

PRESS NOTE

RETAIL ELECTRICITY TARIFF OF BEST UNDERTAKING **APPLICABLE FROM 1 April, 2023**

The Brihanmumbai Electric Supply and Transport Undertaking (BEST) is a Licensee for electricity distribution in the island city area of Mumbai. BEST's Petition for approval of true-up for FY 2019-20 to FY 2021-22, provisional truing up for FY 2022-23 and revised Aggregate Revenue Requirement (ARR) and Tariff for the balance Multi-Year Tariff (MYT) Control Period from FY 2023-24 and FY 2024-25 was admitted by the Maharashtra Electricity Regulatory Commission (MERC or Commission) on 19 January, 2023.

The Commission invited written suggestions on the Petition from the public, and also held a Public Hearing on 20 February, 2023. After the public consultation process, the Commission has determined the revised ARR and Tariff of BEST for FY 2023-24 and FY 2024-25 through its Order dated 31 March, 2023 in Case No. 212 of 2022. The revised tariffs are effective from **1 April, 2023**.

The salient features of the Commission's Order in Case No. 212 of 2022 are as follows:

1. The Commission has approved a net gap of Rs. 1,870.91 Crore as against the net gap of Rs. 1,570.21 Crore as claimed by BEST, after truing up for FY 2019-20 to FY 2021-22, provisional truing up for FY 2022-23 and gap of FY 2023-24 and FY 2024-25 from the existing tariff. The Commission has tried to strike a balance between the consumer interest and the legitimate expenses of the Distribution Licensee.
2. The Commission has approved the recovery of ARR for the MYT Control Period from FY 2023-24 to FY 2024-25, after considering past gaps as shown below:

Sr. No.	Particulars	Units	FY 2023-24	FY 2024-25
1	ARR estimated by BEST	Rs. Crore	4,224.36	4,417.51
2	ARR approved by the Commission	Rs. Crore	4,313.69	4,828.48
3	Average Cost of Supply (ACoS)	Rs/kWh	9.04	9.61
4	Average Annual Tariff Increase	%	5.07%	6.35%

3. **The Commission has approved an average tariff increase of around 5.07% in FY 2023-24 and 6.35% in FY 2024-25.**
4. The main reasons for increase in tariff are:
 - a) Increase in fuel cost due to variations on account of imported fuel costs resulting in higher variable cost from TPC-G,
 - b) Purchase from embedded generation (TPC-G) within Mumbai due to transmission

constraints

- c) Shortfall in availability of renewable power due to delay in commissioning of projects,
 - d) Shortfall in revenue due to impact of COVID-19,
 - e) Increase in transmission system costs and transmission charges thereof.
5. The Truing up of FY 2020-21 to FY 2021-22 has been considered for the critical period when the country was passing through one of the most debilitating epidemics in the form of Covid19. This has affected the revenue of the Licensee whereby the sale to industrial and commercial consumers has been on a lower side as compared to the sales approved in MYT Order due to number of Industrial and Commercial establishments have been shut down due to the lockdown enforced by Government.
6. Considering the current price volatility in the power market whereby the price of imported coal has been increased threefold and the prices in the power exchange has been trading in the range of Rs. 7/per unit to Rs. 12/per unit, this has resulted into an increase in average power purchase cost as compared to the cost approved in MYT Order.
7. On similar lines to the approach adopted in the MYT Order, the Commission has also approved a FAC stabilisation fund to address the possible variation in power purchase costs on account of FAC. In case of FAC amount being negative, the same will not be passed on to the consumer but will be used to build this fund. Subsequently, in case of unexpected rise, the amounts available in this fund will be utilised first and only the shortfall will be passed on as FAC. This fund is proposed to be used for tariff stability.
8. The Commission though has recognised the capitalisation proposed by BEST, to be undertaken in RDSS Scheme w.r.t installation of smart meters, distribution network augmentation, etc., the same is proposed to be approved at the time of truing up of the respective years as the DPR of such scheme is yet to be approved by the Commission.
9. For continued promotion of Electric Vehicles (EV) in the State, the Commission has approved concessional, lower than ACoS tariffs for EV Charging Stations at HT and LT Voltage levels with effective tariff as outlined below:

FY	Voltage	Fixed Charges	Variable Charges (EC + Wheeling)
FY 2023-24	HT	Rs.75/kVA	Rs. 7.50/kVAh
	LT		Rs. 7.25/kWh
FY 2024-25	HT	Rs. 80/kVA	Rs. 8.00/kVAh
	LT		Rs. 7.75/kWh

Additionally, they are also eligible for Load Factor (LF) and Power Factor (PF) incentives/penalties as applicable, besides Time-of-Day (ToD) tariffs, which will further reduce their tariff.

