add: Return on Equity Capital	0.08	0.08	0.08	0.07	0.07	0.07	0.08	0.08	0.10
<b>Aggregate Revenue Requirement</b>	<b>41.71</b>	<b>42.53</b>	<b>42.66</b>	<b>47.57</b>	<b>33.56</b>	<b>33.47</b>	<b>43.45</b>	<b>26.71</b>	<b>26.42</b>
Less: Non-Tariff Income	0.44	0.05	0.05	0.44	0.08	0.08	0.45	0.04	0.04
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>41.27</b>	<b>42.49</b>	<b>42.61</b>	<b>47.13</b>	<b>33.48</b>	<b>33.39</b>	<b>43.00</b>	<b>26.67</b>	<b>26.39</b>
Add: Revenue Gap/(Surplus) for FY 2015-16	(5.25)	-	(5.25)						



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
Add: Revenue Gap/(Surplus) for FY 2016-17	(0.75)	-	(0.75)						
Add: Revenue Gap/(Surplus) for FY 2017-18	2.78	-	2.78						
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY16, FY17 & FY18, as applicable	(0.75)	-	(0.75)						
Past period gaps	-	-	-	(6.36)	(6.36)	(6.36)	2.06	2.06	2.06
<b>Aggregate Revenue Requirement from Distribution Wires along with past gaps</b>	<b>37.30</b>	<b>42.49</b>	<b>38.64</b>	<b>40.77</b>	<b>27.12</b>	<b>27.03</b>	<b>45.06</b>	<b>28.73</b>	<b>28.45</b>

**Table 68: Combined ARR Summary for Distribution Wire and Retail Supply Business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Power Purchase Expenses (excluding Inter-State Transmission Charges)	35.69	36.79	36.79	40.24	26.42	26.75	36.10	19.65	19.59
Operation & Maintenance Expenses	5.29	4.59	4.91	5.28	4.57	3.11	5.48	4.71	3.44
Depreciation	2.32	2.32	2.32	2.41	2.35	2.35	2.47	2.36	2.36
Interest on Loan Capital	2.27	2.21	2.87	2.14	1.83	1.71	1.99	1.43	1.39
Interest on Working Capital	0.13	0.13	0.13	0.16	0.11	0.11	0.17	0.09	0.09
Interest on Consumer Security Deposit	0.30	0.29	0.29	0.17	0.13	0.13	0.17	0.16	0.16
Write-off of Provision for bad and doubtful debts	-	-	-	-	-	-	-	-	-
Contribution to contingency reserves	0.24	0.23	0.24	0.24	0.25	0.24	0.25	0.26	0.24
Intra-State Transmission Charges	3.64	3.56	3.56	5.07	5.01	5.01	5.02	4.99	4.98
MSLDC Fees & Charges	0.02	0.02	0.02	0.03	0.03	0.03	0.02	0.02	0.02
Income Tax	-	-	-	-	-	-	-	-	-
Sharing of gains/(losses)		0.16	0.17	-	0.19	0.80	-	0.23	0.75
Impact of restatement of O&M expenses	-	-	-	-	0.33	-	-	-0.07	-
<b>Total Revenue Expenditure</b>	<b>49.89</b>	<b>50.30</b>	<b>51.31</b>	<b>55.74</b>	<b>41.22</b>	<b>40.25</b>	<b>51.67</b>	<b>33.83</b>	<b>33.03</b>

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
Add: Return on Equity Capital	2.25	2.24	2.24	2.09	2.26	2.72	2.15	2.34	2.76
<b>Aggregate Revenue Requirement</b>	<b>52.14</b>	<b>52.55</b>	<b>53.55</b>	<b>57.83</b>	<b>43.48</b>	<b>42.97</b>	<b>53.82</b>	<b>36.17</b>	<b>35.79</b>
Less: Non-Tariff Income	0.50	0.11	0.11	0.51	0.17	0.17	0.54	0.13	0.13
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>51.64</b>	<b>52.44</b>	<b>53.44</b>	<b>57.32</b>	<b>43.32</b>	<b>42.80</b>	<b>53.28</b>	<b>36.04</b>	<b>35.66</b>
Past period Revenue Gap/(Surplus)/After deferment	-3.97	-	-3.97	-4.50	-4.50	-4.50	2.97	2.97	2.97
<b>Total ARR after adding past period Gap/(Surplus)</b>	<b>47.67</b>	<b>52.44</b>	<b>49.47</b>	<b>52.83</b>	<b>38.82</b>	<b>38.31</b>	<b>56.25</b>	<b>39.01</b>	<b>38.63</b>

## 2.21 Revenue Gap/ (Surplus)

### MBPPL's Submission

2.21.1 MBPPL has computed the combined Revenue Gap/(Surplus) for the Wires Business and Retail Supply Business for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the following Table:

**Table 69. Revenue Gap/ (Surplus) for FY 2019-20, FY 2020-21 and FY 2021-22 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
1	ARR for Distribution Wires Business	10.39	9.95	12.06	11.70	11.20	10.28
2	ARR for Retail Supply Business	41.27	42.49	40.77	27.12	45.06	28.73
3	Combined ARR for Wires and Retail Supply Business	<b>51.66</b>	<b>52.44</b>	<b>52.82</b>	<b>38.82</b>	<b>56.25</b>	<b>39.01</b>
4	Revenue from Wheeling Charges		<b>7.44</b>		<b>6.58</b>		<b>5.53</b>
5	Revenue from sale of electricity		<b>35.89</b>		<b>29.45</b>		<b>28.74</b>
6	Total Revenue		<b>43.33</b>		<b>36.03</b>		<b>34.27</b>
7	Gap / (Surplus) of Wires Business		<b>2.51</b>		<b>5.12</b>		<b>4.74</b>
8	Gap / (Surplus) of Supply Business		<b>6.60</b>		<b>(2.33)</b>		<b>(0.00)</b>
9	Combined Revenue Gap / (Surplus)		<b>9.11</b>		<b>2.78</b>		<b>4.74</b>

### Commission's Ruling and analysis

2.21.2 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 standalone revenue Gap/(Surplus) for Wire Business and Supply Business, respectively.

2.21.3 Accordingly, Revenue Gap/ (Surplus) approved by the Commission for FY 2019-20, FY 2020-21 and FY 2021-22 is as follows:

**Table 70. Revenue Gap/(Surplus) of Distribution Wire business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Aggregate Revenue Requirement from Distribution Wires	10.38	9.95	10.83	10.20	9.84	9.41	10.29	9.37	9.28
Past period gaps	-	-	-	1.86	1.86	1.86	0.91	0.91	0.91
<b>Net ARR from Distribution Wires along with past gaps</b>	<b>10.38</b>	<b>9.95</b>	<b>10.83</b>	<b>12.06</b>	<b>11.70</b>	<b>11.28</b>	<b>11.19</b>	<b>10.28</b>	<b>10.19</b>
Revenue from existing tariff	7.35	7.44	7.44	10.34	6.58	6.58	10.37	5.53	5.53
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>3.03</b>	<b>2.51</b>	<b>3.39</b>	<b>1.72</b>	<b>5.12</b>	<b>4.70</b>	<b>0.82</b>	<b>4.74</b>	<b>4.65</b>

**Table 71. Revenue Gap/(Surplus) of Retail Supply business for FY 2019-20, FY 2020-21 and FY 2021-22 as 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
Aggregate Revenue Requirement from Retail Supply Business	41.27	42.49	42.61	47.13	33.48	33.39	43.00	26.67	26.39
Past period gaps	(3.97)	-	(3.97)	(6.36)	(6.36)	(6.36)	2.06	2.06	2.06
<b>Net ARR from Distribution Wires along with past gaps</b>	<b>37.30</b>	<b>42.49</b>	<b>38.64</b>	<b>40.77</b>	<b>27.12</b>	<b>27.03</b>	<b>45.06</b>	<b>28.73</b>	<b>28.45</b>
Revenue from existing tariff	33.60	35.89	35.89	47.13	29.45	29.45	43.00	28.74	28.74
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>3.70</b>	<b>6.60</b>	<b>2.75</b>	<b>(6.36)</b>	<b>(2.33)</b>	<b>(2.42)</b>	<b>2.06</b>	<b>-0.00</b>	<b>-0.29</b>

2.21.4 The detailed analysis underlying the Commission's approval of individual ARR elements on Truing up of FY 2019-20, FY 2020-21 and FY 2021-22 is already set out above, however, the variation in the ARR sought by the MBPPL and that approved by the Commission in this Order is mainly on account of approving O&M expense based on revised rate for employee expense per unit sale of electricity instead of on pro-rata basis of sales as considered by MBPPL. Normative O&M expense is higher than actual O&M expense resulting in sharing of gain/ (loss) of O&M expense.

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

#### 3.1 Background

- 3.1.1 In the present Petition, MBPPL has also sought provisional Truing-up of FY 2022-23 in accordance with MYT Regulations, 2019.
- 3.1.2 MBPPL presented the comparison of expenditure and revenue approved by the Commission for FY 2022-23 in the MYT Order vis-à-vis the estimated performance. MBPPL considered the values approved in the MYT Order, for the purpose of providing justification for variation between the approved and estimated values in provisional truing up of FY 2022-23.
- 3.1.3 MBPPL has submitted estimated provisional values for Provisional Truing-up of FY 2022-23, based on the actual values of energy sales and power purchase from 01 April 2022 to 30 September 2022, and estimated values of energy sales and power purchase from 1 October 2022 to 31 March 2023, in accordance with the provisions of MYT Regulations, 2019.
- 3.1.4 The Commission has analysed the other heads of expenditure on normative basis for the whole year.

#### 3.2 Energy Sales

##### MBPPL's Submission

- 3.2.1 As against the approved sales of 83.06 MU for FY 2022-23, the estimated energy sales in FY 2022-23 is 54.11 MU. The actual sales in H1 of FY 2022-23 were 27.39 MU.
- 3.2.2 For estimating the energy sales for the six-month period from October 2022 to March 2023, MBPPL has projected monthly sales based on past trend in sales during this period, as compared to overall sales during the year. The summary of Energy Sales (actual and estimated) for FY 2022-23 is shown in the Table below:

**Table 72. Energy Sales for FY 2022-23 (MU)**

Consumer Category	FY 2022-23			
	MTR Order	Apr – Sep (Actual)	Oct – Mar (Estimated)	Provisional Truing up
<b>HT Category</b>				
HT I	74.04	23.85	22.75	46.60
<b>Sub-total HT</b>	74.04	23.85	22.75	46.60
<b>LT Category</b>				
LT II (A)	0.78	0.07	0.13	0.20
LT II (B)	0.37	0.12	0.15	0.28
LT III (A)	0.01	0.24	0.19	0.43
LT III (B)	7.86	3.10	3.50	6.60
<b>Sub-total LT</b>	<b>9.02</b>	<b>3.53</b>	<b>3.97</b>	<b>7.51</b>
<b>Total</b>	<b>83.06</b>	<b>27.39</b>	<b>26.72</b>	<b>54.11</b>

### Commission's Analysis and Ruling

3.2.3 On analysing the trend, is the Commission observed that energy sales in second half of financial year is almost 49% of the annual sales for FY 2019-20, FY 2020-21 and FY 2021-22 as shown in the following table:

**Table 73. Contribution of October-March towards energy sales in FY 2019-20, FY 2020-21 and FY 2021-22**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Energy sales (MU)	79.19	42.65	40.76
April-September	41.46	21.50	20.00
October-March	37.74	21.15	20.76
Energy sales (%)			
April-September	52.35%	50.42%	49.07%
October-March	47.65%	49.58%	50.93%
Average H2 sales as %ge of annual sales	49.38%		

3.2.4 MBPPL's projection for second half of FY 2022-23 is in line with above trends for past years. Also, MBPPL, 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. Further, sales being an uncontrollable factor as per Regulation 9 of the MYT Regulations, 2019, the energy sales of 54.11 MU as submitted by MBPPL are provisionally approved by the Commission for FY 2022-23. Any variation in actual sales will be trued up at time of final Truing-up.

**Table 74. Energy Sales for FY 2022-23 as approved by the Commission (MU)**

Consumer Category	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>HT Category</b>			
HT I	74.04	46.60	46.60
<b>Sub-total HT</b>	<b>74.04</b>	<b>46.60</b>	<b>46.60</b>
<b>LT Category</b>			
LT II (A)	0.78	0.20	0.20
LT II (B)	0.37	0.28	0.28
LT III (A)	0.01	0.43	0.43
LT III (B)	7.86	6.60	6.60
<b>Sub-total LT</b>	<b>9.02</b>	<b>7.51</b>	<b>7.51</b>
<b>Total</b>	<b>83.06</b>	<b>54.11</b>	<b>54.11</b>

### 3.3 Distribution Loss

#### MBPPL's Submission

3.3.1 The Commission, in the MYT Order, approved the distribution loss of 0.97% for FY 2022-23. After considering the actual energy sales and actual energy drawal at the interface point (T<>D Interface) for the first half of FY 2022-23, distribution loss works out to 1.06%. The same has been claimed in Provisional Truing-up for FY

2022-23.

- 3.3.2 MBPPL submitted that the actual Distribution Loss for FY 2022-23 is slightly higher than that approved by the Commission in the MYT Order MBPPL estimated Distribution Loss of 1.06% for FY 2022-23, which is very low, and there is no scope for reducing it further. The Distribution Loss for FY 2022-23 is shown in the following Table:

**Table 75. Distribution Loss for FY 2022-23**

Particulars	FY 2022-23	
	MTR Order	Provisional Truing up
Distribution Loss (%)	0.97%	1.06%

### Commission's Analysis and Ruling

- 3.3.3 The distribution loss claimed by MBPPL is based on the first six months of FY 2022-23. The claimed distribution loss is close to the distribution loss approved in MYT Order. Operational improvements may result in achievement of distribution loss approved in the MYT Order. Therefore, the Commission has considered the distribution loss as projected in the MYT Order. Accordingly, the Distribution Loss provisionally approved by the Commission for FY 2022-23 is as shown in the following Table:

**Table 76. Distribution Loss for FY 2022-23 as approved by Commission (%)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Distribution Loss (%)	0.97%	1.06%	0.97%

## 3.4 Energy Balance

### MBPPL's Submission

- 3.4.1 MBPPL has considered the actual InSTS loss for first half of FY 2022-23 based on State Grid Loss account maintained by MSLDC and estimated InSTS loss of 3.18% for second half of FY 2022-23, as approved by the Commission for FY 2022-23 in MYT Order. The estimated Energy Balance for FY 2022-23 is shown in the following Table:

**Table 77. Energy Balance for FY 2022-23**

Particulars	FY 2022-23	
	MTR Order	Provisional truing up
Energy Sales (MU)	83.06	54.11
Distribution loss (%)	0.97%	1.06%
Energy Requirement at T<math>\leftrightarrow</math>D (MU)	83.88	54.65
Intra-State Transmission Loss (%)	3.18%	3.26%
<b>Energy Requirement at G&lt;math&gt;\leftrightarrow&lt;/math&gt;T (MU)</b>	<b>86.63</b>	<b>56.49</b>

Particulars	FY 2022-23	
	MTR Order	Provisional truing up
Total Power Purchase at State Periphery (MU)	86.63	57.05
DSM (MU)		(0.57)
Less: Surplus Energy Traded (MU)	0	0
<b>Total Power Available at G&lt;&gt;T (MU)</b>	<b>86.63</b>	<b>56.49</b>

### Commission's Ruling and Analysis

- 3.4.2 For energy balancing, the Commission has considered the approved energy sales and distribution loss for FY 2022-23 as elaborated in paragraph above. The Commission has considered transmission loss as approved in the MYT Order for provisional true-up of FY 2022-23.
- 3.4.3 The Commission has not considered surplus energy to be traded by MBPPL, because MBPPL has not long/medium term source of electricity tied up in FY 2022-23 where they must pay fixed charges. Accordingly, the total energy requirement provisionally approved for FY 2022-23 is as shown in the Table below:

**Table 78. Energy Balance for FY 2022-23 as approved by Commission.**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Energy Sales (MU)	83.06	54.11	54.11
Distribution loss (%)	0.97%	1.06%	0.97%
Energy Requirement at T<>D (MU)	83.88	54.65	54.64
Intra-State Transmission Loss (%)	3.18%	3.26%	3.18%
<b>Energy Requirement at G&lt;&gt;T (MU)</b>	<b>86.63</b>	<b>56.49</b>	<b>56.43</b>
Total Purchase at State Periphery (MU)	86.63	57.05	57.11
Less: Surplus Energy Traded (MU)	-	-	-
Imbalance Pool (MU)	-	-0.57	-0.67
Total Energy Purchased	<b>86.63</b>	<b>56.49</b>	<b>56.43</b>

### 3.5 Power Purchase Cost

#### MBPPL's Submission

- 3.5.1 MBPPL has entered a PPA for Base Load demand of 8 MW with M/s. GMR Energy Trading Limited (GMRETL) and for the purchase of 4 MW Peak Load Power from PTC Ltd. for the period from 01 November 2022 to 28 February 2023. The Commission approved the PPAs. 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.
- 3.5.2 MBPPL has considered the RPO targets for FY 2022-23 as specified in the MERC RPO Regulations, 2019. For meeting the RPO target for FY 2022-23, MBPPL has estimated purchase of Solar RECs at the cost of Rs. 4.45 Crore and Non-Solar RECs at the cost of Rs. 5.52 Crore. MBPPL estimated the 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 estimated at Rs. 18.02 Crore.

3.5.3 The RE power is being procured by MBPPL through GDAM/GTAM platform for Power Exchanges.

3.5.4 MBPPL 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. The estimated power purchase quantum and cost for FY 2022-23 is shown in the following Table:

**Table 79. Power Purchase Cost for FY 2022-23**

Source of Power (Station wise)	MYT Order			Provisional Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
<b>Medium-term Sources</b>						
GMR Bilateral	68.33	27.76	4.06	16.09	11.34	7.04
GMR STPP PPA	1.41	0.62	4.40	12.04	7.64	6.35
Purchase of additional power (Exchange)				5.90	4.19	7.10
Imbalance Pool				(0.57)	(0.23)	4.11
Solar Purchase	6.93	2.01	2.90	7.14	4.55	6.37
Non-Solar Purchase	9.96	2.86	2.87	7.89	5.52	7.00
Non-Solar (NSL Sugars)				8.00	6.36	7.95
Rescheduling Charges					0.0009	
Power Exchange charges					0.0045	
Adj. BG of Kreate					(1.56)	
<b>Total</b>	<b>86.63</b>	<b>33.25</b>	<b>3.84</b>	<b>56.49</b>	<b>37.81</b>	<b>6.69</b>

### Commission's Analysis and Ruling

3.5.5 The Commission had approved KRC Discoms to undertake combined power purchase for period of FY 2021-22 to FY 2024-25 in Case No. 231 of 2020 dated 23 January 2021. Accordingly, after complying with the competitive bidding process, MBPPL tied up for supply of 5 MW RTC and 1.5 MW (between 0800 hrs to 2300 hrs) with Kreate Energy for the period from 1 July, 2021 to 30 June, 2022. However, Kreate Energy did not supply any power to MBPPL for the period from April 2022 to June 2022. MBPPL has prayed the Commission to allow procurement of power under exchanges linked contract in Case No 138 of 2022; wherein the Commission allowed such procurement for FY 2022-23 and directed MBPPL to ensure the tie up with the firm source of supply before March, 2023.

3.5.6 MBPPL tied up short term power with GMR Trading Limited for period November 2022 to October 2023 in line with the ruling of the Commission. In view of this, the Commission has considered power purchase from bilateral trade with GMR, till September 2022 and short term PPA with GMR Trading Limited starting from November 2022 at the rate submitted by MBPPL. Any change in the actual power purchase expense will be considered at the time of actual true-up.

3.5.7 MBPPL entered into PPA with PTC India Limited for supply of 2 MW power from 08:00 hrs to 23:00 hrs during November 2022 to February 2023. MBPPL has



considered 2 MU of electricity per month from this source. As per the standard power purchase agreements, the power plants operates at the plant load factor of 85%. Therefore, it is unlikely that MBPPL will receive 2 MU per month from PTC India Limited. Therefore, the Commission has considered energy supplied by GMR short-term PPA (source of power: Birla Carbon India Private Limited, Tamil Nadu) and PTC India Limited (source of power: NSL Sugars Limited, Karnataka) at 85% PLF. The purchase of electricity from NSL Sugars through PTC India Limited is considered towards RPO compliance for non-solar obligations because generation technology is based on bagasse-based cogeneration.

- 3.5.8 MBPPL is purchasing electricity from solar and non-solar sources in FY 2022-23 to comply with RPO obligations. Accordingly, the Commission has provisionally approved solar purchase for FY 2022-23 as submitted by MBPPL. As per MERC RPO-REC Regulations 2019, MBPPL has to fulfil RPO obligation at a total level instead of solar and non-solar separately.
- 3.5.9 The Commission notes that MBPPL is expected to achieve solar and non-solar RPOs as shown in the table below.

