Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 237 of 2023

Case of The Tata Power Company Ltd. (Distribution) for approval of Truing-up of Aggregate Revenue Requirement (ARR) for FY 2022-23, Provisional Truing-up of ARR for FY 2023-24, and approval of Revised ARR and Tariff for FY 2024-25

Coram
Sanjay Kumar, Chairperson
Anand M. Limaye, Member
Surendra J. Biyani, Member

Date: 06 March, 2024

ORDER

M/s Tata Power Company Limited (Distribution Business) (TPC-D), Homi Modi Street, Fort, Mumbai, has filed its Petition for approval of Truing-up of Aggregate Revenue Requirement (ARR) for FY 2022-23, Provisional Truing-up of ARR for FY 2023-24, and approval of revised ARR and Tariff for FY 2024-25. The original Petition was filed on 11 December, 2023 and TPC-D submitted the revised Petition on 17 January, 2024.

The Commission, in exercise of the powers vested under Section 61, 62 , 64 and 86 of Electricity Act (EA), 2003 and under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2015 and its Amendments and Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019, with all other powers enabling it in this behalf and after taking into consideration of submissions made by TPC-D, upon Public Consultation Process and after considering all other relevant material, has approved the Truing-up of ARR for FY 2022-23, Provisional Truing-up of ARR for FY 2023-24 and revised ARR and the Tariff for FY 2024-25.

TABLE OF CONTENTS

LIST OF TABLES

List of Abbreviations

A&G	Administrative and General
ABR	Average Billing Rate
ABT	Availability Based Tariff
ACoS	Average Cost of Supply
AEML-D	Adani Electricity Mumbai Limited-Distribution
AMR	Automatic Meter Reading
APM	Administered Price Mechanism
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
BEST	Brihanmumbai Electric Supply & Transport Undertaking
BPL	Below Poverty Line
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CPD	Coincident Peak Demand
CPI	Consumer Price Index
CPP	Captive Power Plant
CSD	Consumer Security Deposit
CSR	Corporate Social Responsibility
CS	Cross-subsidy
CSS	Cross-subsidy Surcharge
CUF	Capacity Utilisation Factor
DEEP	Discovery of Efficient Electricity Price
DPC	Delayed Payment Charge
DPR	Detailed Project Report
DSM	Demand Side Management
DSS	Distribution Sub-station
EA, 2003	Electricity Act, 2003
EHT	Extra High Tension
FAC	Fuel Adjustment Charge
FBSM	Final Balancing and Settlement Mechanism

FBT	Fringe Benefit Tax
FY	Financial Year
GoM	Government of Maharashtra
GEC	Gross Energy Consumption
GFA	Gross Fixed Assets
GST	Goods and Services Tax
G, T & D	Generation, Transmission and Distribution
HO & SS	Head Office and Support Services
HP	Horse Power
HPCL	Hindustan Petroleum Corporation Limited
HT	High Tension
IoWC	Interest on Working Capital
InSTS	Intra-State Transmission System
kVA	kilo Volt Ampere
kVAh	kilo Volt Ampere hour
kW	kilo Watt
kWh	kilo Watt hour
LA	Licence Area
LT	Low Tension
LFI	Load Factor Incentive
LGBR	Load Generation Balance Report
MAT	Minimum Alternate Tax
MCGM	Municipal Corporation of Greater Mumbai
MCLR	Marginal Cost of Funds based Lending Rate
MERC/Commission	Maharashtra Electricity Regulatory Commission
MOD	Merit Order Despatch
MSEDCL	Maharashtra State Electricity Distribution Company Ltd.
MSPGCL	Maharashtra State Power Generation Company Limited
MSETCL	Maharashtra State Electricity Transmission Company Limited
MSLDC/ SLDC	Maharashtra State Load Despatch Centre
MTR	Mid-Term Review
MU	Million Units
MVA	MegaVolt Ampere

MW	Mega Watt
MYT Regulations, 2011	MERC (Multi Year Tariff) Regulations, 2011
MYT Regulations, 2015	MERC (Multi Year Tariff) Regulations, 2015
NCPD	Non-coincident Peak Demand
NOC	No Objection Certificate
NTI	Non-Tariff Income
OA	Open Access
O&M	Operation and Maintenance
OLA	Outside Licence Area
PBT	Profit Before Tax
PF	Power Factor
PFI	Power Factor Incentive
PPA	Power Purchase Agreement
PSCC	Power System Control Centre (erstwhile LCC)
PWW	Public Water Works
R&M	Repair and Maintenance
RAC	Regulatory Asset Charges
RE	Renewable Energy
REC	Renewable Energy Certificate
Rinfra	Reliance Infrastructure Limited
RoE	Return on Equity
RPO	Renewable Purchase Obligation
RTC	Round the Clock
SBI	State Bank of India
SBI PLR	State Bank of India Prime Lending Rate
SLDC	State Load Despatch Centre
TOD	Time of Day
ToSE	Tax on Sale of Electricity
TPC	The Tata Power Company Limited
TPC-D	The Tata Power Company-Distribution Business
TPC-G	The Tata Power Company-Generation Business
TPC-T	The Tata Power Company-Transmission Business
TPREL	The Tata Power Renewable Energy Limited

TVS	Technical Validation Session
UI	Unscheduled Interchange
VCoS	Voltage wise Cost of Supply
WPI	Wholesale Price Index
WL	Wheeling Loss

1 BACKGROUND AND BRIEF HISTORY

1.1 BACKGROUND

1.1.1 The Tata Power Company (TPC) is an integrated Utility engaged in the business of Generation, Transmission and Distribution of electricity. The Distribution Business of TPC (TPC-D) has been granted a Distribution Licence by the Commission for the distribution and supply of electricity in and around Mumbai for 25 years from 15 August, 2014. On the basis of this Licence, which is valid up to 14 August, 2039, TPC-D is entitled to distribute and supply electricity to the public for all purposes in accordance with the provisions of the Act.

1.2 MYT REGULATIONS

1.2.1 The Commission notified the MYT Regulations, 2015 on 8 December, 2015, which were amended vide notification dated 29 November, 2017. These Regulations are applicable for the 3rd Control Period from FY 2016-17 to FY 2019-20.

1.2.2 Subsequently, the Commission notified the MYT Regulations, 2019 on 1 August, 2019. These Regulations are applicable for the 4th Control Period from FY 2020-21 to FY 2024-25.

1.3 PETITION AND MAIN PRAYERS OF TPC-D

1.3.1 The Commission in Paragraph 8.2 of the MTR Order had granted liberty that if there is any substantial improvement/reduction in the costs considered by the Commission in the MTR Order, TPC-D may file revised tariff Petition for the 5th year of the Control Period, i.e., FY 2024-25, in accordance with the Regulation 5 of the MYT Regulations, 2019.

1.3.2 In this regard, TPC-D has submitted that post issuance of Tariff Order, imported coal prices have significantly reduced around 15% from April 2023 to November 2023 and in comparison, with the approved rate it is around 22%. Thus, there is a significant reduction due to the lower fuel prices in the market and the benefit of the same has to be passed on to the consumer.

1.3.3 Accordingly, TPC-D filed its Petition on 11 December, 2023 for Truing-up of FY 2022-23, Provisional Truing-up of FY 2023-24 and for approval of revised ARR and the Tariff for FY 2024-25, in accordance with the MYT Regulations, 2019. The Commission sought replies on the data gaps raised on 21 December, 2023 and certain other information from TPC-D, replies to which were submitted by TPC-D on 30 December 2023, 4 January, 2024 and 14 January, 2024

1.3.4 The Technical Validation Session (TVS) was held on 4 January, 2024. The list of persons who attended the TVS is in **Appendix-1**. The Commission asked TPC-D to provide additional information and clarifications on the various issues raised during the TVS. TPC-D furnished its replies on 12 January, 2024 to data gaps and additional information sought by the Commission.

1.3.5 TPC-D filed the revised Petition on 17 January, 2024 incorporating replies to the queries raised in preliminary data gaps and clarifications on the issues raised during the discussion. The main prayers of TPC-D in its revised Petition are as below:

"

- *Admit the Petition as per the provisions of the MERC (MYT) Regulations, 2019 and consider present Petition for further proceedings before this Hon'ble Commission;*
- *Allow the petition of Distribution Business of Tata Power Company Limited for approval of the revised tariff for FY 2024-25*
- *Allow to modify this proposal for separate tariff for AEML SEEPZ area.*
- *Allow Tata Power-D to use surplus solar energy more than 15% purchased during the year FY 2022-23 to FY 2023-24 to meet cumulative shortfall in non-solar RPO target*
- *Allow Tata Power-D to carry forward 50% of provisional Gap /(Surplus) till FY 2023-24 in wire business in next Control period.*
- *Permit to make further submissions, addition and alteration to this Petition as may be necessary from time to time.*
- *Condone any inadvertent omissions/errors/rounding off differences/shortcomings and permit Tata Power- D to add/change/modify/alter this filing and make further submissions as may be required at a future date.*
- *Pass such further and other orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case"*

1.4 ADMISSION OF THE PETITION AND PUBLIC CONSULTATION PROCESS

1.4.1 The Commission admitted the Petition on 25 January, 2024 and in accordance with Section 64 of the EA, 2003 directed TPC-D 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.

1.4.2 TPC-D published the Public Notice inviting suggestions and objections in the daily newspapers Financial Express and Indian Express (English) and Loksatta and Saamna (Marathi) on 29 January, 2024. The copies of the Petition and its Executive Summary were made available for inspection/purchase at TPC-D's offices. The Petition was made available on TPC-D's website (www.tatapower.com) free of cost in a 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) in downloadable format. The Public Notice specified that the suggestions and objections, in English or Marathi, may be filed with proof of service on TPC-D, latest by 23 February, 2024.

1.4.3 The Commission notes that after issuance of Public Notice on 29 January, 2024, TPC-D made additional submissions on 29 January, 2024 making certain changes in tables of Cross Subsidy, ABR and Tariff of various categories and issued another Public Notice on 30 January, 2024 without approval of the Commission. The Commission vide its letter dated 1 February, 2024 issued notice seeking explanation in relation to Public Notice issued on 30 January, 2024. TPC-D vide its letter dated 2 February, 2024 submitted that it has made additional submissions on 29 January, 2024 to rectify the certain discrepancies which had crept in the Energy Charges proposal as submitted by them and subsequently issued the Public Notice for updating the Consumers in the interest of transparency. TPC-D further requested to condone the issuance of subsequent public notice and tendered unconditional apology for the same and prayed for not initiating any further action. The Commission is of the view that, though TPC-D has tendered unconditional apology, such act of TPC-D is clear violation of set legal precedence. Once the Petition is admitted, for making any changes/amendment prior approval of the Commission is required also it is mandatory for the Distribution Licensee to publish Public Notice in Tariff matter after prior approval of the Commission. Such action of TPC-D is also abuse of regulatory procedure. It is imperative that all Licensees adhere to the stipulated Regulations to maintain transparency and integrity of industry. The issuance of public notices without regulatory approval not only undermines the established procedures but also has the potential to impact public trust and confidence in the regulatory framework. This is the fit case for initiating further action, but considering the fact that TPC-D has been the responsible Licensee for so many years and its undertaking that in future it will adhere to established protocols and Regulations, the Commission is not inclined to take any further action in this matter. TPC-D shall avoid such impropriety going forward.

1.4.4 The Commission received written suggestions and objections, as well as oral submissions on various issues at the e-Public Hearing held on Tuesday, 27 February, 2024. Written and oral submissions made during the Public Hearing, along with TPC-D's responses and the Commission's rulings have been summarised in Section 2 of this Order. The list of persons who attended the public hearing is at **Appendix-2**.

1.4.5 The Commission has ensured that the due process contemplated under the law to ensure transparency and public participation was followed at every stage and adequate opportunity was given to all stakeholders to express their views.

1.5 ORGANISATION OF THE ORDER

1.5.1 This Order consists of the following Sections as outlined below:

- **Chapter 1** provides a brief history of the regulatory process undertaken by the Commission. A list of abbreviations with their expanded forms has been included.
- **Chapter 2** lists out the suggestions and objections received in writing as well as during the Public Hearing. These have been summarized issue-wise, followed by the response of TPC-D and the rulings of the Commission.
- **Chapter 3** details the Truing-up of FY2022-23
- **Chapter 4** details the Provisional Truing up of FY 2023-24.
- **Chapter 5** details the approval of Revised ARR for FY 2024-25 as per MYT Regulations, 2019.
- **Chapter 6** details the Cumulative Revenue Gap/(Surplus), Tariff Philosophy and revised category-wise Tariffs for FY 2024-25.
- **Chapter 7** details the Commission’s rulings on the revision to Schedule of Charges sought by TPC-D.

2 SUGGESTIONS/OBJECTIONS, TPC-D'S RESPONSES AND COMMISSION'S RULINGS

2.1 MAINTAINABILITY OF THE TARIFF PETITION

Multiple Submissions of AEML-D

2.1.1 AEML-D has raised issue of Maintainability of the present Tariff Petition filed by TPC-D in its suggestions/objections filed on 20 February, 2024 and Note of Arguments filed during the Public Hearing on 27 February, 2024. Further, AEML-D has also filed I.A on Case No 237 of 2023 being Diary No 48 of 2024 on Non-Maintainability of the Tariff Petition.

2.1.2 AEML-D has submitted that since the MTR Order has been set aside by the judgment of Hon'ble APTEL dated 5 January, 2024, the liberty granted by the Commission in Paragraph 8.2 of the MTR Order is also set aside. AEML-D has also submitted that there is no provision/procedure in the MYT Regulations, 2019 that contemplates the filing of the Petition. As per said APTEL judgement, provisional Truing-up upto FY 2022-23 already carried out under MTR Order is not required to be revisited and only projections for FY 2023-24 and FY 2024-25 need to be revisited.

2.1.3 TPC-D has wrongly invoked Regulation 5 of the MYT Regulations, 2019 to approach the Commission for filing of the Tariff Petition and has also not specified the specific sub-regulation for filing the Petition. The scope of Regulation 5 of the MYT Regulations has to be seen in light of original liberty granted to file Petition in MTR Order. The Petition lacks pleadings/submissions by TPC-D qua the two uncontrollable factors mentioned by the Commission in Paragraph 8.2 of the MTR Order. Further, TPC-D cannot take shelter under Regulation 5 of MYT Regulations because change in power purchase cost is covered through the FAC mechanism.

2.1.4 The MYT Regulations, 2019 applies equally to all Licensees and other regulated entities. Therefore, TPC-D cannot be accorded a special treatment under the same, thereby allowing it to carry out a true-up and provisional true-up at an unscheduled time during the Control Period, when no other licensee is able to do so. AEML-D also submitted that the Commission has to just re-create the MTR Order for TPC-D, considering the Hon'ble APTEL's issues, directions, events subsequent and views of all stakeholders, as required by the said judgment of the Hon'ble APTEL. This approach will ensure that all distribution licensees remain on equal footing and the licensees are not unequally placed in bearing the liability of the past revenue gap, at the start of the new Control Period. The other licensees such as AEML-D do not have the option to file tariff petitions at their own whims and fancies, thereby abusing the tariff determination process.

2.1.5 The ambit of proceedings cannot be widened by the Order dated 23.02.2024 (Reopened Order in Case No 225 of 2023). Further, AEML-D, STU and SLDC should be arrayed as a party Respondent in the present Petition.

TPC-D's Response

2.1.6 TPC-D that the scope of the present proceedings is limited to the tariff determination for TPC-D on the basis of the projections made by it, in the present Petition. Furthermore, AEML-D being a parallel distribution licensee (one of the stakeholder) is only entitled to raise its objections towards the projections made by TPC-D for determination of its tariff. AEML-D in the present instance has adopted a compete adversarial role and has made deliberate attempt to turn the present regulatory exercise of this Commission (tariff determination process) into a judicial exercise (adjudication of disputes) which is impermissible under law. AEML-D has made every attempt to convert TPC-D's tariff determination exercise into an adjudication of disputes, by suggesting to involve different entities which are alien to present tariff determination exercise amongst other such attempts to derail the proceedings from reaching its conclusion in a time bound manner. AEML-D has raised such hyper technical issues which are not warranted at the current stage of tariff determination exercise and appears to be made with an oblique motive to gain undue advantage in the competitive regime in the distribution business in the Mumbai Metropolitan Region.

2.1.7 The edifice of granting liberty to file the revised tariff Petition for the FY 2024-25 was in consideration of any improvement/reduction in the procurement cost as considered by the Commission in the MTR Order. Furthermore, the liberty was also granted considering the fact that the PPA with TPC-G had come to an end, and that new considerations may arise after the new procurement plan is proposed by TPC-D. The genesis of granting the liberty by this Commission (i.e., consideration of improvement/reduction in the procurement cost) still survives, irrespective of where the liberty contained in the MTR Order has subsequently been set aside

2.1.8 TPC-D had filed the present Petition inter alia seeking provisional truing up of FY 2023-24 and revised ARR for FY 2024-25, for determination of the tariff for TPC-D reflecting its actual ACoS and to enable it to recover the cost of distribution of electricity in reasonable manner, as per Section 61(d) of the Act. In case the objection of AEML-D is to be accepted, then the consequence of the same shall be that there will be no revised tariff governing TPC-D for FY 2023-24 and FY 2024-25 (as the determination for said years done in MTR Order has been set aside), and TPC-D will continue to be governed by the MYT regime which will be neither in the interest of TPC-D nor its consumers as envisaged under section 61(d) of the Act. Furthermore, such measure will result in unnecessary increment in revenue gap to the tune of Rs. 500 Crore (approx.), which would ultimately be recoverable from the consumers in the future Control Periods, along with the carrying cost.

2.1.9 It is settled position of law that the regulatory power conferred upon this Commission has very wide import and inter alia includes the power to determine tariff of TPC-D in line with the 'actual' ACoS of TPC-D. The salutary 'power to regulate' can be exercised by this Commission for ensuring the fixation of a fair tariff (which depends upon a consideration of all relevant and economic factors which contribute to the determination of such a fair tariff).

2.1.10 The procedural rule stipulated under Regulation 5 of the MYT Tariff Regulations, 2019 cannot be used as an instrument to cause injustice to TPC-D by not determining tariff in terms of the projections and revised figures submitted in the present petition. Regarding the use of FAC mechanism for cost changes, TPC-D submitted that the current petition is not related to the FAC mechanism but addresses actual cost adjustments, which is allowed under the Act and regulations. There is no impediment or embargo under the extant law as well the regulations to keep the present Petition in abeyance on pretext that there is no provision under the MYT Regulations, 2019 for filing the present Petition. The present facts are appropriate for exercise of this Commission's Power to Relax/Power to Remove Difficulty in the interest of justice as setting aside of MTR Order cannot be a reason to keep the present Petition inter alia seeking true up of FY 2022-23, provisional true up of FY 2023-24 and revised tariff for FY 2024-25 at abeyance as same will be against the commercial principles enshrined under the section 61(b) and 61 (d) of the Act.

2.1.11 There is no reason or occasion for TPC-D (even in terms of statutory framework) to conduct the MTR basis the revised projections for the FY 2023-24 and FY 2024-25 as the MTR can only be conducted in the beginning of the FY 2023-24. However, since the FY 2023-24 has come to an end, TPC-D was left with no other alternative than to file the present petition basis its revised trued-up figures for FY 2023-24 and revised projections for FY 2024-25, which otherwise is also as per the extant regulations and statutory framework.

2.1.12 STU and SLDC are at liberty to file their comments (including the issues of transmission constraints and power procurement from outside Mumbai etc.) to which TPC-D has right to respond.

2.1.13 AEML-D cannot be allowed to contend that carrying such provisional true and revised ARR will act as an impediment to the prospects and competitive regime of the distribution business in Mumbai. AEML-D is well within its right to file its tariff petition in terms of the Regulation 5 of the MYT Regulations, 2019, and non-filing of such petition by AEML-D cannot act as an impediment upon TPC-D to seek provisional truing up of FY 2023-24 and revised ARR for FY 2024-25, which otherwise also is in terms of the statutory framework.

Commission's Ruling

2.1.14 The Commission notes that all the three (3) submissions of AEML-D are similar and are in respect of non-maintainability of the tariff Petition filed by TPC-D.

2.1.15 Section 61(b) and (d) of the EA, 2003 envisage tariff determination based on commercial principles and it should ensure recovery of cost i.e., cost reflective tariff is required to be determined by the Commission.

2.1.16 The Commission while issuing MTR Order has considered power purchase cost from TPC-G as per provision of MYT Regulations which at that point time was high considering the increase in price of imported coal. However, considering the submissions of TPC-D on the prices likely to come down going forward, the Commission had granted liberty to TPC-D to approach the Commission for tariff determination for FY 2024-25 in case there is reduction in power purchase. The Commission has also granted the same liberty to BEST and AEML-D in their respective MTR Orders. Hence, AEML-D's contention that it does not have the option to file tariff petitions is completely erroneous.

2.1.17 It is also pertinent to note that there was neither any prayer nor any submission either by TPC-D or AEML-D before the Hon'ble APTEL challenging Paragraph 8.2 of the MTR Order wherein liberty was granted by the Commission to TPC-D to file Petition for FY 2024-25. Also, in an interim Order issued by the Hon'ble APTEL on 13 July, 2023, it had granted stay only to the tariff of FY 2023-24 and not for FY 2024-25 in view of the fact that the Commission has already granted liberty to TPC-D to approach the Commission for re-determination of tariff for FY 2024-25. Even if AEML-D's submission is to be accepted in respect of setting aside the liberty of filing the tariff Petition, the Commission is of the view that there cannot be vaccum in respect of tariff to be levied to the Consumers in FY 2024-25 and to stretch the argument that levy of Tariff can be as per MYT Order, will result in massive revenue under-recovery burdening the consumers with carrying cost going forward, the impact of which is already evident in this Order for FY 2023-24. Further, to levy tariff which is neither cost-reflective nor based on commercial principles is contrary to provisions of EA, 2003.

2.1.18 The Commission further notes that the entire argument of AEML-D before the Hon'ble Supreme Court as well as Hon'ble APTEL was that by staying the MTR Order, the recovery of gap upto FY 2022-23 which was considered for recovery in FY 2023-24 was also stayed thereby distorting the level playing field. The Commission notes that Hon'ble APTEL, having recognising the same, had in its Order dated 5 January, 2024 directed the Commission to pass an interim or final order in expeditious manner. The Commission also notes that recovery of truing-up gap upto FY 2022-23 was included not only in tariff of FY 2023-24 but also in FY 2024-25. Thus, it was inevitable for the Commission to determine tariff for FY 2024-25 to allow the past recovery. Further, the Commission in all its MTR Orders issued in March 2023 has determined cost reflective tariff without creation of any regulatory asset or deferred any recovery. Thus, if the Commission determines tariff for FY 2023-24 and FY 2024-25 as contended by AEML-D, without Truing-up of FY 2022-23 and provisional Truing-up of FY 2023-24, it would result in determination of tariff which is not cost-reflective and may lead to under-recovery thereby burdening the Consumers in the next Control Period with carrying cost and tariff hike.

2.1.19 The Commission notes that proviso to Regulation 5.1 (b) of MYT Regulations, 2019 clearly provides for Petition to be filed at any time during the Control Period in case of variation in uncontrollable factors that may result in sudden, steep, and sustained increase in tariff. The Commission notes that after passing of the MTR Order, the Commission has approved the PPA between TPC-G and TPC-D for 5 years from FY 2024-25 to FY 2028-29 considering the transmission constraints and also observed from the submissions of TPC-D that cost of power purchase has reduced significantly (~15%). Further, with stay of MTR Order for FY 2023-24 and tariff being recovered as per MYT Order, there was huge under-recovery by TPC-D and if the same MYT tariff was continued in FY 2024-25 as well, it would have resulted in massive under-recovery resulting in sudden, steep increase in tariff. Thus, the Commission is of the view that the Petition filed by TPC-D is maintainable under Regulation 5 of the MYT Regulations, 2019.

2.1.20 Further it is important to note that while setting aside MTR Order with respect to FY 2023-24 and FY 2024-25, Hon'ble APTEL has directed the Commission to issue fresh tariff order for these years expeditiously. APTEL has granted liberty to the Commission to decide the tariff through interim order or final order or by both. The relevant extract of the Order is reproduced below:

> *"As FY 2023-24 is drawing to a close in less than three months from now on 31.03.2024, the MERC shall, after putting both the appellant and the 2nd Respondent on notice and after giving them a reasonable opportunity of being heard,* ***pass an interim or final order afresh with utmost expedition****, bearing in mind the observations made by us in our order dated 13.07.2023, and taking into consideration events subsequent thereto. Needless to state that parties on both sides shall co-operate in the early disposal of the proceedings before the MERC"*
>
> *The impugned order, apart from the true up part, stands set aside. Since the challenge in the present appeal was also to a part of the true up order, liberty is granted to the Appellant, if they so choose, to file an appeal afresh restricting their challenge therein only to the true up part of the order of the MERC dated 31.03.2023." (Emphasis Supplied)*

2.1.21 The Commission notes that pursuant to the stay granted by the Hon'ble APTEL by its judgment dated 13 July, 2023, following events have occurred necessitating the issuance of the present Order in Case No 237 of 2023:

a. TPC-D started levying the tariff approved as per MYT Order dated 30 March, 2020 for FY 2023-24. This has resulted in under-recovery which is being considered by the Commission resulting in tariff hike in FY 2024-25.

b. The Commission considering the transmission constraints, based on the submission of all stakeholders including TPC, AEML-D, BEST, STU and MSLDC, has approved the PPA between TPC-G and TPC-D/BEST for the period FY 2024-25 to FY 2028-29.

c. TPC-D had filed Case No 237 of 2023 on 11 December, 2023 for Truing-up of FY 2022-23, Provisional Truing-up of FY 2023-24 and for approval of revised ARR and the Tariff for FY 2024-25 in view of its lower power purchase cost which was observed in submission of TPC-D in relation to six month cost (H1) of FY 2023-24.

d. The Commission issued notice in Case No 225 of 2022 (Re-opened matter) in remand proceedings pursuant to the judgment dated 5 January, 2024 of Hon'ble APTEL in Appeal No 369 of 2023 and after hearing the parties issued the Order dated 23 February, 2024.

2.1.22 As present Petition was filed before the Commission, after hearing both parties, the Commission in its Order dated 23 February 2024 in remand proceeding has noted that tariff for FY 2023-24 could not be determined on account of paucity of time but tariff for FY 2024-25 can be decided finally in present proceeding by following all procedure prescribed under the Act. The relevant extract of the order is reproduced herein below:

"16. In view of above factual aspects, the Commission is of the opinion that as TPC-D's Tariff Petition in Case No. 237 of 2023, which has already been listed for Public Hearing on 27 February 2023, includes provisional true-up of FY 2023-24 and revised ARR for FY 2024-25, all subsequent event such as 5 years extension of PPA with TPC-G can be appropriately considered in that proceeding. AEML-D may file its suggestions and objections in that proceeding which TPC-D will have to reply to and the Commission will consider all such documents before final decision on that Petition. TPC-D shall also forward a copy of its Tariff Petition in Case No 237 of 2023 to STU and SLDC for their comments, if any, on the issue of transmission constraints. Accordingly, the Commission will issue final Order in Case No. Case No. 237 of 2023 after considering all comments received during public consultation in that matter and observations of the Hon'ble APTEL in interim Order dated 13 July 2023.