10. In continuation with existing Orders and to support the mass transport means and bulk consumers, Wheeling Charges shall continue to be not applicable to Railways, Metro, Monorail and other Consumers taking supply on EHV (110/132 kV) voltage level.
11. Since there is no separate tariff category defined in HT Category for providing power to street light and considering the proposal of supplying power to Mumbai Trans Harbour link, the Commission has included the same under the consumer category of HT V(B) -Public Services (Others).
12. Since the total installed capacity of rooftop Solar in Maharashtra is 1439 MW as on February, 2023 and is less than 2000 MW, the Commission has not considered levy of any Grid Support Charges.
13. The Commission has allowed the Consumers to make advance payment towards electricity and the same will accrue interest of 8.50% to 10% considering period for which advance payment has been paid.
14. **Green Power Tariff:** The Commission has decided to continue levy of Rs 0.66/kWh as Green Power Tariff to the consumer opting for meeting its power requirement through renewable sources. Such Green Power Tariff shall be in addition to the tariff approved in this Order. All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting renewable power on payment of Green Power Tariff. 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.
15. **Rating of Consumer:** The Commission has introduced 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 renewable sources from his total consumption and rating as given below:

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

16. As specified in the last MYT Order, the Commission has gradually increased the minimum threshold limit of billing demand of the contract demand, by 5% in each year of the 4th Control Period so as to reach a threshold limit of 75% level in FY 2024-25.
17. Accepting the concept of fixed cost recovery through Fixed/Demand Charges, the same have been gradually increased. Additionally, incentives have been retained/ increased so as to give relief of overall reduction in tariff of the consumers.
18. In the previous MTR and MYT Order, the Commission had declared its intent to introduce kVAh billing for selected consumer categories, by moving from the system of Power Factor (PF)

incentives/penalties to kVAh billing. The kVAh billing system has an inherent mechanism to incentivize or penalize consumers according to their PF, as consumers are encouraged to maintain near unity PF to achieve loss reduction, improve system stability, power quality and improve voltage profile. Accordingly, in last MYT Order, the Commission has introduced kVAh tariffs in a phased manner whereby in the first phase, kVAh billing has been approved for all HT categories, which will be extended to other categories at the appropriate time. However, during MTR Petition, it was observed that BEST is in the process of smart meter implementation and has proposed to defer the implementation to the LT category of consumer to next MYT Petition. Considering the smart meter implementation program of BEST for LT Consumers, the Commission would introduce kVAh billing during next MYT Process and hence kWh billing process is continued for LT category of consumers for FY 2023-24 and FY 2024-25.

19. The Commission has continued its efforts to contain or reduce the cross-subsidy levels, i.e., the extent to which one category of consumers cross-subsidises or is subsidised by others, as envisaged under the Electricity Act, 2003 and in accordance with the Tariff Policy. The category-wise movement of Cross-Subsidy over FY 2023-24 and FY 2024-25 is given at **Annexure 4**.
20. The Commission has also retained the existing Schedule of Charges applicable for processing new Applications, meter shifting requests, etc., after considering BEST's request.
21. The Commission has retained the discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, for Low Tension category 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.
22. The Commission has retained a bill discount of Rs. 10 per month per bill, in case the consumer opts for E-bill rather than physical bill copy, in order to save on paper usage as well as bill printing and bill distribution costs.
23. The comparison of existing and revised category-wise Tariffs for FY 2023-24 and FY 2024-25 are given at the following Annexures:
 - a) **Annexure 1:** Existing and revised category-wise Tariffs for FY 2023-24;
 - b) **Annexure 2:** Revised category-wise Tariffs for FY 2024-25;
24. The category-wise Average Billing Rate and increase/ (decrease) in tariff are shown in **Annexure 3**.
25. The category-wise movement of cross-subsidy levels are shown in **Annexure 4**.
26. The key variations between the ARR claimed by BEST and amounts approved by the Commission are presented in **Annexure 5**.