**Table 80: Achievement of RPO obligations in FY 2022-23 (Rs. Crore)**

Particulars	Amount
<b>Gross Energy Consumption (MU)</b>	56.43
Solar Target (%)	8.00%
Non-Solar Target (%)	11.50%
Solar Target (MU)	4.51
Non-Solar Target (MU)	6.49
<b>Total RPO Target</b>	<b>11.00</b>
<b>REC Purchase (MU)</b>	
Solar	
Non-Solar	-
Solar energy purchase	7.14
Non-solar energy purchase	10.95
<b>Total</b>	<b>18.08</b>
<b>Shortfall/ (Surplus) for Year</b>	
Solar	-2.62
Non-Solar	-4.46
<b>Total</b>	<b>-7.08</b>

- 3.5.10 Average variable charge per unit for short term PPAs are derived from their respective PPAs and for other sources as per provisional actual power purchase expense and power purchase quantum for first half of FY 2022-23.
- 3.5.11 The Commission notes that the average cost of renewable energy has been significantly high in the short term RE PPAs. The Commission asked justification to MBPPL for such a high cost. In response, MBPPL submitted that MBPPL was not able to immediately identify the long-term demand that can be met through RE sources

tied up for longer terms. Hence, MBPPL considered it appropriate to purchase power through short-term contracts, to protect the interest of its consumers, instead of going for a Medium-term PPA, which has associated fixed cost burden due to minimum off-take conditions. Further, MBPPL did not have sufficient visibility on demand projections in the SEZ area. Therefore, MBPPL planned to procure green energy through market-based instruments e.g., Green Term Ahead Market (G-TAM), Integrated Day Ahead Market (G-DAM), etc. introduced on Exchanges for fulfilment to meet its RPO compliance.

3.5.12 The Commission has provisionally considered the average power purchase rates for solar and non-solar energy procured in FY 2022-23 considering purchase from the power exchange and the current high rates. However, the Commission directs MBPPL to expedite the process for procurement of electricity from long term RE sources in order to optimize power purchase cost.

3.5.13 The quantum of energy procured from the imbalance pool is as approved by the Commission in Energy Balance for FY 2022-23. Provisional expense towards pool imbalance for FY 2022-23 is considered in ARR of FY 2022-23 itself.

3.5.14 Accordingly, the Commission has provisionally approved power purchase expense for FY 2022-23 as shown in the following Table:

**Table 81. Power Purchase Cost for FY 2022-23 as approved by Commission.**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>Power Purchase Quantum (MU)</b>			
Medium-Term PPA Base Load/GMR bilateral	68.33	16.09	16.08
DSM	-	-0.57	-0.67
Short-Term PPA Base Load/GMR ST PPA	1.41	12.04	15.40
Solar Purchase	6.93	7.14	7.14
Non-Solar Purchase	9.96	15.89	10.95
Additional Purchase (Exchange/ New Source)	-	5.90	7.54
Others	-	-	-
<b>Total</b>	<b>86.63</b>	<b>56.49</b>	<b>56.43</b>
<b>Power Purchase Cost (Rs. Crore)</b>			
Medium-Term PPA Base Load/GMR bilateral	27.76	11.34	11.34
DSM	-	-0.23	-0.23
Short-Term PPA Base Load/GMR ST PPA	0.62	7.64	9.78
Solar Purchase	2.01	4.55	4.55
Non-Solar Purchase	2.86	11.88	7.96
Additional Purchase (Exchange/ New Source)	-	4.19	5.30
Others	-	-1.55	-1.55
<b>Total</b>	<b>33.25</b>	<b>37.81</b>	<b>37.13</b>
<b>Average Power Purchase Cost (Rs. /kWh)</b>			
Medium-Term PPA Base Load/GMR bilateral	4.06	7.04	7.05
DSM	-	4.11	3.45
Short-Term PPA Peak Load	4.40	6.35	6.35
Solar Purchase	2.90	6.37	6.37
Non-Solar Purchase	2.87	7.48	7.48
Additional Purchase (Exchange/ New Source)	-	7.10	7.03
Others	-	-	-
<b>Total</b>	<b>3.84</b>	<b>6.69</b>	<b>6.58</b>

### 3.6 Transmission Charges and SLDC Charges

#### MBPPL's Submission

- 3.6.1 MBPPL has considered the Intra-State Transmission Charges and MSLDC Charges for FY 2022-23 as approved by the Commission in the MYT Order, as shown in the Table below:

**Table 82. InSTS Charges and MSLDC Charges for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
Intra-State Transmission Charges	4.96	4.96
MSLDC Charges	0.02	0.02

#### Commission's Analysis and Ruling

- 3.6.2 The Commission notes the submission of MBPPL 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:

**Table 83. InSTS Charges and MSLDC Charges for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	4.96	4.96	4.93
MSLDC Charges	0.02	0.02	0.02

### 3.7 Operation & Maintenance Expenses

#### MBPPL's Submission

- 3.7.1 MBPPL has worked out Normative O&M expenses for FY 2022-23. MBPPL has considered normative O&M expenses for FY 2019-20 and escalated the same with WPI and CPI indices of last 5 years in the ratio 70:30.
- 3.7.2 MBPPL 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 MBPPL submitted that the escalation factor should not be reduced by the efficiency factor of 1% and requests the Commission to consider the escalation factor based on the composite WPI: CPI index. For estimation of normative O&M expenses for FY 2019-20, MBPPL has not considered the efficiency factor of 1%. The computation of normative O&M expenses for FY 2022-23 in accordance with the MYT Regulations, 2019 is provided in the Table below:

**Table 84. Normative O&M Expenses for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23
O&M Expenses for Wires Business	3.43
O&M Expenses for Retail Supply Business	1.85
<b>Total O&amp;M Expenses</b>	<b>5.28</b>

### Commission's Analysis and Ruling

3.7.4 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. Further as per MYT Regulations, 2019, there was no increase in the number of consumers and therefore the Commission has considered efficiency factor as 1% while computing normative O&M expenses for FY 2022-23. Accordingly, provisionally approved normative O&M expenses for FY 2022-23 are as follows:

**Table 85. Normative O&M Expenses for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
O&M Expenses for Wires Business	3.69	3.43	3.79
O&M Expenses for Retail Supply Business	1.99	1.85	2.05
<b>Total O&amp;M Expenses</b>	<b>5.68</b>	<b>5.28</b>	<b>5.83</b>

### 3.8 Capital Expenditure and Capitalisation

#### MBPPL's Submission

3.8.1 MBPPL has envisaged capital expenditure and capitalization of Rs. 0.95 Crore and Rs. 0.11 Crore in FY 2022-23 for the Wires Business and Supply Business, respectively. The assets capitalized in H1 of FY 2022-23 are related to consumer metering and allied accessories. The following Table shows the amount of Capital Expenditure and Capitalization claimed by MBPPL in the provisional true-up for FY 2022-23:

**Table 86. Capital Expenditure & Capitalisation for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
<b>Distribution Wires Business</b>		
Capital Expenditure	0.10	0.95
Capitalisation	0.10	0.95
<b>Retail Supply Business</b>		
Capital Expenditure	0.55	0.11
Capitalisation	0.55	0.11

## Commission's Analysis and Ruling

3.8.2 The Commission notes that MBPPL has claimed capital expenditure & capitalisation under non-DPR schemes. Most of this capitalisation is towards improving quality of supply or metering infrastructure. Following is the summary of the various capitalisation expenditure proposed by MBPPL in FY 2022-23.

**Table 87: Non-DPR expenditure and the rationale**

No.	Non-DPR scheme	Expense (Rs. Crore)	Rationale
1.	Relay Co-Ordination	0.04	Avoid tripping for better reliability of power.
2.	Harmonic Filter (Phase-1 & 2)	0.30	Scheme is already approved in MYT Order, but execution phasing has been revised
3.	HT Panel Building #3	0.20	Scheme is already approved in MYT Order, but execution phasing has been revised
4.	Retrofit of main LT panel Air Circuit breaker of B#14 & B#8 (Replacement)	0.40	Avoid tripping
5.	Consumer Portal: For various online services	0.06	Design & development of a web-based portal for consumers of MBPPL is proposed, as a step towards simplifying the process and promoting digital communication mode with consumers
6.	Meter & Metering Instruments	0.02	Providing for Meters and associated DBs/Panels, metering cables for releasing supply to new consumers as well as for replacement of faulty meters in the system.

3.8.3 The Commission has not considered Rs. 0.40 Cr scheme for retrofitting of main LT panel Air Circuit breaker of building no. 14 and building no.8 under Capex as it is purely repairs and maintenance and needs to be undertaken under O&M. MBPPL may execute this work under O&M. Remaining non-DPR capitalisation has been considered for capitalisation.

3.8.4 Subject to above, the Commission has provisionally approved the capitalisation as shown in table below. Any variation in actual capitalisation will be reviewed at the time of final Truing- up.

**Table 88. Capital Expenditure & Capitalisation for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>Distribution Wires Business</b>			
Capital Expenditure	0.10	0.95	0.55
Capitalisation	0.10	0.95	0.55
<b>Retail Supply Business</b>			
Capital Expenditure	0.55	0.11	0.11
Capitalisation	0.55	0.11	0.11

### 3.9 Depreciation

#### MBPPL's Submission

- 3.9.1 MBPPL has computed the depreciation for FY 2022-23 in accordance with Regulation 28 of the MYT Regulations, 2019. The depreciation claimed by MBPPL for FY 2022-23 is as shown in the following Table:

**Table 89. Depreciation for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
<b>Distribution Wires Business</b>		
Opening GFA	49.58	47.34
Additions during the Year	0.10	0.95
Retirement during the year	-	-
Closing GFA	49.68	48.29
<b>Depreciation</b>	<b>2.39</b>	<b>2.31</b>
<b>Retail Supply Business</b>		
Opening GFA	1.67	1.58
Additions during the Year	0.05	0.11
Closing GFA	1.72	1.69
<b>Depreciation</b>	<b>0.10</b>	<b>0.09</b>

#### Commission's Analysis and Ruling

- 3.9.2 The Commission has computed the depreciation for FY 2022-23 in accordance with Regulation 28 of MYT Regulations, 2019. It has considered the closing GFA of FY 2021-22 as opening GFA of FY 2022-23 for addition of assets during the year. Addition in asset is considered as per approved Capitalisation for FY 2022-23.
- 3.9.3 The Commission has calculated the depreciation by applying the asset class-wise depreciation rates 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 view of the above, the Commission has provisionally approved Depreciation for FY 2022-23 as shown in the Table below:

**Table 90. Depreciation for FY 2022-23 as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>Distribution Wires Business</b>			
Opening GFA	49.59	47.34	47.38
Additions during the Year	0.10	0.95	0.55
Retirement during the year	-	-	-
Closing GFA	<b>49.69</b>	<b>48.29</b>	<b>47.93</b>
<b>Depreciation</b>	<b>2.39</b>	<b>2.31</b>	<b>2.31</b>
<b>Retail Supply Business</b>			
Opening GFA	1.67	1.58	1.58
Additions during the Year	0.05	0.11	0.11
Retirement during the year	-	-	-
Closing GFA	<b>1.72</b>	<b>1.69</b>	<b>1.69</b>
<b>Depreciation</b>	<b>0.10</b>	<b>0.09</b>	<b>0.09</b>

### 3.10 Interest on Long-Term Loan Capital

#### MBPPL's Submission

3.10.1 MBPPL has computed the Interest on Long-Term Loan Capital in accordance with Regulation 30 of the MYT Regulations, 2019 and for computing the addition of debt component during the year, MBPPL has considered normative debt: equity ratio of 70:30, on addition to GFA.

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

**Table 91. Estimated Interest on Long-Term Loan Capital for Wires Business for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
Opening Balance of Net Normative Loan	19.48	18.23
Addition of Normative Loan due to capitalisation during the year	0.07	0.01
Repayment of Normative loan during the year	2.39	2.31
Closing Balance of Net Normative Loan	17.16	15.93
Average Balance of Net Normative Loan	18.31	17.08
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%
<b>Total Interest Expenses</b>	<b>1.73</b>	<b>1.23</b>

**Table 92. Estimated Interest on Long Term Loan Capital for Retail Supply Business for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
Opening Balance of Net Normative Loan	0.59	0.54
Addition of Normative Loan due to capitalisation during the year	0.04	0.07
Repayment of Normative loan during the year	0.10	0.09
Closing Balance of Net Normative Loan	0.53	0.52
Average Balance of Net Normative Loan	0.55	0.53
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%
<b>Total Interest &amp; Financing Charges</b>	<b>0.05</b>	<b>0.04</b>

#### Commission's Analysis and Ruling

3.10.3 The Commission has considered the closing balance of normative loan of FY 2021-22 as the opening balance of FY 2022-23. Addition in debt is considered on normative basis, i.e., equal to 70% of Capitalisation during FY 2022-23. No reduction in loan is considered as retirement of assets is nil. The repayment of loan is considered equal to the depreciation allowed during the year in accordance with Regulation 30.3 of MYT

Regulations, 2019.

3.10.4 In continuation of the approach adopted by the Commission in the previous chapter for the true-up years, the 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. Accordingly, rate of interest considered by the Commission is 7.00% for FY 2022-23.

3.10.5 Despite disallowing capitalisation of Rs. 0.40 Cr, the addition of normative loan has increased during FY 2022-23 due to correction of error in the Petition by MBPPL. Accordingly, the Commission has approved interest on long term loan for FY 2022-23 as shown in the following table.

**Table 93. Estimated Interest on Long-Term Loan Capital for Wires Business for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Net Normative Loan	19.48	18.23	18.23
Less: Reduction of Normative Loan due to retirement or replacement of assets	-	-	-
Addition of Normative Loan due to capitalisation during the year	0.07	0.01	0.39
Repayment of Normative loan during the year	2.39	2.31	2.31
<b>Closing Balance of Net Normative Loan</b>	<b>17.16</b>	<b>15.93</b>	<b>16.31</b>
Average Balance of Net Normative Loan	18.31	17.08	17.27
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%	7.00%
Interest Expenses	1.73	1.23	1.21
<b>Financing Charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Interest &amp; Financing Charges</b>	<b>1.73</b>	<b>1.23</b>	<b>1.21</b>

**Table 94. Estimated Interest on Long Term Loan Capital for Retail Supply Business for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Net Normative Loan	0.59	0.52	0.54
Less: Reduction of Normative Loan due to retirement or replacement of assets	0.00	0.00	0.00
Addition of Normative Loan due to capitalisation during the year	0.04	0.07	0.08
Repayment of Normative loan during the year	0.10	0.12	0.09
<b>Closing Balance of Net Normative Loan</b>	<b>0.53</b>	<b>0.97</b>	<b>0.53</b>
Average Balance of Net Normative Loan	0.55	0.74	0.53
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%	7.00%
Interest Expenses	0.05	0.05	0.04
Financing Charges	0.00	0.00	0.00
<b>Total Interest &amp; Financing Charges</b>	<b>0.05</b>	<b>0.05</b>	<b>0.04</b>

### 3.11 Interest on Working Capital (IoWC) and Consumer Security Deposit

#### MBPPL's Submission



3.11.1 MBPPL has computed the normative working capital requirement in accordance with the MYT Regulations, 2019. The one-year SBI MCLR at the time of filing this Petition is for each month from April to September is 8.05%. Accordingly, for computation of IoWC, MBPPL has considered the rate of interest of 9.55% for 2022-23.

3.11.2 The CSD in FY 2022-23 has been considered at same levels as actuals for FY 2021-22. The rate of interest on CSD has been considered as 4.25%, i.e., the RBI Bank rate as on 1st April 2022. The computation of IoWC and interest on CSD for FY 2022-23 is shown in the following Table:

**Table 95. IoWC and Interest on CSD for Wires Business for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
O&M expenses for one month	0.31	0.29
Maintenance Spares at 1% of Opening GFA	0.50	0.47
One and half months' equivalent of the expected revenue from charges for use of Distribution Wires	1.28	1.17
Less: Amount held as Security Deposit from Distribution System Users	0.31	0.40
<b>Total Working Capital Requirement</b>	<b>1.77</b>	<b>1.52</b>
<b>Computation of Working Capital Interest</b>		
Interest Rate (%) – SBI MCLR +150 basis points	9.50%	9.55%
<b>Interest on Working Capital</b>	<b>0.17</b>	<b>0.15</b>
<b>Interest on Consumers' Security Deposit</b>		
Interest Rate (%) – RBI Bank Rate	5.40%	4.25%
<b>Interest on CSD</b>	<b>0.02</b>	<b>0.02</b>

**Table 96. IoWC and Interest on CSD for Retail Supply Business for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
O&M expenses for one month	0.14	0.15
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 including revenue from CSS and Additional Surcharge	4.99	5.63
Less: Amount held as Security Deposit from consumers	2.76	3.63
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	3.19	3.57
<b>Total Working Capital Requirement</b>	<b>(0.81)</b>	<b>(1.40)</b>
<b>Computation of Working Capital Interest</b>		
Interest Rate (%) – SBI MCLR +150 basis points	9.50%	9.55%
<b>Interest on Working Capital</b>	<b>0.00</b>	<b>0.00</b>
<b>Interest on Consumers' Security Deposit</b>		
Interest Rate (%) – RBI Bank Rate	5.40%	4.25%
<b>Interest on CSD</b>	<b>0.15</b>	<b>0.15</b>

### Commission's Analysis and Ruling

3.11.3 The Commission has approved the IoWC for FY 2022-23 in accordance with Regulations 32.3 and 32.4 of MYT Regulations, 2019. The Commission has considered normative O&M expenses for computation of IoWC. The Commission has considered the rate of IoWC as 9.55%, which is the weighted average Base Rate (SBI MCLR) during FY 2022-23 plus 150 basis points. The Regulation 13.2 of the MERC Supply Code Regulations 2021 notified on 25 February 2021 is quoted below:

*“The amount of the security referred to in Regulation 13.1 above shall be twice the average billing of the billing cycle period. For the purpose of determining the average billing under this Regulation 13.2, the average of the billing to the Consumer for the last Twelve (12) months, or in cases where supply has been provided for a shorter period, the average of the billing of such shorter period, shall be considered:*

*Provided that for Consumers having quarterly billing cycle, amount of the security shall be 1.5 times the average billing of the billing cycle period:”*

3.11.4 As per the Regulation mentioned above, MBPPL should have collected the consumer security deposits equal to two months of revenue. However, the actual CSD with MBPPL in FY 2021-22 is less than CSD required by the Supply Code Regulations 2021. For provisional true-up, the Commission has considered CSD as submitted by MBPPL. However, MBPPL is required to comply with the CSD requirement stipulated in the Supply Code Regulations 2021.

3.11.5 The Commission has computed the Interest on CSD using Interest Rate equal to Base Rate plus 150 basis points. Accordingly, the amount of consumer security deposit is considered equal to CSD of FY 2021-22 for computation of IoWC and interest on CSD both as submitted by MBPPL. Any variation in actual interest on CSD will be adjusted at the time of final Truing up of FY 2022-23.

3.11.6 The IoWC and CSD as approved by the Commission are shown in the Table below:

**Table 97. IoWC and Interest on CSD for Wires Business for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
O&M expenses for a month		0.29	0.32
Maintenance Spares at 1% of Opening GFA		0.47	0.47
One and half months equivalent of the expected revenue from charges for use of Distribution Wires		1.17	1.25
Less: Amount held as Security Deposit from Distribution System Users		0.40	0.40
<b>Total Working Capital Requirement</b>		<b>1.52</b>	<b>1.64</b>
<b>Computation of Working Capital Interest</b>			
Interest Rate (%) - SBI Base Rate +150 basis points		9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.17</b>	<b>0.15</b>	<b>0.16</b>
Actual Working Capital Interest\$		0.00	0.00

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>Interest on Security Deposit</b>		0.04	0.04
Interest Rate (%) - SBI Base Rate +150 basis points		4.25%	4.25%
<b>Interest on Security Deposit</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

**Table 98. IoWC and Interest on CSD for Retail Supply Business for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
O&M expenses for a month		0.15	0.17
Maintenance Spares at 1% of Opening GFA		0.02	0.02
One and half months equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge		5.63	5.55
Less: Amount held as security deposit		3.63	3.63
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges		3.57	3.51
<b>Total Working Capital Requirement</b>	<b>-</b>	<b>-1.40</b>	<b>-1.40</b>
<b>Computation of Working Capital Interest</b>			
Interest Rate (%) - SBI Base Rate +150 basis points		9.55%	9.55%
<b>Interest on Working Capital</b>		<b>-</b>	<b>-</b>
<b>Interest on Security Deposit</b>			
Interest Rate (%) - SBI Base Rate +150 basis points		4.25%	4.25%
<b>Interest on Security Deposit</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>

### 3.12 Return on Equity

#### MBPPL's Submission

3.12.1 MBPPL has computed the Return on Equity (RoE) for FY 2022-23 in accordance with Regulation 29 of the MYT Regulations, 2019.