……………………

19. ……

2. Due to time constraint and futility of exercise, the Commission decided not to proceed further for determination of interim tariff increase for FY 2023-24.

3. The Commission shall consider observations of Hon'ble APTEL while deciding final tariff for FY 2024-25 in Case No. 237 of 2023."

2.1.23 Hence, present proceeding needs to be considered as compliance of Hon'ble APTEL judgment which directed the Commission to expeditiously determine tariff afresh.

2.1.24 The Commission in its Order dated 23 February, 2024 in Case No 225 of 2022 (Re-opened matter) had held that STU, MSLDC and AEML-D may file their comments in Case No 237 of 2023 pending before the Commission. The Commission notes that STU as well as AMEL-D have filed their comments which have been dealt by the Commission in this Order.

2.1.25 In view of the aforesaid, the I.A filed by AEML-D being Diary No 48 of 2024 in Case No 237 of 2023 opposing the maintainability of the Petition is dismissed. The Commission accordingly keeping in view the observation of the Hon'ble APTEL, hereby deals with the tariff petition filed by TPC-D in present matter.

2.2 SALES FOR FY 2023-24 AND 2024-25

2.2.1 AEML-D submitted that TPC-D has inflated sales and suppressed the tariff in an attempt to gain competitive advantage in parallel licensee regime. TPC-D has projected very high growth rates in case of HT categories, and such high forecast of sales in both LT and HT categories as an attempt to reduce its ACoS of TPC-D. Further, AEML-D submitted that realistic sales projection for FY 2023-24 and FY 2024-25 should be considered to avoid a significant revenue gap in future.

TPC-D's Response

2.2.2 TPC-D submitted that sales estimate was based on the actual sales for H1 for FY 2023-24 and the CAGR based on the past data from FY 2018 to FY 2023. Further, since between FY 2017-18 to FY 2022-23 a growth of 3% was observed in the HT category considering the present load demand profile of the HT consumers, TPC-D had considered an overall growth rate 5%. Thus, growth rate considered by TPC-D was based on the actual growth data. In the case of LT category, the overall growth rate considered was 9% based on the actual data till H1 of FY 2023-24. TPC-D further submitted that the actual sales consumption for TPC-D was ~4800 MUs till January 2024. Without any incremental growth for remaining two months and prorate for 12 months, the estimated sales for FY 2023-24 was 5760 MUs against the estimated sale in the petition of 5838 MUs for FY 2024-25, without significant difference in overall sales as contended by AEML - D.

Commission's Ruling

2.2.3 The Commission has projected the category-wise sales for FY 2023-24 and FY 2024-25 as elaborated in Section 4 and Section 5 of this Order.

2.3 NETWORK ROLL-OUT

2.3.1 AEML-D and BEST raised objections regarding the non-availability of TPC-D's network rollout plan. BEST contended that TPC-D is selectively laying network to favour high-value consumers. AEML-D further submitted that the MYT order dated 30 March, 2020 in Case No. 326 of 2019 regarding slow expansion of LT network by TPC-D. Several public representatives also raised objections regarding the poor network for supply in slums areas, while AEML-D and BEST further contended that TPC-D discouraged consumers from slum areas to approach TPC-D for supply through its network. AEML-D has also contended that TPC-D is arbitrarily laying its network in the parallel license area.

TPC-D's Response

2.3.2 TPC-D submitted that ancillary issues raised by AEML-D are extraneous in nature and cannot be agitated during the tariff determination process as same has no inter-relation with the projections made by TPC-D for determination of its tariff. TPC-D submitted that vide its letter dated 24 August, 2017 had duly submitted the initial roll out plan for the Mumbai City area in line with the direction issued by this Commission in its Order dated 12 June, 2017 in Case No. 182 of 2014. TPC-D also submitted that the status of above-mentioned network roll out plan and future planned network development was submitted through various Detailed Project Reports for Mumbai City area and related data gaps. TPC-D also submitted that vide letter dated 25 July, 2020, submissions were made in compliance of the directive issued by the Commission in the MYT order in Case No. 326 of 2019 regarding submission of available/planned rolling out of LT network TPC-D has also provided the updated status through half yearly report. TPC-D submitted that it has nearly completed the proposed network development under phase 1 of the network rollout plan and executing the work under phase 2 as per the consumer requirement, and thus, has regularly apprised the Commission about the developments of the rollout plan of its network for the Mumbai City area along with the necessary DPR approvals.

2.3.3 TPC-D further stated that submissions by BEST are ancillary qua the issue at hand and ought to be ignored. TPC-D further disputed BEST's statements that TPC-D has not laid any network and is engaging in cherry picking of consumers in its area. TPC-D had submitted its network rollout plan before this Commission and an expert Committee was appointed by the Commission. The principles of laying of network including in Mumbai city were approved by the Commission and TPC-D has nearly completed the proposed network development under phase 1 of the network rollout plan and executing the work under phase 2 as per the consumer requirement. TPC-D has been updating the Commission regarding the laying of network by it including practical difficulties, and no irregularities were found till date.

Commission's Ruling

2.3.4 The Commission has been approving the DPR for network roll-out to meet its obligation to supply using its own network as per principles laid down in Case No 182 of 2014. Further, TPC-D has been updating the Commission on the status of DPRs approved by the Commission. AEML-D and BEST are free to approach Commission with specific instances/cases to show selective network laying by TPC-D rather than making generic comments.

2.4 POWER PURCHASE COST

2.4.1 AEML-D submitted that regarding power procurement from TPC-G, no justification is provided for reduced quantum considered from Unit 7 or higher quantum considered from Hydro stations. AEML-D further submitted that power procurement from TPC-G by TPC-D will always be on higher side in view of transmission constraints and highlighted a stark contradiction between TPC-D's admission of transmission constraints vis-à-vis its stand on the same before the Hon'ble APTEL while seeking stay on tariffs, where it vehemently stated that there are no transmission constraints.

TPC-D's Response

2.4.2 TPC-D submitted that the case before Hon'ble APTEL had never been about whether transmission constraint exist in Mumbai or not, and this issue has not been considered by Hon'ble APTEL in its Interim Order dated 13 July, 2023, and AEML-D had again raised the already settled issue in various forum related to transmission constraint and generation from TPC-G. The Commission had issued Order in Case 225 of 2022 on 31 March, 2023, which was applicable till 05 January, 2024 (except tariff schedule). Accordingly, TPC-D has scheduled Generation from TPC-G to meet its demand requirement as well as in the case of transmission constraint for Mumbai Utility. In its Order dated 28 November 2023 in Case No. 39 of 2023, the Commission considering the importance of the embedded generation had approved the Power Purchase of TPC-D from TPC-G, and AEML was party to this petition where the issue of transmission constraint was discussed in length. Since the methodology of zero scheduling and Virtual State Entity (VSE) is yet to be implemented during FY 2023-24, TPC-D in the current year has estimated generation from the TPC-G based on actuals. TPC-D further submitted that for FY 2024-25, it was expected that the VSE mechanism would be in place and utility will consume as per their demand requirement and not for the demand of other utilities. Further, TPC-D mentioned that while estimating future generation, it has considered technical minimum and outage plan of TPC-G Thermal Units.

Commission's Ruling

2.4.3 The basis for considering the quantum of power purchase by TPC-D from TPC-G for FY 2024-25 has been elaborated in Section 5 of this Order.

2.5 STANDBY CHARGES

2.5.1 AEML-D submitted that TPC-D cannot seek shelter under the order passed in an Appeal wherein TPC-D was not a party, which was specific with the case of AEML-D where it had formally terminated the stand-by arrangement with prior notification to MSEDCL from the year 2021. AEML-D contended that the issue of Stand-by charges for TPC-D should be decided afresh after hearing both TPC-D and MSEDCL.

TPC-D Response

2.5.2 TPC-D submitted that the case of TPC-D and AEML was similar in nature as TPC-D had also revoked the standby arrangement by duly issuing letter dated 03 October 2023 to the MSEDCL. Similar to the order passed by the Hon'ble APTEL in the appeal of AEML-D inter alia for the Standby Charges, Hon'ble APTEL has directed this Commission to consider the issue afresh. Further, similar to the order passed by the Hon'ble APTEL in the appeal of AEML-D inter alia for the Standby Charges, Hon'ble APTEL had set aside the MTR Order which contained directions for payment of standby charges for TPC-D. Thus, in terms of above submissions, it is evident that the direction of this Commission for payment of Standby Charges for FY 2023-24 and FY 2024-25 has been set aside by the Hon'ble APTEL, and no liability/direction remains for payment of such charges by TPC-D.

2.5.3 TPC-D submitted that in any case, any such liability for payment of Standby Charges would not arise until any fresh direction to this effect is passed by this Commission. TPC-D further highlighted that on account of the development of the real time market, TPC-D was able to manage its power procurement through available sources from the Real Time market on intra-day basis, and the standby facility was envisaged at a time when real time market was not operational. Accordingly, TPC-D had stopped purchasing power under Standby arrangement from 01 October, 2023 accordingly had discontinued payment of standby charges, and thus would be improper to burden the consumer with the amount which is not payable. Thus, TPC-D submitted that the amount is considered till September 2023 up to which the facility was availed.

Commission's Ruling

2.5.4 AEML-D has filed Case No 1 of 2024 in respect of discontinuance of Standy arrangement with MSEDCL. All Distribution Licensees in Mumbai are required to be heard in the matter. The Commission will decide the matter after hearing all the parties. The Commission in the present order has considered Standby Charges as submitted by TPC-D subject to outcome of Case No 1 of 2024 pending before the Commission.

2.6 CROSS SUBSIDY STRUCTURE

2.6.1 AEML-D submitted that in the guise of equal cross subsidy level of parallel Distribution Licensees, low-end consumers cannot be subjected to such high level of tariff shock. Given the high tariff proposed for residential consumers, there would be consumer migration from TPC-D to AEML-D. AEML-D further highlighted that this was TPC-D's attempt to push away low-end consumers from its consumer base towards AEML-D, which would distort the level playing field between the competing distribution licensees, and thus, TPC-D's proposal for same cross subsidy as that of AEML-D cannot be accepted as both licensees are not on equal footing based on their network spread and consumer sales mix.

2.6.2 BEST also submitted that TPC-D has designed its tariff in such a manner to lure away the HT consumers from parallel licensees, as tariff hike in HT category of 27.73% was proposed compared to the tariff hike for the residential category consumer of 128.17%. BEST contended that this would lead to a tariff shock to the consumer in the LT category, and would act as an entry barrier for subsidised consumers.

TPC-D's Response

2.6.3 TPC-D submitted that a common approach in cross subsidy structure had been adopted to avoid consumer migration from one distribution licensee to another distribution licensee. Further, to avoid higher cross subsidy in certain categories, TPC-D had reduced the cross subsidy to the level of 20%, and that there is overall tariff recovery during FY 2024-25 which is in line with the National Tariff Policy, 2016. Accordingly, TPC-D had proposed lower increment in the tariff of certain categories which were already in the higher range of cross subsidy and cross subsidizing the other categories. TPC-D highlights that a steep increase in the tariff of subsidizing consumers would have led to them moving out to open access, resulting in the loss of cross subsidy available for subsidized category, leading to further increase in the tariff of the subsidized consumers. Accordingly, the residential category of 0-100 Units and 100-300 Units were proposed to increase, while TPC-D adjusted the overall residential tariff to keep the tariff increase at a minimum. TPC-D highlights that for the existing tariff for 301- 500 units and 501 units and above, the cross subsidy was 141% and 156%, which was required to be brought within the range of 120%. Such loss in cross subsidy had to be compensated by increase in tariff of residential category consumers (0-100 units and 101-300 units). Further, it is pertinent to note that the tariff (as proposed above) is based on the MYT Tariff Order in which the ACoS was Rs 6.41 /kWh, and hence the tariff in residential category is on lower side as compared to the tariff projected for the other utilities.

2.6.4 TPC-D further noted that shifting of consumers from one distribution licensee to another is a common phenomenon in competitive regime and same cannot become resort for a distribution licensee to design the cross-subsidy structure in line with the philosophy enshrined under National Tariff Policy, 2016 and statuary framework. TPC-D also submitted that the consumer ratio of cross subsidised and cross subsidising sale of both the parallel licensee is now similar and the same has also been recognised by the Commission in its MYT Order in Case No. 326 of 2019, and the ACoS of both the licensees was also in the same range. In view of aforementioned factors if different approaches are adopted in deciding the CS for the two licensees, then the same may create imbalance in the consumer mix as consumers start moving from one distribution licensees to other distribution licensees. Hence, TPC-D proposed that where there is more than one distribution licensee operating in the same area of supply, then a common approach in CS structure should be adopted till a final methodology is decided by this Commission.

2.6.5 TPC-D also highlighted that the tariff of TPC-D for 0-100 units and 101-300 units was lowest among all Mumbai Utilities, facilitating number of subsidized consumers to take a supply from TPC-D. Further, the consumer mix and number of residential sales served on the direct wire and on the wire AEML-D sale of 0-100 units and 100-300 units category was highly subsidized. TPC-D submitted that with 7.15 lac residential consumers out of which 85% consumers were below to 0-300 units slab, the submission of AEML-D that TPC-D does not serve low-end consumers is incorrect.

Commission's Ruling

2.6.6 The Commission is of the view that Cross subsidy in tariffs cannot be the same for two distribution licensees primarily due to differences in their cost structures, consumer mix, and operational efficiencies. The Commission has elaborated on the issue of Cross Subsidy structure in Section 6 of this Order.

2.7 TARIFF HIKE FOR LT CONSUMERS

2.7.1 Public representatives including Shri. Rahul Shewale, MP, Shri. Rajan Vichare, MP, Shri. Sunil Prabhu, MLA, Shri, Mangesh Kudalkar, MLA, Smt. Manisha Ashok Chaudhary, MLA, Shri , Prakash Surve, MLA, Shri Prakash Vaikunth Phaterpekar (MLA), Shri Anand Paranjpe, Ex-MP, Shri Vinod Ghosalkar, Ex-MLA, and multiple other public representatives and members several other stakeholders submitted objections against the significant increase in tariff for consumers with consumption between 0-300 units as compared to those with consumption over 500 units. It was also submitted by several stakeholders that proposed tariff structure by TPC-D lead to a tariff shock, which would disproportionately hit consumers residing in slum areas.

TPC-D's Response

2.7.2 TPC-D submitted at present, tariff for 0-100 and 100-300 is lowest among all Mumbai Utilities. This low tariff has facilitated number of subsidized consumers to take a supply from TPC-D as versus the tariff of consumers in 300 and above categories have very high due to higher level of cross subsidy which is in the range of 141% to 156%. In order to bring down the high level of cross subsidy within the range of 120% as envisaged in the Tariff Policy proposed a reduction in the slab 300 and above. Such reduction in cross subsidy had to be compensated by increase in tariff of 0-100 and 101 - 300.

2.7.3 TPC-D also highlighted that out of TPC-D's total consumers base of around 7.63 lakhs, approximately 7.15 lakhs (94%) consumers belongs to residential category and notably, around 85% of these residential consumers fall within the 0-300 slab. Further, in order to spread a Network in the Slum area, TPC-D was in process of submitting a detailed project report to the Commission so that low-end consumers will be able to avail supply from TPC-D's network.

2.7.4 TPC-D also submitted that considering the concerns raised by the Hon'ble MLAs and residential consumers, TPC-D requests the Commission to set a residential tariff in such a manner that tariff for all residential categories for all Mumbai utilities would remain in the same range. This would not only create a level playing field but also make the tariff of TPC-D competitive, and would be beneficial for all consumers availing a supply in such categories.

2.7.5 TPC-D in its submissions made on 1 March, 2023 pursuant to public hearing has rationalised the tariff of Residential Consumers by considering the revenue from Indian Railways in respect of Cross Subsidy Surcharge and accordingly submitted the revised cross subsidy structure and tariff for consumer categories.

Commission's Ruling

2.7.6 The Commission in this Order has not accepted the revenue considered by TPC-D from Indian Railways. The detailed Tariff Philosophy adopted by the Commission for determining the tariff for FY 2024-25 has been detailed in Section 6 of this Order. The tariff has been determined such that the entire revenue requirement approved by the Commission for FY 2024-25 is recovered through the revised category-wise tariff.

2.7.7 The Commission would like to take this opportunity to highlight the conduct of TPC-D revising the tariff by considering the additional notional revenue to show lower tariff hike. Any tariff proposal needs to go through public hearing process as per provisions of Electricity Act, 2003 and Regulations made thereunder by the Commission. The Commission is of the view that such multiple tariff revisions by the Utility on one pretext or the another after Petition is admitted by the Commission and public notice is issued by the Utility would create wrong precedence and such practice needs to be stopped in the interest of transparency in tariff determination proceedings. The Commission has noticed that Utilities, TPC-D in the present case, supress the tariff hike either by considering the lower cost or inflating revenue by considering higher sales or notional income to present lower tariff hike in the Petition which is then published as part of Public Notice for suggestions/objections. The Commission, after prudence check and after receiving suggestions/objections from public, determines cost reflective tariff wherein the adjustment done by Utilities are corrected resulting in tariff hike which may be higher than proposed by the licensee, thereby creating an impression that the Commission has approved higher tariff than sought for by the Utility.

2.8 METERING AND BILLING

2.8.1 Mr. Blasé D'souza submitted that in-spite of the Commission Ruling on Advance payment / pre-payment of the bills, TPC-D was yet to extend this facility to the Consumers. This implementation would go a long way in improving the working Capital Management of the Distribution Companies. It was further submitted that in-spite of the Commission Ruling that informing about the Tariff Petition through the monthly bills would be implemented, this was still not followed for this Tariff Petition and Hearing.

2.8.2 AEML-D submitted that TPC-D was required to confirm whether it has levied FAC and also issued refund as per this Commission's approval of FAC dated 29 January, 2024. AEML-D also submitted that the Commission was requested to take cognizance of the impact of levy and refund at the time of issuance of the Order on this petition as any difference between the two would form revenue gap/ surplus for FY 2023-24 and would affect the tariff of FY 2024-25.

TPC-D Response

2.8.3 TPC-D submitted that it had already implemented the advance payment facility for the consumers. Further, for computing discount based on the formula given in the tariff order it is necessary to make certain changes in the SAP system, and it would provide the discount as per the formula once the system implementation is over. TPC-D further informed that it has started informing about the tariff Petition through monthly bills to its consumers.

2.8.4 In response to the objections raised by AEML-D, TPC-D submitted that it is duly complying with the directives issued by this Commission, and had started issuing refund to the consumers by adjusting the same in the bills issued to the respective consumers

Commission's Ruling

2.8.5 The Commission has already given directions with respect to discount to be given for Advance Payment /Pre-Payment of Bills. The Commission notes the submission of TPC-D and directs TPC-D to provide the said facility to all its consumers along with appropriate communication to all the consumers for enabling them to take advantage of such dispensation of the Commission.

2.8.6 In respect of refund of differential tariff for April 2023 to June 2023, pursuant to stay granted by the Hon'ble APTEL to the MTR Order in July 2023, the Commission in subsequent chapter of this Order given directions to refund to the respective Consumers along with holding cost and report compliance within three months of the Order.

2.9 DEFERMENT OF REVENUE RECOVERY OF WIRES ARR

2.9.1 AEML-D submitted that TPC-D had proposed deferment of recovery of revenue gap of Wires Business which is not in line with the approach adopted by the Commission in earlier Tariff Orders of both the Distribution Licensees, wherein the Commission had allowed recovery of past revenue gap / regulatory asset over same period for both Licensees. TPC-D has wilfully chosen to divert from its earlier stand and is seeking to disrupt the level playing field in competing parallel distribution market and thus, the Commission should not allow any deferment of recovery of Wires ARR. Further, BEST had contended that the revenue gap should be adjusted in the same control period.

TPC-D Response

2.9.2 TPC-D submitted that in case of wire business, there is a cumulative past recovery of Rs. 311.99 Cr. for TPC-D, which was significantly higher on account of lower amount of wheeling ARR recovery in FY 2022-23 and FY 2023-24, and the same had been also acknowledged by the Commission in its Corrigendum order of TPC-D in Case No. 225 of 2022. TPC-D submitted that recovering the total amount during the FY 2024-25 would cause a significant increase of wheeling charges in the range of 5% to 80% in FY 2024-25. Further, TPC-D had submitted that the Ministry of Power on 10 January 2024 had issued the 'Electricity (Amendment) Rules, 2024' which allowed to liquidate past / current gap in maximum seven / three number of equal yearly instalments. Accordingly, TPC-D had requested the Commission to utilize this provision to defer any Gap for maintaining the competitive position of TPC-D in case the need arises.

Commission's Ruling

2.9.3 The Commission has not allowed any deferred recovery of ARR as proposed by TPC-D. The detailed Tariff Philosophy adopted by the Commission for determining the tariff for FY 2024-25 has been detailed in Section 6 of this Order.

2.10 GFA RATIO FOR WHEELING CHARGES DETERMINATION

2.10.1 AEML-D has contended that the GFA ratio originally used in the MYT Order (1:76:23) ought to be continued.

TPC-D Response

2.10.2 TPC-D submitted that the submission of AEML-D was incorrect and misconceived, and the Commission in its MTR Tariff Order had stated that the new principle for segregation of asset would be implemented from FY 2025-26. However, the current principle on the basis of which the asset has been segregated for determining the wheeling charges would continue till FY 2024-25. Accordingly, TPC-D had kept the same principle on which presently wheeling charges had been determined. However, keeping the same principle did not mean that old ratio was to be used, which was based on the old data. TPC-D highlighted that while determining the ARR, the most accurate and latest data was to be used. Thus, TPC-D had kept the same principle as approved by the Commission to compute the GFA allocation with the latest data available till date.

2.10.3 Further, TPC-D had submitted the segregated actual asset wise data to the Commission.

Commission's Ruling

2.10.4 The Commission has dealt with the issue and the same has been detailed in Section 6 of this Order.

2.11 SEPARATE TARIFF PETITION FOR SEEPZ AREA

2.11.1 AEML-D had contended that Regulation 5.3 of MYT Regulations, 2019 provided the option to incumbent distribution licensees to file separate tariff Petition for an area in respect of which the Commission has issued multiple distribution licenses. Therefore, TPC-D has to file the same separately for all three areas, i.e., SEEPZ area, AEML area, BEST area.

TPC-D Response

2.11.2 TPC-D clarified that it had not proposed a separate tariff for the SEEPZ area in the tariff petition, and had made the said request on the basis of the option suggested by the Commission in the Order in Case No. 3 of 2022 dated 26 December, 2022.

Commission's Ruling

2.11.3 This aspect is not pertinent to the present Tariff proceedings, therefore the Commission has not dealt with this issue and the same shall be addressed at the appropriate time, when Petitions are filed for such separate licence area.

2.12 INTRODUCTION OF VIRTUAL NET METERING

2.12.1 Mr. Blasé D'Souza submitted that the Commission is still to notify the VNM Regulations, while most states implemented the same many years back and Maharashtra was lagging, despite the Central Government announcing the Solar Rooftop Scheme, 2024.

TPC-D Response

2.12.2 TPC-D submitted that the Commission has notified the Grid Interactive Rooftop Renewable Energy Generating Systems (First Amendment) Regulations, 2023 and Distribution Open Access (Second Amendment) Regulations, 2023 through which Group Net metering and OA above 100 KW has been allowed based on the notification of the MoP. Further, the Commission had also provided Group Net Metering through which the exported energy can be adjusted in more than one electricity service connection(s) of the same consumer either at the same or different premise located within the same Distribution Licensee's area of supply to help utilization of more renewable energy.

Commission's Ruling

2.12.3 The issue of Virtual Net Metering (VNM) for Roof Top Solar Systems is not pertinent to the present tariff proceedings. The Commission will undertake separate exercise to identify changes required in its Regulations based on recently notified MoP Rules and Guidelines.

2.13 STU SUBMISSIONS

2.13.1 STU in its comments has laid down the facts in terms of availability of transmission corridor to bring power within Mumbai and Maharashtra, transmission schemes planned/under execution for enhancement of transmission capacity with estimated timelines.

TPC-D Response

2.13.2 The Commission, in Case No. 39 of 2023 (considering the importance of the embedded generation) has directed TPC-D to extend its PPA with TPC-G for five more years, until 31 March, 2029.

2.13.3 In compliance of the above said direction passed by this Commission TPC-D and TPC-G (embedded generation) have entered into PPA. Therefore, it is submitted that there does not arise any issue of transmission constraint as embedded generation of Mumbai (including TPC-G) will continue to be operational at least till 31 March, 2029.

Commission's Ruling

2.13.4 The submissions made by STU are similar to its submission made in Case No 39 of 2023 wherein the Commission has considered the same and accordingly approved the PPA between TPC-G and TPC-D for 5 years. The relevant extract of the said Order is reproduced below for ready reference:

"24.3 ….

a. Mumbai system demand is catered by way of embedded generation with installed capacity of 1877 MW within Mumbai and external power sources (around 2000 MW), imported into Mumbai through four interconnections points with Intra-State Transmission Network (InSTS) at 220 kV Trombay, Kalwa, Borivali and Boisar sub-stations of MSETCL

b. The total Available Transmission Capacity of the tie lines to bring power within Mumbai is 2522 MW. The said transmission capacity is able to meet the present demand of Mumbai considering the embedded generation capacity of 1877 MW

c. While carrying out the systems studies for calculating the Mumbai system TTC/ ATC, the constraint on 400 kV lines hits even before the 220 kV constraints with present network conditions. As a result of this the region under consideration for any actions with respect to this congestion becomes larger MMR area including all the locations fed through these lines

d. Though the present ATC of the tie lines to bring power within Mumbai, transmission is 2522 MW, constraints have been observed on 400 kV lines viz. 400 kV Talegaon (PG) – Kalwa, 400 kV Talegaon (PG) – Kharghar, 400 kV Padghe – Kalwa D/C. Accordingly, the constraint on 400 kV lines hits even before the 220 kV constraints of Mumbai tie-lines with present network conditions. Thus, TTC of Mumbai System is limited to 1979 MW and ATC as 1905 MW with 74 MW as TRM considering contingencies at 400 kV level due to transmission constraints

………

f. Thus, transmission constraint is being observed at two level viz (1) Mumbai transmission constraint (on MSETCL – Mumbai tie-lines) and (2) CTU-STU tie-lines and all embedded generation capacity in Mumbai is required to be continued till transmission constraint is removed

g. STU has planned transmission schemes to enhance Mumbai system ATC from 2522 MW to 4415 MW by FY 2024-25. However, considering the ROW issues, *forest clearance, permission from various statutory authorities in the MMR area, some of the transmission projects may be delayed beyond FY 2024-25. Similarly, transmission schemes have been planned for enhancing CTU-STU tie line capacity to 22500 MW by FY 2026-27*

h. *Entire embedded Generation of TPC-G at Trombay cannot be taken out at one stroke that will affect the reliability of Mumbai supply, but rather be planned in phase wise manner along with the completion of projects enhancing the Mumbai transmission system capability & CTU-STU ATC*

24.4 *The Commission notes that highest peak demand of Mumbai has been recorded as 4108 MW in June 2023. Said demand has been meet with support of embedded generation and power from external sources. The Commission notes that total embedded generation capacity is 1877 MW (1377 MW of TPC-G and 500 MW of AEML-G) and current ATC of Mumbai transmission system is 2522 MW (with constraint on 400 kV level line this ATC is reduced to 1905 MW). Thus, it is very clear that with limited capacity of transmission lines (2522 MW/1905 MW) to bring power from outside into Mumbai, embedded generation is essential for meeting demand of Mumbai which has reached peak of 4108 MW.*

24.5 *Embedded generation can only be discontinued when sufficient transmission capacity has been setup to source power from outside to meet entire Mumbai demand. As per transmission projects planned by STU, ATC of Mumbai transmission system will increase to 4415 MW by FY 2024-25. But STU itself in its submission has stated that there is possibility of delay in execution of these transmission projects on account of various factors. Also, such planned increase in ATC i.e. 4415 MW is only slightly higher than actual peak demand of 4108 MW recorded in June 2023. With various development activities going on in Mumbai region, its peak demand may surpass planned ATC capacity in near future. ……*

24.9 *As against, TPC-G's request for extension of PPA for 10 years, TPC-D in its submission dated 21 October 2023 has consented for extension of PPA with embedded generation for 3 years. As stated earlier, the Commission has also come to conclusion that embedded generations needs to be continued for few more years. Considering, CEA's demand projection in 20th EPS, transmission* *capacity enhancement projects planned by STU and delay in execution of transmission projects, the Commission is of the opinion that embedded generation may be required to be continued for next 5 years and thereafter can be gradually reduced with commissioning of transmission projects.*

24.10 In view of above, the Commission directs TPC-D to extend existing PPA with TPC-G for 5 years from 1 April 2024 i.e. 31 March 2029. ….”