27. The consumer mix, sales mix, and revenue contribution of different consumer categories are presented pictorially in **Annexure 6**.
28. The Commission's detailed Order can be seen and downloaded from the Commission's website www.merc.gov.in .

Annexure 1: Existing and Revised Category-wise Tariff for BEST's consumers for FY 2023-24

Consumer Category & Consumption Slab	Existing Tariff			Revised Applicable Tariff from 1 April, 2023						
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Total Variable Charges (Rs./kVAh)* or (Rs/kWh)	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Energy Charge (Rs./kVAh) or (Rs/kWh)	Wheeling Charge (Rs./kVAh) or (Rs/kWh)	Total Variable Charges (Rs./kVAh) or (Rs/kWh)	Fixed Charges Variation	Variable Charges Variation
HT Category										
HT - I Industry		355	6.88		375	7.15	0.67	7.82	5.63%	13.66%
HT - II Commercial		355	7.34		375	7.66	0.67	8.33	5.63%	13.49%
HT - III Group Housing		355	6.90		375	7.23	0.67	7.90	5.63%	14.49%
HT - IV (A) Railways		355	7.01		375	6.84	0.67	7.51	5.63%	7.13%
HT - V (A) Public services (Govt. Hospital & Educational Institutions)		355	6.66		375	7.08	0.67	7.75	5.63%	16.37%
HT - V (B) Public services (Others)		355	7.14		375	7.64	0.67	8.31	5.63%	16.39%
HT - VI Electrical Vehicle		70	5.50		75	6.83	0.67	7.50	7.14%	36.36%
LT Category										
LT - I (A) Residential (BPL)	10		2.93	11		1.50	1.74	3.24	10.00%	10.58%
LT - I (B) Residential										
0-100 Units	80		3.53	85		1.95	1.74	3.69	6.25%	4.53%
101-300 Units	120		6.66	125		5.30	1.74	7.04	4.17%	5.71%
301-500 Units	120		9.85	125		8.89	1.74	10.63	4.17%	7.92%
> 501 Units	145		11.61	150		10.86	1.74	12.60	3.45%	8.53%
LT - II (a) Commercial	425		7.38	445		6.74	1.74	8.48	4.71%	14.91%
LT - II (b) Commercial >20 & <=50 kW		355	7.42		375	5.60	1.74	7.34	5.63%	-1.08%
LT - II (c) Commercial >50		355	7.82		375	5.53	1.74	7.27	5.63%	-7.03%

Consumer Category & Consumption Slab	Existing Tariff			Revised Applicable Tariff from 1 April, 2023						
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Total Variable Charges (Rs./kVAh)* or (Rs/kWh)	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Energy Charge (Rs./kVAh) or (Rs/kWh)	Wheeling Charge (Rs./kVAh) or (Rs/kWh)	Total Variable Charges (Rs./kVAh) or (Rs/kWh)	Fixed Charges Variation	Variable Charges Variation
LT - III (A) Industry (upto 20 kW)	425		6.97	445		6.23	1.74	7.97	4.71%	14.35%
LT-III (b) Industrial		355	7.34		375	6.17	1.74	7.91	5.63%	7.77%
LT - IV (A) Public Services - Govt. Hosp. & Edu. Institutions)	425		7.38	445		6.81	1.74	8.55	4.71%	15.85%
LT - IV (B) Public Services - Others	425		7.39	445		6.82	1.74	8.56	4.71%	15.83%
LT-V (A) Agriculture- Pumpsets		40	3.67		45	2.36	1.74	4.10	12.50%	11.72%
LT-V (B) Agriculture- Others		90	5.85		95	4.79	1.74	6.53	5.56%	11.62%
LT VI Vehicle Charging		70	6.25		75	5.51	1.74	7.25	7.14%	16.00%
* Existing Variable Charge includes FAC for all categories, Energy Charges and wheeling Charges										