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

**Table 99. Return on Equity for Distribution Wires Business FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
Regulatory Equity at the beginning of the year	14.87	14.22
Equity portion of capitalisation during the year	0.03	0.29
Regulatory Equity at the end of the year	14.90	14.50
<b>Return on Equity Computation</b>		
Return on Regulatory Equity at the beginning of the year		2.04
Return on Regulatory Equity addition during the year		0.02
<b>Total Return on Equity</b>	<b>2.08</b>	<b>2.06</b>

**Table 100. Return on Equity for Retail Supply Business FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
Regulatory Equity at the beginning of the year	0.50	0.46
Equity portion of capitalisation during the year	0.02	0.03
Regulatory Equity at the end of the year	0.51	0.49
<b>Return on Equity Computation</b>		
Return on Regulatory Equity at the beginning of the year	0.08	0.07
Return on Regulatory Equity addition during the year	0.00	0.003
<b>Total Return on Equity</b>	<b>0.08</b>	<b>0.08</b>

### Commission's Analysis and Ruling

3.12.3 The Commission has computed RoE for FY 2022-23 in accordance with Regulation 29 of MYT Regulations, 2019. The Commission has considered closing equity of FY 2021-22 as Opening equity of FY 2022-23. Equity addition during FY 2022-23 is considered at 30% of capitalisation approved during the year after deducting consumers contribution. No reduction in equity is considered as retirement of assets is considered nil during FY 2022-23.

3.12.4 Rate of return on Equity for Distribution Wire business and Retail Supply business has been considered 14% and 15.5% as per Regulation 29.2 of MYT Regulations, 2019. Return on Equity is grossed up by the Income Tax Rate provisionally considered for FY 2022-23. Income Tax Rate of FY 2021-22 is considered as provisional Income Tax Rate of FY 2022-23 for this purpose.

3.12.5 The RoE approved by the Commission for Wires Business and Supply Business for FY 2022-23 is as shown in the Tables below:

**Table 101. Return on Equity for Distribution Wires Business FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Regulatory Equity at the beginning of the year	14.87	14.22	14.22
Equity portion of capitalisation during the year	0.03	0.29	0.17
Regulatory Equity at the end of the year	14.90	14.50	14.38
<b>Return on Equity Computation</b>			
Return on Regulatory Equity at the beginning of the year	14.00%	14.00%	14.00%
Pretax Return on Equity after considering effective Tax rate	14.00%	14.36%	16.96%
<b>Total Return on Equity</b>	<b>2.08</b>	<b>2.04</b>	<b>2.43</b>

**Table 102. Return on Equity for Retail Supply Business FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Regulatory Equity at the beginning of the year	0.50	0.46	0.46

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Equity portion of capitalisation during the year	0.02	0.03	0.03
Regulatory Equity at the end of the year	0.51	0.49	0.49
<b>Return on Equity Computation</b>			
Return on Regulatory Equity at the beginning of the year	15.50%	15.50%	15.50%
Pretax Return on Equity after considering effective Tax rate	15.50%	15.90%	18.78%
<b>Total Return on Equity</b>	<b>0.08</b>	<b>0.07</b>	<b>0.09</b>

### 3.13 Provisioning for Bad Debts

#### MBPPL's Submission

3.13.1 MBPPL submitted that even though the approved amount for bad debts is Nil for the 4th Control Period, in actuals, there is marginal cost of bad debt due to default in payment by one consumer against its outstanding amount during FY 2021-22. MBPPL has adjusted the outstanding amount against the available Security Deposit amount and remaining amount of Rs. 3,14,471 is considered as Bad Debt. This amount is reflected in the H1 of FY 2022-23.

3.13.2 MBPPL has claimed Rs. 0.03 Crore as provision for Bad and doubtful debts for Retail Supply Business for FY 2022-23 and not claimed any amount as provision for Bad and Doubtful debts during October to March of FY 2022-23.

#### Commission's Analysis and Ruling

3.13.3 The Regulation 85 of MYT Regulations 2019 for Provision for Bad and Doubtful Debts is as follows:

“

*In the MYT Order, for each Year of the Control Period, the Commission may allow a provision for writing off of bad and doubtful debts up to 1.5% of the amount shown as Trade Receivables or Receivables from Sale of Electricity **in the latest Audited Accounts of the Distribution Licensee** in accordance with the procedure laid down by the Licensee, subject to prudence check:*

*Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts during the year, subject to the above ceiling of 1.5% of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee for that Year, after prudence check:*

”

3.13.4 In absence of the audited accounts of FY 2022-23, the Commission referred to the

latest audited accounts of FY 2021-22. As per the latest audited accounts for FY 2021-22, the trade receivables are Rs. 12,83,598/-. Accordingly, maximum write-off that can be allowed is Rs. 19,254/-.

- 3.13.5 Accordingly, the Commission has provisionally approved provision for bad debts of Rs. 19,254/- for FY 2022-23. Any variation in the actual provision for Bad and doubtful debts will be adjusted at the time of final truing up provided the bad debts are written off from the financial accounts of MBPPL and are within the limit of 1.5% of trade receivables mentioned in the MYT Regulations 2019.

**Table 103: Provision for bad debts written off approved by the Commission for FY 2022-23 (Rs. Crore)**

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wire Business	-	-	-
Retail Supply Business	-	0.03	0.002

- 3.13.6 However, MBPPL shall take all efforts to recover such outstanding amount from consumer. In next tariff petition, MBPPL shall submit efforts taken in this regard.

### 3.14 Contribution to Contingency Reserves

#### MBPPL's Submission

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

**Table 104. Contribution to Contingency Reserves for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	FY 2019-20	
		MYT Order	Provisional Truing up
<b>A</b>	<b>Wires Business</b>		
1	Opening GFA of Wire Business	49.58	47.34
2	Contribution to Contingency Reserves	0.24	0.24
<b>B</b>	<b>Retail Supply Business</b>		
3	Opening GFA of Retail Supply Business	1.67	1.58
4	Contribution to Contingency Reserves	0.008	0.008

#### Commission's Analysis and Ruling

- 3.14.2 As per Regulation 35 of MYT Regulations, 2019; Contribution to Contingency Reserves from 0.25% to 0.5% of the opening GFA can be contributed in a financial year provided cumulative amount does not exceed 5% of original cost of fixed assets.
- 3.14.3 The Commission approves the Contribution to Contingency Reserves as 0.5% of the opening GFA, as sought by MBPPL, considering that cumulative contribution to contingency reserves is less than 5% of original cost of fixed assets.

3.14.4 MBPPL 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 105. Contribution to Contingency Reserves for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>Wires Business</b>			
Opening Balance of GFA	49.58	47.34	47.38
Contribution to Contingency Reserves	0.25	0.24	0.24
<b>Retail Supply Business</b>			
Opening Balance of GFA	1.62	1.58	1.58
Contribution to Contingency Reserves	0.01	0.01	0.01

### 3.15 Non-Tariff Income

#### MBPPL's Submission

3.15.1 MBPPL has considered Non-Tariff income of Rs. 0.09 Crore and Rs. 0.03 Crore for the Wires Business and Retail Supply Business, respectively, for FY 2022-23.

**Table 106. Non-Tariff Income for FY 2022-23 (Rs. Crore)**

Sr. No.	Non-Tariff Income	FY 2022-23	
		MYT Order	Provisional Truing up
1	Wires Business	0.11	0.09
2	Retail Supply Business	0.45	0.03
	<b>Total Non-Tariff Income</b>	<b>0.55</b>	<b>0.13</b>

#### Commission's Analysis and Ruling

3.15.2 MBPPL has claimed income from investments and income from consumer charges levied in accordance with Schedule of Charges approved by the Commission as Non-Tariff Income for FY 2022-23. MBPPL has claimed Non-Tariff Income for FY 2022-23 to be same as that for FY 2021-22.

3.15.3 The Commission approves Non-Tariff Income as submitted by MBPPL. Any variation in actual Non-Tariff Income will be adjusted at the time of final truing up. Summary of Non-Tariff Income considered by the Commission for FY 2022-23 is as shown in Table below.

**Table 107. Non-Tariff Income for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Wires Business	-	0.09	0.09
Retail Supply Business	-	0.03	0.03
<b>Total Non-Tariff Income</b>	<b>0.56</b>	<b>0.13</b>	<b>0.13</b>

### 3.16 Revenue from Sale of Electricity

#### MBPPL's Submission

3.16.1 MBPPL has considered actual tariff approved by the Commission in the MYT Order for FY 2022-23, and the actual category-wise FAC applicable in October 2022, on the estimated sales for FY 2022-23. The summary of estimated revenue from sale of electricity for FY 2022-23 submitted by MBPPL in the present Petition is shown in the following Table:

**Table 108. Estimated Revenue from Sale of electricity for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
1	Revenue from Sale of Electricity	55.60	44.58

#### Commission's Analysis and Ruling

3.16.2 The Commission has computed Revenue from Sale of electricity considering tariff category-wise sales as approved in paragraph 3.2 above and Tariff as approved by the Commission in the MYT Order dated 30 March, 2020 in Case No. 328 of 2019.

3.16.3 Any variation in actual revenue will be considered at time of final Truing-up of FY 2022-23. Accordingly, provisional revenue for FY 2022-23 from sale of electricity is as shown in table below.

**Table 109. Estimated Revenue from Sale of electricity for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Revenue from Distribution Wire business	53.67	7.54	7.54
Revenue from Retail Supply business		37.04	37.04
<b>Revenue from Sale of Electricity</b>		<b>44.58</b>	<b>44.58</b>

### 3.17 Summary of Aggregate Revenue Requirement for FY 2022-23 MBPPL's Submission

3.17.1 The summary of the ARR claimed by MBPPL in the provisional Truing-up for the Distribution Wires Business for FY 2022-23, is as shown in the Table below:

**Table 110. ARR Summary for Wires Business for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
1	Operation & Maintenance Expenses	3.69	3.43
2	Depreciation	2.39	2.31
3	Interest on Loan Capital	1.73	1.23
4	Interest on Working Capital	0.17	0.15
5	Interest on Consumer Security Deposit	0.02	0.02



Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
6	Provision for bad and doubtful debts	0.00	0.00
7	Contribution to Contingency Reserves	0.24	0.24
8	Income Tax	--	--
<b>9</b>	<b>Total Revenue Expenditure</b>	<b>8.24</b>	<b>7.37</b>
10	Add: Return on Equity Capital	2.08	2.06
<b>11</b>	<b>Aggregate Revenue Requirement</b>	<b>10.33</b>	<b>9.44</b>
12	Less: Non-Tariff Income	0.11	0.09
<b>13</b>	<b>Total Aggregate Revenue Requirement</b>	<b>10.23</b>	<b>9.34</b>
<b>14</b>	<b>Past Gap/(Surplus)/After Deferment</b>	<b>1.36</b>	<b>1.36</b>
<b>15</b>	<b>Net ARR</b>	<b>11.59</b>	<b>10.70</b>

3.17.2 The summary of the ARR claimed by MBPPL in the provisional Truing-up for the Retail Supply Business for FY 2022-23 is shown in the following Table:

**Table 111. ARR Summary for Retail Supply Business for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
1	Power Purchase Expenses (including Inter-State Transmission Charges)	33.25	37.81
2	Operation & Maintenance Expenses	1.99	1.85
3	Depreciation	0.10	0.09
4	Interest on Loan Capital	0.05	0.04
5	Interest on Working Capital	0.00	0.00
6	Interest on Consumer Security Deposit	0.15	0.15
7	Provision for bad and doubtful debts	0.00	0.03
8	Contribution to Contingency Reserves	0.01	0.01
9	Intra-State Transmission Charges	4.96	4.96
10	MSLDC Fees & Charges	0.02	0.02
11	Income Tax	-	-
<b>12</b>	<b>Total Revenue Expenditure</b>	<b>40.54</b>	<b>44.96</b>
13	Add: Return on Equity Capital	0.08	0.08
<b>14</b>	<b>Aggregate Revenue Requirement</b>	<b>40.61</b>	<b>45.04</b>
15	Less: Non-Tariff Income	0.45	0.03
<b>16</b>	<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>40.17</b>	<b>45.00</b>
<b>17</b>	<b>Past Gap/(Surplus)/After Deferment</b>	<b>2.98</b>	<b>2.98</b>
<b>18</b>	<b>Net ARR</b>	<b>43.15</b>	<b>47.98</b>

### Commission's Analysis and Ruling

3.17.3 There is revenue gap of the past years to be recovered in ARR of FY 2022-23. Revenue gap of FY 2019-20 to FY 2021-22 is to be recovered in FY 2023-24 and FY 2024-25, not in FY 2022-23. Therefore, the Commission has approved the ARR for FY 2022-23 based on the analysis in the previous paragraphs, as summarised in the Table below:

**Table 112. ARR Summary for Wires Business for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Operation & Maintenance Expenses	3.69	3.43	3.79
Depreciation	2.39	2.31	2.31
Interest on Loan Capital	1.73	1.23	1.21
Interest on Working Capital	0.17	0.15	0.16
Interest on deposit from Consumers and Distribution System Users	0.02	0.02	0.02
Contribution to contingency reserves	0.25	0.24	0.24
<b>Total Revenue Expenditure</b>	<b>8.25</b>	<b>7.37</b>	<b>7.71</b>
Add: Return on Equity Capital	2.08	2.06	2.43
<b>Aggregate Revenue Requirement</b>	<b>10.33</b>	<b>9.44</b>	<b>10.14</b>
Less: Non-Tariff Income	0.11	0.09	0.09
<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>10.23</b>	<b>9.34</b>	<b>10.05</b>
Past period gaps	1.36	1.36	1.36
<b>Aggregate Revenue Requirement from Distribution Wires along with past gaps</b>	<b>11.60</b>	<b>10.70</b>	<b>11.41</b>

**Table 113. ARR Summary for Retail Supply Business for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (excluding Inter-State Transmission Charges)	33.25	37.81	37.13
Operation & Maintenance Expenses	1.99	1.85	1.98
Depreciation	0.10	0.091	0.091
Interest on Loan Capital	0.05	0.04	0.04
Interest on Working Capital	-	-	-
Interest on Consumer Security Deposit	0.15	0.15	0.15
Write-off of Provision for bad and doubtful debts	-	0.03	0.002
Contribution to contingency reserves	0.01	0.01	0.01
Intra-State Transmission Charges	4.96	4.96	4.93
MSLDC Fees & Charges	0.02	0.02	0.02
<b>Total Revenue Expenditure</b>	<b>40.54</b>	<b>44.96</b>	<b>44.35</b>
Add: Return on Equity Capital	0.08	0.08	0.09
<b>Aggregate Revenue Requirement</b>	<b>40.62</b>	<b>45.04</b>	<b>44.44</b>
Less: Non-Tariff Income	0.45	0.03	0.03
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>40.17</b>	<b>45.00</b>	<b>44.41</b>
Past period gaps	3.84	2.98	3.84
<b>ARR from Retail Supply along with the past gaps</b>	<b>44.01</b>	<b>47.98</b>	<b>48.25</b>

**Table 114: Combined ARR of Retail Supply and Distribution Wire business for FY 2022-23 (Rs. Crore)**

Particulars	MYT Order	MYT Petition	Approved in this Order
Power Purchase Expenses (excluding Inter-State Transmission Charges)	33.25	37.81	37.13
Operation & Maintenance Expenses	5.68	5.28	5.77
Depreciation	2.49	2.40	2.40
Interest on Loan Capital	1.78	1.27	1.25
Interest on Working Capital	0.17	0.15	0.16
Interest on Consumer Security Deposit	0.17	0.17	0.17

Particulars	MYT Order	MYT Petition	Approved in this Order
Write-off of Provision for bad and doubtful debts	-	0.03	0.002
Contribution to contingency reserves	0.26	0.24	0.24
Intra-State Transmission Charges	4.96	4.96	4.93
MSLDC Fees & Charges	0.02	0.02	0.02
<b>Total Revenue Expenditure</b>	<b>48.79</b>	<b>52.34</b>	<b>52.09</b>
Add: Return on Equity Capital	2.16	2.14	2.52
<b>Aggregate Revenue Requirement</b>	<b>50.95</b>	<b>54.48</b>	<b>54.58</b>
Less: Non-Tariff Income	0.55	0.13	0.13
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>50.40</b>	<b>54.35</b>	<b>54.46</b>
<b>Past period Revenue Gap/(Surplus)/After deferment</b>	<b>5.20</b>	<b>4.34</b>	<b>5.20</b>
<b>Total ARR after adding past period Gap/(Surplus)</b>	<b>55.59</b>	<b>58.69</b>	<b>59.66</b>

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

#### MBPPL's Submission

3.18.1 MBPPL has computed the combined Revenue Gap/(Surplus) for the Wires Business and Retail Supply Business for FY 2022-23, as shown in the following Table:

**Table 115. Revenue Gap/ (Surplus) for FY 2022-23 (Rs. Crore)**

Sr. No.	Particulars	FY 2022-23	
		MYT Order	Provisional Truing up
1	ARR for Distribution Wires Business	11.59	10.70
2	ARR for Retail Supply Business	43.15	47.98
3	Combined ARR for Wires and Retail Supply Business	<b>54.71</b>	<b>58.69</b>
9	Less: Revenue from sale of electricity		(44.58)
<b>10</b>	<b>Revenue Gap/(Surplus)</b>		<b>14.11</b>

#### Commission's Analysis and Ruling

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

**Table 116. Revenue Gap/ (Surplus) for FY 2022-23 as approved by Commission (Rs. Crore)**

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
<b>Distribution Wires Business</b>			
Standalone ARR	10.23	9.34	10.05
Past period Revenue Gap/(Surplus)/After deferment	1.36	1.36	1.36
<b>Net ARR after adding past period Gap/(Surplus)</b>	<b>11.59</b>	<b>10.70</b>	<b>11.41</b>
Revenue from licensed business	10.23	7.54	7.54
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>1.36</b>	<b>3.16</b>	<b>3.87</b>
<b>Retails Supply Business</b>			
Standalone ARR	40.17	45.00	44.41
Past period Revenue Gap/(Surplus)/After deferment	3.84	2.98	3.84
<b>Net ARR after adding past period Gap/(Surplus)</b>	<b>44.01</b>	<b>47.98</b>	<b>48.25</b>

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Revenue from licensed business	40.17	37.04	37.04
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>3.84</b>	<b>10.94</b>	<b>11.21</b>

3.18.3 The detailed analysis underlying the Commission's approval of individual ARR elements on Provisional Truing up of FY 2022-23 is already set out above, however, the variation in the ARR sought by the MBPPL and that approved by the Commission in this Order is mainly on account of the distribution loss considered by the Commission as per the MYT Order and increase in the approved O&M Expenses as per the MYT Regulations 2019 instead of methodology petitioned by MBPPL for allocation on pro-rata basis.

## 4 Aggregate Revenue Requirement for revised ARR of FY 2023-24 and FY 2024-25

### 4.1 Background

4.1.1 MBPPL has submitted the projected 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. The Commission has discussed the various elements of the projected ARR for FY 2023-24 and FY 2024-25 in the subsequent paragraphs.

### 4.2 Energy Sales

#### MBPPL's Submission

4.2.1 MBPPL has submitted the future scenario with the consumers in order to assess the sales more realistically. Based on these submission, MBPPL has projected that there would be an annual overall increase of 5% in sales in FY 2023-24 and FY 2024-25.

4.2.2 MBPPL has projected month-wise sales based on the contribution of each category in the overall sales and the sales pattern in each month of the year. Based on this approach, MBPPL projected the month-wise and category-wise sales for FY 2023-24 and FY 2024-25. The projected category-wise Energy Sales for FY 2023-24 and FY 2024-25 is as under:

**Table 117. Projected category wise Energy Sales for the Control Period (MU)**

Consumer Category	FY 2023-24		FY 2024-25	
	MYT Order	Revised	MYT Order	Revised
<b>HT Category</b>				
HT I	74.04	48.37	74.04	50.78
<b>Sub-total HT</b>	<b>74.04</b>	<b>48.37</b>	<b>74.04</b>	<b>50.78</b>
<b>LT Category</b>				
LT II (A)	0.78	0.28	0.78	0.30
LT II (B)	0.37	0.33	0.37	0.34
LT III (A)	0.01	0.40	0.01	0.43
LT III (B)	7.86	7.44	7.86	7.81
<b>Sub-total LT</b>	<b>9.02</b>	<b>8.45</b>	<b>9.02</b>	<b>8.87</b>
<b>Total</b>	<b>83.06</b>	<b>56.81</b>	<b>83.06</b>	<b>59.66</b>

4.2.3 MBPPL proposed kVAh tariff for all categories in accordance with the Commission's directions. The projected category-wise sales in Million kVAh for FY 2023-24 and FY 2024-25 is presented in the table below:

**Table 118. Projected category wise Energy Sales for FY 2023-24 and FY 2024-25 (Mn kVAh)**

Consumer Category	FY 2023-24		FY 2024-25	
	MYT Order	Revised	MYT Order	Revised
<b>HT Category</b>				
HT I		51.96		54.56
<b>Sub-total HT</b>		<b>51.96</b>		<b>54.56</b>
<b>LT Category</b>				
LT II (A)		0.30		0.32
LT II (B)		0.34		0.36
LT III (A)		0.41		0.43
LT III (B)		7.71		8.10
<b>Sub-total LT</b>		<b>8.77</b>		<b>9.21</b>
<b>Total</b>	<b>88.81</b>	<b>60.74</b>	<b>88.81</b>	<b>63.77</b>

### Commission's Analysis and Ruling

4.2.4 The Commission notes that the actual sales were substantially lower in FY 2020-21 and FY 2021-22 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 due to which power consumption reduced significantly.