2.13.5 As per the said approval, the Commission has also considered the power purchase from TPC-G for FY 2024-25.

3 TRUING-UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23

TPC-D has stated that it has filed its Petition for final Truing-up of expenditure and revenue for FY 2022-23 based on actual and audited costs and revenue, vis-à-vis the amounts approved by the Commission in the MTR Order dated 31 March, 2023 in Case No. 225 of 2022.

In this Section, the Commission has analysed the elements of actual expenditure and revenue for FY 2022-23 and the deviations from the MTR Order and has accordingly undertaken the Truing-up of expenses and revenue after prudence check in accordance with the MYT Regulations, 2019 and its amendments. Further, the ARR of FY 2022-23 for the Distribution Wires and Retail Supply Business has been presented in detail in this tariff Order.

The analysis underlying the Commission's approval of Truing-up for FY 2022-23 is set out below.

3.1 SALES

TPC-D's Submission

3.1.1 TPC-D submitted that the total sales for FY 2022-23 are marginally higher than sales approved in the MTR Order. The actual category-wise sales for FY 2022-23 in comparison with the approved energy sales as per MTR Order is given in the Table below:

Table 3-1: Category-wise Sales for FY 2022-23 as submitted by TPC-D (MU)

Category	MTR Order			Petition		
	Direct Consumers	Change-over Consumers	Total	Direct Consumers	Change-over Consumers	Total
HT Category						
EHV-Industry	550.00		550.00	796.88	-	796.88
HT I – Industry	946.61		946.61	958.84	-	958.84
EHV- Industry	95.00		95.00	102.42	-	102.42
HT II – Commercial	387.76	0.23	387.99	363.24	0.21	363.45
HT III - Group Housing Society	39.75		39.75	38.89	-	38.89
HT IV - Railways Metro & Monorail	106.67	-	106.67	101.88	-	101.88
HT IV – Railways (22/33 kV)	90.35		90.35	82.67	-	82.67
HT IV – Railways (Metro/Monorail)	16.32		16.32	19.20	-	19.20
HT VI - Public Services	175.08	-	175.08	158.86	-	158.86
a) Govt. Edu. Inst. & Hospitals	25.00		25.00	18.14	-	18.14

Category	MTR Order			Petition		
	Direct Consumers	Change-over Consumers	Total	Direct Consumers	Change-over Consumers	Total
b) Others	89.84		89.84	81.50	-	81.50
EHV Public Service Other	60.24		60.24	59.22	-	59.22
HT VI EV Charging Station	16.20		16.20	15.98	-	15.98
Sub-total HT	**2,317.06**	**0.23**	**2,317.30**	**2,536.99**	**0.21**	**2,537.20**
LT Category						
LT I - Residential (BPL)						
LT I – Residential	605.10	1,435.16	2,040.26	569.49	1,449.90	2,019.40
S1 (0-100 units)	151.96	530.39	682.35	155.85	583.65	739.50
S2 (101-300 units)	183.96	605.96	789.92	173.09	602.10	775.20
S3 (> 301-500 Units)	82.42	183.76	266.18	69.50	161.85	231.35
S4 (Above 500 units (balance units)	186.76	115.05	301.81	171.05	102.30	273.35
LT II - Commercial	543.33	102.79	646.12	480.91	103.78	584.69
- Upto 20 kW	124.73	72.96	197.69	97.92	73.75	171.67
- > 20 kW &< 50kW	81.33	13.09	94.42	72.36	13.56	85.92
- > 50kW	337.27	16.74	354.01	310.63	16.47	327.10
LT III (A) - Industry < 20 kW	25.00	14.92	39.92	21.16	14.59	35.75
LT IV- Industry > 20kW	232.89	7.97	240.86	213.25	7.41	220.65
LT IX - Public Services	30.14	3.05	33.19	29.57	4.28	33.85
a) Govt. Edu. Inst. & Hospitals	5.68	1.46	7.14	4.66	1.82	6.48
b) Others	24.46	1.59	26.05	24.91	2.46	27.37
LT XI: EV Charging Stations	2.00	-	2.00	1.34	0.02	1.35
Sub-total LT	**1,438.46**	**1,563.89**	**3,002.35**	**1,315.71**	**1,579.98**	**2,895.70**
15-Days adjustment	8.31	3.63	11.94	10.86	3.17	14.03
Total	**3,763.83**	**1,567.74**	**5,331.59**	**3,863.56**	**1,583.36**	**5,446.93**

Commission's Analysis and Ruling

3.1.2 The Commission asked TPC-D whether the changeover sales have been reconciled with AEML-D. In reply, TPC-D submitted that the changeover sales have been reconciled with AEML-D till May, 2022 for FY 2022-23 and reconciliation was pending for the remaining period of FY 2022-23. The Commission directed TPC-D and AEML-D to expeditiously reconcile the changeover sales for the remaining periods, so that the Truing-up of sales could be done. However, till the issuance of this Order, the reconciliation was still pending. Thus, the Commission has approved the actual sales to own consumers and change-over sales for FY 2022-23, as submitted by TPC-D, as the same is based on revenue billed.

3.1.3 The Commission notes that actual sales for FY 2022-23 is 2% higher than approved sales in MTR Order and LT sales were lower than approved in MTR Order. As sales being uncontrollable parameter under MYT Regulations, the Commission allows actual sales as submitted by TPC-D. Accordingly, sales approved by the Commission after truing up for FY 2022-23 are summarised in the Table below:

Table 3-2: Direct Sales and Change-over Sales in FY 2022-23 approved by the Commission (MU)

Particulars	MTR Order	TPC-D	Approved
Direct sales	3,763.83	3,863.56	3,863.56
Change-over sales	1,567.74	1,583.36	1,583.36
Grand Total	**5,331.57**	**5,446.93**	**5,446.93**

3.2 OPEN ACCESS SALES

TPC-D's Submission

3.2.1 Open Access (OA) consumption submitted by TPC-D in its licence area for FY 2022-23 is as shown in the Table below:

Table 3-3: Consumption for FY 2022-23 as submitted by TPC-D (MU)

Particulars	MTR Order	TPC-D
EHV – Industry	7.00	-
HT-I Industry	150.00	173.63
HT-II Commercial	50.00	57.49
HV-V(B) Public Services Others	0.37	1.20
Total	**207.37**	**232.32**

Commission's Analysis and Ruling

3.2.2 In reply to the query raised by the Commission in respect of higher sales under Open Access, TPC-D submitted that the same is due to uncontrollable factors. Accordingly, the Commission approves the actual OA consumption in TPC-D's Licence area for FY 2022-23 as submitted by TPC-D as shown in the Table below:

Table 3-4: OA Consumption for FY 2022-23 approved by the Commission (MU)

Particulars	MTR Order	TPC-D	Approved
EHV – Industry	7.00	-	-
HT-I Industry	150.00	173.63	173.63
HT-II Commercial	50.00	57.49	57.49
HV-V(B) Public Services Others	0.37	1.20	1.20
Total	**207.37**	**232.32**	**232.32**

3.3 DISTRIBUTION LOSSES AND ENERGY INPUT REQUIREMENT

TPC-D's Submission

3.3.1 The actual Distribution Loss of the Distribution Network of TPC-D considering total input energy at T<>D interface vs sale on TPC-D network excluding the sale at 110 kV was 1.13%, for FY 2022-23 and requested the Commission to approve the same accordingly against the approved loss of 1.02% as per MTR Order.

3.3.2 As per TPC-D, the actual Distribution Loss considering the total input energy at T

<> D interface excluding the sale at 110 kV is higher than as approved in MYT Order on account of addition of new LT network and consumers in its license area.

3.3.3 The Transmission Losses have been considered as 3.26% based on the Maharashtra State Load Despatch Centre (MSLDC)'s Grid Transmission Loss statements. This may be revised once the Final Balancing and Settlement Mechanism (FBSM) bills are issued by MSLDC. Further, TPC- D has considered the change-over sales which is reconciled upto May 2022 and billed sales from June, 2022 to March, 2023 for the purpose of Energy Balance. TPC-D has computed the requirement at the Intra State Transmission System (InSTS) level excluding the credit given to Open Access (OA) consumers.

3.3.4 The actual Energy Balance as submitted by TPC-D for FY 2022-23 is shown in the Table below:

Table 3-5: Summary of Energy Balance for FY 2022-23 as submitted by TPC-D (MU)

Particulars	MTR Order	TPC-D
TPC-D Sales (with 15 days adjustments)	3,763.83	3,863.56
110 kV Billed Units	728.56	977.72
Bill credit given to OA consumers	207.37	232.32
Solar Import metered unit		63.58
Solar Net billed unit		60.85
AEHL CHO Consumer on Tata wire consumption		1.88
Total Sales excluding 110 kV Sales	**3,242.64**	**3,122.79**
Distribution Losses	1.02%	1.13%
ABT Meter readings at T<>D Interface	3,276.06	4,135.46
110 kV Sales @ T<>D		977.10
ABT Meter readings without 110 kV Sales	**3,276.06**	**3,158.36**
OA wind credit at T<>D Interface	209.51	209.78
Sales to change-over consumers for FBSM Adjustment	1,567.74	1,577.36
Bill credit given to OA consumers		0.96
Sale to change-over consumers after adjusting for OA wind credit	**1,567.74**	**1,576.40**
Energy Sales at 110/132 kV level	728.56	977.10
Total Energy Requirement at T<>D	**5,362.85**	**5,502.08**
Transmission Loss	3.18%	3.26%
Total Energy Requirement at G<>T	**5,538.99**	**5,687.44**
Surplus Sale/(Purchase)		34.78
Total Energy Requirement at G<>T Interface	**5,538.99**	**5,652.66**

Commission's Analysis and Ruling

3.3.5 The Distribution Loss computed by the Commission by considering the energy drawn by TPC-D at T<>D interface-based on the input from MSLDC works out to (0.74%) as against 1.13% submitted by TPC-D.

3.3.6 The Commission has sought reconciliation of the negative Distribution Loss based on the input from MSLDC. TPC-D has not submitted the same as on date of issuance of the Order. Accordingly, the Commission directs TPC-D to submit the detailed justification for the negative Distribution Loss in the next Tariff Petition. Moreover, no computation of sharing of gains/losses has been done for TPC-D in line with past practice, given the low loss levels and lower level of sales on own wires of TPC-D. Thus, the Commission approves the negative Distribution Losses (0.74%) of TPC-D for FY 2022-23.

3.3.7 The Commission has considered the actual intra-State Transmission Loss of 3.26% based on inputs from MSLDC. The change-over sales have been considered as approved earlier in this Section. The Commission has considered the energy drawn by TPC-D at T<>D interface based on energy drawl data provided by MSLDC.

3.3.8 In response to query raised by the Commission in relation to addition of solar import metered units and solar net billed units, TPC-D submitted that the solar import metered units and solar net billed units are with respect to the consumers availing solar net metering facility. TPC-D has added the difference between solar import metered units and solar net billed units (i.e. Units utilized by TPC-D = solar import – Solar Net Billed) as it gets injected in the network of distribution licensee. The Commission notes the submission of TPC-D.

3.3.9 Accordingly, the Distribution Loss and Energy Balance approved by the Commission after Truing-up for FY 2022-23 are as given in the Table below:

Table 3-6: Energy Balance approved for FY 2022-23 (MU)

Particulars	**MTR Order**	**TPC-D**	**Approved**
TPC-D Sales (with 15 days adjustments)	3,763.83	3,863.56	3,863.56
110 kV Billed Units	728.56	977.72	977.72
Bill credit given to OA consumers	207.37	232.32	232.32
Solar Import metered unit		63.58	63.58
Solar Net billed unit		60.85	60.85
AEML CHO Consumer on Tata wire consumption		1.88	1.88
Total Sales excluding 110 kV Sales	**3,242.64**	**3,122.79**	**3,122.79**
Distribution Losses	1.02%	1.13%	-0.74%
ABT Meter readings at T<>D Interface	3,276.06	4,135.46	4,077.50
110 kV Sales @ T<>D		977.10	977.72
ABT Meter readings without 110 kV Sales	**3,276.06**	**3,158.36**	**3,099.78**
OA wind credit at T<>D Interface	209.51	209.78	209.78
Sales to change-over consumers for FBSM Adjustment	1,567.74	1,577.36	1,583.36
Bill credit given to OA consumers		0.96	0.96
Sale to change-over consumers after adjusting for OA wind credit	**1,567.74**	**1,576.40**	**1,582.41**
Energy Sales at 110/132 kV level	728.56	977.10	977.72
Total Energy Requirement at T<>D	**5,362.85**	**5,502.08**	**5,450.13**

Particulars	MTR Order	TPC-D	Approved
Transmission Loss	3.18%	3.26%	3.26%
Total Energy Requirement at G<>T	**5,538.99**	**5,687.44**	**5,633.79**
Surplus Sale/(Purchase)		34.78	34.78
Total Energy Requirement at G<>T Interface	**5,538.99**	**5,652.66**	**5,599.00**

3.4 POWER PURCHASE QUANTUM AND COST

TPC-D's Submission

3.4.1 TPC-D submitted that it has met its total energy requirement for FY 2022-23 from different sources, viz., TPC-G, Renewable Energy (RE) and short-term purchase including Power Exchanges.

3.4.2 The summary of the power purchase quantum and cost for FY 2022-23 is given in the Table below:

Table 3-7: Power Purchase Quantum and Cost for FY 2022-23 as submitted by TPC-D

Particulars	MTR Order			TPC-D		
	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Power Purchase from TPC-G	3,162.10	2,566.13	8.12	3,112.87	2,658.61	8.54
Non-Solar & Solar RPO Purchase+ REC	1,135.19	380.65	3.35	1,134.35	385.49	3.40
Bilateral + UI Purchase	1,237.43	748.67	6.05	1,363.11	772.95	5.67
UI Purchase	9.12	7.07	7.75	28.93	15.70	5.43
OLA Sale	(5.71)	(5.24)	9.19	(34.78)	(29.64)	8.52
MSLDC Charges		1.28			1.27	
Standby energy drawn	0.86	0.94	11.02	1.25	1.39	11.09
Standby Charges		99.46			99.46	
Transmission Charges		259.13			260.02	
Total Power Purchase cost	**5,538.99**	**4,058.09**	**7.33**	**5,605.73**	**4,165.25**	**7.43**

A. Procurement from TPC-G

TPC-D's Submission

3.4.3 TPC-D's main source of power purchase is the Generating Units of TPC-G. It has a Power Purchase Agreement (PPA) with TPC-G and its share in the respective Units of TPC-G is 48.83% in Thermal Units 5 & 7 and Hydro stations and 60% in Unit 8.

3.4.4 The break-up of the Unit-wise quantum and cost of power purchase from TPC-G in FY 2022-23 is shown in the Table below:

Table 3-8: Quantum and Cost of Power Purchase from TPC-G in FY 2022-23 as submitted by TPC-D

Unit	Quantum	Energy Charges		Fixed Charges	Total Charges	
	MU	**Rs./kWh**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs./kWh**
Unit-5	1,228.35	9.31	1,143.66	189.12	1,332.78	10.85
Unit-7	301.36	5.73	172.60	70.76	243.36	8.08
Unit-8	823.11	9.30	765.86	139.03	904.89	10.99
Bhira	456.94	0.79	35.96	28.30	64.26	1.41
Bhivpuri	162.29	1.63	26.52	18.22	44.75	2.76
Khopoli	140.82	2.45	34.52	28.04	62.56	4.44
Aux Power Credit			(2.74)		(2.74)	
Hydro Power Incentive				7.52	7.52	
Billing Adjustment due to DSM Suo Moto Order dtd.02.08.2022			1.23		1.23	
Total	**3,112.87**	**7.00**	**2,177.61**	**481.00**	**2,658.61**	**8.54**

Commission's Analysis and Ruling

3.4.5 The Commission notes that power purchase cost from TPC-G has increased due to increase in prices of imported coal. It can clearly be seen from the HBA index which was at $203.69/MT in March, 2022, rose to $330.97/MT in October, 2023 with average of $302.81/MT, leading to a sharp increase in the price of thermal power from TPC-G.

Table 3-9: Rise in Price of HBA Index Summary of Power Purchase Expenses from TPC-G for FY 2022-23

Month	HBA Index ($/MT)
Apr-22	288.40
May-22	275.64
Jun-22	323.91
Jul-22	319.00
Aug-22	321.59
Sep-22	319.22
Oct-22	330.97
Nov-22	308.20
Dec-22	281.48
Jan-23	305.21
Feb-23	277.05
Mar-23	283.08

3.4.6 TPC-D has PPA with TPC-G, which is also a regulated entity with tariff being approved by the Commission. It is normal practice that cost approved by the Commission for TPC-G is considered for TPC-D. However, since the present tariff Petition is being filed by TPC-D for Truing-up of FY 2022-23 whereas Truing-up for FY 2022-23 of TPC-G is pending, the Commission is considering the cost as per audited accounts of TPC-D. The Commission will make appropriate adjustment in the next tariff Petition filed by TPC-D in respect of cost allowed by TPC-G in its Truing-up for FY 2022-23.

3.4.7 The Fixed charges of TPC-G as claimed by TPC-D is in line with the charges as approved in the MTR Order of TPC-G for FY 2022-23 and variable charges are in line with the actual cost as reconciled with the audited accounts and FAC submission. Hence, the Commission has approved the actual quantum and cost of power purchase from TPC-G as per audited accounts for FY 2022-23 as shown in the Table below:

Table 3-10: Power Purchase from TPC-G for FY 2022-23 as approved by the Commission

Source	MTR Order			TPC-D			Approved		
	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./ kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./ kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./ kWh)
TPC-G	3,162.10	2,566.13	8.12	3,112.87	2,658.61	8.54	3112.87	2658.57	8.54

B. Renewable Energy Purchase

TPC-D's Submission

3.4.8 Non-Solar: TPC-D has purchased 343.33 MU from non-solar sources which includes 1.36 MU towards deemed power purchase from open access consumers, 0.087 MU towards 2% banking charges in line with Open Access Regulations, 2019 and 0.68 MU towards unutilised banked energy. The source-wise details of the power purchase by TPC-D from non-solar RE sources totalling 343.33 MU is given in the Table below:

Table 3-11: Non-Solar Renewable Energy Purchase as submitted by TPC-D

Source	Quantum	Per Unit Rate	Total Cost
Non Solar Power Purchase	**MUs**	**Rs./kWh**	**Rs. Crs**
Visapur 6 MW	10.49	2.75	2.88
Visapur 4 MW	5.09	5.45	2.77
Visapur (GSW) 24 MW	30.02	5.81	17.44
Visapur (GSW) 8 MW	9.98	5.67	5.66
Agaswadi	97.10	4.56	44.28
RE Bilateral	39.98	3.16	12.65
LT Hybrid Wind	148.25	2.59	38.40
Biomass (RE Non-Solar)	0.28	9.92	0.28
Deemed purchase upto 10% of the actual total generation	1.36	2.65	0.36
Total Power Purchase (A)	**342.56**	**3.64**	**124.72**
Unutilised OA banked energy (i)	0.68		0.00
Units of 2% Banking Charges (ii)	0.087		0.00

Source	Quantum	Per Unit Rate	Total Cost
Non Solar Power Purchase	**MUs**	**Rs./kWh**	**Rs. Crs**
Total considered for RPO (B) = A+i+ii	**343.33**	**3.63**	**124.72**

3.4.9 **Solar:** TPC-D has purchased 795.94 MU from solar sources which includes 0.42 MU towards deemed power purchase from open access consumers, 0.28 MU towards 2% banking charges in line with Open Access Regulations, 2019, 0.68 MU towards unutilised banked energy and 12.55 MU towards Net Metering facility given to its Consumers. The source-wise details of the power purchase by TPC-D from solar RE sources totalling 795.94 MU is given in the Table below:

Table 3-12: Solar Renewable Energy Purchase as submitted by TPC-D (MU)

Source	Quantum	Per Unit Rate	Total Cost
Solar Power Purchase	**MUs**	**Rs./kWh**	**Rs.Crs**
Mulshi Solar	3.67	17.91	6.56
Solar Rooftop	0.02	18.41	0.04
Palaswadi Solar	41.52	8.98	37.28
LT Hybrid Solar	343.20	2.59	88.89
Chhayan Solar	392.97	2.83	115.30
RE Bilateral (Solar)	9.36	13.19	12.34
Deemed purchase upto 10% of the actual total generation	0.42	2.75	0.12
Net Metering Solar - Unadjusted Credit at end of Year	0.64	3.67	0.23
Total Power Purchase (C)	**791.80**	**3.29**	**260.77**
Net Metering (iii)	11.91	0.00	0.00
Unutilised OA Banked energy (iv)	0.07	0.00	0.00
Units of 2% Banking Charges (v)	0.28	0.00	0.00
RE Sold (Solar) (vi)*	-8.11		
Total considered for RPO (D) = C+iii+iv+v+vi	**795.94**	**3.28**	**260.77**

*-Revenue considered in Surplus sales.

Commission's Analysis and Ruling

3.4.10 The Commission has analysed and verified the source-wise actual quantum of RE purchase, landed cost and other details of RE purchase by TPC-D for FY 2022-23. TPC-D has procured the renewable power through competitive bidding route, power exchange and web portal developed by TPC-D at approved rate. The actual rate of purchase from various RE sources is the same as the rate approved by the Commission in the previous Orders. However, because of the change in actual quantum from various sources, there is a change in the weighted average rate of purchase from Solar RE and Non-Solar RE sources. In view of the above, the

Commission has approved the Solar and Non-Solar RE purchase after Truing-up for FY 2022-23 as shown in the Table below:

Table 3-13: RE Purchase for FY 2022-23 as approved by the Commission (Rs. Crore)

Particulars	MTR Order			TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Non-Solar RE Purchase	332.95	124.30	**3.73**	342.56	124.72	**3.64**	342.56	124.72	**3.64**
Solar RE purchase	802.41	256.35	**3.19**	791.80	260.77	**3.29**	791.80	260.77	**3.29**
Total RE procurement	**1,135.19**	**380.65**	**3.35**	**1,134.35**	**385.49**	**3.40**	**1,134.35**	**385.49**	**3.40**

C. Renewable Purchase Obligation for FY 2022-23

TPC-D's Submission

3.4.11 TPC-D stated that as per the RPO Regulations, 2019, every distribution licensee is required to meet certain percentage of its energy requirement for the year through renewable energy sources. Accordingly, TPC-D has considered 11.50% from non-Solar sources and 8% from Solar sources for FY 2022-23. RE procurement during FY 2022-23 is summarised in the Table below:

Table 3-14: Renewable Purchase Obligation as submitted by TPC-D (MU)

Renewable Source		Total Energy Requirement at G<>T	Hydro Power Purchased from Tata Power-G	Hydro Power Purchased through BPP	Energy Requirement @ InSTS to be considered for RPO	% Obligation for FY 2022-23	Obligation	Previous year (Surplus)/ Short fall	Total RE for RPO	Shortfall/ (Surplus)
		A	**B**	**C**	D=A-B-C	1	2 =1 * D	3	4	5 = 2+3-4
Non Solar (Other RE)	A					11.50%	519.69	162.40	343.33	338.76
Solar	B					8.00%	361.52	39.15	795.94	(395.27)
Total	**c =a+b**	**5605.73**	**760.05**	**326.65**	**4519.02**	**19.50%**	**881.21**	**201.55**	**1139.27**	**(56.51)**

3.4.12 The Commission has approved cumulative shortfall/(surplus) of (39.02) MU for Non-Solar and 109.02 MU for Solar RPO Compliance for FY 2019-20. Further, the Commission inadvertently had not deducted the power purchased from Hydro energy sources from total energy input at G<>T while approving the RPO compliances for FY 2020-21 and FY 2021-22, in line with the MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019 in the MTR Order. After incorporating the aforementioned correction, the calculation of cumulative RPO is as shown in the Table below:

Table 3-15: Revised cumulative Solar and Non-Solar RPO as on 31 March 2023

Particulars	**Approved in the MTR Order in Case 225 of 2022**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
	FY 2019-20			
Energy Input at G<>T	4,725.23	4,346.91	4,872.35	5,605.73
Energy Purchased from Hydro		731.51	769.98	1086.70
InSTS Requirement less Hydro	4725.23	3615.40	4102.37	4519.02
Non-Solar requirement	11.50%	11.50%	11.50%	11.50%
Solar Requirement	3.50%	4.50%	6.00%	8.00%
Total	**15.00%**	**16.00%**	**17.50%**	**19.50%**
Non-Solar RPO during the year	543.40	415.77	471.77	519.69
Solar RPO during the year	165.38	162.69	246.14	361.52
RPO Requirement	708.78	578.46	717.91	881.21
Previous Year Shortfall of Non-Solar	-27.44	-39.02	16.31	162.40
Previous Year Shortfall of Solar	-6.84	109.02	158.15	39.15
Previous Year Shortfall of Solar / Non-Solar	-34.28	70.00	174.46	201.55
Non-Solar RPO met during the year	554.98	360.44	325.68	343.33
Solar RPO met during the year	49.52	113.57	365.14	795.94
RPO met during the year	604.50	474.01	690.82	1139.27
Renewable Shortfall / (Surplus) of Non-Solar	(39.02)	16.31	162.40	338.76
Renewable Shortfall / (Surplus) of Solar	109.02	158.15	39.15	(395.27)
Renewable Shortfall / (Surplus) for the year	**70.00**	**174.46**	**201.55**	**(56.51)**

3.4.13 As shown in the above tables, there is a cumulative shortfall of 162.40 MU for Non-Solar and 39.15 MU for Solar RPO compliance as on FY 2021-22. The same has been considered while computing the RPO compliance for FY 2022-23.