Annexure 2: Category-wise Tariff for BEST's consumers for FY 2024-25

Consumer Category & Consumption Slab	Revised Applicable Tariff from 1 April, 2024				
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/ month)	Energy Charge (Rs./kVAh) or (Rs/kWh)	Wheeling Charge (Rs./kVAh) or (Rs/kWh)	Total Variable Charges (Rs./kVAh) or (Rs/kWh)
HT Category					
HT - I Industry	-	400	7.51	0.76	8.27
HT - II Commercial	-	400	8.04	0.76	8.80
HT - III Group Housing	-	400	7.59	0.76	8.35
HT - IV (A) Railways	-	400	7.18	0.76	7.94
HT - V (A) Public services (Govt. Hospital & Educational Institutions)	-	400	7.43	0.76	8.19
HT - V (B) Public services (Others)	-	400	8.25	0.76	9.01
HT - VI Electrical Vehicle	-	80	7.24	0.76	8.00
LT Category					
LT - I (A) Residential (BPL)	12	-	1.52	1.97	3.49
LT - I (B) Residential					
0-100	90	-	1.87	1.97	5.02
101-300	135	-	5.46	1.97	8.30
301-500	135	-	9.56	1.97	10.81
501<	160	-	11.73	1.97	12.27
LT - II (a) Commercial	475	-	7.08	1.97	9.88
LT - II (b) Commercial >20 & <=50 kW	-	400	5.88	1.97	15.08
LT - II (c) Commercial >50	-	400	5.25	1.97	15.16
LT - III (A) Industry (upto 20 kW)	475	-	6.73	1.97	7.87
LT-III (b) Industrial	-	400	6.66	1.97	12.39
LT - IV (A) Public Services - Govt. Hosp. & Edu. Institutions)	475	-	7.15	1.97	8.13
LT - IV (B) Public Services - Others	475	-	7.16	1.97	8.28
LT-V (A) Agriculture- Pumpsets	-	50	2.52	1.97	-
LT-V (B) Agriculture- Others	-	100	4.93	1.97	6.28
LT VI Vehicle Charging	-	80	5.78	1.97	6.51

Annexure 3: Category-wise Average Billing Rate and Tariff Increase/Reduction

Consumer Categories	Existing*	Average Billing Rate (Rs./kWh)		Tariff Increase	
		Approved		Approved	
		FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
HT Category					
HT - I Industry	8.06	9.29	9.79	15.17%	5.44%
HT - II Commercial	10.05	10.69	11.01	6.42%	2.92%
HT - III Group Housing	8.14	9.35	9.93	14.90%	6.11%
HT - IV (A) Railways	11.91	13.01	13.88	9.26%	6.66%
HT - V (A) Public services (Govt. Hospital & Educational Institutions)	8.17	9.24	9.80	13.02%	6.13%
HT - V (B) Public services (Others)	8.93	9.95	10.78	11.46%	8.32%
HT - VI Electrical Vehicle	-		-	0.00%	0.00%
LT Category					
LT - I Residential	7.31	7.76	8.29	6.19%	6.75%
LT - II (a) Commercial	9.01	9.97	10.53	10.71%	5.56%
LT - II (b) Commercial >20 & <=50 kW	10.88	11.40	11.90	4.79%	4.40%
LT - II (c) Commercial >50	11.06	11.46	12.17	3.62%	6.26%
LT - III (A) Industry (upto 20 kW)	7.35	8.33	9.14	13.32%	9.71%
LT-III (b) Industrial	10.74	10.87	11.27	1.17%	3.69%
LT - IV (A) Public Services - Govt. Hosp. & Edu. Institutions)	7.44	8.60	9.18	15.59%	6.80%
LT - IV (B) Public Services - Others	7.60	8.76	9.34	15.19%	6.59%
LT-V (A) Agriculture- Pumpsets	-	-	-	0.00%	0.00%
LT-V (B) Agriculture- Others	7.08	6.80	7.49	-3.90%	10.17%
LT VI Vehicle Charging	7.19	7.54	8.02	4.83%	6.42%