4.2.5 Despite reduction in sales over FY 2019-20 to FY 2021-22, MBPPL has considered an increase in energy sales of 5% p.a. for FY 2023-24 and FY 2024-25 on the basis of their interactions with the consumers. The Commission notes that being a deemed distribution licensee with limited area of supply, MBPPL can estimate its demand for the future years more accurately vis-à-vis other distribution licensees with comparatively larger license area. Accordingly, the Commission approves the sales as submitted by MBPPL as shown in Table below.

**Table 119. Projected category wise Energy Sales for the Control Period as approved by Commission (MU)**

Consumer Category	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
<b>HT</b>						
HT I	75.24	48.37	48.37	75.24	50.78	50.78
<b>Sub-total HT</b>	<b>75.24</b>	<b>48.37</b>	<b>48.37</b>	<b>75.24</b>	<b>50.78</b>	<b>50.78</b>
<b>LT</b>						
LT II (A)	0.80	0.28	0.28	0.80	0.30	0.30
LT II (B)	0.38	0.33	0.33	0.38	0.34	0.34
LT III (A)	0.01	0.40	0.40	0.01	0.43	0.43
LT III (B)	7.99	7.44	7.44	7.99	7.81	7.81
<b>Sub-total LT</b>	<b>9.17</b>	<b>8.45</b>	<b>8.45</b>	<b>9.17</b>	<b>8.87</b>	<b>8.87</b>
<b>Total MkWh</b>	<b>84.41</b>	<b>56.81</b>	<b>56.81</b>	<b>84.41</b>	<b>59.66</b>	<b>59.66</b>
<b>Total MkVAh</b>	<b>88.81</b>	<b>60.73</b>	<b>60.73</b>	<b>88.81</b>	<b>63.77</b>	<b>63.77</b>

### 4.3 Distribution Loss

#### MBPPL's Submission

- 4.3.1 MBPPL has projected Distribution Loss for the entire Control Period from FY 2023-24 and FY 2024-25 in line with the actual loss for FY 2021-22.
- 4.3.2 MBPPL submitted that it 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. Distribution Losses in the area of supply is 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 and ITeS consumers.
- 4.3.3 The projected Distribution Losses for 2023-24 and FY 2024-25 are:

**Table 120. Projected Distribution Loss for the Control Period**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Revised	MYT Order	Revised
Distribution Loss (%)	0.97%	1.64%	0.97%	1.64%

#### Commission's Analysis and Ruling

- 4.3.4 MBPPL has submitted that distribution loss is only on account of technical loss and there is no scope for further reduction of distribution loss as it is already very low. Although, MBPPL has projected distribution loss based on actual loss achieved in FY 2021-22, the Commission is of the opinion that as distribution loss trajectory has been approved in MYT Order, it would not be correct to modify such trajectory during Mid Term Review. Hence, the Commission considered distribution loss as per trajectory approved in MYT Order.
- 4.3.5 Accordingly, Distribution Loss trajectory for the 4th Control Period is approved as follows:

**Table 121. Projected Distribution Loss for the Control Period as approved by Commission.**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Loss (%)	0.97%	1.64%	0.97%	0.97%	1.64%	0.97%

### 4.4 Energy Balance

#### MBPPL's Submission

- 4.4.1 MBPPL has arrived at the Energy Balance for FY 2023-24 and FY 2024-25 based on the projected sales, Distribution Losses and Intra-state Transmission Loss approved by the Commission in the MYT Order. MBPPL has projected the energy requirement for FY 2023-24 and FY 2024-25, as under:

**Table 122. Projected Energy Balance for FY 2023-24 and FY 2024-25**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Revised	MYT Order	Revised
Energy Sales (MU)	83.06	56.81	83.06	59.66
Distribution Loss (%)	0.97%	1.64%	0.97%	1.64%
Energy Requirement at T<math>\leftrightarrow</math>D (MU)	83.88	57.76	83.88	60.65
Intra-State Transmission Loss (%)	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<math>\leftrightarrow</math>T (MU)				
<b>Total Power Purchase at Maharashtra State Periphery (MU)</b>	<b>86.63</b>	<b>59.66</b>	<b>86.63</b>	<b>62.64</b>

### Commission's Analysis and Ruling

- 4.4.2 For projecting the energy requirement, the Commission has considered the approved energy sales and distribution loss as approved in para. 5.2 and 5.3 above. InSTS Loss is considered as approved by the Commission.
- 4.4.3 The Commission notes that MBPPL is currently procuring power on per unit basis on short-term basis only. Therefore, the Commission has not considered sale of surplus power in FY 2023-24 and FY 2024-25.
- 4.4.4 Accordingly, the Commission has approved energy balance for FY 2023-24 and FY 2024-25 as shown in table below.

**Table 123. Projected Energy Balance for Control Period as approved by Commission**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Energy Sales (MU)	83.06	56.81	56.81	83.06	59.66	59.66
Distribution loss (%)	0.97%	1.64%	0.97%	0.97%	1.64%	0.97%
Energy Requirement at T<math>\leftrightarrow</math>D (MU)	83.88	57.76	57.37	83.88	60.65	60.24
Intra-State Transmission Loss (%)	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
<b>Energy Requirement at G&lt;math&gt;\leftrightarrow&lt;/math&gt;T (MU)</b>	<b>86.63</b>	<b>59.66</b>	<b>59.26</b>	<b>86.63</b>	<b>62.64</b>	<b>62.22</b>

### 4.5 Power Purchase Expenses

#### MBPPL's Submission

- 4.5.1 MBPPL has entered Short-term PPA with M/s. GMR Energy Trading Limited (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 Thus, MBPPL 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.

- 4.5.3 The following Table shows the amount of capacity proposed to be tied up through medium term and short term for the Control Period:

**Table 124. Projected Tied-up Capacity for Control Period**

Power Purchase Breakup	FY 2023-24		FY 2024-25	
	Base	Peak	Base	Peak
MBPPL-MW	10	6	10	6
GEPL – MW	6	3	6	3
KRCIPPL -MW	5.5	3.5	5.5	4.3
<b>Total</b>	<b>21.5</b>	<b>12.5</b>	<b>21.5</b>	<b>13.3</b>

- 4.5.4 MBPPL has considered the RPO targets specified in the MERC RPO Regulations, 2019, as shown in the Table below:

**Table 125. RPO Target for the Control Period**

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

- 4.5.5 The tied-up capacity for Base Load is approximately 75% of the total load of MBPPL. MBPPL shall procure the remaining power requirement through market under GDAM and GTAM to fulfil the green energy requirement in FY 2023-24 and FY 2024-25 respectively, at the rate of Rs. 5.50/kWh.
- 4.5.6 MBPPL 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.
- 4.5.7 MBPPL projected the rate of purchase for RE Power as Rs. 5.50/kWh and the rate differential as Rs. 0.50/kWh vis-à-vis conventional power, as projected by MBPPL 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 Rs. 0.53/kWh. MBPPL requested the Commission to approve the Green Energy Tariff of additional Rs. 0.53 per kWh for consumers desirous of procuring additional RE power over and above the mandatory RPO targets of MBPPL.
- 4.5.8 MBPPL has projected the source-wise power purchase quantum and cost from FY 2023-2024 and FY 2024-25 as under:

**Table 126. Projected Power Purchase Cost for FY 2023-24 and 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	66.86	14.92	64.63	
	New Source	0.71	5.97	0.34	15.66
	Solar Purchase	9.10	20.88	11.70	28.19
	Non-Solar Purchase	9.96	17.90	9.96	18.79
	<b>Total</b>	<b>86.63</b>	<b>59.66</b>	<b>86.63</b>	<b>62.64</b>
	GMR STPP PPA Short-Term Peak Load	27.52	9.47	27.08	

Particulars	Source	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
Power Purchase Cost (Rs. Crore)	New Source	0.31	2.98	0.15	7.83
	Solar Purchase	2.64	11.48	3.39	15.50
	Non-Solar Purchase	2.86	9.84	2.86	10.34
	<b>Total</b>	<b>33.32</b>	<b>33.78</b>	<b>33.48</b>	<b>33.67</b>
Average Power Purchase Cost (Rs. /kWh)	GMR STPP PPA Short-Term Peak Load	4.12	6.35	4.19	
	Purchase of additional power (Exchange)	4.40	5.00	4.40	5.00
	Solar Purchase	2.90	5.50	2.90	5.50
	Non-Solar Purchase	2.87	5.50	2.87	5.50
	<b>Total</b>	<b>3.85</b>	<b>5.66</b>	<b>3.86</b>	<b>5.38</b>

### Commission's Analysis and Ruling

4.5.9 MBPPL has considered purchase of electricity from short-term PPA with GMR Trading Limited till end of FY 2023-24. The Commission notes that this PPA expires at the end of October 2023. Accordingly, the Commission has considered purchase of electricity only till October 2023. As MBPPL does not have any long-term power tie-up, this PPA is working at normative capacity of 85% to arrive at the power purchase quantum. Average Tariff as per the terms of short term PPA is considered as submitted by MBPPL.

### Renewable Purchase Obligations

4.5.10 MBPPL has considered that 35% of total energy is procured from solar sources and 30% from wind sources in FY 2023-24. This increases to 45% from solar and 30% from wind in FY 2024-25 which is over and above the RPO targets. However, it is observed that till date, MBPPL has not tied up with any RE energy source on medium and long-term basis. In response to the same, MBPPL submitted that it is not able to identify the long-term demand due to reduction in occupancy and work-from-home culture after COVID-19 pandemic. Nevertheless, MBPPL has approached SECI for procurement of Green Power under Wind-Solar-Hybrid (WSH) policy. However, procurement of power from SECI would take around 18-24 months. Therefore, the Commission has considered that MBPPL will continue to purchase from renewable sources on short term basis in FY 2023-24 and FY 2024-25.

4.5.11 The Commission has approved per unit rate of Rs. 4.90 for RE purchase (solar as well as non-solar) in FY 2023-24 and FY 2024-25 based on weighted average rates discovered on GDAM/ GTAM for the period of July to December 2022.

4.5.12 However, the Commission notes that the unit cost of Rs. 4.90 would have been avoidable, if MBPPL would have tied up RE plant for long term expeditiously. Further MBPPL has not shown its efforts for procurement of RE power through RE plant even though Commission has considered the same in its MYT Order from FY 2022-23. In view of this, the Commission approves quantum of solar and non-solar purchase only to fulfil minimum target of RPO compliance as per MERC RPO-REC Regulations

2019 to reduce financial burden on the consumers due to high short term RE cost.

4.5.13 Thus, the Commission has capped solar purchase and non-solar purchase to RPO targets for FY 2023-24 and FY 2024-25 as per MERC RPO Regulations 2019 as shown in table below.

**Table 127. RPO Targets for FY 2023-24 and FY 2024-25**

Year	Energy (MU)	RPO obligation in %ge		RPO obligation in MU		
		Solar	Non-Solar	Solar	Non-Solar	Total
FY 2023-24	59.26	10.50%	11.50%	6.22	6.81	13.04
FY 2024-25	62.22	13.50%	11.50%	8.40	7.16	15.55

4.5.14 Remaining energy requirement may be fulfilled through the new source of power that MBPPL would tie-up in FY 2023-24. The Commission has considered the recently adopted rate of Rs 5.40 per unit in Case No 9 of 2023 for such procurement. MBPPL had been selling surplus power in open market in order to optimize power cost due to minimum off take obligation of medium term PPA. However, in absence of any long-term or medium-term tie-up, the Commission has not considered sale of surplus power during these years.

4.5.15 The power purchase expense for FY 2023-24 and FY 2024-25 approved by the Commission is as shown in table below.

**Table 128. Projected Power Purchase Cost for FY 2023-24 and FY 2024-25 as approved by Commission.**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
<b>Power Purchase Quantum (MU)</b>						
Medium-Term PPA Base Load	66.86	-	-	64.63	-	-
Short-Term PPA Base Load/GMR ST PPA	0.71	14.92	21.83	0.34	-	-
Solar Purchase	9.10	20.88	6.22	11.70	28.19	8.40
Non-Solar Purchase	9.96	17.90	6.81	9.96	18.79	7.16
New source	-	5.97	24.39	-	15.66	46.66
<b>Total</b>	<b>86.63</b>	<b>59.66</b>	<b>59.26</b>	<b>86.63</b>	<b>62.64</b>	<b>62.22</b>
<b>Power Purchase Cost (Rs. Crore)</b>						
Medium-Term PPA Base Load	27.52	-	-	27.08	-	-
Short-Term PPA Peak Load	0.31	9.47	13.86	0.15	-	-
Solar Purchase	2.64	11.48	3.05	3.39	15.50	4.12
Non-Solar Purchase	2.86	9.84	3.34	2.86	10.34	3.51
New source	-	2.98	13.17	-	7.83	25.20
<b>Total</b>	<b>33.33</b>	<b>33.78</b>	<b>33.42</b>	<b>33.48</b>	<b>33.67</b>	<b>32.82</b>
<b>Average Power Purchase Cost (Rs. /kWh)</b>						
Medium-Term PPA Base Load	4.12			4.19	-	-
Short-Term PPA Peak Load	4.40	6.35	6.35	4.40		
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
New source		5.00	5.40		5.00	5.40
<b>Total</b>	<b>3.85</b>	<b>5.66</b>	<b>5.64</b>	<b>3.86</b>	<b>5.38</b>	<b>5.28</b>

## 4.6 Transmission Charges and MSLDC Charges

### MBPPL's Submission

4.6.1 MBPPL submitted the projected Transmission Charges and MSLDC Charges as shown in the following Table.

**Table 129. Projected Intra-State Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Revised	MYT Order	Revised
Intra-State Transmission Charges	4.89	4.96	4.77	4.96
MSLDC Charges	0.03	0.02	0.03	0.02

### Commission's Analysis and Ruling

4.6.2 The Commission has notified InSTS Order in Case No. 239 of 2022 dated 31 March 2023 and Case No. 233 of 2022 dated 31 March 2023 in which the Transmission and MSLDC Charges are approved by the Commission respectively. The Transmission and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by the Commission are shown in the Table below:

**Table 130. Projected Intra-State Transmission Charges and MSLDC Charges for revised ARR of FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	4.89	4.89	1.56	4.77	4.77	5.22
MSLDC Charges	0.03	0.03	0.02	0.03	0.03	0.02

## 4.7 Operation & Maintenance Expenses

### MBPPL's Submission

#### a. Normative O&M Expenses:

4.7.1 According to Regulations 75 and 84 of the MYT Regulations, 2019; MBPPL has computed the normative O&M expenses for FY 2023-24 and FY 2024-25 for the Wires Business and Supply Business respectively. The average expenses have been considered as normative O&M expenses for FY 2019-20 and escalated with an escalation rate computed by considering 70% weightage to average CPI indices for the past five years and 30% weightage to average WPI indices for the past five years.

**Table 131. Escalation rate for O&M Expenses**

	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%

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
WPI (%)	2.38%	4.63%	4.63%	4.63%	4.63%
<b>CPI: WPI: 70:30</b>	<b>4.24%</b>	<b>5.06%</b>	<b>5.06%</b>	<b>5.06%</b>	<b>5.06%</b>
<b>Escalation factor</b>	<b>4.24%</b>	<b>5.06%</b>	<b>5.06%</b>	<b>5.06%</b>	<b>5.06%</b>

4.7.2 The computation of normative O&M expenses for FY 2023-24 and FY 2024-25 proposed by MBPPL in accordance with the MYT Regulations is provided in the Table below:

**Table 132. Normative O&M Expenses for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	Normative			
	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
O&M Expenses for Wires Business	3.84	3.61	3.98	3.79
O&M Expenses for Supply Business	2.07	1.94	2.15	2.04
<b>Total O&amp;M Expenses</b>	<b>5.91</b>	<b>5.55</b>	<b>6.13</b>	<b>5.83</b>
Escalation Rate (WPI:CPI) (70:30)	3.83%	5.06%	3.83%	5.06%

### Commission's Analysis and Ruling

4.7.3 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. Accordingly, O&M expense for these years is revised as follows:

**Table 133: Revised O&M expenses for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
O&M Expenses for Wires Business	3.84	3.84	3.94	3.98	3.98	4.10
O&M Expenses for Supply Business	2.07	2.07	2.13	2.15	2.15	2.21
<b>Total O&amp;M Expenses</b>	<b>5.91</b>	<b>5.91</b>	<b>6.07</b>	<b>6.13</b>	<b>6.13</b>	<b>6.32</b>

## 4.8 Capital Expenditure and Capitalisation

### MBPPL's Submission

4.8.1 MBPPL has not planned any DPR scheme for the Control Period. However, certain non-DPR schemes have been proposed for approval of capital expenditure and capitalisation for Wires Business and Retail Supply Business.

4.8.2 MBPPL has submitted details of non-DPR schemes for enhancing its efficiency on the operational and commercial front and retain consistency in providing reliable,

quality power to its esteemed consumers.

- 4.8.3 In view of the non-DPR schemes, the capital expenditure and capitalization proposed to be incurred in FY 2023-24 is as shown in the Table below:

**Table 134. Projected Capital Expenditure and Capitalisation for Wires Business for FY 2023-24 (Rs. Crore)**

Particulars	Capital Expenditure	Capitalisation
Real time conditional monitoring of transformer and switchgear system	0.80	0.80
Power Quality Meters	0.28	0.28
Retrofit of main LT panel Air Circuit breaker of Building #8	0.40	0.40
Fire Suppression for HT LT Panel	0.10	0.10
GPS Mapping	0.40	0.40
<b>Total Capital Expenditure and Capitalization</b>	<b>1.98</b>	<b>1.98</b>

- 4.8.4 The capital expenditure and capitalization proposed to be incurred in FY 2023-24 for Retail Supply Business is as shown in the Table below:

**Table 135. Projected Capital Expenditure and Capitalisation for Retail Supply Business for FY 2023-24 (Rs. Crore)**

Particulars	Capital Expenditure	Capitalisation
Meter & Metering Instruments	0.02	0.02
AMR Replacement (Network)	0.8	0.80
<b>Total Capital Expenditure and Capitalization</b>	<b>0.82</b>	<b>0.82</b>

- 4.8.5 The capital expenditure and capitalization proposed to be incurred in FY 2024-25 for Retail Supply Business is as shown in the Table below:

**Table 136. Projected Capital Expenditure and Capitalisation for Retail Supply Business for FY 2024-25 (Rs. Crore)**

Particulars	Capital Expenditure	Capitalisation
Meter and Metering Instruments	0.02	0.02
<b>Total Capital Expenditure and Capitalization</b>	<b>0.02</b>	<b>0.02</b>

### Commission's Analysis and Ruling

- 4.8.6 The Commission notes that MBPPL is claiming capital expenditure & capitalisation under non DPR schemes. As per Regulation 24.6 of MYT Regulations, 2019, capitalisation against non-DPR schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the amount of capitalisation approved against DPR schemes for that Year. The Commission notes that as per SEZ Policy and the conditions thereof, most of the infrastructure activities were carried out at the initial stage only and thereby having less scope for major DPR Schemes as compared to other Licensees.

4.8.7 The Commission approves the Capital Expenditure and Capitalisation for FY 2023-24 and FY 2024-25 as shown in the following Table:

**Table 137. Revised Capital Expenditure and Capitalisation for FY 2023-24 & FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
<b>Distribution Wires Business</b>						
Capital Expenditure	-	1.98	1.98	-	-	-
Capitalisation	-	1.98	1.98	-	-	-
<b>Retail Supply Business</b>						
Capital Expenditure	0.02	0.82	0.82	0.02	0.02	0.02
Capitalisation	0.02	0.82	0.82	0.02	0.02	0.02

## 4.9 Depreciation

### MBPPL's Submission

4.9.1 MBPPL submitted that the Closing GFA of FY 2022-23 considered in Provisional Truing-up is taken as Opening GFA for FY 2023-24. Further, addition to GFA is considered same as capitalization proposed in the previous section. 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 138. Projected Depreciation for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
<b>Distribution Wires Business</b>				
Opening GFA	49.68	47.34	49.68	49.32
Additions during the Year	--	1.98	--	0.00
Closing GFA	49.68	49.32	49.68	49.32
<b>Depreciation</b>	<b>2.39</b>	<b>2.34</b>	<b>2.39</b>	<b>2.39</b>
<b>Retail Supply Business</b>				
Opening GFA	1.72	1.58	1.74	2.40
Additions during the Year	0.02	0.82	0.02	0.02
Closing GFA	1.74	2.40	1.76	2.42
<b>Depreciation</b>	<b>0.10</b>	<b>0.12</b>	<b>0.10</b>	<b>0.16</b>

### Commission's Analysis and Ruling

4.9.2 The Commission has computed the depreciation in accordance with Regulation 28 of MYT Regulations, 2019 for the Distribution Wires and Retail Supply Businesses separately. For the depreciation of each year, the Commission has taken the approved capitalisation for FY 2023-24 and FY 2024-25 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 Regulations on the average asset class-wise GFA

during the year.