3.4.14 Further, considering the renewable power purchased during FY 2022-23, there is cumulative shortfall/(surplus) of 338.76 MU for Non-solar and (395.27) MU for Solar power RPO compliance. TPC-D has sought adjustment of surplus solar energy to meet the shortfall of non-solar obligation as per Regulation 7.3 of MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019 as shown in the Table below:

Table 3-16: Cumulative Solar Shortfall/(Surplus) as submitted by TPC-D (MU)

Particulars (MU)		**FY 20**	**FY 21**	**FY 22**	**FY 23**
Opening	a	(6.84)	109.02	158.15	39.15
Solar RPO Target	b	165.38	162.69	246.14	361.52
Solar RPO met	c	49.52	113.57	365.14	795.94
Standalone Shortfall/(Surplus)	d=b-c	115.86	49.12	(119.00)	(434.42)
Cumulative Shortfall/(Surplus)	e=a+b-c	109.02	158.15	39.15	(395.27)
Surplus Solar available which can be offset against Non-Solar Shortfall					338.76
Cumulative Shortfall/(Surplus) after offsetting					(56.51)

Table 3-17: Cumulative Non-Solar Shortfall/(Surplus) as submitted by TPC-D (MU)

Particulars (MU)		FY 20	FY 21	FY 22	FY 23
Opening	a	(27.44)	(39.02)	16.31	162.40
Non-Solar RPO Target	b	543.40	415.77	471.77	519.69
Non-Solar RPO met	c	554.98	360.44	325.68	343.33
Standalone Shortfall/(Surplus)	d=b-c	(11.58)	55.33	146.09	176.36
Cumulative Shortfall/(Surplus)	e=a+b-c	(39.02)	16.31	162.40	338.76
Surplus Solar available which can be offset against Non-Solar Shortfall					(395.27)
Cumulative Shortfall/(Surplus) after offsetting					(56.51)

Commission's Analysis and Ruling

3.4.15 The Commission hereinabove, has approved the RE purchase from Solar and Non-Solar sources for FY 2022-23. Further, the Commission accepts the submission of TPC-D in respect of re-computation of RPO calculations for FY 2020-21 and FY 2021-22 due to inadvertent error of not deducting the power purchased from hydro energy sources from total energy input at G<>T while approving the RPO compliance in MTR Order. Accordingly, the Commission has recalculated the RPO status till FY 2021-22 and determined the revised RPO Surplus / (Deficit) for Solar / Non-Solar. Further, the Commission has verified RE purchase as submitted by TPC-D for FY 2022-23 and RPO Compliance for FY 2022-23 based on the energy input at G<>T interface by deducting the hydro purchase. Thus, considering the renewable power purchased during FY 2022-23, the Commission observes that there is cumulative shortfall of 338.76 MU for Non-solar and surplus of (395.27) MU for Solar power RPO compliance.

3.4.16 TPC-D in its submission has prayed for adjusting the surplus solar with the shortfall of non-solar RPO. The Commission notes that, as per Regulation 7.3 of of MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, Obligated Entity can use surplus Solar energy upto 15% of total RPO target to meet short fall in non-Solar RPO target and vice-versa. However, if the adjustment is more than 15%, prior approval of the Commission is required. The relevant extract of the said Regulation is reproduced herein below:

"7.3 Obligated Entity can use surplus Solar energy upto 15% of total RPO target to meet short fall in non-Solar RPO target and vice-versa ;

Provided that Obligated Entity by providing detailed justification may seek prior approval of the Commission for adjusting more than 15% surplus energy from one category against short fall in other RPO category."

3.4.17 The aforesaid Regulation allows adjustment of surplus solar energy to meet non-Solar RPO target and vice-versa. The Commission notes that TPC-D has relied upon the said Regulation and sought adjustment for 338.76 MU which is more than 15%.

The Commission is of the view that TPC-D has purchased the solar energy and the same has been approved by the Commission. Further, not allowing the adjustment will compel TPC-D to purchase additional non-Solar energy which will add to the cost of TPC-D and eventually be passed onto Consumers thereby impacting tariff. Also, TPC-D has submitted the efforts carried out to procure non-solar power to fulfil the non-compliance of RPO such as floating of tender, to start supply from wind plants which are a part of 225 MW hybrid project from 1st April 2022, before SCoD of the project, purchasing from G-DAM and published RE power requirement on its website from January, 2022 onwards. Thus, the Commission is of the view that it would be appropriate to allow the adjustment of excess solar energy to meet the non-Solar RPO for FY 2022-23. Accordingly, after adjusting the excess solar energy towards non-Solar RPO, the Commission allows carry forward of 56.51 MU of solar energy for solar RPO Compliance of future period.

3.4.18 The Commission has also verified the status of RPO Compliance by TPC-D for FY 2022-23 as shown in the Table below:

Table 3-18: RPO Compliance for FY 2022-23 as approved by the Commission (MU)

Particulars	MTR Order*	TPC-D	Approved
Total Energy requirement at G<>T		5,605.73	5,605.73
Less: Hydro Power Purchase		760.05	760.05
Less: Hydro Purchase through BPP		326.65	326.65
Energy Input at G<>T	5538.99	4519.02	4519.02
% Obligation Non-Solar	11.50%	11.50%	11.50%
% Obligation Solar	8.00%	8.00%	8.00%
Requirement @InSTS - Non-Solar	636.98	519.69	519.69
Requirement @InSTS - Solar	443.12	361.52	361.52
Total Renewable Power Obligation	**1,080.10**	**881.21**	**881.21**
Past Shortfall of Non-Solar	162.40	162.40	162.40
Past Shortfall of Solar	39.15	39.15	39.15
Total Past Shortfall	**201.55**	**201.55**	**201.55**
RE Non-Solar Purchase for RPO	332.95	343.33	343.33
RE Solar Purchase for RPO	802.41	795.94	795.94
Total	**1,135.36**	**1,139.27**	**1,139.27**
Non-Solar Shortfall/(Surplus)	466.43	338.76	338.76
Solar Shortfall/(Surplus)	(320.14)	(395.27)	(395.27)
Total Shortfall / (Surplus)	**146.29**	**(56.51)**	**(56.51)**
*-Past shortfall adjusted after correction in Energy requirement at G<>T in FY 2020-21 and FY 2021-22			

D. Power Purchase from Bilateral Sources, Standby and Imbalance Pool

TPC-D's Submission

3.4.19 TPC-D has met the balance power requirement through bilateral power purchase and purchase under DSM. TPC-D has also procured power through the Standby arrangement with MSEDCL. TPC-D has procured bilateral power through the Discovery of Efficient Electricity Price (DEEP) Portal of the Ministry of Power

(MoP) and through Power Exchanges and short-term power purchase linked to day ahead IEX rates.

3.4.20 The break-up of power purchase from bilateral sources, DSM, and Standby arrangement is given in the Table below:

Table 3-19: Power Purchase from other sources FY 2022-23 as submitted by TPC-D

Particulars	MTR Order			TPC-D		
	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Bilateral Power Purchase	1237.43	748.67	6.05	1363.11	772.95	5.67
Deviation Quantum	9.12	7.07	7.75	28.93	15.70	5.43
Standby Power Purchase	0.86	0.94	11.02	1.25	1.39	11.09
Total	**1,247.41**	**756.68**	**6.07**	**1,393.29**	**790.04**	**5.67**

Commission's Analysis and Ruling

3.4.21 TPC-D has submitted the bills of month-wise short-term power purchase in FY 2022-23 as part of its Petition. It is observed that TPC-D has purchased the power through a mix of bilateral sources under the DEEP Portal and the Power Exchanges.

3.4.22 The Commission observes that TPC-D has purchased actual quantum of 1393.29 MU of power at the weighted average rate of Rs. 5.67/kWh in FY 2022-23, as compared to the approved quantum of 1247.41 MU at the rate of Rs. 6.07/kWh.

3.4.23 The Commission, after prudence check, has accepted TPC-D's submissions and has accordingly approved the quantum and cost of power purchase from bilateral sources and Power Exchanges.

3.4.24 The Commission has also approved the actual quantum of power purchase by TPC-D from MSEDCL under the Standby arrangement during system exigencies for FY 2022-23.

3.4.25 The Commission has approved the power purchase from Bilateral Sources, Imbalance Pool, and Standby arrangement for FY 2022-23, as shown in the Tables below:

Table 3-20: Purchase from Short-term sources, DSM and Standby for FY 2022-23 as approved by the Commission.

Particulars	MTR Order			TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Bilateral Power Purchase	1237.43	748.67	6.05	1363.11	772.95	5.67	1363.11	772.95	5.67

Particulars	MTR Order			TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Deviation Quantum	9.12	7.07	7.75	28.93	15.70	5.43	28.93	15.70	5.43
Standby Power Purchase	0.86	0.94	11.02	1.25	1.39	11.09	1.25	1.39	11.09
Total	**1,247.41**	**756.68**	**6.07**	**1,393.29**	**790.04**	**5.67**	**1,393.29**	**790.04**	**5.67**

E. Sale outside Licence Area

TPC-D's Submission

3.4.26 TPC-D submitted that revenue earned from sale to outside license area has been utilised to reduce the total cost of power purchase.

3.4.27 The month-wise sale outside Licence Area for FY 2022-23 as submitted by TPC-D is given in the Table below:

Table 3-21: Sale Outside Licence Area for FY 2022-23 as submitted by TPC-D

Month	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh
Apr-22	1.70	1.76	10.31
May-22	0.24	0.24	9.78
Jun-22	0.43	0.48	11.27
Jul-22	0.42	0.32	7.60
Aug-22	1.33	1.30	9.80
Sep-22	1.59	1.15	7.25
Oct-22	2.60	0.88	3.39
Nov-22	1.00	0.41	4.12
Dec-22	4.02	3.18	7.91
Jan-23	13.27	13.10	9.87
Feb-23	6.20	5.62	9.07
Mar-23	1.99	1.20	6.03
Total	**34.78**	**29.64**	**8.52**

Commission's Analysis and Ruling

3.4.28 The Commission sought clarification from TPC-D regarding the sale of power Outside Licence Area in FY 2022-23. TPC-D submitted that it had taken advantage of the higher rates prevalent in the short-term market to sell the surplus power for optimising the power purchase cost by picking up thermal units when exchange rates were more than the MoD rates.

3.4.29 Accordingly, the Commission approves sale to outside Licence Area in the Truing-up for FY 2022-23 as shown in the following Table:

Table 3-22: Sale to outside Licence Area for FY 2022-23 as approved by the Commission

Particulars	MTR Order			TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Sale to outside Licence Area	5.71	5.24	9.19	34.78	29.64	8.52	34.78	29.64	8.52

F. Stand-by Charges

TPC-D's Submission

3.4.30 TPC-D has paid Rs. 99.46 Crore towards Stand-by Charges to MSEDCL for FY 2022-23.

Commission's Analysis and Ruling

3.4.31 The Commission approves the actual Stand-by Charges of Rs. 99.46 Crore paid by TPC-D to MSEDCL for FY 2022-23 for the purpose of Truing-up.

G. Transmission Charges and MSLDC Charges

TPC-D's Submission

3.4.32 TPC-D has paid Transmission Charges of Rs. 260.02 Crore and Rs. 1.27 Crore towards MSLDC charges during FY 2022-23 as per Order in Case No. 225 of 2022 dated 31 March, 2023 as shown in the Table below:

Table 3-23: Transmission Charges and MSLDC Charges for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	MTR Order	TPC-D
Transmission Charges	259.13	260.02
MSLDC Charges	1.28	1.27

Commission's Analysis and Ruling

3.4.33 In response to the query raised by the Commission in respect of difference in the actual cost and approved cost, TPC-D submitted that difference in transmission charges is due to additional charges paid by it due to usage in excess of allotted Base Transmission Capacity Rights whereas MSLDC charges are lower on account of prompt payment discount. The Commission has verified the invoice submitted by TPC-D in respect of additional transmission charges. Accordingly, the Commission approves the Transmission Charges and MSLDC Charges based on the information available in the Audited Accounts and relevant Orders issued by the Commission. Accordingly, the actual Transmission Charges and MSLDC charges approved by the Commission for FY 2022-23 is as given in Table below:

Table 3-24: Transmission Charges and MSLDC Charges for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MTR Order	TPC-D	Approved
Transmission Charges	259.13	260.02	260.02
MSLDC Charges	1.28	1.27	1.27

H. Summary of Power Purchase Cost

Commission's Analysis and Ruling

3.4.34 Based on the above analysis, the summary of power purchase quantum and cost, including Stand-by Charges and Transmission Charges, approved by the Commission after Truing-up for FY 2022-23 is given in the following Table:

Table 3-25: Summary of Power Purchase for FY 2022-23 approved by the Commission

Particulars	MTR Order			TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Power Purchase from TPC-G	3,162.10	2,566.13	8.12	3,112.87	2,658.61	8.54	3,112.87	2,658.57	8.54
Non-Solar & Solar RPO Purchase+ REC	1,135.19	380.65	3.35	1,134.35	385.49	3.40	1,134.35	385.49	3.40
Bilateral + UI Purchase	1,237.43	748.67	6.05	1,363.11	772.95	5.67	1,363.11	772.95	5.67
UI Purchase	9.12	7.07	7.75	28.93	15.70	5.43	28.93	15.70	5.43
OLA Sale	(5.71)	(5.24)	9.19	(34.78)	(29.64)	8.52	(34.78)	(29.64)	8.52
MSLDC Charges		1.28			1.27			1.27	
Standby energy drawn	0.86	0.94	11.02	1.25	1.39	11.09	1.25	1.39	11.09
Standby Charges		99.46			99.46			99.46	
Transmission Charges		259.13			260.02			260.02	
Total Power Purchase cost	**5,538.99**	**4,058.09**	**7.33**	**5,605.73**	**4,165.25**	**7.43**	**5,605.73**	**4,165.21**	**7.43**

3.5 OPERATION AND MAINTENANCE EXPENSES

TPC-D's Submission

3.5.1 TPC-D has submitted the actual O&M expenses for FY 2022-23 for Wire and Retail Supply business. TPC-D has clarified that the Brand Equity expenses have not been included in the actual O&M expenses in accordance with the decision of the Commission in this regard in the MYT Order. TPC-D has filed an appeal before Hon'ble APTEL on this issue and will approach the Commission based on the outcome of the appeal.

A. Actual O&M Expenses

3.5.2 The component-wise break-up of O&M Expenses for FY 2022-23 for the Wires Business and Supply Business is summarised in the Table below:

Table 3-26: Actual O&M Expenses for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Employee Expenses		47.82		69.24
R&M Expenses		43.03		5.39
A&G Expenses		35.19		59.84
O&M Expenses	**127.87**	**126.04**	**117.61**	**134.47**

B. Normative O&M expenses

3.5.3 TPC-D submitted the normative O&M expenses for the Wires Business and Supply Business for FY 2022-23 in line with the MYT Regulations, 2019. TPC-D submitted that the MYT Regulations, 2019 specify that the escalation factor for O&M expenses for the Control Period shall be reduced by an efficiency factor of 1%, unless the increase in the number of consumers is at least 2% annually over the last 3 years.

3.5.4 TPC-D submitted the annual increase in the number of consumers connected to the Wires Business of TPC-D for FY 2022-23 as shown in the Table below:

Table 3-27: Increase in number of consumers on Distribution Wires of TPC-D

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Increase in No. of Consumers	Efficiency Factor
No. of Consumers	138182	152884	163203	179291		
% Increase		10.64%	6.75%	9.86%	9.07%	0.00%

3.5.5 TPC-D submitted the annual increase in the number of consumers in the Retail Supply Business of TPC-D for FY 2022-23 as shown in the Table below:

Table 3-28: Increase in number of consumers in Retail Supply Business of TPC-D

Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Increase in No. of Consumers	Efficiency Factor
No. of Consumers	700990	719998	729328	742098		
% Increase		2.71%	1.30%	1.75%	1.92%	0.00%

3.5.6 TPC-D submitted that while efficiency factor is intended to recognize the performance of the distribution utility in increasing the consumer base of its Distribution business, but the addition of changeover consumers depends entirely on the external factors and tariff approved for the parallel distribution Licensees.

TPC-D also submitted that the year-on-year growth of changeover consumers was between of 0.77% to -0.59%, while growth in case of direct consumers was in the range of 10.64% to 9.86%.

3.5.7 In view of the above, TPC-D requested the Commission to consider the consumer growth of 9.07% of direct consumers only for determining efficiency factor applicable while arriving at revised Normative O&M expenditure for Retail Supply Business of TPC-D also and hence has considered 0% efficiency factor for Wire and Supply business for FY 2022-23.

3.5.8 Accordingly, TPC-D submitted the normative O&M expenses for the Wires Business and Supply Business for FY 2022-23 in line with the MYT Regulations, 2019, as shown in the following Table:

Table 3-29: Normative O&M Expenses for FY 2022-23 as submitted by TPC-D

Particulars	UOM	Wire	Retail
Approved O&M Expenses for FY 2022-23	Rs. Crore	127.87	117.61
Normative O&M Expenses for FY 2021-22 as approved in MTR Order	Rs. Crore	121.72	111.95
Inflation Index for FY 2022-23	%	5.87%	5.87%
Normative O&M for FY 2022-23	Rs. Crore	128.86	118.51

Commission's Analysis and Ruling

3.5.9 For the purpose of Truing up, the Commission has approved the O&M expenses for FY 2022-23 on normative basis as per the provisions of the MYT Regulations, 2019. Further, the Commission has considered the actual O&M Expenses for sharing of efficiency gains and losses as per Regulation 11 of the MYT Regulations, 2019.

3.5.10 The Commission has computed the normative O&M Expenses for FY 2022-23 as elaborated below.

A. Base O&M Expenses

3.5.11 The Commission has considered the normative O&M expenses for FY 2021-22 as the Base O&M expenses for approving the normative O&M expenses for FY 2022-23.

3.5.12 Regulation 75.2 of the MYT Regulations, 2019 specifies as under regarding the base O&M expenses for the Wires Business (and similarly Regulation 84.2 of the MYT Regulations, 2019 for the Supply Business):

*"75.2 The Operation and Maintenance expenses shall be derived on the basis of the **average of the Trued-up Operation and Maintenance expenses** after*

adding/deducting the share of efficiency gains/losses, ***for the three Years ending March 31, 2019****, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:*

Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2018, and ***shall be escalated at the respective escalation rate for FY 2018-19 and FY 2019-20, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2020****:*

Provided further that the escalation rate for FY 2018-19 and FY 2019-20 shall be computed by considering 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India:

*Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the base year ending March 31, 2020, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expense" (****emphasis added****)*

3.5.13 Accordingly, the Commission has considered the Base O&M expenses for FY 2021-22 for the purpose of allowing the normative O&M expenses for FY 2022-23 in accordance with Regulations 75.2 and 84.2 of the MYT Regulations, 2019 for the Wires Business and Supply Business, respectively.

B. Escalation Factor

3.5.14 In accordance with Regulations 72.3 and 81.3 of the MYT Regulations (First Amendment), 2017, the Escalation Factor for O&M Expenses for FY 2019-20 has been computed considering 30% and 70% weightage for average yearly inflation derived based on the monthly WPI and CPI, respectively, in the previous five years reduced by the Efficiency Factor of 1%.

3.5.15 The Commission has analysed the WPI and CPI data for the previous five years. By applying 30% and 70% weightage to average yearly inflation derived based on the monthly WPI and CPI from FY 2018-19 to FY 2022-23, the Escalation Factor for FY 2022-23 works out to 5.86%.

3.5.16 As the actual growth in the number of consumers of the Wires Business is greater than 2% for FY 2022-23, the Efficiency Factor has been considered as 'zero'.

Further, the Commission notes that actual growth in the number of consumers of the Supply Business is 1.92%. However, the request of TPC-D to consider the growth of Wire Business to determined efficiency factor while arriving at revised Normative O&M expenditure for Retail Supply Business cannot be accepted as the objective of segregating the Wire and Supply function in MYT Regulations 2019 and having separate norms for each functions get defeated. Accordingly, the Commission has considered the Efficiency factor of 0.04% as per provisions of MYT Regulations, 2019. Hence, the Commission has considered the effective escalation factor of 5.86% and 5.82% for Wires Business and Supply Business respectively, for allowing the normative O&M expenses for TPC-D.

C. Normative O&M Expenses

3.5.17 Accordingly, the Commission has approved the normative O&M Expenses in the Truing-up for FY 2022-23 as shown in the following Table:

Table 3-30: Approved Normative O&M Expenses for FY 2022-23

Particulars	UOM	Wire	Retail
Approved O&M Expenses for FY 2022-23	Rs. Crore	127.87	117.61
Normative O&M Expenses for FY 2021-22 as approved in MTR Order	Rs. Crore	121.72	111.95
Inflation Index for FY 2022-23	%	5.86%	5.82%
Normative O&M for FY 2022-23	Rs. Crore	128.86	118.46

3.5.18 As the O&M Expenses are controllable in nature, sharing of the Efficiency gain/ Losses has been done in accordance with the MYT Regulations, 2019. Actual O&M Expenses has been compared with normative O&M expenses for undertaking sharing of gains/losses.

D. Actual O&M expenses for FY 2022-23

3.5.19 The Commission has verified the actual O&M expenses submitted by TPC-D for FY 2022-23 in line with the audited accounts for the respective year and reconciliation statement of regulated businesses submitted by TPC-D.

i). Employee Expenses

3.5.20 The Commission observed that there is increase in employee cost by 12% due to major increase in Conveyance allowance, Medical Reimbursement charges and overtime payment and accordingly has sought justification from TPC-D for the same.

3.5.21 TPC-D in its justification has stated that with respect to Conveyance Allowance, there is an increase in secondary cost (HoSS) allocation from 77.21%to 79.02% to GTD Business due to increase in revenue to License Area Business, increase in number of employees ratio, increase in asset base share in GTD and increase in

A&G cost ratio amongst GTD A&G cost. Further, Medical Reimbursement has increased mainly due to increase in number of employee and actual Mediclaim expenses incurred. With respect to Overtime Payment, the same is increased due to arrear payment to union as per charter of demand.

3.5.22 Based on the submission made by TPC-D, the Commission has considered the actual employee expenses as submitted by TPC-D in the true-up for FY 2022-23.

ii). A&G Expenses

3.5.23 The Commission observed that there is increase in A&G Cost by 12% due to major increase in various cost heads and accordingly has sought justification from TPC-D for the same.

3.5.24 TPC-D in its justification has provided the following justification for each cost element:

- Rent Rates & Taxes – Due to Central railway Way leave charges of FY 2021-22 and FY 2022-23 booked in FY 2022-23 and increase in property taxes. Also, increase in smart meter sim card rent.
- Insurance Expenses – due to increase in insurance premium
- Professional Consultancy charges – due to increase in consultancy fees
- Conveyance & Travel – Due to participation in various forums related to power sector and vehicle hiring expenses
- Electricity Charges – Due to increase in tariff and FAC
- Fees & Subscriptions – Participation in World Economic Forum
- Printing & Stationery – Increase in supply and stationery cost and per unit bill printing cost
- Advertisement Expenses – Increase due to advertisement of MTR, Tata Power campaign on sustainability
- V-Sat, Internet charges – Additional software installed as protection measures to cyber-attack and support cost to WIPRO during Cyber Incidence.
- Training – Industrial Engineering study with NITIE and advance management program for senior leaders
- Office expenses – Additional license for MongoDB enterprise
- Other A&G – increase in guest house service cost allocation

3.5.25 Based on the submission made by TPC-D, the Commission has considered the actual A&G expenses as submitted by TPC-D in the true-up for FY 2022-23.

iii). Repair & Maintenance Expenses

3.5.26 The Commission observed that there is increase in R&M Cost by 19% due to major increase in various cost heads and accordingly has sought justification from TPC-D for the same.

3.5.27 TPC-D in its justification has provided the following justification for each cost element:

- Machinery & Hydraulic work –
  - Increased by Rs. 0.50 Crore in LT cable diversion due to bridges demolition, road widening and concreting work required by Municipal Authority.
  - Increased by Rs. 1.38 Crore in emergency DG set services due to double cable faults, LT cable faults and transformer faults.
  - Increased by Rs. 1.13 Crore for repair of LT cable faults which include RI and services.
  - Increased by Rs. 0.80 Crore for repair of HT cable faults which include RI and services (There was rise in cable faults from 245 numbers to 338 faults in FY23).
  - Increased by Rs. 0.96 Crore for Equipment repairs & maintenance purposes
  - Increased by Rs. 0.38 Crore for procurement of FPIs, modems, repairs of power cards etc.
  - Increased by Rs. 0.73 Crore for faulty power transformer repair
- Furniture Vehicles etc – Due to increase in meter testing and miscellaneous repair work of equipment.
- Stores, oil consumed –
  - Increased by Rs. 1 Crore in LT cable diversion due to bridges demolition, road widening and concreting work required by Municipal Authority.
  - Increased by Rs. 0.75 Crore in HT cable diversions for road widening and concreting work required by MCGM, Metro, MMRDA development activities.
  - Increased by Rs. 0.31 Crore for HT cable faults which include RI and services (There was rise in cable faults from 245 numbers to 338 faults in FY23)
  - To encourage consumers to pay through digital mode of transfer and use the digital services for payment TPC-D has a drive campaign.

3.5.28 Based on the submission made by TPC-D, the Commission has considered the actual R&M expenses as submitted by TPC-D in the true-up for FY 2022-23.

3.5.29 Accordingly, the Commission has considered the actual O&M Expenses, including Employee Expenses, A&G Expenses and R&M Expenses for FY 2022-23 after prudence check.

E. Brand Equity Expenditure

3.5.30 TPC-D has not included the Brand Equity expenses in the A&G expenses for FY 2022-23, in accordance with the Commission's decision in this regard in the MYT Order.

3.5.31 In view of the above, the Commission approves the actual O&M Expenses for TPC-D, for the purpose of Truing-up for FY 2022-23 as shown in the following Tables:

Table 3-31: Actual O&M Expenses for FY 2022-23 as approved by the Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Employee Expenses		47.82	47.82		69.24	69.24
R&M Expenses#		43.03	43.03		5.39	5.39
A&G Expenses		35.19	35.19		59.84	59.84
O&M Expenses	**127.87**	**126.04**	**126.04**	**117.61**	**134.47**	**134.47**

3.5.32 The Commission notes that R&M Expenses incurred by TPC-D is less than 20% of the total O&M Expenses. The Provision of MYT Regulations 2019, clearly state that if R&M Expenses are below 20%, then such saving in R&M expenses shall not be off-set against other head of O&M expenses. Thus, the Commission has recomputed the approved O&M expenses as specified in the MYT Regulations, 2019 by reworking the actual O&M expenses considering 20% R&M expenses. Based on such revised O&M Expenses, the Commission has also undertaken sharing of efficiency losses / gains.