*- Existing Variable Charge includes FAC for all categories

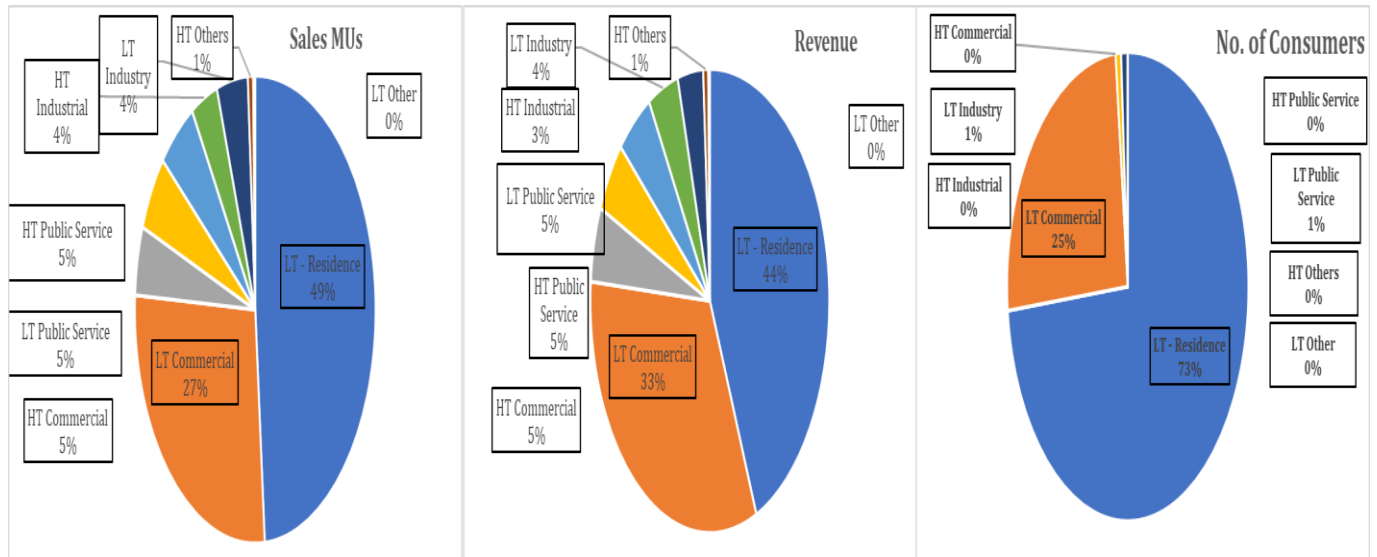
Annexure 4: Category-wise movement of Cross Subsidy Levels

Category	Cross Subsidy		
	Approved FY 2023-24	FY 2023-24	FY 2024-25
	%	%	%
HT Category			
HT - I Industry	101%	101%	100%
HT - II Commercial	113%	116%	112%
HT - III Group Housing	101%	101%	101%
HT - IV (A) Railways	109%	119%	120%
HT - V (A) Public services (Govt. Hospital & Educational Institutions)	101%	100%	100%
HT - V (B) Public services (Others)	109%	108%	110%
HT - VI Electrical Vehicle	0%	0%	0%
LT Category			
LT - I (A) Residential (BPL)	40%	38%	39%
LT - I (B) Residential	93%	86%	86%
LT - II (a) Commercial	112%	110%	109%
LT - II (b) Commercial >20 & <=50 kW	126%	126%	124%
LT - II (c) Commercial >50	127%	127%	127%
LT - III (A) Industry (upto 20 kW)	99%	92%	95%
LT-III (b) Industrial	117%	120%	117%
LT - IV (A) Public Services - Govt. Hosp. & Edu. Institutions)	95%	95%	96%
LT - IV (B) Public Services - Others	96%	97%	97%
LT-V (A) Agriculture- Pumpsets	0%	0%	0%
LT-V (B) Agriculture- Others	0%	75%	78%
LT VI Vehicle Charging	79%	83%	83%

Annexure 5: Key variations between the ARR claimed by BEST and amounts approved by the Commission.

Sl.	Particulars	ARR Claimed over the 6-year period from FY 2019-20 to FY 2024-25		
		BEST	Commission	Difference
		A	B	C = B - A
1	Total ARR	21,614.82	22,160.08	545.26
	Major Heads			
2	Power Purchase	15,575.95	16,813.20	1,237.24
3	O&M Expenses	4,025.39	3,739.72	(285.67)
4	Depreciation	706.77	646.43	(60.34)
5	Interest on Loan	170.52	-	
6	Intra-State Transmission Charges / MSLDC	1,510.90	1,536.31	25.41
7	Return on Equity	898.22	860.51	(37.71)
8	Interest on Consumer Security Deposit	128.41	142.65	14.24
9	Others	399.73	262.07	(137.66)
10	Non-Tariff Income	205.95	245.68	39.73
11	Past Surplus approved in MYT order	(1,595.13)	(1,595.13)	-

Annexure 6: Consumer mix, sales mix, and revenue contribution of different consumer categories



Residential category comprises 73% of the consumer mix, contributes 49% of the sales, and 44% of the revenue. On the other hand, LT Commercial category comprises 25% of the consumer mix, contributes 27% of the sales, and 33% of the revenue.