- 4.9.3 The depreciation approved for FY 2023-24 and FY 2024-25 for the Distribution Wires and Retail Supply Businesses is as shown in the Table below:

**Table 139. Revised Depreciation for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
<b>Distribution Wires Business</b>						
Opening GFA	49.68	47.34	47.93	49.68	49.32	49.91
Additions during the Year	-	1.98	1.98	-	-	-
Retirement during the year		-	-		-	-
Closing GFA	49.68	49.32	49.91	49.68	49.32	49.91
<b>Depreciation</b>	<b>2.39</b>	<b>2.34</b>	<b>2.37</b>	<b>2.39</b>	<b>2.39</b>	<b>2.42</b>
<b>Retail Supply Business</b>						
Opening GFA	1.72	1.58	1.69	1.74	2.40	2.51
Additions during the Year	0.02	0.82	0.82	0.02	0.02	0.02
Retirement during the year		-	-		-	-
Closing GFA	1.74	2.40	2.51	1.76	2.42	2.53
<b>Depreciation</b>	<b>0.10</b>	<b>0.12</b>	<b>0.13</b>	<b>0.10</b>	<b>0.16</b>	<b>0.17</b>

#### 4.10 Interest on Long-Term Loan Capital

##### MBPPL's Submission

- 4.10.1 MBPPL 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 been done based on 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.

- 4.10.2 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 weighted average rate of interest of the actual loan basket of MBPPL. Interest on long-term loan capital projected for FY 2023-24 and FY 2024-25 is shown in the following Table:

**Table 140. Projected Interest on Loan for Wires Business for Control Period (Rs. Crore)**

Source of Loan	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Opening Balance of Net Normative Loan	17.16	15.93	14.76	14.98
Addition of Normative Loan due to capitalisation during the year	0.00	1.39	0.00	0.00
Repayment of Normative loan during the year	2.39	2.34	2.39	2.39



Source of Loan	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Closing Balance of Net Normative Loan	14.76	14.98	12.37	12.59
Average Balance of Net Normative Loan	15.95	15.46	13.55	13.79
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%	9.45%	7.20%
<b>Interest Expenses</b>	<b>1.51</b>	<b>1.11</b>	<b>1.28</b>	<b>0.99</b>

**Table 141. Projected Interest on Loan for Retail Supply Business for Control Period (Rs. Crore)**

Source of Loan	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Opening Balance of Net Normative Loan	0.53	0.52	0.44	0.97
Addition of Normative Loan due to capitalisation during the year	0.01	0.57	0.01	0.01
Repayment of Normative loan during the year	0.10	0.12	0.10	0.16
Closing Balance of Net Normative Loan	0.44	0.97	0.35	0.82
Average Balance of Net Normative Loan	0.47	0.74	0.38	0.89
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%	9.45%	7.20%
<b>Interest Expenses</b>	<b>0.04</b>	<b>0.05</b>	<b>0.04</b>	<b>0.06</b>

### Commission's Analysis and Ruling

4.10.3 The Commission has considered opening loan balance of a financial year equal as closing balance of previous year. Addition in loan is considered equal to 30% of approved capitalisation by applying normative debt-equity ratio. Reduction in loan on account of retirement/replacement of assets is nil, as no retirement/replacement of assets is considered. As per Regulation 30.3 of the MYT Regulations, 2019, the loan repayment is considered equal to the depreciation approved during the year.

4.10.4 The Commission has considered normative interest rate of 7.00% p.a. as approved for Provisional Truing-up of FY 2022-23 to be the weighted average rate of interest for FY 2023-24 and FY 2024-25.

4.10.5 The Interest on Long-term Loan approved by the Commission is summarised in the Table below:

**Table 142. Revised Interest on Loan for Wires Business for FY 2023-24 & FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Net Normative Loan	17.16	15.93	16.31	14.76	14.98	15.33
Less: Reduction of Normative Loan due to retirement or replacement of assets	2.39	-	-	2.39	-	-

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Addition of Normative Loan due to capitalisation during the year	-	1.39	1.39	-	-	-
Repayment of Normative loan during the year		2.34	2.37		2.39	2.42
<b>Closing Balance of Net Normative Loan</b>	<b>14.76</b>	<b>14.98</b>	<b>15.33</b>	<b>12.37</b>	<b>12.59</b>	<b>12.90</b>
Average Balance of Net Normative Loan	15.95	15.46	15.82	13.55	13.79	14.11
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%	7.00%	9.45%	7.20%	7.00%
Interest Expenses	1.51	1.11	1.11	1.28	0.99	0.99
Financing Charges	-	-	-	-	-	-
<b>Total Interest &amp; Financing Charges</b>	<b>1.51</b>	<b>1.11</b>	<b>1.11</b>	<b>1.28</b>	<b>0.99</b>	<b>0.99</b>

**Table 143. Projected Interest on Loan for Retail Supply Business for FY 2023-24 & FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Net Normative Loan	0.53	0.52	0.53	0.44	0.97	0.97
Less: Reduction of Normative Loan due to retirement or replacement of assets		-	-		-	-
Addition of Normative Loan due to capitalisation during the year	0.01	0.57	0.57	0.01	0.01	0.01
Repayment of Normative loan during the year	0.10	0.12	0.13	0.10	0.16	0.17
<b>Closing Balance of Net Normative Loan</b>	<b>0.44</b>	<b>0.97</b>	<b>0.97</b>	<b>0.35</b>	<b>0.82</b>	<b>0.81</b>
Average Balance of Net Normative Loan	0.47	0.74	0.75	0.38	0.89	0.89
Weighted average Rate of Interest on actual Loans (%)	9.45%	7.20%	7.00%	9.45%	7.20%	7.00%
Interest Expenses	0.04	0.05	0.05	0.04	0.06	0.06
Financing Charges	-	-	-	-	-	-
<b>Total Interest &amp; Financing Charges</b>	<b>0.04</b>	<b>0.05</b>	<b>0.05</b>	<b>0.04</b>	<b>0.06</b>	<b>0.06</b>

#### 4.11 Interest on Working Capital and Consumers' Security Deposit

##### MBPPL's Submission

4.11.1 MBPPL has computed the normative Interest on Working Capital as per Regulation 32 of the MYT Regulations, 2019. The one-year SBI MCLR rate as on 30 November 2022 is 8.05%. Accordingly, the rate of interest for computation of IoWC has been considered as 9.55% for FY 2023-24 and FY 2024-25, in accordance with the MYT

Regulations, 2019. The projected IoWC and interest on CSD for the Control Period is shown in the Tables below:

**Table 144. Projected IoWC and interest on CSD for Wires Business for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
O&M expenses for a month	0.32	0.29	0.33	0.32
Maintenance Spares at 1% of Opening GFA	0.50	0.47	0.50	0.49
One and half months' equivalent of the expected revenue from Wheeling Charges	1.27	1.19	1.25	1.21
Less: Amount held as Security Deposit from Distribution System Users	0.31	0.40	0.31	0.40
Total Working Capital Requirement	1.78	1.54	1.78	1.62
Computation of Working Capital Interest				
Interest Rate (%) - SBI MCLR +150 basis points	9.50%	9.55%	9.50%	9.55%
<b>Interest on Working Capital</b>	<b>0.17</b>	<b>0.15</b>	<b>0.17</b>	<b>0.15</b>
<b>Interest on CSD</b>				
Interest Rate (%) - Bank Rate	5.40%	6.15%	5.40%	6.15%
<b>Interest on CSD</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

**Table 145. Projected IoWC and interest on CSD for Retail Supply Business for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
O&M expenses for a month	0.15	0.16	0.16	0.17
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	5.00	5.15	5.02	5.15
Less: Amount held as security deposit	2.76	3.63	2.76	3.63
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	3.19	3.23	3.19	3.22
Total Working Capital Requirement	(0.78)	(1.53)	(0.75)	(1.50)
Computation of Working Capital Interest				
Interest Rate (%) - SBI MCLR+150 basis points	9.50%	9.55%	9.50%	9.55%
<b>Interest on Working Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest on Security Deposit</b>				
Interest Rate (%) - Bank Rate	5.40%	6.15%	5.40%	6.15%
<b>Interest on Security Deposit</b>	<b>0.15</b>	<b>0.22</b>	<b>0.15</b>	<b>0.22</b>

### Commission's Analysis and Ruling

4.11.2 The Commission has computed the normative IoWC in accordance with Regulation 32.3 and 32.4 of MYT Regulations, 2019. The rate of IoWC is considered same as

that for FY 2022-23.

4.11.3 Consumer security deposit for FY 2023-24 and FY 2024-25 is considered same as that of FY 2022-23 as submitted by MBPPL. The rate of interest on consumer security deposits is considered as 6.15% p.a. for FY 2023-24 and FY 2024-25.

4.11.4 Accordingly, the Commission approves the projected interest on CSD & IoWC as shown in the Table below:

**Table 146. Revised IoWC and interest on CSD for Distribution Wires Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
O&M expenses for a month	0.28	0.29	0.33	0.31	0.32	0.34
Maintenance Spares at 1% of Opening GFA	0.5	0.47	0.48	0.50	0.49	0.50
One and half months equivalent of the expected revenue from charges for use of Distribution Wires	1.3	1.19	1.28	1.30	1.21	1.30
Less: Amount held as Security Deposit from Distribution System Users	0.37	0.40	0.40	0.38	0.40	0.40
<b>Total Working Capital Requirement</b>	<b>1.71</b>	<b>1.54</b>	<b>1.69</b>	<b>1.73</b>	<b>1.62</b>	<b>1.74</b>
<b>Computation of Working Capital Interest</b>						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%	9.55%	9.50%	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.16</b>	<b>0.15</b>	<b>0.16</b>	<b>0.16</b>	<b>0.15</b>	<b>0.17</b>
Actual Working Capital Interest\$		0.00	0.00		0.00	0.00
<b>Interest on Security Deposit</b>						
Interest Rate (%) - SBI Base Rate +150 basis points	5.40%	6.15%	6.15%	5.40%	6.15%	6.15%
<b>Interest on Security Deposit</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

**Table 147. Revised IoWC and interest on CSD for Retail Supply Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
O&M expenses for a month	0.15	0.16	0.18	0.16	0.17	0.18
Maintenance Spares at 1% of Opening GFA	0.02	0.02	0.02	0.02	0.02	0.03
One and half months equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	5.00	5.15	4.70	5.02	5.15	5.11
Less: Amount held as security deposit	2.76	3.63	3.63	2.76	3.63	3.63
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	3.19	3.23	2.92	3.19	3.22	3.17

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
<b>Total Working Capital Requirement</b>	<b>-0.78</b>	-1.53	-1.65	-0.75	-1.50	-1.48
<b>Computation of Working Capital Interest</b>						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%	9.55%	9.50%	9.55%	9.55%
<b>Interest on Working Capital</b>	-	-	-	-	-	-
<b>Interest on Security Deposit</b>						
Interest Rate (%) - SBI Base Rate +150 basis points	5.40%	6.15%	6.15%	5.40%	6.15%	6.15%
<b>Interest on Security Deposit</b>	<b>0.15</b>	<b>0.22</b>	<b>0.22</b>	<b>0.15</b>	<b>0.22</b>	<b>0.22</b>

#### 4.12 Return on Equity

##### MBPPL's Submission

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

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

4.12.3 The following Table shows the RoE computed for Wires and Retail Supply Business as per the Regulations.

**Table 148. Projected Return on Equity Capital for Wires Business for the Control Period (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Regulatory Equity at the beginning of the year	14.90	14.50	14.90	15.10
Equity portion of capitalisation during the year	0.00	0.59	0.00	0.00
Regulatory Equity at the end of the year	14.90	15.10	14.90	15.10
<b>Return on Equity Computation</b>				
Base Rate of Return on Equity	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate		14.36%		14.36%
Return on Regulatory Equity at the beginning of the year		2.08		2.17

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Return on Regulatory Equity addition during the year		0.04		0.00
<b>Total Return on Equity</b>	<b>2.09</b>	<b>2.13</b>	<b>2.09</b>	<b>2.17</b>

**Table 149. Projected Return on Equity Capital for Retail Supply Business Control Period (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Regulatory Equity at the beginning of the year	0.51	0.49	14.90	0.74
Equity portion of capitalisation during the year	0.01	0.25	0.00	0.01
Regulatory Equity at the end of the year	0.52	0.74	14.90	0.74
<b>Return on Equity Computation</b>				
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate		15.90%		15.90%
Return on Regulatory Equity at the beginning of the year		0.08		0.12
Return on Regulatory Equity addition during the year		0.02		0.00
<b>Total Return on Equity</b>	<b>0.08</b>	<b>0.10</b>	<b>0.08</b>	<b>0.12</b>

### Commission's Analysis and Ruling

4.12.4 The Commission has considered Opening Equity of FY 2023-24 and FY 2024-25 equal to the closing equity of the previous financial year. Addition to equity is considered equal to 30% of the capitalization approved for respective year of the Control Period. Reduction in equity is nil as no reduction in GFA is approved.

4.12.5 As per Regulation 34.4 of MYT Regulations, 2019; effective tax rate for future years will be computed as below:

“34.4

... Provided further that effective tax rate shall be estimated for future year based on actual tax paid as per latest available Audited accounts, subject to prudence check.”

4.12.6 Grossed up rate of RoE of FY 21-22 is considered as grossed up RoE for FY 23-24 and FY 24-25. Accordingly, RoE approved by the Commission is shown in table below.

**Table 150. Revised Return on Equity Capital for Wires Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Regulatory Equity at the beginning of the year	14.9	14.50	14.38	14.90	15.10	14.98
Equity portion of capitalisation during the year	-	0.59	0.59	-	0.00	0.00
<b>Regulatory Equity at the end of the year</b>	<b>14.9</b>	<b>15.10</b>	<b>14.98</b>	<b>14.9</b>	<b>15.10</b>	<b>14.98</b>
<b>Return on Equity Computation</b>						
Base Rate of Return on Equity	14%	14.00%	14.00%	14.00%	14.00%	14.00%
Pretax Return on Equity after considering effective Tax rate \$\$		14.36%	16.96%		14.36%	16.96%
Return on Regulatory Equity at the beginning of the year		2.08	2.44		2.17	2.54
Return on Regulatory Equity addition during the year		0.04	0.05		0.00	0.00
<b>Total Return on Equity</b>	<b>2.09</b>	<b>2.13</b>	<b>2.49</b>	<b>2.09</b>	<b>2.17</b>	<b>2.54</b>

**Table 151. Revised Return on Equity Capital for Retail Supply Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Regulatory Equity at the beginning of the year	0.51	0.49	0.49	0.52	0.74	0.74
Equity portion of capitalisation during the year	0.01	0.25	0.25	0.01	0.01	0.01
<b>Regulatory Equity at the end of the year</b>	<b>0.52</b>	<b>0.74</b>	<b>0.74</b>	<b>0.53</b>	<b>0.74</b>	<b>0.74</b>
<b>Return on Equity Computation</b>						
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Pretax Return on Equity after considering effective Tax rate \$\$		15.90%	18.78%		15.90%	18.78%
Return on Regulatory Equity at the beginning of the year		0.08	0.09		0.12	0.14
Return on Regulatory Equity addition during the year		0.02	0.02		0.00	0.00
<b>Total Return on Equity</b>	<b>0.08</b>	<b>0.10</b>	<b>0.12</b>	<b>0.08</b>	<b>0.12</b>	<b>0.14</b>

#### 4.13 Provisioning for Bad Debts

##### MBPPL's Submission

4.13.1 MBPPL 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 Collection efficiency of MBPPL is 99.37%, 98.95% and 99.78% in FY 2019-20, FY 2020-21 and FY 2022-23 respectively. Taking into consideration high collection efficiency of MBPPL and the submission in the Petition, the Commission has considered provision for bad debts to be Nil for FY 2023-24 and FY 2024-25.

#### 4.14 Contribution to Contingency Reserves

##### MBPPL's Submission

4.14.1 MBPPL 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 152. Projected Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Revised	MYT Order	Revised
Opening GFA of Wire Business	49.68	47.34	49.68	49.32
Contribution to Contingency Reserves for Wires Business	0.25	0.24	0.25	0.25
Opening GFA of Retail Supply Business	1.72	1.58	1.74	2.40
Contribution to Contingency Reserves for Retail Supply Business	0.009	0.008	0.009	0.012

##### Commission's Analysis and Ruling

4.14.2 MBPPL has taken the Contribution to Contingency Reserves as 0.5% of the opening GFA for FY 2023-24 and FY 2024-25 in accordance with Regulation 35.1 of the MYT Regulations, 2019. The Commission has considered the same.

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

**Table 153. Estimated Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance of GFA	49.68	47.34	47.93	49.68	49.32	49.91
<b>Contribution to Contingency Reserves of Wires Business</b>	<b>0.25</b>	<b>0.24</b>	<b>0.24</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
Opening Balance of GFA	1.72	1.58	1.69	1.74	2.40	2.51
<b>Contribution to Contingency Reserves of Retail Supply Business</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>



#### 4.15 Non-Tariff Income

##### MBPPL's Submission

4.15.1 MBPPL has projected Non-Tariff Income for FY 2023-24 and FY 2024-25 at the same 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 154. Projected Non-Tariff Income for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24		FY 2023-24	
		MYT Order	Revised	MYT Order	Revised
1	Non-Tariff Income for Wires Business	0.12	0.09	0.14	0.09
2	Non-Tariff Income for Retail Supply Business	0.45	0.03	0.45	0.03
	<b>Total Non-Tariff Income</b>	<b>0.57</b>	<b>0.13</b>	<b>0.59</b>	<b>0.13</b>

##### Commission's Analysis and Ruling

4.15.2 Non-Tariff Income of MBPPL 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 interest on 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 pattern.

4.15.4 Therefore, the Commission has approved the Non-Tariff Income for FY 2023-24 and FY 2024-25 as shown in the 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 155. Projected Non-Tariff Income for Control Period as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Non-Tariff Income for Wires Business	0.12	0.09	0.09	0.14	0.09	0.09
Non-Tariff Income for Retail Supply Business	0.45	0.03	0.03	0.45	0.03	0.03
<b>Total Non-Tariff Income</b>	<b>0.57</b>	<b>0.13</b>	<b>0.13</b>	<b>0.59</b>	<b>0.13</b>	<b>0.13</b>

#### 4.16 Summary of Aggregate Revenue Requirement

**MBPPL's Submission**

4.16.1 The projected ARR for the Distribution Wires Business for FY 2023-24 and FY 2024-25 is summarised in the Table below:

**Table 156. Projected ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Revised	MYT Order	Revised
1.	Operation & Maintenance Expenses	3.84	3.61	3.98	3.79
2.	Depreciation	2.39	2.34	2.39	2.39
3.	Interest on Loan Capital	1.51	1.11	1.28	0.99
4.	Interest on Working Capital	0.17	0.15	0.17	0.15
5.	Interest on Consumer Security Deposit	0.02	0.02	0.02	0.02
6.	Contribution to contingency reserves	0.25	0.24	0.25	0.25
<b>7.</b>	<b>Total Revenue Expenditure</b>	<b>8.17</b>	<b>7.47</b>	<b>8.09</b>	<b>7.60</b>
8.	Add: Return on Equity Capital	2.09	2.13	2.09	2.17
<b>9.</b>	<b>Aggregate Revenue Requirement</b>	<b>10.26</b>	<b>9.59</b>	<b>10.18</b>	<b>9.77</b>
10.	Less: Non-Tariff Income	0.12	0.09	0.14	0.09
<b>11.</b>	<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>10.13</b>	<b>9.50</b>	<b>10.04</b>	<b>9.67</b>
12.	Past period Gap/Adjustment	1.38	1.38	1.36	1.36
<b>13.</b>	<b>Net ARR after adjustment</b>	<b>11.51</b>	<b>10.88</b>	<b>11.40</b>	<b>11.03</b>

4.16.2 The projected ARR for the Retail Supply Business for FY 2023-24 and FY 2024-25 is summarised in the Table below:

**Table 157. Projected ARR for Retail Supply Business for the Control Period (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Revised	MYT Order	Revised
1.	Power Purchase Expenses	33.32	33.78	33.48	33.67
2.	Operation & Maintenance Expenses	2.07	1.94	2.15	2.04
3.	Depreciation	0.10	0.12	0.10	0.16
4.	Interest on Loan Capital	0.04	0.05	0.04	0.06
5.	Interest on Working Capital	0.00	0.00	0.00	0.00
6.	Interest on Consumer Security Deposit	0.15	0.22	0.15	0.22
7.	Provision for bad and doubtful debts	0.00	0.00	0.00	0.00
8.	Contribution to contingency reserves	0.01	0.01	0.01	0.01
9.	Intra-State Transmission Charges	4.89	4.96	4.77	4.96
10.	MSLDC Fees & Charges	0.03	0.02	0.03	0.02
<b>11.</b>	<b>Total Revenue Expenditure</b>	<b>40.61</b>	<b>41.11</b>	<b>40.73</b>	<b>41.15</b>
12.	Add: Return on Equity Capital	0.08	0.10	0.08	0.12