3.5.33 The sharing of efficiency gains and losses for O&M Expenses for FY 2022-23 between the normative and actual O&M expenses have been detailed in the subsequent paragraphs of this Section.

3.6 CAPITALISATION

TPC-D's Submission

3.6.1 TPC-D has submitted the approved capitalisation in MTR Order vis-a vis the actual capitalisation incurred during FY 2022-23 for Distribution Wires and Supply Business. TPC-D has maintained DPR to Non DPR ratio as per the applicable MYT Regulations.

3.6.2 The comparison of approved and actual capitalisation for FY 2022-23 is presented in the Table below:

Table 3-32: Capitalisation for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Non-DPR Schemes		153.68		20.90
DPR Schemes		16.83		1.39
Non-DPR/DPR Ratio		10.95%		6.63%
Total	**156.07**	**170.51**	**34.73**	**22.29**

Commission's Analysis and Ruling

3.6.3 The Commission asked TPC-D whether there are any Capex schemes where the actual capitalisation exceeds 10% of the approved Capitalisation for FY 2022-23 and schemes that have not commenced during FY 2022-23 but approved for the year. TPC-D submitted that it has not exceeded the approved capitalisation in any of the DPR schemes. Also, there are no schemes where expenditure has not commenced in the year in which they were approved for.

3.6.4 The Commission has observed no cost overrun in Wire and Supply DPR Schemes in FY 2022-23. The Commission has verified the cost benefit analysis reports submitted by TPC-D for various schemes as well as GFA audited certificate submitted along with the Petition.

3.6.5 The capitalisation allowed by the Commission for the Wires Business and Supply Business for FY 2022-23 is shown in the Table below:

Table 3-33: Capitalisation for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MTR Order	TPC-D	Approved
Capitalisation – Wires	156.07	170.51	170.51
Capitalisation – Retail	34.73	22.29	22.29
Total Capitalisation	**190.80**	**192.79**	**192.79**

3.7 DEPRECIATION

TPC-D's Submission

3.7.1 TPC-D has computed the Depreciation for FY 2022-23 at the rates specified in the MYT Regulations, 2019 as shown in the Table below:

Table 3-34: Depreciation for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Opening GFA	2,907.68	2,907.68	240.60	240.60
Addition	156.07	170.51	34.73	22.29
Retirement		(4.92)		(12.33)
Closing	3,063.75	3,073.27	275.33	250.56
Depreciation	139.01	138.85	21.37	20.09
Avg. Depreciation Rate	4.66%	4.64%	8.28%	8.18%

3.7.2 TPC-D submitted that the rate of depreciation computed for FY 2022-23 is lower as compared to rate of Depreciation approved by the Commission in the MTR Order.

Commission's Analysis and Ruling

3.7.3 For computation of Depreciation for FY 2022-23, the Commission has considered the closing balance of GFA for Wires Business and Supply Business as approved in the final Truing-up of FY 2021-22 in the MTR Order, as opening balance of GFA for FY 2022-23. Capitalisation approved for FY 2022-23 in this Order, has been added to above opening GFA to arrive at closing GFA of FY 2022-23.

3.7.4 TPC-D in the Petition has claimed Rs. 17.25 Crore against the retirement of the assets. The Commission has sought the reconciliation of the GFA with the audited accounts whereby, TPC-D in its additional submission has stated that it has inadvertently missed out to consider retirement of assets created towards SAP reimplementation (DPR Reference No MERC/CAPEX/20132014/01744) and other HoSS to the tune of Rs 8.27 Crores allocated to Distribution Business. However, it was observed that the impact of the same was considered in Supply business but was not considered in the Wire business. Accordingly, the revised claim as submitted by TPC-D is as outlined in the following table:

Table 3-35: Allocation of retirement of SAP to Wire & Supply Business (Rs. Crore)

Particulars	Ratio	SAP DPR	Ratio	Other	Total
Retirement		(59.67)		(2.95)	-62.62
Allocation to Distribution		12.69%		23.70%	
Amount – Rs. Crore		(7.57)		(0.70)	(8.27)
Wire	92%	(6.99)	21.89%	(0.65)	(7.64)
Supply	8%	(0.58)	1.81%	(0.05)	(0.63)

3.7.5 Accordingly, the revised amount related to the retirement of the assets after considering the impact of Rs. 8.27 Crore is approved by the Commission.

3.7.6 With respect to the Depreciation amount, it was observed that for certain block of assets, the accumulated depreciation is higher than 90% of the Gross Fixed Asset Value, however, as per Regulations 28.1 (c) of MYT Regulations 2019, it is clearly stated that depreciation shall be allowed upto a maximum of ninety per cent of the allowable capital cost of the asset. Accordingly, while calculating the depreciation amount, the Commission has restricted the depreciation amount to the extent of 90% of GFA. Accordingly, the Commission has worked out Depreciation for Wires and Supply Business for FY 2022-23, as shown in the Table below:

Table 3-36: Depreciation for Wires Business and Supply Business for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Opening GFA	2,907.68	2,907.68	2,907.68	240.60	240.60	240.60
Addition	156.07	170.51	170.51	34.73	22.29	22.29

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Retirement		(4.92)	(12.56)		(12.33)	(11.83)
Closing	3,063.75	3,073.27	3,065.63	275.33	250.56	251.06
Depreciation	139.01	138.85	138.90	21.37	20.09	19.84
Avg. Depreciation Rate	4.66%	4.64%	4.65%	8.28%	8.18%	8.07%

3.8 INTEREST ON LONG-TERM LOAN AND OTHER FINANCE CHARGES

TPC-D's Submission

3.8.1 TPC-D submitted that TPC sources long-term loans at a Company level together for its Generation, Transmission and Distribution Businesses to have negotiation advantage to avail better terms and conditions. As per the first proviso to the Regulation 30.5 of MYT Regulations, 2019 and considering the actual loan drawls, interest rates and the interest paid, the weighted average interest rate for FY 2022-23 works out to 7.92%.

3.8.2 TPC-D has claimed Other Finance Charges of Rs. 0.07 Crore for the Wires Business for FY 2022-23 on account of Finance Charges.

3.8.3 Based on the actual loan drawal, opening balance of loan equal to the closing balance of loan, weighted average interest rate, and considering loan repayment equal to depreciation, the computation of the Interest expenses for Wires Business and Supply Business of TPC-D for FY 2022-23 have been presented in the Table below.

Table 3-37: Interest on Loan for FY 2022-23 as submitted by TPC-D

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Opening Balance of Loan	841.44	841.44	61.20	61.20
Drawals during the year	109.25	119.36	24.31	15.60
Loan Repayment during the year	139.01	138.85	21.37	20.09
Closing Balance of Loan	811.68	821.94	64.14	56.71
Interest Rate	7.43%	7.92%	7.43%	7.92%
Interest Expenses	61.39	65.84	4.65	4.67
Finance Charges		0.07		
Total Interest & Finance Charges	61.39	65.91	4.65	4.67

Commission's Analysis and Ruling

3.8.4 For Truing up, the Commission has computed the interest on loan in accordance with Regulation 30 of the MYT Regulations, 2019. The Commission has considered the closing balance of Loan for Wires Business and Supply Business as approved in the final Truing-up of FY 2021-22 in the MTR Order as opening balance of Loan for FY 2022-23.

3.8.5 The addition in normative loan has been considered equal to the debt component of approved asset addition during the year. The repayments are considered equal to depreciation allowed during the year. The weighted average interest rate is to be worked out as per proviso of Regulation 30.5 of the MYT Regulations, 2019. Same is quoted as follows:

> *"Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual long term loan portfolio during the concerned year shall be considered as the rate of interest"*

3.8.6 The Commission has considered the rate equal to the weighted average interest rate of actual loans during the year, as per the provisions of the MYT Regulations, 2019. For computing the weighted average interest rate, the Commission has considered the average of the opening and closing balances of the loan and the actual interest paid during the year based on the documentary evidence submitted by TPC-D and also available in the Audited Accounts to calculate the weighted average interest rate to be considered for computation of the interest on normative long-term loans.

3.8.7 However, TPC-D vide its additional submission stated that the two loans i.e. HDFC 1000 and Kotak NCD were inadvertently not considered in the tariff submission and the same was requested to be considered while computing the weighted average interest rate for FY 2022-23. Considering the said additional loan amount and the relevant interest amount, the actual weighted interest rate works out to 7.91% for FY 2022-23.

3.8.8 Also, the Commission has sought clarification for not considering the reduction of debt against the retirement of assets for FY 2022-23. TPC-D has clarified that the retired assets are IT (Laptop/ computer) and meter related assets having higher depreciation rate of 15% and 9%. Hence, depreciation up to 70% (which is the normative % for debt component) value is covered within 4 to 8 years and same has been considered as a loan repayment amount during the respective year resulting in no outstanding debt against the said assets. In view of the same, TPC-D has not considered any impact of retirement of assets in debt. The Commission has noted the submission of the TPC-D and accordingly has not considered any reduction in the debt amount against the reduction of the assets.

3.8.9 Further, the Commission has not approved Finance Charges of Rs. 0.07 Crore as TPC-D itself in its submission to data-gaps raised by the Commission has withdrawn the claim as these charges were due to interest on delayed payment towards Micro Small Medium Enterprise 'MSME' vendors.

3.8.10 The summary of Interest expenses on Long-Term Loan and other Finance Charges as submitted by TPC-D and as approved by the Commission after Truing up for FY 2022-23 is shown in the Table below:

Table 3-38: Interest Expenses for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Opening Balance of Loan	841.44	841.44	841.44	61.20	61.20	61.20
Drawals during the year	109.25	119.36	119.36	24.31	15.60	15.60
Loan Repayment during the year	139.01	138.85	138.90	21.37	20.09	19.84
Closing Balance of Loan	811.68	821.94	821.90	64.14	56.71	56.96
Interest Rate	7.43%	7.92%	7.91%	7.43%	7.92%	7.91%
Interest Expenses	61.39	65.84	65.78	4.65	4.67	4.67
Finance Charges		0.07				
Total Interest & Finance Charges	61.39	65.91	65.78	4.65	4.67	4.67

3.9 INTEREST ON WORKING CAPITAL (IOWC)

TPC-D's Submission

3.9.1 TPC-D submitted that it has computed IoWC for FY 2022-23 based on the elements specified in the Regulations 32.3 and 32.4 of the MYT Regulations, 2019 for the Wires Business and Supply Business

3.9.2 TPC-D submitted that for arriving at the normative working capital requirement, TPC-D has subtracted the cost of power purchase from TPC-G, including RE generators.

3.9.3 For FY 2022-23, TPC-D has considered the interest rate of 9.30% at a rate equal to the weighted average Base Rate prevailing during the concerned Year plus 150 basis points as per MYT Regulations, 2019. Accordingly, IoWC for FY 2022-23 is worked out as shown in the Table below:

Table 3-39: IoWC for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
O&M Expenses for one month	10.66	10.71	9.80	10.42
Maintenance spares at 1% of opening GFA	29.08	29.08	2.41	2.41
One and half months of the expected Revenue from Distribution Business	56.00	53.74	444.30	428.43
Less:				
Amount of Security Deposit			387.84	272.42
One Month Equivalent of Cost of Power (excluding cost of purchase from TPC-G)			124.32	125.55
Total Working Capital requirement	95.74	93.53	-	43.29
Rate of Interest (% p.a)	9.55%	9.30%	9.55%	9.30%
Interest on Working Capital	9.14	8.70	-	4.03

Commission's Analysis and Ruling

3.9.4 The Commission has computed the IoWC for FY 2022-23 in accordance with the MYT Regulations, 2019.

3.9.5 The MYT Regulations, 2019 stipulate that the rate of IoWC shall be considered on normative basis and shall be equal to the weighted average Base Rate prevailing during the concerned year plus 150 basis points and accordingly the rate of IoWC has been considered as 9.30% for FY 2022-23. The said Regulation 32.3 and 32.4 of the MYT Regulations, 2019 is stated as under:

"….Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate prevailing during the concerned Year plus 150 basis points.".

3.9.6 The Commission sought information from TPC-D regarding the claim for additional Security Deposit in FY 2022-23 and the additional amounts actually received against these claims, which was submitted by TPC-D. As per TPC-D, it has raised claims for additional Security Deposit based on the average billing of the consumer as per Supply Code Regulations. However, there is the shortfall in receipt of Security Deposit vis-à-vis the claim for additional Security Deposit of Rs. 121.49 Crore and no action is taken by the Licensee for non-payment of the additional Security Deposit claim. Such non-payment of additional Security Deposit results in increasing the working capital requirement, thereby increasing the Interest on Working Capital, which is a costlier source of funds, as compared to the Security Deposit. The shortfall in receipt of Security Deposit has hence, been added to the amount of Security Deposit reported by TPC-D and the working capital requirement computed accordingly. However, TPC-D is directed to ensure the compliance with the Supply Code Regulations.

3.9.7 The summary of the IoWC approved by the Commission after Truing up for FY 2022-23 is shown in the Table below:

Table 3-40: IoWC for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
O&M Expenses for one month	10.66	10.71	10.74	9.80	10.42	9.87
Maintenance spares at 1% of opening GFA	29.08	29.08	29.08	2.41	2.41	2.41
One and half months of the expected Revenue from Distribution Business	56.00	53.74	53.74	444.30	428.43	428.43
Less:						
Amount of Security Deposit				387.84	272.42	393.91

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
One Month Equivalent of Cost of Power (excluding cost of purchase from TPC-G)				124.32	125.55	125.55
Total Working Capital requirement	95.74	93.53	93.56	-	43.29	-
Rate of Interest (% p.a)	9.55%	9.30%	9.30%	9.55%	9.30%	9.30%
Interest on Working Capital	9.14	8.70	8.70	-	4.03	-

3.10 INTEREST ON CONSUMERS' SECURITY DEPOSIT

TPC-D's Submission

3.10.1 TPC-D submitted that the actual Interest on Security Deposit is Rs. 10.75 Crore FY 2022-23 and requested the Commission to approve the same.

Commission's Analysis and Ruling

3.10.2 For FY 2022-23, TPC-D has paid interest on Security Deposit at the RBI Bank Rate of 4.25% in accordance with the provisions of the MYT Regulations, 2019 and is also reconciled with the audited accounts. Accordingly, the Commission approves the actual Interest on CSD for FY 2022-23 as shown in the following Table:

Table 3-41: Interest on Consumers' Security Deposit for FY 2022-23 for Supply Business approved by the Commission (Rs. Crore)

Particulars	Supply Business		
	MTR Order	TPC-D	Approved
Interest on Consumer Security Deposit	15.51	10.75	10.75

3.11 RETURN ON EQUITY

TPC-D's Submission

3.11.1 TPC-D submitted that it has computed the RoE for the Distribution Wires Business and the Retail Supply Business for FY 2022-23 in accordance with Regulations 29.1, 29.2, and 34.2 of the MYT Regulations, 2019.

3.11.2 As regards the applicable rate of Income Tax for TPC-D during FY 2020-21 and FY 2021-22, TPC-D submitted that Section 115BAA was introduced by Taxation Laws (Amendment) Act 2019 w.e.f. 1 April 2020. As per this newly inserted provision, a choice was given to a domestic Company to shift to new simplified tax regime with effect from FY 2019-20. However, under the new tax regime, benefits of MAT credit and other exemptions are not allowed.

3.11.3 TPC-D has analysed that it will be beneficial to shift to new tax regime where the business is not eligible for deduction under Section 80 IA and MAT credit is not available. Accordingly, in the interest of consumers, TPC-D has decided to continue under old regime of tax for Distribution as MAT credit is available, which will result in lower tax outgo for the business and will ultimately benefit the consumers.

3.11.4 Further, as per MYT Regulations 2019, it is required that Generating Company or Licensee or MSLDC would calculate the effective tax rate without considering the impact of the actual tax paid on income from any other regulated or unregulated Business or Other Business of the entity. Hence, it is necessary to compute the effective tax rate for TPC-D strictly on a standalone basis considering TPC-D and other business of TPC as an independent legal entity. Accordingly, the effective tax rate of TPC-D works out to be MAT rate of 17.47%.

3.11.5 However, the Commission in MTR Order has not approved the Income tax for FY 2020-21 and FY 2021-22 saying that the Company as a whole, the tax liability is zero for FY 2020-21 and FY 2021-22. Without prejudice to the appeal filed by TPC-D against the said issue, TPC-D has considered the ROE without grossing it up by Effective Tax Rate for FY 2022-23 as per methodology approved by the Commission in the MTR Order. TPC-D will consider the impact of the outcome of the said judgment, if any, in the said Appeal in its next Tariff filing.

3.11.6 Further, Regulations 29.8 and 29.9 of the MYT Regulations, 2019 provides an additional rate of return for the Wires Business and Supply Business, respectively based on the required performance.

3.11.7 Accordingly, the Wires Availability and the corresponding additional RoE for FY 2022-23 is as shown in the Table below:

Table 3-42: Additional RoE for Wires Business for FY 2022-23 as submitted by TPC-D

Year	SAIDI	Wires Availability	Additional RoE
FY 2022-23	6.17	99.93%	1.50%

3.11.8 The number of bills assessed in FY 2022-23 and the corresponding additional RoE is as shown below:

Table 3-43: Additional RoE for Supply Business on account of assessed bills for FY 2022-23 as submitted by TPC-D

Year	Total no. of bills issued in year	Total no. of assessed bills issued in year	Percentage of Assessed bills (%)	Additional RoE
FY 2022-23	91,01,579	20,658	0.23%	1.00%

3.11.9 TPC-D submitted that as seen from the above Table, the percentage of assessed bills is less than 1.5%. In view of above, TPC-D requested the Commission to allow the additional RoE of 1% for the Supply Business towards the percentage of assessed bills for FY 2022-23.

3.11.10 Further, Regulation 29.9 (c and d) allows for an additional Rate of RoE for Supply Business based on overall Collection Efficiency. Accordingly, the overall Collection Efficiency for FY 2022-23 and the applicable Additional Rate of RoE is presented in the Table below:

Table 3-44: Overall Collection Efficiency for FY 2022-23 as submitted by TPC-D

Year	Collection Efficiency	Additional RoE
FY 2022-23	100.31%	1.00%

3.11.11 Based on the above, the rate of RoE including additional rate applicable for the Wires Business and Supply Business for FY 2022-23 is 15.5% and 17.5%, respectively. This rate has to be grossed up by the applicable Income Tax Rate to arrive at the rate of RoE for FY 2022-23. However, TPC-D has considered the ROE without grossing it up by Effective Tax Rate for FY 2023-24 and FY 2024-25 as per methodology approved by the Commission in the MTR Order as shown in Table below:

Table 3-45: Return on Equity for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wires Business		Supply Business	
	MTR Order	TPC-D Petition	MTR Order	TPC-D Petition
Regulatory Equity at the beginning of the year	877.34	877.34	72.37	72.37
Capitalised Assets during the year	156.07	170.51	34.73	22.29
Equity portion of expenditure on Capitalized Assets	46.82	51.15	10.42	6.69
Less: Equity portion of the asset decapitalized		1.48		3.70
Regulatory Equity at the end of the year	924.16	927.02	82.79	75.36
Rate of ROE	14.00%	15.50%	15.50%	17.50%
Total Return on Regulatory Equity	**126.11**	**139.84**	**12.02**	**12.93**

Commission's Analysis and Ruling

3.11.12 The RoE for the Wires Business and the Supply Business for FY 2022-23 has been computed in accordance with Regulations 29.1 and 29.2, and 34.2 of the MYT Regulations, 2019, as discussed below.

3.11.13 The Base Rate of RoE has been specified as 14% and 15.5% for the Wires Business and Supply Business, respectively, in the MYT Regulations, 2019.

3.11.14 Regulation 29.8 of the MYT Regulations, 2019 provides an additional rate of return for the Wires Business, as reproduced below:

> *"29.8 In case of Distribution Wires Business, an additional rate of Return on Equity shall be allowed on Wires Availability at the time of true-up as per the following schedule:*
>
> *a) The target Wires Availability for recovery of base rate of return on equity shall be 95 percent for MSEDCL and 98% for other Distribution Licensees;*
>
> *b) For every 0.50% over-achievement in Wires Availability, rate of return shall be increased by 0.50%, subject to ceiling of additional rate of Return on Equity of 1.50%;*
>
> *c) Wires Availability shall be computed in accordance with the following formula:*
>
> *Wires Availability = (1- (SAIDI / 8760)) x 100:.."*

3.11.15 Similarly, Regulation 29.9 of the MYT Regulations, 2019, provides for an additional Rate of RoE for the Supply Business, as reproduced below:

> *"29.9 In case of Retail Supply Business, an additional rate of Return on Equity shall be allowed at the time of true-up, as per the following schedule:*
>
> *a) If the percentage of assessed bills is less than 1.5% of the total number of bills issued during the year, then rate of return shall be increased by 1%;*
>
> *b) If the percentage of assessed bills is more than 1.5% of the total number of bills issued during the year, for every 0.5% reduction in the percentage of assessed billing, rate of return shall be increased by 0.25%, subject to ceiling of additional rate of Return on Equity of 1.00%.*
>
> *c) If overall collection efficiency for the year is above 99 %, then rate of return shall be increased by 1%;*
>
> *d) If overall collection efficiency for the year is below 99 %, for every 0.5% improvement in the overall collection efficiency, rate of return shall be increased by 0.25%, subject to ceiling of additional rate of Return on Equity of 1.00%."*

3.11.16 The Commission has scrutinised the SOP Reports and verified the claim of SAIDI and Wires Availability submitted by TPC-D. Accordingly, the Wires Availability and the corresponding additional RoE for FY 2022-23 is as shown in the Table below:

Table 3-46: Additional RoE for Wires Business for FY 2022-23 as approved by the Commission

Year	SAIDI	Wires Availability	Additional RoE
FY 2022-23	6.17	99.93%	1.50%

3.11.17 As regards the number of assessed bills in FY 2022-23, the same is within the limit of 1.5% specified in the MYT Regulations, 2019, and hence, TPC-D is entitled to the full additional RoE of 1% for FY 2022-23.

3.11.18 Further, Regulation 29.9 (c and d) allows for an additional Rate of RoE for Supply Business based on overall Collection Efficiency. As the overall Collection Efficiency for FY 2022-23 is higher than 99% and also TPC-D has submitted the CA certificate highlighting the collection efficiency as 100.40%. Therefore, TPC-D is entitled to the additional RoE of 1.00%.

3.11.19 Based on the above, the rate of RoE including additional rate applicable for the Wires Business and Supply Business for FY 2022-23 works out to 15.5% and 17.5%, respectively.

3.11.20 Regulation 34 of the MYT Regulations, 2019 provides for pre-tax RoE to be computed for FY 2022-23 as reproduced below:

"34.1 The Income Tax for the Generating Company or Licensee or MSLDC for the regulated business shall be allowed on Return on Equity, including Additional Return on Equity through the Tariff charged to the Beneficiary/ies, subject to the conditions stipulated in Regulations 34.2 to 34.6:

...

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

...

*34.4 The **effective tax rate shall be considered on the basis of actual tax paid in respect of financial year** in line with the provisions of the relevant Finance Acts by the concerned Generating Company or Licensee or MSLDC, as the case may be:*

*Provided that, **in case of the Generating Company or Licensee or MSLDC has engaged in any other regulated or unregulated Business or Other Business, the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate**:*

*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**…."**(emphasis added)***

3.11.21 As per the P&L statement submitted in the reconciliation report, the actual current Income Tax for FY 2022-23 for the Company is NIL. Further, as per the Income Tax Return Acknowledgement of the Company for the Assessment Years 2023-24, viz., FY 2022-23, the actual Income Tax payable by TPC is shown as zero. Also, in line with the approach as adopted by the Commission in MTR Order, TPC-D has considered the effective tax rate as ZERO and has claimed RoE without grossing up with the MAT rate.

3.11.22 The Commission has noted the submission made by TPC-D and states that as per the provision of Regulations, the effective tax rate is to be considered on the basis of actual tax paid by the Company and while computing the effective tax rate, the actual tax paid on income from any other regulated or unregulated Business or Other Business is to be excluded for the calculation of effective tax rate. When the actual tax payable for Company as a whole works out to zero, the question of computing effective tax rate excluding the actual tax paid on income from any other regulated or unregulated Business or Other Business does not arise at all.

3.11.23 As the actual tax payable by TPC (Company as a whole) is zero, the effective rate as per the provisions of Regulations works out to '0'. Therefore, the Commission deems it prudent to consider effective tax rate of 0% for FY 2022-23.

3.11.24 Accordingly, the RoE rate has been grossed up by the applicable Income Tax Rate to arrive at the rate of RoE for FY 2022-23 as shown in the Table below:

Table 3-47: Rate of Pre-tax Return for FY 2022-23 as approved by the Commission

Particulars	**Wires Business**		**Supply Business**	
	TPC-D	**Approved**	**TPC-D**	**Approved**
Wires Availability > 98%	1.50%	1.50%		
Percentage of assessed bills <1.5%			1.00%	1.00%
Collection Efficiency >99%			1.00%	1.00%
Total Additional RoE	1.50%	1.50%	2.00%	2.00%
Base RoE	14.00%	14.00%	15.50%	15.50%
Total RoE	15.50%	15.50%	17.50%	17.50%
Effective Tax Rate*	0%	0%	0%	0%
Rate of pre-tax RoE	**15.50%**	**15.50%**	**17.50%**	**17.50%**

** TPC-D has stated that TPC-D is eligible for 17.47% effective tax rate but based on approach adopted by the Commission in MTR order, TPC-D has considered Zero effective tax rate.*

3.11.25 As regards the impact of retirement of assets in the computation of RoE for FY 2023-24, the Commission has considered the impact of asset retirement by reducing the equity equivalent to 30 % of value of the assets retired during the year. The difference in Equity related to asset decapitalised as claimed by TPC-D and approved is addresses in Para 3.7.4 of this order.

3.11.26 Accordingly, the RoE for the Wires Business and Supply Business of TPC-D for FY 2022-23 are computed as shown in the Table below:

Table 3-48: Return on Equity for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Regulatory Equity at the beginning of the year	877.34	877.34	877.34	72.37	72.37	72.37
Capitalised Assets during the year	156.07	170.51	170.51	34.73	22.29	22.29
Equity portion of expenditure on Capitalized Assets	46.82	51.15	51.15	10.42	6.69	6.69
Less: Equity portion of the asset decapitalized		1.48	3.77		3.70	3.55
Regulatory Equity at the end of the year	924.16	927.02	924.72	82.79	75.36	75.51
Rate of ROE	14.00%	15.50%	15.50%	15.50%	17.50%	17.50%
Total Return on Regulatory Equity	126.11	139.84	139.66	12.02	12.93	12.94

3.12 PROVISION FOR BAD AND DOUBTFUL DEBTS

TPC-D's Submission

3.12.1 TPC-D has made a provision of Rs. (4.08) Crore and Rs. 0.46 Crore towards Bad and doubtful debts for the Wires Business and Supply Business amounting to total of Rs (3.62) Crore for FY 2022-23.