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Revised	MYT Order	Revised
13.	<b>Aggregate Revenue Requirement</b>	<b>40.69</b>	<b>41.21</b>	<b>40.81</b>	<b>41.27</b>
14.	Less: Non-Tariff Income	0.45	0.03	0.45	0.03
15.	Less: Income from other business	-	-	-	-
16.	<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>40.25</b>	<b>41.18</b>	<b>40.36</b>	<b>41.24</b>
17	Past period Gap/Adjustment	3.00	3.00	2.99	2.99
18	<b>Net ARR after adjustment</b>	<b>43.25</b>	<b>44.18</b>	<b>43.35</b>	<b>44.23</b>

### Commission's Analysis and Ruling

4.16.3 Based on the analysis in the previous paragraphs, the Commission has approved the ARR of Distribution Wires business for FY 2023-24 and FY 2024-25 as summarised in the Table below:

**Table 158. Projected ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Operation & Maintenance Expenses	3.84	3.61	3.94	3.98	3.79	4.10
Depreciation	2.39	2.34	2.37	2.39	2.39	2.42
Interest on Loan Capital	1.51	1.11	1.11	1.28	0.99	0.99
Interest on Working Capital	0.17	0.15	0.16	0.17	0.15	0.17
Interest on deposit from Consumers and Distribution System Users	0.02	0.02	0.02	0.02	0.02	0.02
Contribution to contingency reserves	0.25	0.24	0.24	0.25	0.25	0.25
<b>Total Revenue Expenditure</b>	<b>8.17</b>	<b>7.47</b>	<b>7.85</b>	<b>8.09</b>	<b>7.60</b>	<b>7.95</b>
Add: Return on Equity Capital	2.09	2.13	2.49	2.09	2.17	2.54
<b>Aggregate Revenue Requirement</b>	<b>10.26</b>	<b>9.59</b>	<b>10.34</b>	<b>10.18</b>	<b>9.77</b>	<b>10.50</b>
Less: Non-Tariff Income	0.12	0.09	0.09	0.14	0.09	0.09
<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>10.13</b>	<b>9.50</b>	<b>10.24</b>	<b>10.04</b>	<b>9.67</b>	<b>10.40</b>
Past period Revenue Gap/(Surplus)/After deferment	1.38	1.38	1.38	1.36	1.36	1.36
<b>ARR after past period gap/(surplus)</b>	<b>11.51</b>	<b>10.88</b>	<b>11.62</b>	<b>11.40</b>	<b>11.03</b>	<b>11.76</b>

4.16.4 Based on the analysis in the previous paragraphs, the Commission has approved the ARR of Retail Supply business for FY 2023-24 and FY 2024-25 as summarised in the Table below:

**Table 159. Projected ARR for Retail Supply Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (excluding Inter-State Transmission Charges)	33.32	33.78	33.42	33.48	33.67	32.82

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Operation & Maintenance Expenses	2.07	1.94	2.13	2.15	2.04	2.21
Depreciation	0.1	0.12	0.13	0.10	0.16	0.17
Interest on Loan Capital	0.04	0.05	0.05	0.04	0.06	0.06
Interest on Consumer Security Deposit	0.15	0.22	0.22	0.15	0.22	0.22
Contribution to contingency reserves	0.01	0.01	0.01	0.01	0.01	0.01
Intra-State Transmission Charges	4.89	4.96	1.56	4.77	4.96	5.22
MSLDC Fees & Charges	0.03	0.02	0.02	0.03	0.02	0.02
<b>Total Revenue Expenditure</b>	<b>40.61</b>	<b>41.11</b>	<b>37.54</b>	<b>40.73</b>	<b>41.15</b>	<b>40.74</b>
Add: Return on Equity Capital	0.08	0.10	0.12	0.08	0.12	0.14
<b>Aggregate Revenue Requirement</b>	<b>40.69</b>	<b>41.21</b>	<b>37.66</b>	<b>40.81</b>	<b>41.27</b>	<b>40.88</b>
Less: Non-Tariff Income	0.45	0.03	0.03	0.45	0.03	0.03
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>40.25</b>	<b>41.18</b>	<b>37.62</b>	<b>40.36</b>	<b>41.24</b>	<b>40.85</b>
Past period Revenue Gap/(Surplus)/After deferment	2.91	3.00	2.91	2.05	2.99	2.05
<b>ARR after past period gap/(surplus)</b>	<b>43.16</b>	<b>44.18</b>	<b>40.53</b>	<b>42.41</b>	<b>44.23</b>	<b>42.90</b>

**Table 160: Combined projected ARR for Distribution Wire and Retail Supply Business for FY 2023-24 and FY 2024-25 as approved by Commission (Rs. Crore)**

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MYT Petition	Approved in this Order	MYT Order	MYT Petition	Approved in this Order
Power Purchase Expenses (excluding Inter-State Transmission Charges)	33.32	33.78	33.42	33.48	33.67	32.82
Operation & Maintenance Expenses	5.91	5.55	6.07	6.13	5.83	6.32
Depreciation	2.49	2.46	2.50	2.49	2.55	2.60
Interest on Loan Capital	1.55	1.17	1.16	1.32	1.06	1.05
Interest on Working Capital	0.17	0.15	0.16	0.17	0.15	0.17
Interest on Consumer Security Deposit	0.17	0.25	0.25	0.17	0.25	0.25
Write-off of Provision for bad and doubtful debts	-	-	-	-	-	-
Contribution to contingency reserves	0.26	0.24	0.25	0.26	0.26	0.26
Intra-State Transmission Charges	4.89	4.96	1.56	4.77	4.96	5.22
MSLDC Fees & Charges	0.03	0.02	0.02	0.03	0.02	0.02
<b>Total Revenue Expenditure</b>	<b>48.79</b>	<b>48.58</b>	<b>45.39</b>	<b>48.82</b>	<b>48.75</b>	<b>48.70</b>
Add: Return on Equity Capital	2.17	2.22	2.61	2.17	2.29	2.68
<b>Aggregate Revenue Requirement</b>	<b>50.96</b>	<b>50.81</b>	<b>47.99</b>	<b>50.99</b>	<b>51.04</b>	<b>51.38</b>
Less: Non-Tariff Income	0.57	0.13	0.13	0.59	0.13	0.13
<b>Standalone Aggregate Revenue Requirement</b>	<b>50.39</b>	<b>50.68</b>	<b>47.87</b>	<b>50.40</b>	<b>50.91</b>	<b>51.25</b>
Past period Revenue Gap/(Surplus)/After deferment as per MYT Order	4.29	4.38	4.29	3.41	4.35	3.41
<b>Total ARR after adding past period Gap/(Surplus) as per MYT Order</b>	<b>54.68</b>	<b>55.06</b>	<b>52.16</b>	<b>53.81</b>	<b>55.26</b>	<b>54.66</b>

#### 4.17 Computation of Carrying Cost on Past Gaps

#### MBPPL's Submission

- 4.17.1 MBPPL 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. MBPPL submitted that the Commission has already considered the Revenue Gap of Rs. 3.03 Crore for Wires Business and Rs. 3.69 Crore for the Supply Business after Provisional truing up of FY 2019-20 in the MYT Order dated 30 March 2020 and adjusted the same in the tariff for the MYT Control Period.
- 4.17.2 MBPPL has computed Revenue Gap of Rs. 9.11 Crore for FY 2019-20 after Truing-up. Since certain amount of Revenue Gap/(Surplus) of FY 2019-20 has already been pass through in MYT Order, MBPPL 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.
- 4.17.3 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 161. Carrying/(Holding) Cost for Past Gaps/(Surplus) (Rs. Crore)**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening Incremental Gap/(Surplus)	-	2.39	5.17	9.91	9.91	
Incremental Gap/(Surplus) during the year	2.39	2.78	4.74	-	(9.91)	
Closing Gap/(Surplus)	2.39	5.17	9.91	9.91	0.00	
Average Gap/(Surplus)	1.19	3.78	7.54	9.91	4.95	
Interest Rate for Carrying/(Holding) Cost	9.66%	8.57%	8.50%	9.55%	9.55%	
<b>Carrying/(Holding) Cost for the Year</b>	<b>0.12</b>	<b>0.32</b>	<b>0.64</b>	<b>0.95</b>	<b>0.47</b>	<b>2.50</b>

### Commission's Analysis and Ruling

- 4.17.4 Revenue gap for the trued-up years is being recovered by the Commission in FY 2023-24. Revenue gaps of FY 2019-20, FY 2020-21 and FY 2021-22 have been approved in para. 2.21 of the Order for Distribution Wires Business and Retail Supply Business respectively. Accordingly, the revenue gaps for combined business are as shown in table below.
- 4.17.5 In the MTR Petition, MBPPL has submitted the carrying cost on only incremental revenue gap of Rs. 2.39 Cr after adjusting the revenue gap of Rs. 6.72 Cr. for FY 2019-20 in MYT Order. However, the Commission had not considered carrying cost on the revenue gap of FY 2019-20 which was proposed for recovery over a period of FY 2021-22 to FY 2024-25. This was mentioned in the note under table 154 of MYT Order. Therefore, the Commission has allowed carrying cost on revenue gap of Rs. 6.72 Cr separately as shown in the table below.

**Table 162: Carrying cost on the revenue gap of FY 2019-20 recovered during FY 2021-22 to FY 2024-25 (Rs. Crore)**

Particulars	Units	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Opening Revenue Gap	Rs. Crore	6.72	6.72	6.72	5.04	3.36	1.68
Recovery	Rs. Crore	-	-	1.68	1.68	1.68	1.68
Closing balance	Rs. Crore	6.72	6.72	5.04	3.36	1.68	-
Carrying Cost Interest Rate	%	9.66%	8.57%	8.50%	9.55%	9.55%	9.55%
Carrying cost	Rs. Crore	0.65	0.58	0.50	0.40	0.24	0.08
Total carrying cost for recovery in FY 2024-25	Rs. Crore						2.45

4.17.6 Further, the Commission has given carrying cost on incremental revenue gaps for FY 2019-20, FY 2020-21, and FY 2021-22 for recovery in FY 2023-24 is as shown in table below.

**Table 163. Carrying/ (Holding) Cost for incremental Revenue Gap/ (Surplus) of FY 2019-20, FY 2020-21 & FY 2021-22 for combined business (Rs. Crore)**

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Revenue Gap/(Surplus)	0.00	-0.58	1.70	5.98	5.98
Addition of Revenue Gap/(Surplus) in the year	-0.58	2.27	4.28	-	-5.98
Closing Revenue Gap/(Surplus)	-0.58	1.70	5.98	5.98	0.00
Average Revenue Gap/(Surplus)	-0.29	0.56	3.84	5.98	2.99
Carrying/(Holding) Cost - interest rate (%)	9.66%	8.57%	8.50%	9.55%	9.55%
Carrying/(Holding) Cost	-0.03	0.05	0.33	0.57	0.29
<b>Total Carrying Cost till FY 2023-24</b>					<b>1.20</b>

\* No Carrying Cost is considered for the gap of FY 2022-23 because it is being provisionally trued-up.

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## 5 Tariff Philosophy and Tariff Design and Proposed Category-wise Tariff for MYT Control Period

### 5.1 Approach to Tariff Design

5.1.1 In this Order, the Commission has determined the Retail Supply Tariff and Wheeling Charges of MBPPL for FY 2023-24 and FY 2024-25. The Commission has kept in view the principles of tariff determination set out in Sections 61 and 62 of the Electricity Act, 2003, the Tariff Policy, the MYT Regulations, 2019, and has taken into consideration MBPPL's submissions and the Commission's previous Tariff Orders.

### 5.2 Revenue Gap/ (Surplus) at existing tariff

#### MBPPL's Submission

5.2.1 MBPPL 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, which is approved by the Commission in MYT Order. The FAC prevailing in October 2022 has been considered as part of the existing tariff, in line with the approach followed by the Commission in all its Tariff Orders.

5.2.2 Treatment of Revenue Gap/(Surplus) along with Carrying/(Holding) Cost on account of Truing-up of FY 2019-20, FY 2020-21, and FY 2021-22: MBPPL has considered the incremental Revenue Gap for FY 2019-20. The incremental Revenue Gap for FY 2019-20, along with the Revenue Gap/(Surplus) after true-up for FY 2020-21 and FY 2021-22, along with associated carrying/(holding) cost have been considered for recovery in FY 2023-24 in the initial computations.

5.2.3 MBPPL has also considered the Revenue Gap/(Surplus) after Provisional Truing-up of FY 2022-23, without carrying/ (holding) cost, for recovery in FY 2023-24 in the initial computations.

5.2.4 **Deferment of Tariff Recovery:** MBPPL submitted that after True-up of previous years and projected Revenue Gap/(Surplus) for FY 2023-24 and FY 2024-25, it was 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, it will result in a very steep tariff increase.

5.2.5 If the entire revenue requirement along with entire revenue gap were recovered in FY 2023-24 and FY 2024-25, the computation of Average Cost of Supply (ACOS) and Average Billing Rate (ABR) is shown in the Table below:

**Table 164. Projected ACOS for FY 2023-24 and FY 2024-25 if entire revenue is recovered (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
ARR (Rs. Crore)	57.98	79.85
Sales (Mn. kWh)	56.81	59.66
Sales (Mn. kVAh)	60.73	63.77
<b>ACOS (Rs/kWh)</b>	<b>10.21</b>	<b>13.39</b>
<b>ACOS (Rs/kVAh)</b>	<b>9.55</b>	<b>12.52</b>
<b>Annual Tariff Increase required (%)</b>	<b>25%</b>	<b>31%</b>

- 5.2.6 The table shows that the effective tariff increase required will be 25% and 31% in FY 2023-24 and FY 2024-25, which will amount to a tariff shock to the consumers of MBPPL.
- 5.2.7 MBPPL submits that it is facing very high Revenue Gap vis-à-vis its sales on account of 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.
- 5.2.8 MBPPL 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. MBPPL, thus proposed to defer the resultant Revenue Gap in FY 2023-24 and FY 2024-25 to the next MYT Control Period.
- 5.2.9 MBPPL has estimated that the sales situation will improve, and the proposed tariffs will result in under-recovery of around Rs. 2.79 Crore and Rs. 23.61 Crore in FY 2023-24 and FY 2024-25, respectively.
- 5.2.10 MBPPL envisaged that the deferred Revenue gap shall be recovered over a period of 3 years of the next Control Period, i.e., FY 2025-26, FY 2026-27, and FY 2027-28, as shown in the table below:

**Table 165. Proposed recovery of Deferred Revenue Gap (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Opening Revenue Gap	0.00	2.79	26.40	17.60	8.80
Deferred Revenue Gap during the year	2.79	23.61	-	-	-
Revenue Gap recovered during the year	-	-	8.80	8.80	8.80
Revenue Gap at the end of the year	2.79	26.40	17.60	8.80	0.00
Carrying Cost Interest Rate	9.55%	9.55%	9.55%	9.55%	9.55%
Carrying Cost	0.13	1.39	2.10	1.26	0.42
<b>Additional ARR Recovery during the year due to past gaps</b>	<b>0.13</b>	<b>1.39</b>	<b>10.90</b>	<b>10.06</b>	<b>9.22</b>

- 5.2.11 Overall 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 166. Projected Revenue Gap/ (Surplus) at existing Tariff for the Control Period (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	ARR for Distribution Wires Business	10.88	11.02
2.	ARR for Retail Supply Business	44.16	44.23
3.	ARR for Combined Wires Business & Retail Supply Business	55.03	52.89
4.	Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	2.58	
5.	Add: Revenue Gap/(Surplus) for FY 2020-21	2.45	
6.	Add: Revenue Gap/(Surplus) for FY 2021-22	4.78	
7.	Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22	2.86	
8.	Add: Revenue Gap/(Surplus) for FY 2022-23		14.91
<b>9.</b>	<b>Total Revenue Requirement</b>	<b>67.69</b>	<b>67.80</b>
10.	50% of Gap between ARR and Revenue shifted to FY 2024-25	-10.85	10.85
11.	Carrying Cost due to above shifting of Revenue Gap	1.00	
<b>12.</b>	<b>Revised Net Revenue Requirement</b>	<b>57.84</b>	<b>78.65</b>
13.	Revenue Requirement for future years	7.28	25.55
<b>14.</b>	<b>Net ARR of Licensed Business</b>	<b>50.56</b>	<b>53.11</b>
15.	Revenue from existing tariff	45.99	47.94
<b>16.</b>	<b>Revenue Gap of Licensed Business</b>	<b>4.57</b>	<b>5.16</b>

5.2.12 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 to recover the ARR of the Wires Business and Supply Business.

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

**Table 167. Projected Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Net ARR of Licensed Business	55.19	56.25
2.	Energy Sales (MkWh)	56.81	59.66
3.	Energy Sales (MkVAh)	60.73	63.77
4.	Average Cost of Supply (Rs. /kWh)	9.71	9.43
5.	Average Cost of Supply (Rs. /kVAh)	9.09	8.82

5.2.14 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.

**Commission's Analysis and Ruling**

- 5.2.15 The Commission has considered incremental Revenue Gap/(Surplus) along with Carrying/(Holding) Cost on account of Truing-up of FY 2019-20 to FY 2021-22 for recovery in FY 2023-24. The computation of carrying cost and phasing of recovery of revenue gaps is provided in earlier part of this Order.
- 5.2.16 The revenue gap on account of provisional Truing-up of FY 2022-23 as approved by the Commission in chapter 4 is recovered in FY 2024-25.
- 5.2.17 MBPPL has proposed to defer the revenue of Rs. 26.40 Crore to FY 2025-26 to FY 2027-28 of the next control period along with carrying cost by claiming that such revenue gap has been accumulated on account of Force Majeure event i.e. COVID-19 pandemic. In response to the query of the Commission about the measures considered by MBPPL is contemplating to avoid tariff hike, MBPPL responded that they propose to recover regulatory assets in timeframe of 3 years in line with the National Tariff Policy, 2016. And being second licensee in its area, historically its tariffs have been significantly lower than MSEDCL and cannot be suddenly increased to such levels to give tariff shock to the consumers.
- 5.2.18 It is the duty of the Commission to protect the interest of the consumers and at the same time ensuring recovery of the cost by the utilities. The Commission notes that deferment of revenue recovery proposed by MBPPL is nothing but proposal for creation of Regulatory Asset. With regards to creation 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 MBPPL has proposed the recovery of the deferred revenue in the next control period.
- 5.2.19 Further, the 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 Electricity Act 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 outlines as below.
- 5.2.20 Tariff Reforms including annual tariff fixation, rationalization of consumers category and no Regulatory Assets to be created.

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*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.*

- 5.2.21 The Commission notes the impact of COVID 19 on the performance of MBPPL which is serving particularly an IT Industries. The Commission notes that Deferment of revenue is the easiest solution to remain competitive in parallel licence scenario with hope that in long run differed revenue can be recovered with carrying cost. The Commission is of the opinion that MBPPL has not explored other options to reduce the revenue gap.
- 5.2.22 Further, the work culture of IT and ITeS firms has not changed temporarily due to lock downs during COVID-19, but work-from-home culture and partial occupancy of the workplaces may continue in the coming years. Therefore, the increase in sales projected by MBPPL may not materialize. This may result in even higher average cost of supply in future which would impact the ability to recover such deferred revenue in future.
- 5.2.23 The Commission has observed that the sales of MBPPL in COVID-19 period has dropped down drastically from 79.19 MU in FY 2019-20 to 40.76 MU in FY 2021-22. Also, current sales of MBPPL and the projected sales are far away from the pre-COVID situation in FY 2019-20. Also, the number of consumers is reducing day by day. In that situation there is uncertainty in the recovery of the revenue gap in the next control period. In view of above, the Commission does not deem it to fit to defer revenue gap to the next control period.
- 5.2.24 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 MBPPL 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 are taking supply from incumbent/parallel distribution licensee. Thus, main intent of MBPPL to operationalise Distribution License is to provide electricity at lower tariff than parallel licensee in the same area i.e. MSEDCL. The Commission notes that as per Regulation 81.5 of MYT Regulations, 2019, Distribution licensee may offer rebate in the tariff and charges approved by the Commission and the impact of such rebate shall not be passed on to the consumers, in any form. MBPPL has this option to avoid tariff shock to its consumers. It is important to note that MBPPL in present petition has requested for RoE as per MYT Regulations and the Commission in earlier part of this Order has also allowed applicable RoE for each financial year which amounts to total of Rs. 15.56 Crore over FY 2019-20 to FY 2024-25. Although, it is complete discretion of MBPPL 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. 36.89 Crore (Rs. 10.76 Crore gap in FY 2023-24 and Rs. 26.13 Crore gap in FY 2024-25 vis-à-vis revenue from existing tariff) approved for recovery in FY 2023-24 and FY 2024-25.

5.2.25 Also, the Commission is of the opinion that if consumer has other options to meet its power requirement, increase in tariff necessitated in the Regulatory regime of one of the Licensee cannot be considered as tariff shock. The Commission notes that consumers of MBPPL have option of procuring power from third party through Open Access or from parallel distribution licensee in that area. Although such options were present earlier also, consumers may not have opted for it as MBPPL's tariff was on lower side. Now when MBPPL's tariff is required to be increased to meet its ARR and the revenue gap without creating any Regulatory Asset, these two alternatives need to be made operational. In subsequent part of this Order, the Commission has dealt with the same.

5.2.26 In view of above, the Commission has not considered the request of MBPPL for creation of any Regulatory Asset. 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 uncertainty of achieving original level of sales on account of work from home culture becoming new normal for IT Sector.

5.2.27 If ACoS of FY 2023-24 and FY 2024-25 are maintained at uniform level to avoid tariff hike in FY 2024-25, tariff increase required in FY 2023-24 would be 38% as shown in the table below.

**Table 168: Tariff increase required in FY 2023-24 to keep ACoS almost equal for FY 2023-24 and FY 2024-25**

Particulars	FY 2023-24	FY 2024-25
ARR for Combined Wires Business & Retail Supply Business	52.16	54.66
Carrying cost on gap of FY 2019-20 approved in MYT Order		2.45
Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	-0.58	-
Add: Revenue Gap/(Surplus) for FY 2020-21	2.27	-
Add: Revenue Gap/(Surplus) for FY 2021-22	4.36	-
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22	1.22	-
Add: Revenue Gap/(Surplus) for FY 2022-23	-	15.07
<b>Total Revenue Requirement</b>	<b>59.43</b>	<b>72.18</b>
Gap between ARR and Revenue shifted to FY 2024-25	5.00	-5.00
Carrying cost of revenue gap shifted to FY 2024-25	-0.48	-
Revised Net Revenue Requirement	63.95	67.18
Sales (Mn. kWh)	56.81	59.66
Sales (Mn. kVAh)	60.73	63.77
ACOS (Rs/kWh)	11.26	11.26
ACOS (Rs/kVAh)	10.53	10.53
Annual Tariff Increase required (%)	38%	0%

5.2.28 Therefore, the Commission rules that the recovery of revenue gap of Rs. 2.40 Cr needs to be shifted from FY 2023-24 by one year for recovery in FY 2024-25 as shown in the table below. This approach results in uniform tariff hike over FY 2023-24 and FY

2024-25 as shown in the two tables below.

**Table 169. Projected revenue gap for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
ARR for Combined Wires Business & Retail Supply Business	52.16	54.66
Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	-0.58	-
Carrying cost on gap of FY 2019-20 approved in MYT Order viz. Rs. 6.72 Cr		2.45
Add: Revenue Gap/(Surplus) for FY 2020-21	2.27	-
Add: Revenue Gap/(Surplus) for FY 2021-22	4.36	-
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22	1.22	-
Add: Revenue Gap/(Surplus) for FY 2022-23	-	15.07
<b>Total Revenue Requirement</b>	<b>59.43</b>	<b>72.18</b>
Gap between ARR and Revenue shifted to FY 2024-25	-2.40	2.40
Carrying Cost due to shifting Revenue Requirement to FY 2024-25	0.23	-
<b>Revised Net Revenue Requirement</b>	<b>57.26</b>	<b>74.58</b>
Revenue from existing tariff	46.50	48.45
<b>Revenue Gap of Licensed Business</b>	<b>10.76</b>	<b>26.13</b>

5.2.29 Due to the shifting of the revenue gap as shown in the table above, year on year tariff increase required in FY 2023-24 and FY 2024-25 is 23-24% as shown in table below.

**Table 170. Projected revenue requirement and ACoS for FY 2023-24 and FY 2024-25**

Particulars	Adjusted ARR Requirement	
	FY 2023-24	FY 2024-25
ARR (Rs. Crore)	57.26	74.58
Sales (Mn. kWh)	56.81	59.66
Sales (Mn. kVAh)	60.73	63.77
<b>ACOS (Rs/kWh)</b>	<b>10.08</b>	<b>12.50</b>
<b>ACOS (Rs/kVAh)</b>	<b>9.43</b>	<b>11.70</b>
<b>Annual Tariff Increase required (%)</b>	<b>23%</b>	<b>24%</b>
<b>% YoY increase in Tariff (Average Billing Rate) *</b>	<b>22%</b>	<b>24%</b>

\* Note: ABR for FY 2022-23 of Rs. 7.74/kVAh considered for computing YoY increase for FY 2023-24

### 5.3 Determination of Wheeling Charges

#### MBPPL's Submission

5.3.1 MBPPL submits that it has computed the Wheeling Charges separately for HT and LT voltage, as shown in the table below.

**Table 171. Proposed Wheeling Charges for FY 2023-24 and FY 2024-25**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Wires ARR (Rs. Crore)	10.88	11.03
2.	GFA attributable to HT Network (%)	54.00%	54.00%
3.	GFA attributable to LT Network (%)	46.00%	46.00%

Sr. No.	Particulars	FY 2023-24	FY 2024-25
4.	Charge recoverable from HT consumers (Rs. Crore)	5.88	5.96
5.	Charge recoverable from LT consumers (Rs. Crore)	5.01	5.08
6.	Total HT Sales (MkVAh)	51.96	54.56
7.	Total LT Sales (MkVAh)	8.77	9.21
8.	Charge recoverable from HT consumers (Rs. Crore)	5.03	5.10
9.	Charge recoverable from LT consumers (Rs. Crore)	5.85	5.94
10.	HT Wheeling Charge (Rs. /kVAh)	0.97	0.93
11.	LT Wheeling Charge (Rs. /kVAh)	6.68	6.45
<b>12.</b>	<b>Composite Wheeling Charges (Rs/kVAh)</b>	<b>1.79</b>	<b>1.73</b>

5.3.2 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 very low share of sales (14%) as against the share of 46% of the Wires ARR. MBPPL has requested the Commission to approve the combined wheeling charges.

### Commission's Analysis and Ruling

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

5.3.4 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 2024-25.

5.3.5 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 172. Revised wheeling charge for FY 2023-24 and FY 2024-25 (Rs. /kVAh)**

Particulars	FY 23-24	FY 24-25
Wires ARR (Rs. Crore)	11.62	11.76
GFA attributable to HT Network (%)	54.00%	54.00%
GFA attributable to LT Network (%)	46.00%	46.00%
Charge recoverable from HT consumers (Rs. Crore)	6.28	6.35
Charge recoverable from LT consumers (Rs. Crore)	5.35	5.41
Total HT Sales (MkVAh)	51.96	54.56
Total LT Sales (MkVAh)	8.77	9.21
Charge recoverable from HT consumers (Rs. Crore)	5.37	5.43

Particulars	FY 23-24	FY 24-25
Charge recoverable from LT consumers (Rs. Crore)	6.25	6.33
HT Wheeling Charge (Rs./kVAh)	1.03	1.00
LT Wheeling Charge (Rs./kVAh)	7.13	6.87
Composite Wheeling Charges (Rs/kVAh)	1.91	1.84

## 5.4 Tariff Philosophy

### *Background*

- 5.4.1 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 has also taken into consideration MBPPL’s submissions.
- 5.4.2 The subsequent paragraphs deal with the submissions of MBPPL regarding the Tariff Philosophy and the changes approved by the Commission in the existing tariff structure.

### **MBPPL’s Submission**

#### **(a) Fixed/Demand Charges**

- 5.4.3 MBPPL 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 in the MYT Order of MSEDCL. The recovery of Fixed Costs through existing and proposed Fixed/Demand Charges is shown in the table below:

**Table 173. Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Fixed Costs	21.28	21.59
Revenue from Fixed/Demand Charges - Existing Tariff	7.44	7.44
Revenue from Fixed/Demand Charges - Proposed Tariff	8.73	9.75
Recovery of Fixed Costs through Existing Tariff	35%	34%
Recovery of Fixed Costs through Proposed Tariff	41%	45%

- 5.4.4 MBPPL has proposed to increase the recovery of Fixed Costs through Fixed / Demand Charges from the present level of 34-35% to 41% and 45% in FY 2023-24 and FY 2024-25 respectively, which is still on the lower side.

#### **(b) Cross Subsidy trajectory**

- 5.4.5 The Petitioner supplies electricity primarily to consumers of IT & ITeS industry in its area of supply. MBPPL 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.
- 5.4.6 MBPPL 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**

- 5.4.7 Time-of-the-Day (ToD) Tariff: MBPPL had requested the Commission to discontinue ToD tariffs for the Petitioner, as there is no shift of load on account of ToD tariffs and the peak of MBPPL remains constant throughout the day.
- 5.4.8 MBPPL has contracted for the power in accordance with its load curve, and hence there is no benefit of continuing with the ToD tariffs, with the intention of shifting the load.
- 5.4.9 In continuation with this approach, ToD tariffs have not been proposed by MBPPL.

**(d) Green Energy Tariff**

- 5.4.10 KRC DISCOMs are catering to the specific demand of IT & ITeS consumers within their notified SEZ area. These consumers are multi-national Companies having their commitments to achieve net zero emission at global level as a part of green initiative and to reduce their dependency on fossil fuel.
- 5.4.11 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, MBPPL 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. MBPPL proposes to purchase such RE power from green power market products in the Power Exchange, i.e., GDAM and GTAM, which will cater the requirements of exclusive Green Power for our clients as well as help to fulfil the RPO. The procurement of actual green power will also eliminate the necessity to procure RECs to fulfil RPO, which would have resulted in an additional burden on consumers.
- 5.4.12 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 the Petitioner 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. MBPPL requested 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 the Petitioner.



## Commission's Analysis and Ruling

### (a) Fixed/Demand Charges

- 5.4.13 The Commission observes that MBPPL has proposed the Fixed/Demand Charges in line with the MYT Order of MSEDCL. Further, it has proposed Fixed and Demand Charges keeping in view the consumption pattern of its consumers, such that there is no cross-subsidy and the ABR for all categories is equal to the ACoS.
- 5.4.14 The Commission has approved Fixed Charges/Demand Charges for FY 2023-24 and FY 2024-25 to enable recovery of around 47%/ 49% of its fixed expenses/cost from Fixed/Demand Charges from the Consumers.
- 5.4.15 The revised category wise Fixed/Demand Charges have been mentioned for FY 2023-24 and FY 2024-25 in the Tariff Schedule in the subsequent sections of this Order.

**Table 174. 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	18.74	21.84
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	7.44	7.44
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	8.78	10.74
Recovery of Fixed Costs through Existing Tariff	%	40%	34%
Recovery of Fixed Costs through Proposed Tariff	%	47%	49%

- 5.4.16 The Commission notes that the recovery of fixed cost from the proposed tariff is higher in comparison with 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 to increase the fixed cost 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 to meet any surge in demand in future. This necessitates the recovery of the fixed charges to enable proper maintenance of the infrastructure to provide the quality supply of power.

### (b) Reduction of Cross Subsidy

- 5.4.17 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 to determine the tariff with no cross subsidy between the consumer categories.
- 5.4.18 Further, the Commission has undertaken the determination of tariff based on ACoS as per the provisions of the MYT Regulations, 2019 for the 4th MYT Control Period
- 5.4.19 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 175. Category-wise ABR and Cross-subsidy approved by the Commission for the period FY 2023-24**

Tariff category	Projected Average Cost of Supply	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
	(Rs/kVAh)	Existing Tariff	MTR Petition	Approved Tariff	Approved Tariff
<b>HT</b>	9.43				
HT I Industry		7.53	9.08	9.45	100%
HT II Commercial					
HT III EV Charging Stations					
<b>LT</b>					
LT II (A) Commercial upto 20 kW		7.16	9.10	9.42	100%
LT II (B) Commercial above 20 kW		9.34	9.10	9.45	100%
LT III (A) Industry up to 20 kW		6.84	9.10	9.42	100%
LT III (B) Industry above 20 kW		8.47	9.13	9.45	100%

**Table 176: Category-wise ABR and Cross-subsidy approved by the Commission for the period FY 2024-25**

Tariff category	Projected Average Cost of Supply	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
	(Rs/kVAh)	Existing Tariff	MTR Petition	Approved Tariff	Approved Tariff
<b>HT</b>	11.72				
HT I Industry		7.47	8.82	11.74	100%
HT II Commercial					
HT III EV Charging Stations					
<b>LT</b>					
LT II (A) Commercial upto 20 kW		7.14	8.85	11.74	100%
LT II (B) Commercial above 20 kW		9.20	8.80	11.73	100%
LT III (A) Industry up to 20 kW		6.83	8.86	11.70	100%
LT III (B) Industry above 20 kW		8.43	8.82	11.72	100%

**(c) Time-of-the-Day Tariff**

5.4.20 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. Based on request of MBPPL, the Commission had discontinued the ToD tariff for MBPPL in the MYT Order as it is procuring power based on its Load Curve. There is no proposal by MBPPL to start ToD Tariff. The Commission has continued this approach for remaining Control Period as per MYT Order.

**(d) Green Energy Tariff**

5.4.21 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

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2020 dated 22.03.2021, which is stipulated as Rs 0.66 per kWh as per the conditions and methodology specified under said Order.

- 5.4.22 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.
- 5.4.23 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.
- 5.4.24 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).
- 5.4.25 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.
- 5.4.26 All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- 5.4.27 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.
- 5.4.28 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.
- 5.4.29 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.
- 5.4.30 If the consumer is not an obligated entity under RPO Regulations, then that energy shall be counted towards RPO fulfilment of Distribution Licensee.
- 5.4.31 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.

- 5.4.32 Such an option will also be available for Open Access consumer for its balance consumption from the Distribution Licensee.
- 5.4.33 The Distribution Licensee will levy Green Power Tariff only for percentage of consumption opted by the Consumer.
- 5.4.34 Distribution Licensee shall issue Annual certificate to consumers stating percentage of power requirement of such consumer has been sourced through RE sources
- 5.4.35 Any requisition for green energy from a distribution licensee shall be for a minimum period of one year.
- 5.4.36 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.
- 5.4.37 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.
- 5.4.38 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:

<b>% of RE Purchase Opted</b>	<b>Rating</b>
>50% to 75%	Semi-Green
>75% to 100%	Green

## **5.5 Revision in Incentives/Penalties**

### **MBPPL's Submission**

- 5.5.1 *Load Factor Incentive:* 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. 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. MBPPL does not propose any change in the Load Factor Incentive mechanism.

- 5.5.2 *kVAh Billing for Control Period*: MBPPL has proposed kVAh billing to be made applicable for all categories, in continuation with the approach adopted by the Commission in the MYT Order. MBPPL submits to the Commission that it already has the required infrastructure/metering/ software in place for measuring data/information on kVAh basis.
- 5.5.3 *Discount for Digital Payment*: 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. MBPPL therefore proposes to continue the existing 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.
- 5.5.4 *Tariff for Electric Charging Vehicles*: 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. MBPPL does not have any consumer/consumption under this category. MBPPL proposed tariff under this category along similar lines as approved by the Commission in the MYT Order.

### **Commission's Analysis and Ruling**

- 5.5.5 *Power Factor Incentive/Penalty*: The Commission has already implemented kVAh billing for the 4th Control Period starting 1 April 2020 and accordingly, there is no relevance of continuing with the Power Factor Incentive/Penalty mechanism.
- 5.5.6 *Load Factor Incentive*: MBPPL has not proposed any change in Load Factor Incentive. Accordingly, the Commission does not need any need to change the Load Factor Incentive mechanism.
- 5.5.7 *Discount for Digital Payment*: MBPPL therefore proposes to continue the existing 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. Accordingly, the Commission does not need to change Discount for Digital Payment.
- 5.5.8 **Advance payment**: 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.
- 5.5.9 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.

5.5.10 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 177: Discount in the monthly bill due to advance 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, <b>9 to 12 months</b> ]	• Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 150$ basis points	• $(1/12) \times 8.5\% = 0.708\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>6 to 9 months</b> ]	• Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 120$ basis points	• $(1/12) \times 8.2\% = 0.683\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>3 to 6 months</b> ]	• Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 90$ basis points	• $(1/12) \times 7.9\% = 0.658\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>upto 3 months</b> ]	• Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 60$ basis points	• $(1/12) \times 7.6\% = 0.633\%$ (monthly bill discount)

\*Note: Assume SBI 1-year MCLR of 7% p.a.

## 5.6 Revised Tariff for the Control Period from FY 2023-24 and FY 2024-25

### MBPPL's Submission

5.6.1 Based on the tariff philosophy as discussed in the earlier paragraphs, MBPPL proposes the following revised Tariff for its area of supply for the Control Period FY 2023-24 and FY 2024-25:

**Table 178. Proposed Tariff Schedule for FY 2023-24 submitted by MBPPL.**

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
<b>HIGH TENSION CATEGORIES</b>				
1	<b>HT I: HT- Industry</b>	Rs. 425 per kVA	1.79	5.75
2	<b>HT II: HT Commercial</b>	Rs. 425 per kVA	1.79	5.75

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
3	<b>HT III: HT Electric Vehicle Charging Station</b>	Rs. 100 per kVA	1.79	5.75
<b>LOW TENSION CATEGORIES</b>				
4	<b>LT I: LT- General Purpose</b>	Rs. 350	1.79	6.15
5	<b>LT II: LT Commercial</b>			
	(A) 0-20 kW	Rs. 425	1.79	7.05
	(B) Above 20 kW	Rs. 250 per kVA	1.79	5.35
6	<b>LT III: LT Industry</b>			
	(A) 0-20 kW	Rs. 425	1.79	7.05
	(B) Above 20 kW	Rs. 425 per kVA	1.79	6.50
7	<b>LT IV: LT Electric Vehicle Charging Station</b>	Rs. 100 per kVA	1.79	7.05

Table 179. Proposed Tariff Schedule for FY 2024-25

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
<b>HIGH TENSION CATEGORIES</b>				
1	<b>HT I: HT- Industry</b>	Rs. 475 per kVA	1.73	5.45
2	<b>HT II: HT Commercial</b>	Rs. 475 per kVA	1.73	5.45
3	<b>HT III: HT Electric Vehicle Charging Station</b>	Rs. 125 per kVA	1.73	5.45
<b>LOW TENSION CATEGORIES</b>				
4	<b>LT I: LT- General Purpose</b>	Rs. 350	1.73	7.80
5	<b>LT II: LT Commercial</b>			
	(A) 0-20 kW	Rs. 475	1.73	6.85
	(B) Above 20 kW	Rs. 250 per kVA	1.73	5.20
6	<b>LT III: LT Industry</b>			
	(A) 0-20 kW	Rs. 475	1.73	6.85
	(B) Above 20 kW	Rs. 475 per kVA	1.73	6.20
7	<b>LT IV: LT Electric Vehicle Charging Station</b>	Rs. 125 per kVA	1.73	7.05

### Commission's Analysis and Ruling

5.6.2 MBPPL had projected its Tariff based on the recovery of the revenue gaps over the period of next 5 years (2 balance years of this control period and the 3 years of the next MYT control period). In the light of the above discussions this request of MBPPL cannot be considered. The approved revised Tariffs for each year of the 4<sup>th</sup> Control Period are as set out in the Tables below.

Table 180. Tariff Schedule for FY 2023-24 approved by the Commission

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
<b>HIGH TENSION CATEGORIES</b>				
1	<b>HT I: HT- Industry</b>	Rs. 425 per kVA	1.91	6.00
2	<b>HT II: HT Commercial</b>	Rs. 425 per kVA	1.91	6.00
3	<b>HT III: HT Electric Vehicle Charging Station</b>	Rs. 75 per kVA	1.91	5.59
<b>LOW TENSION CATEGORIES</b>				
4	<b>LT I: LT- General Purpose</b>	Rs.350	1.91	6.15
5	<b>LT II: LT Commercial</b>			

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
(A)	0-20 kW	Rs. 425	1.91	7.25
(B)	Above 20 kW	Rs. 425 per kVA	1.91	4.20
6	<b>LT III: LT Industry</b>			
(A)	0-20 kW	Rs. 425	1.91	7.25
(B)	Above 20 kW	Rs. 425 per kVA	1.91	6.70
7	<b>LT IV: LT Electric Vehicle Charging Station</b>			
		Rs. 75 per kVA	1.91	5.34

Table 181. Tariff Schedule for FY 2024-25 approved by the Commission

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
<b>HIGH TENSION CATEGORIES</b>				
1	<b>HT I: HT- Industry</b>	Rs. 520 per kVA	1.84	8.10
2	<b>HT II: HT Commercial</b>	Rs. 520 per kVA	1.84	8.10
3	<b>HT III: HT Electric Vehicle Charging Station</b>	Rs. 80 per kVA	1.84	6.16
<b>LOW TENSION CATEGORIES</b>				
4	<b>LT I: LT- General Purpose</b>	Rs. 390	1.84	7.80
5	<b>LT II: LT Commercial</b>			
(A)	0-20 kW	Rs. 520	1.84	9.60
(B)	Above 20 kW	Rs. 520 per kVA	1.84	6.00
6	<b>LT III: LT Industry</b>			
(A)	0-20 kW	Rs. 520	1.84	9.55
(B)	Above 20 kW	Rs. 520 per kVA	1.84	8.90
7	<b>LT IV: LT Electric Vehicle Charging Station</b>			
		Rs. 80 per kVA	1.84	5.91

## 5.7 Determination of Cross-Subsidy Surcharge

### MBPPL's Submission

- 5.7.1 Section 2(47) of the Electricity Act, 2003 defines 'Open Access', while Section 42 of the Act inter-alia mandates the Distribution Licensee to provide Open Access to eligible consumers, subject to payment of Cross-Subsidy Surcharge, Additional Surcharge, and other applicable charges. Section 86(1) of the Act inter-alia mandates the Commission to determine Cross-Subsidy Surcharge (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.
- 5.7.2 MBPPL 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 182. Proposed Cross-Subsidy Surcharge for HT-I category for FY 2023-24 and FY 2024-25 (Rs/kWh)**

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	9.08	5.66	1.64%	3.18%	4.82%	5.95	1.68	1.45
FY 2024-25	8.82	5.38	1.64%	3.18%	4.82%	5.65	1.63	1.55

5.7.3 As directed by the Commission, the CSS is presented in terms of Rs/kVAh as shown in the Table below:

**Table 183. Proposed Cross-Subsidy Surcharge for HT-I category for FY 2023-24 and FY 2024-25 (Rs/kVAh)**

Year	CSS
	Rs. /kVAh
FY 2023-24	1.36
FY 2024-25	1.46

### Commission's Analysis and Ruling

5.7.4 As submitted by MBPPL, 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.

*“Provided further 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:*

*Provided also that such surcharge and cross subsidies shall be progressively reduced in the manner as may be specified by the State Commission.”*

5.7.5 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.