Commission's Analysis and Ruling

3.12.2 As per the provisions of the Regulation 76 and 85 of the MYT Regulations, 2019, the Commission may allow provisioning of bad and doubtful debts up to 1.5% of the amount shown as receivables in the Audited Accounts.

3.12.3 However, TPC-D has claimed the negative amount for Wire business and net impact of Rs. 0.46 Crore is considered in Supply business. Based on the query raised by the Commission, TPC-D replied that as per accounting policy of the company, the provisions for bad & doubtful debts are made against receivables, security deposits and loans & advances etc. In FY 2022-23, security deposits given to various authorities in earlier years were actually realised against provision made in earlier years, therefore, the credit was given under A&G expenditure head and corresponding debits were made to liability account.

3.12.4 The Commission has verified the provision for bad and doubtful debts from the audited annual accounts. However, it was observed that the amount realised were related to security deposits given to various authorities and is not related to bill raised to consumer. Since such amount has been claimed as an expenses in the past, the amount realised in FY 2022-23 has been credited in the A&G Expenses. Hence, the Commission feels that such amount which is not related to consumer billing may not be considered under the Provision for doubtful debt but needs to be considered in Non-Tariff Income. Also, second proviso in Regulations 85 of MYT Regulations

2019 clearly states that such realised amount to be considered under Non-Tariff Income:

"Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised:"

3.12.5 Therefore, the Commission directs TPC-D that in future, such amount realised either from bad debts or any other expenses, shall not be considered under provisions for doubtful debts but to be included in Non-Tariff Income. However, in the current order, for the sake of convenience, the Commission consider the amount as claimed by TPC-D in the head – "Provisions for doubtful debt".

3.12.6 Accordingly, the Commission has approved the provision for bad and doubtful debts for FY 2022-23 as shown in the following Table:

Table 3-49: Provision for Bad & Doubtful Debts for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Provisions for Bad and Doubtful Debts	(1.79)	(4.08)	(4.08)	0.05	0.46	0.46

3.13 DSM EXPENDITURE

TPC-D's Submission

3.13.1 TPC-D submitted that it has incurred actual expenditure against Demand Side Management (DSM) Schemes of Rs. 0.42 Crore FY 2022-23 as against Rs. 0.52 Crore approved in the MTR Order.

Commission's Analysis and Ruling

3.13.2 In response to the query raised by the Commission, TPC-D has submitted the expenditure on each DSM Program and also the same has been verified with the approval of the Commission. The details of the scheme and the expenditure incurred by TPC-D as per the data provided is outlined as below:

Table 3-50: Details of DSM Expenditure (Rs. Crore)

Sr.	DSM Program	Activities	Expenditure
1.	Energy Audit	Rebate to Consumers	0.11
2.	Ceiling Fan		0.13
3.	Refrigerator		0.15
4.	AC		0.01
5.	LED TL		0.02
		Expenditure towards DSM Scheme	**0.42**

3.13.3 Accordingly, the Commission approves the actual expenditure against DSM Schemes incurred by TPC-D of Rs. 0.42 Crore in the Truing-up for FY 2022-23 as shown in the Table below:

Table 3-51: DSM expenditure approved for FY 2022-23 by the Commission (Rs. Crore)

Particulars	Supply Business		
	MTR Order	TPC-D	Approved
DSM Scheme Cost	0.52	0.42	0.42

3.14 CONTRIBUTION TO CONTINGENCY RESERVE

TPC-D's Submission

3.14.1 TPC-D has considered the Contribution to Contingency Reserves for the Wires Business and Supply Business in accordance with Regulation 35 of the MYT Regulations, 2019. TPC-D has proposed Nil contribution to Contingency Reserve for FY 2022-23 for the Wires business to reduce the cost burden on the consumer which the Commission has approved in the MTR Order. The summary of Contribution to Contingency Reserve for FY 2022-23 as submitted by TPC-D is as follows:

Table 3-52: Contribution to Contingency Reserve for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	FY 2022-23	
	Wires	Supply
Opening GFA	2907.68	240.60
% Contingency Reserve	0.25%	0.25%
Opening Balance of CR	58.16	4.17
Maximum Permissible Reserve	145.38	12.03
Contribution to Contingency Reserve	**0.00**	**0.60**
Closing Balance till 31st March, 2023	58.16	4.77

Commission's Analysis and Ruling

3.14.2 As per MYT Regulations, 2019, the provision for Contingency Reserves for a year shall be between 0.25% and 0.5% of the original cost of fixed assets. In its MTR Petition, TPC-D proposed not to recover contribution to Contingency Reserve for its Wires Business for FY 2022-23 which was approved by the Commission in TPC-D's MTR Order. Hence, for FY 2022-23, the Commission had considered a provision of 0.25% only for the Supply Business.

3.14.3 Based on the audited accounts, the Commission has approved the Contribution to Contingency Reserves for the Wires Business and Supply Business for FY 2022-23 at 0.25% of the approved value of the Opening GFA for the respective businesses, as shown in the Table below:

Table 3-53: Contribution to Contingency Reserve for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Opening Balance of GFA	2,907.68	2,907.68	2,907.68	240.60	240.60	240.60
% Contribution	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%
Contribution to Contingency Reserves	-	-	-	0.60	0.60	0.60

3.15 NON-TARIFF INCOME

TPC-D's Submission

3.15.1 TPC-D submitted that the Non-Tariff Income (NTI) for FY 2022-23 as shown in the Table below:

Table 3-54: Non-Tariff Income for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wires Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Non-Tariff Income	5.66	4.61	11.22	7.25

Commission's Analysis and Ruling

3.15.2 TPC-D has earned Non-Tariff Income in FY 2022-23 from interest on contingency reserve investments, interest on other investments, sale of scrap, service connection charges, and rental income.

3.15.3 It was observed that the actual Non-Tariff income was lower than the Non-Tariff Income as approved by the Commission in MTR Order. Based on the query raised, TPC-D submitted that the 'Income from services rendered' and 'Miscellaneous Revenue' of Rs. 4.46 Crore had been considered which has not been realised in FY 2022-23. Therefore, the Non-tariff income has decreased compared to NTI approved for FY 2022-23.

3.15.4 Further, it was observed that Non-Tariff income of Rs. 6.14 Crore related to service line contribution has not been considered by TPC-D. Based on the query, TPC-D submitted that Service Line/Capital Contribution is an amount received for the jobs carried out by TPC-D against consumer contribution and is deducted from Gross Fixed Assets while submitting GFA for ARR Purpose resulting in NIL Return on Equity (RoE), Interest on Loan and Deprecation on such amount. Since the asset remains in TPC-D's books and hence, a corresponding liability to that extent of Consumer Contribution is created in the books of Tata Power. Since, such liability is not refundable to the entity who has funded it, this liability needs to be written back. TPC-D has adopted the methodology of writing back this liability at the rate of depreciation. The reduction in liability is considered as NTI in the books of accounts and such NTI is not offered in ARR or else it will amount to double counting of NTI. The similar issue has been addressed by the Commission in the past in Order dated 17 June 2020 in Case No 95 of 2020 and has approved the same.

3.15.5 The Commission has accepted TPC-D's submission and accordingly approved the Non-Tariff Income for FY 2022-23 as shown in the Tables below:

Table 3-55: Non-Tariff Income for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	Wire Business			Supply Business		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Non-Tariff Income	5.66	4.61	4.61	11.22	7.25	7.25

3.16 SHARING OF GAINS AND LOSSES

Regulation 10 and 11 of the MYT Regulations, 2019 provides the methodology for sharing of Gains and Losses. Accordingly, the Gains and Losses on account of controllable factors has been computed and the sharing between the beneficiaries and TPC-D has been carried out as part of Truing-up exercise of FY 2022-23.

TPC-D's Submission

O&M Expenses

3.16.1 Efficiency Gains/(Losses) and its sharing on account of O&M Expenses after Truing-up is governed by MYT Regulations, 2019.

3.16.2 TPC-D has submitted that R&M expenses in case of Wires Business is higher than 20% of O&M expenses, and is 34.14% of O&M expenses for FY 2022-23. In case of Supply Business, the R&M expenses is significantly lower than 20% of O&M expenses, and is 4.01% of O & M expenses for FY 2022-23.

3.16.3 On a combined basis, the R&M expenses of TPC-D is 18.59% of total O & M expenses. The effective shortfall in R&M expenses for the combined Wires Business and Supply Business works out to Rs. 3.68 Cr.

3.16.4 According to the Regulations 75.6 of MYT Regulations 2019, the Licensee should not benefit from such savings in R&M expenses. Hence, the TPC-D has restated the actual R&M expenses of the Supply Business to make up the shortfall up to 20% of O&M expenses, as the R&M expenses of the Wires Business is in excess of 20% of O&M expenses. The computations are shown in the Table below:

Table 3-56: Treatment of R&M Expenses being lower than 20% of O&M Expenses in FY 2022-23 (Rs. Crore)

Particulars	TPC-D
R&M - Wires Business	43.03
O&M - Wires Business	126.04

Particulars	TPC-D
R&M as % of O&M - Wires Business	**34.14%**
R&M - Supply Business	5.39
O&M - Supply Business	134.47
R&M as % of O&M - Supply Business	**4.01%**
R&M Combined Wires + Supply Business	48.42
O&M Combined Wires + Supply Business	260.51
R&M as % of O&M - Combined Wires + Supply Business	**18.59%**
R&M Expenses @20% of O&M Expenses	52.10
Shortfall in R&M Expenses	3.68
Restated R&M Expenses of Supply Business	9.07
Restated Actual O&M Expenses of Supply Business	**138.15**
Normative O&M expenses of Supply Business	118.51
Gain/(Loss) in O&M Expenses	(19.63)

3.16.5 TPC-D further submitted that the Municipal Corporation of Greater Mumbai issued a circular regarding levy of access charges on various external utilities agencies, and issued demand notices with respect to these charges to the tune of Rs. 4.72 Crore in FY 2022-23. As this is uncontrollable expenditure the claim would be over and above Normative expenditure. The same has been considered as per the provision in the MYT Regulation, 2019 while computing the Net entitlement. Accordingly, Net entitlement of O&M Expenses after sharing of gains and losses for FY 2022-23 is shown in the Table below:

Table 3-57: Computation of Gain/(Loss) on O&M Expenses for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire	Supply
Normative O&M Expenses	128.86	118.51
Actual O&M Expenses	126.04	138.15
Uncontrollable Expenses - Access Charges	4.74	
Adjusted Actual Expenses	121.30	138.15
Efficiency Gain/(Loss)	7.56	(19.64)
Efficiency Gain/(Loss) shared with Consumers	5.04	(6.55)
Net Entitlement	128.56	125.06

<u>Interest on Working Capital</u>

3.16.6 Regulation 32.6 of the MYT Regulations, 2019 specifies that the variation between normative IoWC and actual IoWC shall be shared between the Licensee and beneficiaries.

3.16.7 TPC-D has availed short term loans during FY 2022-23 for the purpose of funding the working capital requirement. Since, the Working Capital is funded at a combined level for Distribution, the actual interest incurred on the short-term loan has been bifurcated between the Wires Business and Supply Business in the ratio of their respective normative Working Capital requirement. Considering the same, TPC-D has computed the sharing of Gain / (Loss) on account of IoWC as follows:

Table 3-58: Computation of Gain/(Loss) on IoWC for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire	Supply
Normative IoWC	8.70	4.03
Actual IoWC	8.10	3.75
Efficiency Gains/(Losses)	0.60	0.28
Efficiency Gains/(losses) to be passed on to the consumers	0.40	0.18
Net Entitlement of IoWC	8.30	3.84

Commission's Analysis and Ruling

<u>O&M Expenses</u>

3.16.8 Efficiency Gains/(Losses) and its sharing on account of O&M Expenses after Truing-up is governed by MYT Regulations, 2019, which specifies as under, for the Wires Business and Supply Business:

> *"75.6 In case the expenditure on Repairs & Maintenance falls below 20% of total O&M expenses allowed under these Regulations, then such savings in Repairs & Maintenance shall not be set off against other heads of O&M expenses:…"*

3.16.9 The Commission has verified whether the R&M expenses of the Wires Business, Supply Business, and combined Wires Business and Supply Business is up to 20% of the total O&M expenses of the respective businesses. It is observed that the R&M expenses in case of Wires Business is higher than 20% of O&M expenses whereas in case of Supply Business, the R&M expenses is significantly lower than 20% of O&M expenses at 4.01%. On a combined basis, the R&M expenses of TPC-D are 18.59% of the total O&M expenses. The effective shortfall in R&M expenses works out to Rs. 3.68 Crore for FY 2022-23.

3.16.10 The MYT Regulations, 2019 specify that the Licensee should not benefit from such savings in R&M expenses. Hence, the Commission has restated the actual R&M expenses of the Supply Business to make up the shortfall up to 20% of O&M expenses, as the R&M expenses of the Wires Business is in excess of 20% of O&M expenses. The computations are shown in the Table below:

Table 3-59: Treatment of R&M Expenses being lower than 20% of O&M Expenses in FY 2022-23

Particulars	TPC-D	Approved
R&M - Wires Business	43.03	43.03
O&M - Wires Business	126.04	126.04
R&M as % of O&M - Wires Business	**34.14%**	**34.14%**
R&M - Supply Business	5.39	5.39
O&M - Supply Business	134.47	134.47
R&M as % of O&M - Supply Business	**4.01%**	**4.01%**
R&M Combined Wires + Supply Business	48.42	48.42
O&M Combined Wires + Supply Business	260.51	260.51
R&M as % of O&M - Combined Wires + Supply Business	**18.59%**	**18.59%**
R&M Expenses @20% of O&M Expenses	52.10	52.10
Shortfall in R&M Expenses	3.68	3.68
Restated R&M Expenses of Supply Business	9.07	9.07
Restated Actual O&M Expenses of Supply Business	**138.15**	**138.15**
Normative O&M expenses of Supply Business	118.51	118.46
Gain/(Loss) in O&M Expenses	(19.63)	(19.69)

3.16.11 With respect to prayer of TPC-D to consider the levy of access charges on various external utilities agencies as uncontrollable expenditure, the Commission observed as submitted by TPC-D, such cost has been levied from FY 2019-20 onwards and has been included in O&M cost but being missed to claim as uncontrollable expenditure. Further, TPC-D has stated that if these charges are claimed as uncontrollable, the year wise incremental impact of the same would be Rs. 4.44 Crore as given in the table below:

Table 3-60: Additional O & M impact due to access charges (Rs. Crore)

Financial Year	Access Charges	Incremental Impact
FY 2019-20	1.71	1.14
FY 2020-21	5.10	1.70
FY 2021-22	4.81	1.60
FY 2022-23	4.74	
Grand Total	**16.36**	**4.44**

3.16.12 Access charges have been levied by MCGM based on its Notification issued in FY 2013 and bills have been raised from FY 2019-20 onwards for the past period. TPC-D should have been proactive and claimed the access charges for the respective year at the time of truing up. Since, the Truing- up process is already completed, the Commission is not inclined to pass such cost in the present year.

3.16.13 Accordingly, Net entitlement of O&M Expenses as approved by the Commission after sharing of gains and losses for FY 2022-23 is shown in table below:

Table 3-61: Sharing of (Gains)/losses on account of O&M Expenses for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	Wire Business		Supply Business	
	TPC-D	Approved	TPC-D	Approved
Normative O&M Expenses	128.86	128.86	118.51	118.46
Actual O&M Expenses	126.04	126.04	138.15	138.15
Uncontrollable Expenses - Access Charges	4.74			
Adjusted Actual Expenses	121.30	126.04	138.15	138.15
Efficiency Gain/(Loss)	7.56	2.82	(19.64)	(19.69)
Efficiency Gain/(Loss) shared with Consumers	5.04	1.88	(6.55)	(6.56)
Net Entitlement	128.56	126.98	125.05	125.02

<u>Interest on Working Capital</u>

3.16.14 As regards sharing of efficiency gains on account of IoWC, TPC-D has submitted actual IoWC of Rs. 8.10 Crore and Rs. 3.75 Crore for Wires Business and Supply Business, respectively. The Commission has computed the Efficiency Gains/(Losses) and its sharing on account of IoWC after Truing-up for FY 2022-23 considering the actual interest incurred on the short-term loan of Rs. 11.85 Crore and bifurcating between the Wires Business and Supply Business as per the submission of TPC-D as shown in the Table below:

Table 3-62: Sharing of (Gains)/losses on account of IoWC for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	Wire Business		Supply Business	
	TPC-D	Approved	TPC-D	Approved
Normative IoWC	8.70	8.70	4.03	-
Actual IoWC	8.10	8.10	3.75	3.75
Efficiency Gains/(Losses)	0.60	0.60	0.28	(3.75)
Efficiency Gains/(losses) to be passed on to the consumers	0.40	0.40	0.18	(1.25)
Net Entitlement of IoWC	8.30	8.30	3.84	1.25

3.17 AGGREGATE REVENUE REQUIREMENT

TPC-D's Submission

3.17.1 The ARR for the Wires Business, as submitted by TPC-D for FY 2022-23 is as follows:

Table 3-63: ARR for Wires Business for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business	
	MTR Order	**TPC-D**
Operation & Maintenance Expenses	127.87	128.56
Depreciation	139.01	138.85
Interest on Loan Capital	61.39	65.91
Interest on Working Capital	9.14	8.30
Interest on deposit from Consumers and Distribution System Users	-	-
Provision for bad and doubtful debts	(1.79)	(4.08)
Contribution to contingency reserves	-	-
Total Revenue Expenditure	**335.63**	**337.54**
Add: Return on Equity Capital	126.11	139.84
Aggregate Revenue Requirement	**461.74**	**477.37**
Less: Non-Tariff Income	5.66	4.61
Less: Income from OA consumers	21.14	24.27
Aggregate Revenue Requirement from Distribution Wires	**434.93**	**448.50**

3.17.2 The ARR for the Supply Business as submitted by TPC-D for FY 2022-23 is as follows:

Table 3-64: ARR for Supply Business for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Supply Business	
	MTR Order	**TPC-D**
Power Purchase Expenses	3,698.22	3,804.51
Operation & Maintenance Expenses	117.61	125.05
Depreciation	21.37	20.09
Interest on Loan Capital+ Other Finance Charges	4.65	4.67
Interest on Working Capital	-	3.84
Interest on Consumer Security Deposit	15.51	10.75
Write-off of Provision for bad and doubtful debts	0.05	0.46
Contribution to contingency reserves	0.60	0.60
Intra-State Transmission Charges	259.13	260.02
MSLDC Fees & Charges	1.28	1.27
Stand By charges	99.46	99.46
DSM Expense	0.52	0.42
Total Revenue Expenditure	**4,218.39**	**4,331.15**
Add: Return on Equity Capital	12.02	12.93
Aggregate Revenue Requirement	**4,230.42**	**4,344.07**
Less: Non-Tariff Income	11.22	7.25
Less: Receipts on account of Cross-Subsidy Surcharge	22.74	6.11
Aggregate Revenue Requirement from Retail Supply	**4,196.46**	**4,330.71**

Commission's Analysis and Ruling

3.17.3 Based on the above analysis, the Commission approves the ARR for the Wires

Business of TPC-D after Truing-up for FY 2022-23 as shown in the following Table:

Table 3-65: ARR for Wires Business for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MTR Order	TPC-D	Approved
Operation and Maintenance Expenses	127.87	128.56	126.98
Depreciation	139.01	138.85	138.90
Interest on Loan Capital	61.39	65.91	65.78
Interest on Working Capital	9.14	8.30	8.30
Interest on deposit from Consumers and Distribution System Users	-	-	-
Provision for bad and doubtful debts	(1.79)	(4.08)	(4.08)
Contribution to contingency reserves	-	-	-
Total Revenue Expenditure	**335.63**	**337.54**	**335.87**
Add: Return on Equity Capital	126.11	139.84	139.66
Aggregate Revenue Requirement	**461.74**	**477.37**	**475.53**
Less: Non-Tariff Income	5.66	4.61	4.61
Less: Income from OA consumers	21.14	24.27	24.27
Aggregate Revenue Requirement from Distribution Wires	**434.93**	**448.50**	**446.66**

3.17.4 The ARR approved by the Commission for TPC-D's Wires Business after Truing-up for FY 2022-23 is slightly lower than that claimed by TPC-D mainly due to lower O&M expense and higher Interest on Working capital allowed by the Commission.

3.17.5 The approved ARR for the Supply Business of TPC-D after Truing-up for FY 2022-23 is shown in the following Table:

Table 3-66: ARR for Supply Business for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MTR Order	TPC-D	Approved
Power Purchase Expenses	3,698.22	3,804.51	3,804.47
Operation & Maintenance Expenses	117.61	125.05	125.02
Depreciation	21.37	20.09	19.84
Interest on Loan Capital+ Other Finance Charges	4.65	4.67	4.67
Interest on Working Capital	-	3.84	1.25
Interest on Consumer Security Deposit	15.51	10.75	10.75
Write-off of Provision for bad and doubtful debts	0.05	0.46	0.46
Contribution to contingency reserves	0.60	0.60	0.60
Intra-State Transmission Charges	259.13	260.02	260.02
MSLDC Fees & Charges	1.28	1.27	1.27
Stand By charges	99.46	99.46	99.46
DSM Expense	0.52	0.42	0.42
Total Revenue Expenditure	**4,218.39**	**4,331.15**	**4,328.24**
Add: Return on Equity Capital	12.02	12.93	12.94
Aggregate Revenue Requirement	**4,230.42**	**4,344.07**	**4,341.18**
Less: Non-Tariff Income	11.22	7.25	7.25

Particulars	MTR Order	TPC-D	Approved
Less: Receipts on account of Cross-Subsidy Surcharge	22.74	6.11	6.11
Aggregate Revenue Requirement from Retail Supply	**4,196.46**	**4,330.71**	**4,327.82**

3.17.6 The ARR approved by the Commission for TPC-D's Supply Business after Truing-up for FY 2022-23 is slightly lower than that claimed by TPC-D mainly due to 'nil' IoWC allowed by the Commission.

3.17.7 The approved combined ARR for the Wires and Supply Business of TPC-D after Truing-up for FY 2022-23 is shown in the following Table:

Table 3-67: ARR for Wires and Supply Business for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MTR Order	TPC-D	Approved
Power Purchase Expenses	3,698.22	3,804.51	3,804.47
Operation & Maintenance Expenses	245.48	253.61	252.00
Depreciation	160.38	158.95	158.74
Interest on Loan Capital+ Other Finance Charges	66.04	70.57	70.45
Interest on Working Capital	9.14	12.14	9.55
Interest on Consumer Security Deposit	15.51	10.75	10.75
Write-off of Provision for bad and doubtful debts	(1.74)	(3.62)	(3.62)
Contribution to contingency reserves	0.60	0.60	0.60
Intra-State Transmission Charges	259.13	260.02	260.02
MSLDC Fees & Charges	1.28	1.27	1.27
Stand By charges	99.46	99.46	99.46
DSM Expense	0.52	0.42	0.42
Total Revenue Expenditure	**4,554.02**	**4,668.68**	**4,664.11**
Add: Return on Equity Capital	138.13	152.76	152.60
Aggregate Revenue Requirement	**4,692.15**	**4,821.45**	**4,816.71**
Less: Non-Tariff Income	16.88	11.86	11.86
Less: Income from OA consumers	21.14	24.27	24.27
Less: Receipts on account of Cross-Subsidy Surcharge	22.74	6.11	6.11
Aggregate Revenue Requirement of Combined Distribution business	**4,631.39**	**4,779.21**	**4,774.47**

3.18 REVENUE FROM SALE OF ELECTRICITY

TPC-D's Submission

3.18.1 The revenue recovered by TPC-D in FY 2022-23 for Distribution Business is as shown in the Table below:

Table 3-68: Revenue of Distribution Business for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	MTR Order	TPC-D
Revenue - Supply Business	3,531.70	3,421.31
Revenue Wheeling Charges	426.88	405.66
Revenue from OA (Wheeling Charges)	21.14	24.27
Revenue from OA (CSS)	22.74	6.11
Total	**4,002.46**	**3,857.34**

3.18.2 Further, TPC-D has recovered Rs. 6.11 Crore towards Cross Subsidy Surcharge (CSS) and Rs. 24.27 Crore towards wheeling charges from OA consumers.

3.18.3 In addition, TPC-D has recovered Transmission Charges of Rs. 17.98 Crore which has been remitted to the State Transmission Utility (STU) in accordance with the Commission's directions, and has hence, not been considered as Revenue for FY 2022-23.

Commission's Analysis and Ruling

3.18.4 The Commission has verified the actual revenue in FY 2022-23 based on detailed revenue sheets submitted by TPC-D.

3.18.5 However, it was observed that there is a lower revenue recovery compared to the approved revenue even though the sales are higher than approved for FY 2022-23. TPC-D clarified that there was a lower realization of HT commercial sales in comparison with the approved values and hence, lower revenue recovery and also lower LT commercial sales to the tune of 62 MU and LT residential sale by 35 MU caused lower revenue recovery.

3.18.6 Based on the above submission, the Commission approves the revenue from sale of power in the Truing-up for FY 2022-23 as shown in the following Table:

Table 3-69: Revenue of Distribution Business for FY 2022-23 as approved by the Commission (Rs. Crore)

Particulars	MTR Order	TPC-D	Approved
Revenue - Supply Business	3,531.70	3,421.31	3,421.31
Revenue Wheeling Charges	426.88	405.66	405.66
Revenue from OA (Wheeling Charges)	21.14	24.27	24.27
Revenue from OA (CSS)	22.74	6.11	6.11
Total	**4,002.46**	**3,857.34**	**3,857.34**

3.19 REVENUE GAP/(SURPLUS)

TPC-D's Submission

3.19.1 The Revenue Gap / (Surplus) as submitted by TPC-D for FY 2022-23 for the Wires

Business and Supply Business is as shown in the Tables below:

Table 3-70: Revenue Gap/(Surplus) for Distribution Business for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business		Combined	
	MTR Order	TPC-D	MTR Order	TPC-D	MTR Order	TPC-D
Standalone ARR FY 2022-23	434.93	448.50	4,196.46	4,330.71	4,631.39	4,779.21
Revenue Recovered	426.88	405.66	3,531.70	3,421.31	3,958.58	3,826.97
Gap/ (Surplus) for FY 2022-23	8.06	42.84	664.77	909.40	672.82	952.24

Commission's Analysis and Ruling

3.19.2 Considering the approved components of ARR and Revenue for FY 2022-23, the Commission has approved the Revenue Gap/(Surplus) for the Wires Business and Supply Business after Truing-up of FY 2022-23 as shown in the Table below:

Table 3-71: Combined Revenue Gap/(Surplus) for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	Wire Business			Supply Business			Combined		
	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved	MTR Order	TPC-D	Approved
Standalone ARR FY 2022-23	434.93	448.50	446.66	4,196.46	4,330.71	4,327.82	4,631.39	4,779.21	4,774.47
Revenue Recovered	426.88	405.66	405.66	3,531.70	3,421.31	3,421.31	3,958.58	3,826.97	3,826.97
Gap/ (Surplus) for FY 2022-23	8.06	42.84	41.00	664.77	909.40	906.51	672.82	952.24	947.51

3.19.3 The treatment of the above Revenue Gap/(Surplus) is discussed along with the treatment of Cumulative Revenue Gap/(Surplus), in Section 6 of this Order.

4 PROVISIONAL TRUING UP OF FY 2023-24

In accordance with Regulation 73 and 81 of the MYT Regulations, 2019, TPC-D submitted the actuals of the first half (H1) of FY 2023-24 and the revised estimates for the second half (H2) for the provisional Truing-up for FY 2023-24.

The Hon’ble APTEL in its judgment dated 13 July 2023 in IA No 732 of 2023 in Appeal No 369 of 2023 filed by TPC-D against the MTR Order has granted stay to the tariff schedule for FY 2023-24 approved in MTR Order and held that during the interim stay, TPC-D’s tariff for FY 2023-24 will be governed by the MYT Order dated 30 March, 2020. Accordingly, the Commission in this Order has for comparison purpose considered the numbers approved in the MYT Order dated 30 March, 2020 and also shown the numbers approved in the MTR Order for representation.

The Commission has analysed the expenses and revenue under each head and provisionally approved the expenditure and revenue for FY 2023-24. The expenditure and revenue projected by TPC-D and allowed by the Commission under each of the expense and revenue heads are discussed in the subsequent paragraphs.

4.1 SALES

TPC-D's Submission

4.1.1 TPC-D has projected direct sale for HT category as 2675.72 MU and 1599.36 MU for LT category for FY 2023-24. Further, TPC-D has projected the changeover sales as 1553.69 MU for FY 2023-24.

4.1.2 Sales of TPC-D consist of (i) Direct Sales (on the Wires of TPC-D) and (ii) Changeover Sales (on the Wires of Other Utility) which is allowed in the Mumbai Suburban Area.

4.1.3 TPC-D has stated that the CAGR methodology will give better sales estimates than estimating sales on prorate basis. For estimating the demand of direct consumers of TPC-D, it has considered the following factors i.e. CAGR based on past trends, Latest Sales data upto FY 2022-23, Sales on OA and Consumers switching over to other Distribution Licensee.

4.1.4 TPC-D has analysed the combined Sales of the HT categories to arrive at a realistic growth trend for all categories except for HT Group Housing society and Electric vehicle charging station where significant growth has been observed from past year and HT VI(B) - Public Services category where a significant number of sales have switched over to other Distribution Licensees. Accordingly, 5 year CAGR has been considered for HT sales estimation.

4.1.5 With respect to category wise Sales of LT consumers, as per TPC-D, there is a change in consumption pattern post COVID -19 i.e. for the period FY 2021-22 and FY 2022-23. Hence, TPC-D while estimating LT sale has considered the growth of only one year from FY 2021-22 to FY 2022-23 except for residential and EV charging category. Since CAGR of 1 year for residential category is 18% while for EV charging it is 204% which is abnormally high, hence, for residential category TPC-D has computed CAGR based on 2 years data while for EV charging CAGR of 100% has been considered.

4.1.6 Further, for Changeover consumers as there is no significant change in sales, the approach for estimation of sales considered is similar to estimation of Direct Sale of LT category i.e. based on the data of FY 2021-22 and FY 2022-23.

4.1.7 Also, the details submission and projection for Direct, Changeover and Open Access Sales is also reiterated in Para 5.1 of this order.

4.1.8 Thus, the projected total category-wise sales for FY 2023-24 of 5838.02 MU are as shown in the Table below:

Table 4-1: Estimated Category-wise Sales for FY 2023-24 as submitted by TPC-D (MU)

Category	MYT Order			TPC-D		
	Direct	Change-over	Total	Direct	Change-over	Total
HT Category						
EHV-Industry	214.59		214.59	863.92	-	863.92
HT I - Industry	984.70		984.70	1,028.86	-	1,028.86
EHV- Industry	106.22		106.22	102.54	-	102.54
HT II - Commercial	394.89	0.15	395.04	352.94	0.21	353.15
HT III - Group Housing Society	13.23		13.23	57.56	-	57.56
HT IV - Railways Metro & Monorail	71.50	-	71.50	110.05	-	110.05
HT IV – Railways (22/33 kV)	71.38		71.38	86.53	-	86.53
HT IV – Railways (Metro/Monorail)	0.12		0.12	23.52	-	23.52
HT VI - Public Services	238.85	-	238.85	138.39	-	138.39
a) Govt. Edu. Inst. & Hospitals	14.49		14.49	19.70	-	19.70
b) Others	224.36		224.36	59.22	-	59.22
EHV Public Service Other			-	59.47	-	59.47
HT VI EV Charging Station	-		-	21.45	-	21.45
Sub-total HT	**2,023.97**	**0.15**	**2,024.12**	**2,675.72**	**0.21**	**2,675.93**
LT Category						
LT I - Residential (BPL)						
LT I - Residential	705.65	1,417.75	2,123.40	655.61	1,417.22	2,072.83
S1 (0-100 units)	188.88	606.05	794.93	182.31	585.25	767.56
S2 (101-300 units)	205.96	577.40	783.36	199.07	591.61	790.68
S3 (> 301-500 Units)	81.93	137.37	219.30	77.11	150.54	227.65
S4 (Above 500 units (balance units)	228.88	96.93	325.81	197.11	89.84	286.94
LT II - Commercial	660.14	162.09	822.23	622.64	108.60	731.25
- Upto 20 kW	154.56	102.21	256.77	130.11	84.07	214.18
- > 20 kW &< 50kW	156.54	24.72	181.26	92.02	11.53	103.55
- > 50kW	349.04	35.16	384.20	400.51	13.00	413.51
LT III (A) - Industry < 20 kW	19.55	5.65	25.20	21.93	15.30	37.23

Category	MYT Order			TPC-D		
	Direct	Change-over	Total	Direct	Change-over	Total
LT IV- Industry > 20kW	211.58	0.93	212.51	255.54	5.45	260.99
LT IX - Public Services	34.29	9.69	43.98	40.97	6.83	47.80
a) Govt. Edu. Inst. & Hospitals	33.76	-	33.76	3.59	3.28	6.87
b) Others	0.53	9.69	10.22	37.38	3.56	40.94
LT XI: EV Charging Stations	0.10	-	0.10	2.67	0.08	2.75
Sub-total LT	**1,631.31**	**1,596.11**	**3,227.42**	**1,599.36**	**1,553.48**	**3,152.85**
15-Days adjustment	-	-	-	3.37	5.87	9.24
Total	**3,655.30**	**1,596.27**	**5,251.57**	**4,278.46**	**1,559.56**	**5,838.02**

4.1.9 TPC-D submitted that the estimated sales for FY 2023-24 is 5838.02 MU and the same has been considered for computing the energy requirement.

Commission's Analysis and Ruling

4.1.10 In response to data gaps raised by the Commission in respect of higher sales projections by TPC-D for H2 of FY 2023-24, TPC-D submitted as follows:

a. Actual HT sales in FY 2022-23 was 2536.99 MU and the same has already exceeded the approved sales for HT categories of 2454.88 MU for FY 2023-24 in the MTR Tariff Order.

b. For estimating the HT sale for FY 2023-24, TPC-D has calculated the category wise CAGR for the sales considering open access sale from FY 2017-18 to FY 2022-23. This CAGR has been applied on the actual category wise sale (except HT III - Group Housing Society and HT VIII - Electric Vehicle Charging Stn.) of FY 2022-23 for arriving at the category wise estimated sale for FY 2023-24. Further, category wise estimated open access sale is subtracted from total estimated HT sale for FY 2023-24.

c. With respect to category wise Sales of LT consumers it is observed that there is a change in consumption pattern post COVID -19 i.e. for the year FY 2021-22- and FY 2022-23 hence, TPC-D while estimating sale has considered the growth of only one year from FY 2021-22 to FY 2022-23 except for residential and EV charging category. CAGR of 1 year for residential category is 18% while for EV charging it is 204% which is abnormally high and hence, for residential category TPC-D has computed CAGR based on 2 years data while for EV charging CAGR of 100% has been considered.

4.1.11 The Commission has also sought actual sales data from April, 2023 to January, 2024 from TPC-D. Since 10 months actual data is available, the Commission has computed the growth in actual sales for the said period as compared to the same period (April, 2022 to January, 2023) last year as given in table below:

Table 4-2: Growth factor considered for approving the Sales for FY 2023-24

Consumer Category & Consumption Slab	FY 2023-24 till Jan 24			FY 2022-23 till Jan 23			Growth Rate	
	Direct	C/O	Total	Direct	C/O	Total	Direct	C/O
LT -I Residential	560.27	1,251.80	1,812.07	481.36	1253.09	1,734.45	16%	0%
LT II - Commercial								
LT II (a) - 0-20 kW	94.87	61.03	155.91	*81.64*	*63.17*	144.81	16%	-3%
LT II (b) - 20-50 kW	69.34	8.83	78.17	*59.34*	*11.41*	70.76	17%	-23%
LT II (c) - above 50 kW	291.49	10.55	302.04	*256.56*	*13.96*	270.52	14%	-24%
LT III (a) - LT Industrial upto 20 kW	18.75	11.32	30.07	*17.17*	*12.34*	29.51	9%	-8%
LT III (b) - LT Industrial above 20 kW	187.31	4.12	191.43	*176.64*	*6.38*	183.03	6%	-36%
LT IV: LT -Public Service								
LT IV(A) - Publ Serv Govt Hosp & Edu Inst	3.17	1.48	4.65	*4.09*	*1.43*	5.52	-23%	4%
LT IV (B) - Public Services Others	24.04	1.59	25.63	*20.38*	*1.98*	22.36	18%	-20%
LT V - Electric Vehicle Charging Stations	3.80	0.07	3.87	*0.98*	*0.01*	0.98	288% / 200%*	1275% / 200%*
Total- LT Sales	**1,253.03**	**1,350.81**	**2,603.84**	**1,098.16**	**1,363.77**	**2,461.94**		
EHV I: Industrial	658.55	-	658.55	673.70		673.70	-2%	
HT I: HT-Industry	856.49	-	856.49	794.88		794.88	8%	
EHV II: Commercial	88.09	-	88.09	86.80		86.80	1%	
HT II : HT- Commercial	323.17	0.22	323.39	305.01	0.18	305.19	6%	17%
HT III: HT-Group Housing Society	36.82	-	36.82	32.60		32.60	13%	
HT IV (A) - Railways								
22/33 KV	83.09	-	83.09	*67.86*		67.86	22%	
EHV Metro	18.45	-	18.45	*16.96*		16.96	9%	
EHV Public Service Others	49.56	-	49.56	49.78		49.78	0%	
HT V - Public Service								
HT V (A) - Government Hospitals & Educational Institutions	16.25	-	16.25	*15.64*		15.64	4%	
HT V (B) - Others	62.91	0.55	63.46	*69.84*		69.84	-10%	
HT VI: EV Charging Stations	13.92		13.92	13.37		13.37	4%	
Total - HT Sales	**2,207.30**	**0.77**	**2,208.07**	**2,126.46**	**0.18**	**2,126.64**		
15 day adjustments	-		-	18.59		18.59		
Total	**3,460.33**	**1,351.58**	**4,811.91**	**3,243.21**	**1,363.96**	**4,607.17**		

* - considering abnormal growth, the growth is limited to 200% for LT V

4.1.12 Accordingly, the Commission deems it fit to apply the said growth for sales estimation for remaining two months of FY 2023-24 and has accordingly approved the sales for FY 2023-24 as shown in the Tables below:

Table 4-3: Direct Sales for FY 2023-24 approved by the Commission (MU)

Category	MYT Order	MTR Order	TPC-D	Approved
HT Category				
EHV-Industry	214.59	605.00	863.92	778.96
HT I - Industry	984.70	993.93	1,028.86	1,033.16
EHV- Industry	106.22	95.00	102.54	103.95
HT II - Commercial	394.89	407.14	352.94	384.87
HT III - Group Housing Society	13.23	43.72	57.56	43.92
HT IV - Railways Metro & Monorail	71.50	111.20	110.05	122.13
HT IV – Railways (22/33 kV)	71.38	94.88	86.53	101.23
HT IV – Railways (Metro/Monorail)	0.12	16.32	23.52	20.90
HT VI - Public Services	238.85	182.68	138.39	151.19

Category	MYT Order	MTR Order	TPC-D	Approved
a) Govt. Edu. Inst. & Hospitals	14.49	28.51	19.70	18.84
b) Others	224.36	93.93	59.22	73.41
EHV Public Service Other		60.24	59.47	58.95
HT VI EV Charging Station	-	16.20	21.45	16.63
Sub-total HT	**2,023.97**	**2,454.88**	**2,675.72**	**2,634.81**
LT Category				
LT I - Residential	705.65	663.93	655.61	662.85
S1 (0-100 units)	188.88	176.01	182.31	181.40
S2 (101-300 units)	205.96	197.68	199.07	201.47
S3 (> 301-500 Units)	81.93	82.88	77.11	80.89
S4 (Above 500 units (balance units)	228.88	207.36	197.11	199.09
LT II - Commercial	660.14	570.49	622.64	551.27
- Upto 20 kW	154.56	130.97	130.11	113.79
- > 20 kW &< 50kW	156.54	85.39	92.02	84.55
- > 50kW	349.04	354.13	400.51	352.93
LT III (A) - Industry < 20 kW	19.55	26.25	21.93	23.09
LT IV- Industry > 20kW	211.58	244.53	255.54	226.13
LT IX - Public Services	34.29	31.64	40.97	32.99
a) Govt. Edu. Inst. & Hospitals	33.76	6.28	3.59	3.61
b) Others	0.53	25.36	37.38	29.39
LT XI: EV Charging Stations	0.10	2.12	2.67	4.01
Sub-total LT	**1,631.31**	**1,538.98**	**1,599.36**	**1,500.34**
15-Days adjustment	-		3.37	3.37
Total	**3,655.30**	**3,993.86**	**4,278.46**	**4,138.52**

Table 4-4: Changeover Sales for FY 2023-24 approved by the Commission (MU)

Category	MYT Order	MTR Order	TPC-D	Approved
HT Category				
EHV-Industry			-	-
HT I - Industry			-	-
EHV- Industry			-	-
HT II - Commercial	0.15	0.23	0.21	0.24
HT III - Group Housing Society			-	-
HT IV - Railways Metro & Monorail	-	-	-	-
HT IV – Railways (22/33 kV)			-	-
HT IV – Railways (Metro/Monorail)			-	-
HT VI - Public Services	-	-	-	-
a) Govt. Edu. Inst. & Hospitals			-	-
b) Others			-	-
EHV Public Service Other			-	-
HT VI EV Charging Station			-	-
Sub-total HT	**0.15**	**0.23**	**0.21**	**0.24**
LT Category				
LT I - Residential	1,417.75	1,435.16	1,417.22	1,448.41
S1 (0-100 units)	606.05	576.92	585.25	583.05
S2 (101-300 units)	577.40	597.78	591.61	601.49
S3 (> 301-500 Units)	137.37	159.91	150.54	161.68
S4 (Above 500 units (balance units)	96.93	100.55	89.84	102.19
LT II - Commercial	162.09	107.93	108.60	94.20
- Upto 20 kW	102.21	76.61	84.07	71.26
- > 20 kW &< 50kW	24.72	13.75	11.53	10.49

Category	MYT Order	MTR Order	TPC-D	Approved
- > 50kW	35.16	17.57	13.00	12.45
LT III (A) - Industry < 20 kW	5.65	15.66	15.30	13.39
LT IV- Industry > 20kW	0.93	8.36	5.45	4.78
LT IX - Public Services	9.69	3.20	6.83	3.87
a) Govt. Edu. Inst. & Hospitals	-	1.61	3.28	1.89
b) Others	9.69	1.59	3.56	1.98
LT XI: EV Charging Stations	-	-	0.08	0.05
Sub-total LT	**1,596.11**	**1,570.31**	**1,553.48**	**1,564.70**
15-Days adjustment	-		5.87	5.87
Total	**1,596.27**	**1,570.54**	**1,559.56**	**1,570.81**

4.1.13 Also, the details submission and projection for Direct, Changeover and Open Access Sales is also reiterated in Para 5.1 of this order. The total sales provisionally approved by the Commission for FY 2023-24 are summarised in the Table below:

Table 4-5: Energy Sales for FY 2023-24 approved by the Commission (MU)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Direct sales	3,655.30	3,993.86	4,278.46	4,138.52
Change-over sales	1,596.27	1,570.54	1,559.56	1,570.81
Grand Total	**5,251.57**	**5,564.40**	**5,838.02**	**5,709.34**

4.2 OPEN ACCESS SALES

TPC-D's Submission

4.2.1 TPC-D has estimated the Open Access consumption in its licence area for FY 2023-24 as shown in the Table below:

Table 4-6: Open Access consumption for FY 2023-24 as submitted by TPC-D (MU)

Particulars	TPC-D
EHV – Industry	-
HT-I Industry	170.00
HT-II Commercial	50.00
HV-V(B) Public Services Others	7.91
Total	**227.91**

Commission's Analysis and Ruling

4.2.2 The Open Access Sales are estimated with similar approach adopted by TPC-D and CAGR of past years has been considered and is rationalised according to the growth of the respective category as outlined in the following table:

Table 4-7: Growth factor considered for approving the OA for FY 2023-24

Consumer Category & Consumption Slab	5 Yr CYR	4 Yr CAGR	3 Yr CAGR	2 Yr CAGR	YoY CAGR	YoY H1 CAGR	Considered
HT I: HT-Industry	-34.0%	-22.1%	-29.2%	27.2%	113.9%	2.9%	*2%*
HT II : HT- Commercial	-38.1%	43.0%	-3.6%	20.0%	178.8%	2.0%	*2%*
HT VI (B) – Public Service Others	-64.6%	-65.1%	-76.6%	-74.2%	29.2%	267.7%	15%

4.2.3 Hence, the Commission has approved the estimated OA sales for FY 2023-24 as shown in the Table below:

Table 4-8: Open Access consumption for FY 2023-24 approved by the Commission (MU)

Particulars	MYT Order	MTR Order	TPC-D	Approved
EHV – Industry		15.00	-	-
HT-I Industry		155.00	170.00	177.11
HT-II Commercial		50.00	50.00	58.64
HV-V(B) Public Services Others			7.91	1.62
Total	**495.90**	**220.00**	**227.91**	**237.37**

4.3 DISTRIBUTION LOSSES AND ENERGY INPUT REQUIREMENT

TPC-D's Submission

4.3.1 TPC-D has computed the provisional energy requirement for FY 2023-24 considering the Distribution Loss of 1.13% and Transmission loss of 3.18% as approved by the Commission in its MTR Order in Case No. 225 of 2022. Accordingly, the estimated energy requirement works out to 5986.35 MU for FY 2023-24 including the sale outside Licence Area as shown in the Table below:

Table 4-9: Energy Input requirement for FY 2023-24 as submitted by TPC-D (MU)

Particulars	MYT Order	TPC-D
TPC-D-Sales	3,655.30	4,278.46
110 kV Billed Units	396.88	1,049.45
Bill Credit given to OA consumers	495.90	227.91
Total Sale excluding 110 kV Sales	3,754.32	3,456.91
Distribution Losses	1.02%	1.13%
ABT meter readings @ T <> D Interface	3,793.01	3,496.29
OA Wind Credit @ T <>D Interface	501.01	230.50
Sales to Changeover consumers	1,596.27	1,559.56
Energy Sales at 110/132 kV level	396.88	1,049.45
Total Energy Requirement at T<>D	5,285.15	5,874.81
Transmission Loss	3.18%	3.18%
Total Energy Requirement at G<>T	**5,458.74**	**6,067.76**
Surplus Sale/(Purchase)		(81.41)
Total Energy Requirement at G<>T Interface		**5,986.35***

**-TPC-D has considered 5.965.79 MU in their energy balance settlement without considering surplus sale*

Commission's Analysis and Ruling

4.3.2 For provisional Truing-up for FY 2023-24, the Commission has considered the Transmission Losses of 3.18% for FY 2023-24 as approved in the InSTS MTR Order. The Direct sales and Change-over sales have been considered as approved herein above in this Order and the approved Distribution Loss of 1.02% has been considered. The actual Distribution Loss of TPC-D will be considered at the time of final Truing-up for FY 2023-24.

4.3.3 Accordingly, the Distribution Losses and Energy Balance provisionally approved by the Commission for FY 2023-24 are shown in the Table below:

Table 4-10: Energy Balance for FY 2023-24 approved by Commission (MU)

Particulars	MYT Order	MTR Order	TPC-D	Approved
TPC-D-Sales	3,655.30	3,993.86	4,278.46	4,138.52
110 kV Billed Units	396.88	776.56	1,049.45	962.75
Bill Credit given to OA consumers	495.90	220.00	227.91	237.37
Total Sale excluding 110 kV Sales	3,754.32	3,437.30	3,456.91	3,413.14
Distribution Losses	1.02%	1.02%	1.13%	1.02%
ABT meter readings @ T <> D Interface	3,793.01	3,472.72	3,496.29	3,448.31
OA Wind Credit @ T <>D Interface	501.01	222.27	230.50	239.81
Sales to Changeover consumers	1,596.27	1,570.54	1,559.56	1,570.81
Energy Sales at 110/132 kV level	396.88	776.56	1,049.45	962.75
Total Energy Requirement at T<>D	5,285.15	5,597.55	5,874.81	5,742.06
Transmission Loss	3.18%	3.18%	3.18%	3.18%
Total Energy Requirement at G<>T	**5,458.74**	**5,781.40**	**6,067.76**	**5,930.66**
Surplus Sale/(Purchase)			(81.41)	(103.87)
Total Energy Requirement at G<>T Interface		**5,781.40**	**5,986.35**	**5,826.79**

4.4 POWER PURCHASE QUANTUM AND COST

TPC-D's Submission

4.4.1 For estimating the power purchased, the actual power purchase cost from April, 2023 to September, 2023 is considered and for projection purpose for second half of FY 2023-24, generation considered from TPC-G based on the unit outages, renewable power calculated proportionally to the corresponding period in 2022-23 and bilateral power being balancing figure between total power requirement and power purchase from all contracted sources. TPC-D has also submitted that the quantum of power to be procured from TPC-G is also after taking into consideration power being scheduled by MSLDC due to N-1 contingency criteria.

A. Procurement from TPC-G

TPC-D's Submission

4.4.2 TPC-D has estimated the power purchased from TPC-G, based on the actual power purchase cost from April, 2023 to September, 2023. The projected power purchase for the second half of 2023-24 is calculated proportionally to the corresponding period in FY 2022-23, with cost estimates following the guidelines of the MYT Regulation 2019 considering actual weighted average cost of primary fuel and secondary fuel of the three preceding months.

4.4.3 Accordingly, TPC-D has considered weighted average cost from September 2023 to November 2023 for projecting the variable fuel charges of Unit 5, Unit 7 and Unit 8 for second half of FY 2023-24 i.e. from October 2023 to March 2024.

4.4.4 Considering the above, the total cost of power purchase from TPC-G as estimated by TPC-D for FY 2023-24 is provided in the Table below:

Table 4-11: Estimated Power Purchase from TPC-G in FY 2023-24 – TPC-D

Unit	Quantum	Energy Charges		Fixed Charges	Total Charges	Per Unit Cost
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore	Rs./kWh
Unit-5	1,185.03	6.14	728.04	149.08	877.12	7.40
Unit-7	388.41	5.05	196.18	79.36	275.54	7.09
Unit-8	704.05	6.09	428.47	130.78	559.25	7.94
Bhira	476.20	0.92	43.66	32.93	76.59	1.61
Bhivpuri	152.50	2.15	32.81	20.08	52.89	3.47
Khopoli	139.20	3.69	51.36	31.10	82.46	5.92
Hydro Power Incentive				4.67	4.67	
Total	**3,045.38**	**4.86**	**1,480.53**	**448.01**	**1,928.54**	**6.33**

Commission's Analysis and Ruling

4.4.5 The Commission has sought data in respect of actual power purchase quantum and cost from TPC-G from April, 2023 to January, 2024. The said actual data has been considered in projecting power purchase cost for FY 2023-24. In line with the observation of the Hon'ble APTEL that the Commission to considered MoD stock while approving power procurement keeping costlier power from TPC-G on technical minimum, the quantum of purchase from TPC-G – Unit 5, 7 and 8 has been considered at technical minimum of 55% for the balance two months of February and March of FY 2023-24.

4.4.6 The Energy Charge for February, 2024 and March, 2024 has been considered based on the average of the last three months i.e., November, 2023 to January, 2024 actual cost of purchase from TPC-G. Fixed Charges have been considered as approved by the Commission in TPC-G's MTR Order.

4.4.7 It would be pertinent to highlight the fact that TPC-G had filed appeal against the MTR Order dated 31 March, 2023 and made submission before the Hon'ble APTEL that the Commission had approved 3369.94 MU from TPC-G as against 1550.52 MU projected by TPC-D. The Commission notes that actual purchase of 2693.81 MU from TPC-G from April, 2023 to January, 2024 is also much higher than the projection and submission by TPC-D before Hon'ble APTEL. Further, the quantum estimated by TPC-D for FY 2023-24 is 3045.38 MU in the present Petition is almost double than its own projection in MTR Petition, ~10% lower than approved by the Commission in the MTR Order and ~6% lower than the quantum approved in this order . This clearly shows that entire argument of TPC-D before the Hon'ble APTEL was completely bereft of factual understanding of its requirement from TPC-G and it appears that it was primarily driven by objective of projecting lower tariff (by supressing realistic costs) through Tariff Order and differing realistic expenses of TPC-G to remain competitive. In the opinion of the Commissions such misrepresentation of facts before Hon'ble APTEL by TPC-D has ultimately resulted in stay of the MTR Order leading to reduced revenue recovery and creation of huge gap which is now being passed onto Consumers in FY 2024-25 along with carrying cost leading to increase in tariff.