5.7.6 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.

- 5.7.7 It is important to highlight here that in the past also the Commission has been determining the tariff for various consumer categories of MBPPL without any cross-subsidy. But still in respective tariff Order 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 MBPPL was lower. Now when tariff of MBPPL 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 has not determined any CSS for MBPPL. With such nil CSS, consumers in MBPPL area can opt for third party power procurement through Open Access as per the provisions.

**Easing provision of Open Access for enabling consumers to opt for alternate source of power:**

- 5.7.8 As discussed earlier in this Chapter, Open Access could be one of the options for securing cheaper power by MBPPL's consumer when MBPPL'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 MBPPL consumers. Hence, in these special circumstances where tariff of MBPPL 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.”*

- 5.7.9 Accordingly, the Commission decides to relax eligibility condition for seeking Open Access for consumers of MBPPL. The Commission rules that for FY 2023-24 and FY 2024-25, all consumers of MBPPL irrespective of their Load are eligible for seeking Open Access. Also, considering plug and play model being implemented by MBPPL 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 MBPPL. Hence, the Commission decide to relax condition of installing ABT meter also for the same period. MBPPL is required to facilitate its consumers in seeking open access from cheaper source of power. MBPPL 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 further difficulties in

operationalizing Open Access, MBPPL shall file separate Petition for removal of the same within a month from date of this Order.

### **Securing Power Supply from parallel distribution licensee:**

5.7.10 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 MBPPL license area. In that case, consumer in MBPPL area has to pay MSEDCL's tariff excluding wheeling charges plus wheeling charges & losses of MBPPL without burden of CSS as part of wheeling charges as the CSS has already been determined as Nil for MBPPL. Thus, consumers in MBPPL area can also avail this option if they so decide. MBPPL and MSEDCL shall coordinate with each other to serve such request if received from MBPPL's consumers.

### **5.8 Stabilising Variation in Consumer Bill on account of FAC**

5.8.1 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 Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its tariff monthly. 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:  
.....”

5.8.2 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 Licensees can 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.

- 5.8.3 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 is fully aware that inspite of approving this tariff, the possibility of FAC cannot be ruled out due to uncontrollable event occurring globally or within the country affecting the power purchase cost of the licensee. 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.
- 5.8.4 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.

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:

- Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.
  - 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.
  - Such carry forward of negative FAC shall be continued till next tariff determination process.
  - 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.
- 5.8.5 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 the proposal for post facto vetting of FAC.

## **5.9 Schedule of Charges**

- 5.9.1 The Commission has approved the Schedule of Charges for MBPPL in the MYT Order and through the Review Order. MBPPL has not proposed any revision to the Schedule of Charges as approved by the Commission in the MYT Order.

### **Commission's Analysis and Ruling**

MBPPL has not proposed any revision to the Schedule of Charges as approved by the Commission. Therefore, the Commission has kept the Schedule of Charges unchanged.

## **5.10 Applicability of Tariff**

- 5.10.1 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, arrived at based on average unit consumption per day multiplied by the number of days in the respective periods covered in the billing cycle).
- 5.10.2 The Commission has determined the revenue from the revised tariff as if they were applicable for the entire year. Any shortfall or surplus in the actual revenue against the approved ARR will be trued-up at the end of the Control Period, as specified in the MYT Regulations 2019.

## **6 SUMMARY OF COMPLIANCE OF EARLIER DIRECTIVES AND NEW DIRECTIVES**

### **6.1 Compliance of Earlier Directives**

- 6.1.1 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***

MBPPL is directed to consider revision of its agreement with KRCSPL and enter into an agreement on an arm's length basis with terms and conditions which are similar to all similar kinds of agreements.

***MBPPL Response:***

An agreement has been entered between MBPPL and KRCSPL based on terms and conditions of all similar kind of agreements existing in its distribution licence area towards discharge of activities like operation and maintenance.

***Commission's Ruling:***

The Commission has noted the compliance.

***Directive 2: Technical study to assess the actual distribution loss.***

MBPPL is directed 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.

***MBPPL Response:***

MBPPL had commissioned a Technical Study on distribution losses, in compliance with the Commission's directions in this regard. The Report of the Technical Consultant on the distribution losses for FY 2019-20, FY 2020-21, and FY 2021-22, FY 2022-23 (H1) is provided as annexure 4 with the Petition.

***Commission's Ruling:***

The Commission has noted the compliance.

***Directive 3: Segregation of Distribution Loss between HT and LT Level***

MBPPL is directed to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of the MTR.

***MBPPL Response:***

MBPPL carried out a Technical Study on distribution losses, in compliance with the Commission's directions in this regard. The Report of the Technical Consultant on the distribution losses for FY 2019-20, FY 2020-21, and FY 2021-22, FY 2022-23 (H1) is submitted by MBPPL as annexure 4 along with the Petition.

***Commission's Ruling:***

The Commission has noted the compliance.

**Directive 4: Details regarding PF Incentive/ Penalty**

MBPPL 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.

***MBPPL Response:***

In compliance to above direction of the Commission, MBPPL 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:***

The Commission has noted the compliance.

**Directive 5: Accuracy and precision in Audited Accounts**

MBPPL is directed to ensure metering of all interface points, provide a single-line diagram with marked up interface meters (T<>D periphery) and details of consumer metering points at Point of Supply along with month-wise energy accounts for all interface points with its MTR Petition. MBPPL is directed to ensure the metering equipment provided are of the accurate class.

***MBPPL Response:***

The interface meters (T<>D periphery) have been installed and maintained by State Transmission Utility (STU) and are in the purview of by STU. The new DSM meters installed by STU are directly communicated to MSLDC through AMR System and same is being used for energy accounting purpose for DSM purpose.

MBPPL has installed AMR system within its licence area and consumers are billed as per the actual meter reading. Petitioner has installed energy meters on HT side of

transformer for energy audit purpose., to monitor transformer losses. A single-line diagram with marked up interface meters (T<>D periphery) is attached as Annexure 10. Further, the details of month-wise energy accounts for all interface points for the period FY 2019-20 to FY 2022-23 (up to Sept'2022) is attached as annexure 11 with the Petition.

***Commission's Ruling:***

The Commission has noted the compliance.

**6.2 New Directives**

- 6.2.1 MBPPL to submit Banker's certificates to claim interest paid towards loans at the time of final truing-up.
- 6.2.2 MBPPL to tie up long-term power purchase agreement for renewable energy power purchase at reasonable APPC.



## 7 Applicability of Order

This Tariff Order of MBPPL for FY 2023-24 and FY 2024-25 shall come into force from 1 April, 2023.

The Petition of Mindspace Business Parks Private Limited in Case No. 216 of 2022 stands disposed of accordingly.

**Sd/-**  
**(Mukesh Khullar)**  
**Member**

**Sd/-**  
**(I.M. Bohari)**  
**Member**

**Sd/-**  
**(Sanjay Kumar)**  
**Chairperson**



**Annexure I: Category-wise Revenue with revised Tariffs for FY 2023-24**

Tariff category	No. of consumers	Components of tariff					Relevant sales & load/demand data			Full year revenue excluding Government subsidy (Rs. Crore)						Gov. 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				
<b>HT Category</b>								51.96	0.00	8.00	31.18	9.95	0.00	49.13	0.00	49.13	9.45	100%	
HT I Industry	52		425	6.00	1.91			15695	51.96	8.00	31.18	9.95	0.00	49.13	0.00	49.13	9.45	100%	
HT II Commercial			425	6.00	1.91														
HT III EV Charging Stations			75	5.59	1.91														
<b>LT Category</b>								8.77	0.02	0.76	5.83	1.68	0.00	8.28	0.00	8.28	9.45	100%	
LT I General Purpose		350.00		6.15	1.91														
LT II (A) Commercial upto 20 kW	15	425.00		7.25	1.91			0.30	0.008		0.22	0.06	0.00	0.28	0.00	0.28	9.42	100%	
LT II (B) Commercial above 20 kW	7		425.00	4.20	1.91			224	0.34	0.11	0.14	0.07	0.00	0.32	0.00	0.32	9.45	100%	
LT III (A) Industry up to 20 kW	21	425.00		7.25	1.91			0.41	0.011		0.30	0.08	0.00	0.39	0.00	0.39	9.42	100%	
LT III (B) Industry above 20 kW	36		425.00	6.70	1.91			1262	7.71	0.64	5.17	1.48	0.00	7.29	0.00	7.29	9.45	100%	
LT IV EV Charging Stations			75.00	5.34	1.91														
<b>Total</b>								17181	60.73	0.02	8.76	37.01	11.62	0.00	57.41	0.00	57.41	9.45	100%

**Annexure II: Category-wise Revenue with revised Tariffs for FY 2024-25**

	No. of consumers	Components of tariff					Relevant sales & load/demand data			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				
<b>HT Category</b>								54.56	0.00	9.79	44.19	10.06	0.00	64.05	0.00	64.05	11.74	100%	
HT I Industry	52		520.00	8.10	1.84			15695	54.56	9.79	44.19	10.06	0.00	64.05	0.00	64.05	11.74	100%	
HT II Commercial			520.00	8.10	1.84														
HT III EV Charging Stations			80.00	6.16	1.84														
<b>LT Category</b>								9.21	0.02	0.93	8.14	1.70	0.00	10.79	0.00	10.79	11.72	100%	
LT I General Purpose		390.00		7.80	1.84														
LT II (A) Commercial upto 20 kW	15	520.00		9.60	1.84			0.32	0.009		0.30	0.06	0.00	0.37	0.00	0.37	11.74	100%	
LT II (B) Commercial above 20 kW	7		520.00	6.00	1.84			224	0.36		0.14	0.22	0.07	0.42	0.00	0.42	11.73	100%	
LT III (A) Industry up to 20 kW	21	520.00		9.55	1.84			0.43	0.013		0.42	0.08	0.00	0.51	0.00	0.51	11.70	100%	
LT III (B) Industry above 20 kW	36		520.00	8.90	1.84			1262	8.10	0.79	7.21	1.49	0.00	9.49	0.00	9.49	11.72	100%	
LT IV EV Charging Stations			80.00	5.91	1.84														
<b>Total</b>								17181	64	0.02	10.72	52.34	11.76	0.00	74.84	0.00	74.84	11.74	100%

**Annexure VI: Tariff Schedule****MINDSPACE BUSINESS PARKS 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 Tariff Order dated **31 March, 2023 in Case No. 216 of 2022**, the revised tariffs for supply of electricity by the Distribution Licensee, Mindspace Business Park Pvt Ltd (MBPPL), to various categories of consumers as applicable from **1 April, 2023 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. As mentioned in para. 5.4 above, the Green Tariff of additional Rs 0.66/kWh over the energy charge will be applicable during remaining period of 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. 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.

## **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).

**Tariff w.e.f. April 1, 2023**

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 425 per kVA per month	1.91	6.00

### Tariff w.e.f. April 1, 2024

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 520 per kVA per month	1.84	8.10

### 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.

#### Tariff w.e.f. April 1, 2023

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 425 per kVA per month	1.91	6.00

#### Tariff w.e.f. April 1, 2024

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 520 per kVA per month	1.84	8.10

### HT-III – HT Electric Vehicles (EV) Charging Station

#### Applicability

This Tariff category is applicable for Electric Vehicle Charging Station.

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.

#### Tariff w.e.f. April 1, 2023

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 75 per kVA per month	1.91	5.59

#### Tariff w.e.f. April 1, 2024

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 80 per kVA per month	1.84	6.16

### 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.

#### Tariff w.e.f. April 1, 2023

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 350 per month	1.91	6.15

#### Tariff w.e.f. April 1, 2024

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 390 per month	1.84	7.80

#### **LTII – LT Commercial**

**LTII (A) – LT Commercial up to 20 kW Load**

**LTII (B) – LT Commercial above 20 kW Load**

#### Applicability

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.

#### **Tariff w.e.f. April 1, 2023**

<b>Consumption Slab</b>	<b>Fixed/ Demand Charge</b>	<b>Wheeling Charge (Rs/kVAh)</b>	<b>Energy Charge (Rs./kVAh)</b>
LT II (A)	Rs. 425 per month	1.91	7.25
LT II (B)	Rs. 425 per kVA per month	1.91	4.20

#### **Tariff w.e.f. April 1, 2024**

<b>Consumption Slab</b>	<b>Fixed/ Demand Charge</b>	<b>Wheeling Charge (Rs/kVAh)</b>	<b>Energy Charge (Rs./kVAh)</b>
LT II (A)	Rs. 520 per month	1.84	9.60
LT II (B)	Rs. 520 per kVA per month	1.84	6.00

#### **LTIII – LT Industrial**

**LTII (A) – LT Industrial up to 20 kW Load**

**LTII (B) – LT Industrial above 20 kW Load**

#### **Applicability**

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 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 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.)

#### **Tariff w.e.f. April 1, 2023**

<b>Consumption Slab</b>	<b>Fixed/ Demand Charge</b>	<b>Wheeling Charge (Rs/kVAh)</b>	<b>Energy Charge (Rs./kVAh)</b>
LT III (A)	Rs. 425 per month	1.91	7.25
LT III (B)	Rs. 425 per kVA per month	1.91	6.70

#### **Tariff w.e.f. April 1, 2024**

<b>Consumption Slab</b>	<b>Fixed/ Demand Charge</b>	<b>Wheeling Charge (Rs/kVAh)</b>	<b>Energy Charge (Rs./kVAh)</b>
LT III (A)	Rs. 520 per month	1.84	9.55
LT III (B)	Rs. 520 per kVA per month	1.84	8.90

#### **LT-IV – Electric Vehicle (EV) Charging Stations**

##### Applicability

This Tariff category is applicable for Electric Vehicle Charging Station.

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.

#### **Tariff w.e.f. April 1, 2023**

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 75 per kVA per month	1.91	5.34

#### Tariff w.e.f. April 1, 2024

Consumption Slab	Fixed/ Demand Charge	Wheeling Charge (Rs/kVAh)	Energy Charge (Rs./kVAh)
All Units	Rs. 80 per kVA per month	1.84	5.91

### MISCELLANEOUS AND GENERAL CHARGES

#### Fuel Adjustment Cost (FAC) Component of Z factor Charge

The FAC Component of Z factor charge will be determined based on the formula specified in the MERC MYT Regulations, 2019 and approved by the Commission and directions as may be given by the Commission from time to time and will be applicable to all consumer categories for their entire consumption.

The details of applicable  $Z_{FAC}$  for each month shall be available on the MBPPL website <https://www.krahejacorppower.com>.

#### Electricity Duty and Tax on Sale of Electricity

The Electricity Duty and Tax on Sale of Electricity, as applicable, will be levied in addition to the tariffs approved by the Commission as per the Government of Maharashtra guidelines from time to time. However, the rate and the reference number of the Government Resolution/Order vide which the Electricity Duty and Tax on Sale of Electricity are made effective shall be stated in the bill. A copy of such Resolution / Order shall be made available on the website <https://www.krahejacorppower.com>.

#### Prompt Payment Discount

A prompt payment discount of 1% on the monthly bill (excluding Taxes and Duties) shall be available to the consumers if the bills are paid within a period of 7 working days from the date of issue of the bill.

#### Delayed Payment Charges

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) for the first month of delay.

Delayed Payment Charges shall be applicable as specified in Regulation 37.2 of MERC MYT Regulations, 2019 for further delays.

### **Rate of Interest on Arrears**

The rate of interest chargeable on arrears will be as given below for payment of arrears-

<b>Sr. No.</b>	<b>Delay in Payment (months)</b>	<b>Interest Rate (%)</b>
1	Payment after 60 days and up to 90 days from date of billing	12%
2	Payment beyond 90 days and up to 180 days from date of billing	15%

### **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.

### **Load Factor Incentive**

Consumers having Load Factor above 75% up to 85% will be entitled to a rebate of 0.75% on the Wheeling Charges and Energy Charges, only, for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor over 85 % will be entitled to rebate of 1% on the Wheeling Charges and Energy Charges, only, for every percentage point increase in Load Factor from 85%. The total rebate under this head will be subject to a ceiling of 15% of the Wheeling Charges and Energy Charges, only for that 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.

Further, the Load Factor rebate will be available only if the consumer has no arrears with MBPPL, and payment is made within seven days from the date of the bill. However, this incentive will be applicable to consumers where payment of arrears in instalments has been granted by MBPPL, and the same is being made as scheduled. MBPPL has to take a commercial decision on the issue of how to determine the time frame for which the payments should have been made as scheduled, in order to be eligible for the Load Factor Incentive.

The Load Factor has been defined below:

$$\text{Load Factor} = \frac{\text{Consumption during the month in MU}}{\text{Maximum Consumption Possible during the month in MU}}$$

Maximum consumption possible = Contract Demand (kVA) x Actual Power Factor  
x (Total no. of hrs during the month less actual interruption hours recorded in the meter for billing period)

### **Penalty for exceeding Contract Demand**

In case, a consumer (availing Demand based Tariff) exceeds his Contract Demand, he will be billed at the appropriate Demand Charge rate for the Demand actually recorded and will be additionally charged at the rate of 150% of the applicable Demand Charges (only for the excess Demand over 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.

In case any consumer exceeds the Contract Demand on more than three occasions in a calendar year, the action taken in such cases would be governed by the Supply Code.

### **Additional Demand Charges for Consumers having Captive Power Plant**

For customers having Captive Power Plant (CPP), the additional demand charges would be at a rate of Rs. 20/kVA/month only on extent of Stand-by demand component, and not on the entire Contract Demand. Additional Demand Charges will be levied on such consumers on the Stand-by component, only if the consumer's demand exceeds the Contract Demand.

### **Consumer 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, means twice the highest number of kilowatt-hours or kilo-Volt-Ampere-hours supplied and taken during any consecutive thirty-minute blocks in that period.

**Contract Demand**

Contract Demand means demand in Kilowatt (kW) / Kilo –Volt Ampere (kVA), mutually agreed between MBPPL and the consumer as entered into in the agreement or agreed through other written communication (For conversion of kW into kVA, Power Factor of 0.80 shall be considered).

**Sanctioned Load**

Sanctioned Load means load in Kilowatt (kW) mutually agreed between MBPPL and the consumer.

**Billing Demand** (for LT categories):

Monthly Billing Demand will be the higher of the following:

- (a) 65% of the actual Maximum Demand recorded in the month.
- (b) 40% of the Contract Demand.

*Note:*

- (a) Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- (b) In case of change in Contract Demand, the period specified in Clause (a) above will be reckoned from the month following the month in which the change of Contract Demand takes place.

**Billing Demand** (for HT categories):

Monthly Billing Demand will be the higher of the following:

- a) Actual Maximum Demand recorded in the month
- b) 75% of the highest billing demand recorded during preceding eleven months subject to limit of Contract Demand.
- c) 70% of the Contract Demand\*.

\* FY 2024-25: 75%

*Note:*

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- (a) Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- (b) In case of change in Contract Demand, the period specified in Clause above will be reckoned from the month following the month in which the change of Contract Demand takes place.

## Appendix-I

### List of Persons at the Technical Validation Session held on 22 December 2022

Sr. No.	Name of the representative	Organisation
1	Shri. Nitin Chunarkar	M/s. Mindspace Business Parks Pvt. Ltd
2	Shri. Ajit Pujari	M/s. Mindspace Business Parks Pvt. Ltd
3	Shri. Pramod Burle	M/s. Mindspace Business Parks Pvt. Ltd
4	Shri. Palaniappan M	ABPS Infrastructure Advisory Pvt. Ltd (Consultant to MBPPL)
5	Shri. Avdhoot Bane	M/s. PricewaterhouseCoopers Pvt. Ltd.

## Appendix-II

### List of Persons at the Public Hearing on 4 February 2023

Sr. No.	Name	Organisation
1.	Shri. Nitin Chunarkar	M/s. Mindspace Business Parks Pvt. Ltd
2.	Shri. Ajit S. Pujari	M/s. Mindspace Business Parks Pvt. Ltd
3.	Shri. Patil Jitendra	M/s. Mindspace Business Parks Pvt. Ltd
4.	Shri. Palaniappan M	ABPS Infrastructure Advisory Pvt. Ltd (Consultant to MBPPL)
5.	Shri. Avdhoot Bane	M/s. PricewaterhouseCoopers Pvt. Ltd.