4.4.8 For provisional Truing-up, the Commission approves the quantum and cost for power purchased from TPC-G for FY 2023-24 as shown in the Table below:

Table 4-12: Quantum & Cost of Power Purchase from TPC-G for FY 2023-24 approved by Commission

Source	MYT Order			MTR Order			TPC-D			Approved		
	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)
TPC-G	3,788.23	1,764.70	4.66	3,369.94	2,487.66	7.38	3,045.38	1,928.54	6.33	3,168.38	1,997.57	6.30

B. Renewable Purchase Obligation

TPC-D's Submission

4.4.9 In line with the RPO Regulations, 2019, TPC-D has considered purchase of specified quantum of renewable power to meet its RPO obligations. The RPO requirement for FY 2023-24 and purchase against it is given in the Table below:

Table 4-13: Renewable Energy Requirement for FY 2023-24 as submitted by TPC-D (MU)

Renewable Source	Total Energy at G<>T	Hydro Power from TPC-G	Hydro Power through Bilateral	Energy @ InSTS for RPO	% Obligation for	Obligation	Previous year (Surplus)/ Short fall	Total RE for RPO	Shortfall/ (Surplus)
	A	B	C	D=A-B-C	1	2 =1 * D	3	4	5 = 2+3-4
Non Solar (Other RE)					11.50%	588.61		577.01	11.60
Solar					10.50%	537.43	-56.51	929.48	-448.55
Total	**5965.79**	**767.90**	**79.51**	**5118.38**	**22.00%**	**1126.04**	**-56.51**	**1506.49**	**-436.95**

4.4.10 Thus, TPC-D is meeting the cumulative RPO requirement till FY 2023-24 on an overall basis. However, there is an estimated shortfall of 11.60 MU in Non-Solar RPO and estimated surplus of 448.55 MU in Solar RPO. In this regard, the RPO-REC Regulations, 2019 specifies as under:

"7.3 Obligated Entity can use surplus Solar energy upto 15% of total RPO target to meet short fall in non-Solar RPO target and vice-versa;
Provided that Obligated Entity by providing detailed justification may seek prior approval of the Commission for adjusting more than 15% surplus energy from one category against short fall in other RPO category."

4.4.11 Considering the adjustment of 15% excess Solar with Non-Solar, TPC-D meets the RPO compliance cumulatively up to FY 2023-24 with surplus in Solar. TPC-D requested the Commission to consider this and approve the provisional RPO compliance for FY 2023-24.

4.4.12 TPC-D while computing the power purchase cost from Renewable energy, has considered the actual cost of power purchase from RE sources tied up from Wind and Solar energy for first half of FY 2023-24. RE purchase cost for second half of FY 2023-24 has been estimated based on the projected quantum from the RE sources already tied up with TPC-D and estimated power purchase from short term sources. However, certain quantum has been estimated from RE Short term sources for which TPC-D has considered weighted average tariff of Rs. 3.13/kWh for Non-Solar Power and Rs. 7.04/kWh for Solar Power respectively. Accordingly, the estimated cost of Power Purchase from RE sources for FY 2023-24 is shown in the Table below:

Table 4-14: Estimated cost of RE purchase for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Sources	Quantum	Per Unit Rate	Total Cost
Non Solar Power Purchase	**MUs**	**Rs./kWh**	**Rs.Crs**
Agaswadi	105.85	4.56	48.27
Visapur (GSW) 24 MW	33.90	5.81	19.70
Visapur (GSW) 8 MW	16.91	5.70	9.64
Visapur 6 MW	12.97	2.75	3.57
LT Hybrid Wind	174.42	2.59	45.17
Short term RE	231.59	3.44	79.60
OA Non-Solar Banking	1.37	2.57	0.35
Total (A)	**577.01**	**3.58**	**206.29**
Solar Purchase			
Mulshi Solar	3.67	17.91	6.56
Solar Rooftop	0.02	18.41	0.04
Palaswadi Solar	41.52	8.98	37.28
Chhayan Solar	360.00	2.98	107.28
Hybrid	515.17	2.59	133.43
Short term RE	7.95	3.63	2.89
OA Solar Banking	1.15	2.94	0.34
Total (B)	**929.48**	**3.10**	**287.83**
Total RE Purchase	**1506.49**	**3.28**	**494.12**

Commission's Analysis and Ruling

4.4.13 The Commission has considered TPC-D's submissions regarding fulfilment of RPO targets for FY 2023-24. As regards TPC-D's request to allow adjustment of excess solar with non-solar, the RPO-REC Regulations, 2019 permit the same up to 15% and thus can be considered for meeting non-Solar RPO.

4.4.14 In respect of RE Purchase, the Commission has considered actual power purchase from April, 2003 to January, 2024 as submitted by TPC-D. For the remaining two months of FY 2023-24, the Commission has proportionately considered the quantum for two months as per the quantum and cost as submitted by TPC-D for the said RE source.

4.4.15 Further the reference of the MERC Order whereby the rates as adopted by the Commission for the renewable source is outlined in the following table:

Table 4-15: Details of RE Capacity and Order Reference

Sources	Capacity MW	Rate Rs. / kWh	Order Reference
Non-Solar Purchase (A)			
Agaswadi	49.00	4.56	
Visapur (GSW) 24 MW	24.00	5.81	Case No. 6 of 2013 dtd 22.03.2013
Visapur (GSW) 8 MW	8.00	5.70	Case No. 10 of 2012 dtd 30.03.2012
Visapur 6 MW	6.00	2.75	Case No. 326 of 2019 dtd 30.03.2020
Bramanvel	11.25	2.59	Hybrid Capacity - 98.2 MW Case No. 152 of 2020 dtd 10.08.2020
Khandke	50.40	2.59	
Sadawaghapur	17.50	2.59	
Supa	19.00	2.59	
Solar Purchase (B)			
Mulshi Solar	3.00	17.91	Case No 20 of 2010 dated 14.07.2010
Solar Rooftop	0.60	18.41	Case No 20 of 2010 dated 14.07.2010
Palaswadi Solar	25.00	8.98	Case No. 6 of 2013 dtd 22.03.2013
Chhayan Solar	150.00	2.98	Case No. 292 of 2019 dtd.04.12.2019
Hybrid	225.00	2.59	Case No. 152 of 2020 dtd 10.08.2020

4.4.16 Accordingly, RE purchase provisionally approved by the Commission is as given in the Table below:

Table 4-16: RE Purchase for FY 2023-24 approved by the Commission (Rs. Crore)

Source	MYT Order			MTR Order			TPC-D			Approved		
	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)
Non-Solar	546.10	188.42	**3.45**	344.05	126.34	**3.67**	577.01	206.29	**3.58**	577.01	206.29	**3.58**
Solar	498.61	173.46	**3.48**	1,002.16	306.68	**3.06**	929.48	287.83	**3.10**	931.65	290.27	**3.12**
RE Total	**1,044.71**	**361.88**	**3.46**	**1,346.21**	**433.48**	**3.22**	**1,506.49**	**494.12**	**3.28**	**1,508.66**	**496.56**	**3.29**

4.4.17 The cumulative status of RPO upto FY 2023-24 based on the aforesaid provisionally approved RE purchase considered by the Commission is shown in the Table below:

Table 4-17: RPO Status for FY 2023-24 provisionally approved (MU)

Renewable requirement quantum	MYT Order	MTR Order*	TPC-D	Approved
Total Energy requirement at G<>T	5,458.74	5,781.40	5,965.79	5,826.79
Less: Hydro Power Purchase	710.06	**0**	767.90	736.68
Less: Hydro Purchase through Bilateral Power Purchase (BPP)			79.51	79.51
Energy Input at G<>T	4748.68	5781.40	5118.38	5010.61
% Obligation Non-Solar	11.50%	11.50%	11.50%	11.50%
% Obligation Solar	10.50%	10.50%	10.50%	10.50%
Requirement @InSTS - Non-Solar	546.53	664.86	588.61	576.22
Requirement @InSTS - Solar	499.00	607.05	537.43	526.11
Total Renewable Power Obligation	**1,045.53**	**1,271.91**	**1,126.04**	**1,102.33**
Past Shortfall of Non-Solar		639.11	-	338.76
Past Shortfall of Solar		(241.03)	(56.51)	(395.27)
Total Past Shortfall	**-**	**398.08**	**(56.51)**	**(56.51)**
RE Non-Solar Purchase for RPO	546.53	344.05	577.01	577.01
RE Solar Purchase for RPO	499.00	1,002.16	929.48	931.65
Total	**1,045.53**	**1,346.21**	**1,506.49**	**1,508.66**
Non-Solar Shortfall/(Surplus)	-	959.92	11.60	337.97
Solar Shortfall/(Surplus)	-	(636.14)	(448.55)	(800.81)
Total Shortfall / (Surplus)	**-**	**323.78**	**(436.95)**	**(462.84)**
*Inadvertent error in computation of RPO in MTR Order is rectified in the current Order while computing RPO				

C. Power Purchase from Bilateral Sources, Standby and Imbalance Pool

TPC-D's Submission

4.4.18 The remaining quantum of energy required after considering the purchase from TPC-G and RE sources has been considered as the quantum of power purchase from bilateral sources. TPC-D has purchased bilateral power through the DEEP Portal, Power Exchanges and short-term power purchase linked to day-ahead IEX rates.

4.4.19 TPC-D submitted that the Deviation Charges adjusted / recovered from beneficiaries towards the difference in the scheduled drawal and actual drawal for the period from April, 2023 to September, 2023 is Rs. (4.68) Crore for (33.80 MU), as per the bills issued by MSLDC for the said period. For H2, for the purpose of provisional Truing up, no Deviation charges have been considered. For October 2023 to March 2024, the rate of power purchase has been considered the same as the actual rate of power purchase for H1 of FY 2023-24. Power purchase from Bilateral Sources, Standby purchase, and UI as estimated by TPC-D for FY 2023-24 is as shown in the Table below:

Table 4-18: Bilateral Power Purchase, Standby purchase and Deviation Quantum/Charges for FY 2023-24 as submitted by TPC-D

Source	MYT Order			TPC-D		
	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./ kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./ kWh)
Bilateral Power Purchase	625.80	222.69	3.56	1528.27	779.14	5.10
Deviation Charges				(33.80)	(4.68)	1.39
Standby Power Purchase				0.85	0.85	10.00
Total	**625.80**	**222.69**	**3.56**	**1,495.32**	**775.31**	**5.18**

Commission's Analysis and Ruling

4.4.20 TPC-D has procured power from bilateral sources through competitive bidding and through Power Exchanges during H1 of FY 2023-24. The Commission has considered actual quantum and cost upto January, 2024 in respect of aforesaid mentioned sources. For remaining two months of FY 2023-24, the quantum of power purchase from Bilateral Sources has been adjusted to match the overall energy requirement considered above.

4.4.21 The Commission has considered the rate of purchase of power from short-term sources at Rs. 5.07/kWh as submitted by TPC-D for the purpose of provisional Truing-up of FY 2023-24. However, at the time of final Truing-up for FY 2023-24, prudence check shall be done by the Commission.

4.4.22 The quantum and cost of power purchase from bilateral sources, Standby arrangement, and Deviation Quantum/cost for FY 2023-24, have been provisionally approved by the Commission as shown in the Table below:

Table 4-19: Bilateral Power Purchase, Standby Purchase and Deviation Quantum/Charges for FY 2023-24 approved by the Commission

Source	MYT Order			MTR Order			TPC-D			Approved		
	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Rate (Rs./kWh)
Bilateral Power Purchase	625.80	222.69	3.56	365.25	187.37	5.13	1528.27	779.14	5.10	1282.55	600.00	4.68
Deviation Charges							(33.80)	(4.68)	1.39	-29.79	4.20	(1.41)
Standby Power Purchase							0.85	0.85	10.00	0.85	0.85	10.00
Total	**625.80**	**222.69**	**3.56**	**365.25**	**187.37**	**5.13**	**1,495.32**	**775.31**	**5.18**	**1,253.61**	**605.06**	**4.83**

D. Sale outside Licence Area

TPC-D's Submission

4.4.23 TPC-D has sold surplus energy of 81.41 MU from April, 2023 to September, 2023 at average rate of Rs 8.01/kWh and the revenue earned from sale to Outside licence area has been utilized to reduce the total cost of power purchase.

Commission's Analysis and Ruling

4.4.24 For the purpose of provisional Truing-up for FY 2023-24, the Commission has provisionally considered the quantum and revenue earned from sale to outside Licence Area as submitted by TPC-D for April, 2023 to January, 2024 to reduce its power purchase cost. The average rate of sale of the surplus power @ Rs. 8.09/kWh is higher than the average rate of power purchase of TPC-D, which helps to reduce the burden on the consumers. The Commission has not considered any sales for the month of February and March 2024. In view of the above, the Commission approves sale to outside licence area in the provisional Truing-up for FY 2023-24 as shown in the following Table:

Table 4-20: Sale Outside Licence Area for 2023-24 as approved by the Commission (Rs. Crore)

Particulars	TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Sale to outside Licence Area	(81.41)	(65.18)	8.01	(103.87)	(84.08)	8.09

E. Transmission Charges and MSLDC Charges

TPC-D's Submission

4.4.25 TPC-D has considered the Transmission Charges of Rs. 277.00 Crores and MSLDC Charges to the tune of Rs. 1.02 Crores for FY 2023-24 as approved by the Commission in the MTR Order.

Commission's Analysis and Ruling

4.4.26 The Commission has considered the Transmission Charges and MSLDC Charges submitted by TPC-D for FY 2023-24, which are as per the applicable InSTS Tariff Order and MSLDC Order, as shown in the Table below:

Table 4-21: Transmission Charges & MSLDC Charges for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Transmission Charges	258.90	277.00	277.00	277.00
MSLDC Charges	1.37	1.02	1.02	1.02

F. Stand-by Charges

TPC-D's Submission

4.4.27 Without prejudice to the appeal filed against continuance of the standby arrangement with MSEDCL, TPC-D has considered Rs. 60.39 Crores towards Standby Charges from April 2023 to October 2023, as it has ceased the power purchase from standby arrangement. TPC-D also submitted that it has not purchased any power under standby arrangement from October 2023 onwards.

Commission's Analysis and Ruling

4.4.28 In response to data gaps raised by the Commission in respect of discontinuance of payment of standby charges by TPC-D from November, 2023 onwards, TPC-D submitted that the Standby charges under this arrangement have been allocated by the Commission between Mumbai Utility based on their respective demand. Hence, in case if any one utility stops paying its share of charges, then, consequentially the burden on the remaining utilities will increase as the total amount payable to MSEDCL is fixed. It also submitted that the Hon'ble APTEL has directed this Commission to consider this issue, relating to payment of stand by charges by the AEML-D to MSEDCL after giving the parties involved an opportunity of being heard, which includes TPC-D. TPC-D has not availed any such facility from MSEDCL from September 2023 onwards and stopped paying monthly amount of standby charges. Accordingly, Standby Charges have not been considered by TPC-D subject to the outcome of the determination of the present issue by this Commission, in terms of the directions of Hon'ble APTEL.

4.4.29 The Commission notes that, in an Appeal No. 516 of 2023 and IA No. 844 of 2023 filed by AEML-D, the Hon'ble APTEL in its judgment dated 26 September, 2023 has granted stay to AEML-D in respect of payment of Standby Charges to MSEDCL. Further, Hon'ble APTEL has granted liberty to AEML-D to file Petition before the Commission in respect of payment of Standby Charges. Accordingly, AEML-D has filed the Case No 1 of 2024 pursuant to the said directions making all Distribution Licensees in Mumbai as parties to the Petition and the said Petition is presently pending before the Commission. In view of the pendency of the Petition, the Commission is provisionally approving the Standby Charges of Rs 60.39 Crore as paid by TPC-D up to October, 2023 subject to the outcome Case No 1 of 2024 pending before the Commission.

G. Transmission Charge collected from Open Access Consumers

TPC-D's Submission

4.4.30 TPC-D has recovered Transmission Charges to the tune of Rs. 10.08 Crore from OA consumers during H1 of FY 2023-24. However, based on the direction of the Commission, the same has been remitted to STU and have not been considered by TPC-D.

Commission's Analysis and Ruling

4.4.31 The remittance of the Transmission Charges collected by TPC-D from OA consumers to the STU is in line with the Commission's directions in this regard. Hence, the amount of Transmission Charges collected by TPC-D from OA consumers is not included in the revenue of TPC-D.

H. Total Power Purchase Cost

TPC-D's Submission

4.4.32 The summary of provisional power purchase quantum and cost is given in the Table below:

Table 4-22:Provisional Power Purchase Cost for FY 2023-24 as submitted by TPC-D

Particulars	MYT Order			TPC-D		
	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Power Purchase from TPC-G	3,788.23	1,764.70	4.66	3,045.38	1,928.54	6.33
Non-Solar & Solar RPO Purchase+ REC	1,044.71	361.88	3.46	1,506.49	494.12	3.28
Additional RE Purchase						
Bilateral + UI Purchase	625.80	222.69	3.56	1,528.27	779.14	5.10
UI Purchase				(33.80)	(4.68)	1.39
OLA Sale				(81.41)	(65.18)	8.01
MSLDC Charges		1.37			1.02	
Standby energy drawn				0.85	0.85	10.00
Standby Charges		99.19			60.39	
Transmission Charges		258.90			277.00	
Total Power Purchase cost	**5,458.74**	**2,708.73**	**4.96**	**5,965.79**	**3,471.20**	**5.82**

Commission's Analysis and Ruling

4.4.33 The summary of power purchase quantum and cost, including Stand-by Charges and Transmission Charges, approved by the Commission in the provisional Truing-up for FY 2023-24, is given in the following Table:

Table 4-23: Summary of Power Purchase for FY 2023-24 approved by the Commission

Source	MYT Order			MTR Order			TPC-D			Approved		
	Quantum – MU	Cost – Rs. Cr	Rate - Rs. / kWh	Quantum – MU	Cost – Rs. Cr	Rate - Rs. / kWh	Quantum – MU	Cost – Rs. Cr	Rate - Rs. / kWh	Quantum – MU	Cost – Rs. Cr	Rate - Rs. / kWh
TPC-G	3,788.23	1,764.70	4.66	3,369.94	2,487.66	7.38	3,045.38	1,928.54	6.33	3,168.38	1,997.57	6.30
RE Power	1,044.71	361.88	3.46	1,346.21	433.48	3.22	1,506.49	494.12	3.28	1,508.66	496.56	3.29
Additional RE				700.00	343.00	4.90						
Bilateral	625.80	222.69	3.56	365.25	187.37	5.13	1,528.27	779.14	5.10	1,282.55	600.00	4.68
UI							(33.80)	(4.68)	1.39	(29.79)	4.20	(1.41)
OLA Sale							(81.41)	(65.18)	8.01	(103.87)	(84.08)	8.09
MSLDC Charges		1.37			1.02			1.02			1.02	
Standby Energy							0.85	0.85	10.00	0.85	0.85	10.00
Standby Charges		99.19			103.53			60.39			60.39	
InSTS charges		258.90			277.00			277.00			277.00	
Total	**5,458.74**	**2,708.73**	**4.96**	**5,781.40**	**3,833.07**	**6.63**	**5,965.79**	**3,471.20**	**5.82**	**5,826.79**	**3,353.52**	**5.76**

4.5 OPERATION AND MAINTENANCE EXPENSES

TPC-D's Submission

4.5.1 Considering the escalation rate same as that for FY 2022-23, i.e., 5.87% and the normative O&M expenditure for FY 2022-23, TPC-D has estimated the normative O&M expenditure for FY 2023-24 as shown in the Table below:

Table 4-24: Normative O&M Expenses for FY 2023-24, as submitted by TPC-D

Particulars	UOM	Wire	Retail
Approved O&M Expenses for FY 2023-24	Rs. Crore	128.52	124.58
Normative O&M Expenses for FY 2022-23	Rs. Crore	128.86	118.51
Inflation Index for FY 2023-24	%	5.87%	5.87%
Normative O&M for FY 2023-24	Rs. Crore	136.41	125.47

Commission's Analysis and Ruling

4.5.2 For the provisional Truing-up of FY 2023-24, the Commission has escalated the trued up Normative O&M Expenses for FY 2022-23 as approved in this Order, by the Escalation Factor of 5.86% for Wires Business and 5.82% for Retail Supply Business as considered in this Order herein above as per MYT Regulations, 2019, to arrive at the Normative O&M Expenses for FY 2023-24. Accordingly, the Commission has approved the O&M Expenses in the provisional Truing-up for FY 2023-24 as shown in the Table below:

Table 4-25: O&M Expenses for FY 2023-24 as approved by the Commission (Rs. Crore)

Particulars	UOM	Wire	Retail
Approved O&M Expenses for FY 2023-24 as per MYT Order	Rs. Crore	128.52	124.58
Approved O&M Expenses for FY 2023-24 as per MTR Order	Rs. Crore	134.34	123.56
Normative O&M Expenses for FY 2022-23	Rs. Crore	128.86	118.46
Inflation Index for FY 2023-24	%	5.86%	5.82%
Normative O&M for FY 2023-24	Rs. Crore	136.41	125.37

4.5.3 As only provisional Truing-up has been done, the sharing of efficiency gains and losses have not been computed and the same will be considered at the time of final Truing-up of FY 2023-24.

4.6 CAPITALISATION

TPC-D's Submission

4.6.1 In the MTR Order, the Commission had approved the capitalisation of Rs. 194.69 Crore for the Wires Business and Rs. 9.07 Crore for the Supply Business. Against this, the estimated capitalisation for FY 2023-24 is Rs. 170.39 Crore for the Wires Business and Rs. 37.00 Crore for the Supply Business, as shown in the Table below:

Table 4-26: Estimated Capitalisation for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
DPR Schemes		152.48		33.50
Non-DPR Schemes		17.91		3.50
Non-DPR/DPR Ratio		11.75%		10.45%
Total	**87.96**	**170.39**	**14.02**	**37.00**

Commission's Analysis and Ruling

4.6.2 The Commission has undertaken prudence check of the capitalisation considered against approved DPR schemes and Non-DPR Schemes. It is observed that TPC-D has claimed capitalisation of Rs. 152.48 Crore and Rs. 17.91 Crore against approved DPR Schemes and Non-DPR Schemes, respectively, for the Wires Business. Similarly, TPC-D has claimed capitalisation of Rs. 33.50 Crore and Rs. 3.50 Crore against approved DPR Schemes and Non-DPR Schemes, respectively, for the Supply Business. As the capitalisation claimed is against approved DPRs and the Non-DPR capitalisation is within 20% of the DPR capitalisation, the Commission has considered the capitalisation as submitted by TPC-D after prudence check, for the Wires Business and Supply Business.

4.6.3 Further, it was observed that TPC-D has proposed the Capitalisation of Rs. 33.50 Crore in Supply business related to procurement and installation of smart meter project and the similar work has been proposed in FY 2024-25 also. The Commission has overall approved the DPR of around Rs. 450 Crore related to installation of smart meter work and hence enquired on the physical progress of smart meter DPR wise. Accordingly, TPC-D has stated that it has installed 1.07 lakh smart meters till date and the DPR wise physical progress is as follows:

Table 4-27: Physical progress status of Smart Meter installation DPR

Smart Meter DPR	Approved (Rs. Crore)	Physical Progress
MERC/CAPEX/2019-20/106 dated 05-04-2019	59.75	Installed 74000 Smart Meter. Backbone infrastructure created for 1 Lakh smart meter
MERC/CAPEX/2022-23/0467 dated 06-10-2022	21.70	Installed 33000 Smart Meter
MERC/CAPEX/FY2023-24/0289 dated 20-06-2023	371.15	Procurement process in advanced stages for 1.5 Lakh smart meter

4.6.4 The Commission noted the submission made by TPC-D and accordingly, the capitalisation considered by the Commission for the Wires Business and Supply Business in the provisional Truing-up for FY 2023-24 is shown in the Table below:

Table 4-28: Capitalisation for Wires Business & Supply Business for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Capitalisation – Wires	87.96	194.69	170.39	170.39
Capitalisation – Supply	14.02	9.07	37.00	37.00
Total Capitalisation	**101.98**	**203.76**	**207.39**	**207.39**

4.7 DEPRECIATION

TPC-D's Submission

4.7.1 TPC-D has considered the Depreciation rate for FY 2023-24 same as that worked out for FY 2022-23. The estimated Depreciation for FY 2023-24 is as given in the Table below:

Table 4-29: Estimated Depreciation for FY 2023-24, as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
Opening GFA	2,992.55	3,073.27	259.94	250.56
Addition	87.96	170.39	14.02	37.00
Retirement		-		
Closing	3,080.51	3,243.66	273.96	287.56
Depreciation	140.06	146.65	12.31	22.01
Avg. Depreciation Rate	4.61%	4.64%	4.61%	8.18%

Commission's Analysis and Ruling

4.7.2 For computation of Depreciation for FY 2023-24, the Commission has considered the closing balance of GFA for Wires Business and Supply Business for FY 2022-23 as approved in this Order, as the opening balance of GFA for the respective businesses.

4.7.3 Capitalisation approved provisionally for FY 2023-24 in this Order, is added to above opening GFA to arrive at closing GFA of FY 2023-24. Further, the Commission has not considered retirement of assets in the provisional Truing-up, and the same shall be addressed at the time of final Truing-up, based on data to be submitted by TPC-D.

4.7.4 The Commission has considered the average depreciation rate same as approved for Truing-up for FY 2022-23, and computed the Depreciation for the Wires Business and Supply Business for FY 2023-24 as shown in the Table below:

Table 4-30: Depreciation for Wires Business and Supply Business for FY 2023-24 approved by Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Opening GFA	2,992.55	3,063.75	3,073.27	3,065.63	259.94	275.33	250.56	251.06
Addition	87.96	194.69	170.39	170.39	14.02	9.07	37.00	37.00
Closing	3,080.51	3,258.44	3,243.66	3,236.02	273.96	284.40	287.56	288.06
Depreciation	140.06	147.17	146.65	146.53	12.31	23.18	22.01	21.76
Avg. Depreciation Rate	4.61%	4.66%	4.64%	4.65%	4.61%	8.28%	8.18%	8.07%

4.8 INTEREST ON LONG-TERM LOAN

TPC-D's Submission

4.8.1 TPC-D has considered the opening loan balance for FY 2023-24 equal to the closing loan balance for FY 2022-23, while repayment of loan has been considered equal to the depreciation approved for the current year. The interest rate has been considered as 7.92%. Accordingly, Interest on Long-Term Loan for FY 2023-24 has been worked out as given in the Table below:

Table 4-31: Estimated Interest on Long-Term Loan for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
Opening Balance of Loan	747.75	821.94	66.64	56.71
Drawals during the year	61.57	119.27	9.81	25.90
Loan Repayment during the year	140.06	146.65	12.31	22.01
Closing Balance of Loan	669.26	794.56	64.14	60.59
Interest Rate	8.42%	7.92%	8.42%	7.92%
Total Interest & Finance Charges	59.64	63.98	5.50	4.64

Commission's Analysis and Ruling

4.8.2 For computation of Interest on Loan for FY 2023-24, the Commission has considered the closing balance of loan for Wires Business and Supply Business for FY 2022-23 as approved in this Order, as the opening balance of loan for the respective businesses.

4.8.3 For computing the addition to normative loan, the normative debt: equity ratio of 70:30, as specified in the MYT Regulations, 2019, has been considered on addition to GFA in FY 2023-24. The normative loan repayment has been considered equal to the depreciation approved for the year. The Commission has considered the rate of interest on loans for Wires Business and Supply Business as 7.91%, i.e., same rate of interest as approved in the final Truing-up for FY 2022-23.

4.8.4 Accordingly, the Commission has approved interest on loan capital for FY 2023-24 as given in the following Table:

Table 4-32: Interest Expenses for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Opening Balance of Loan	747.75	811.68	821.94	821.90	66.64	64.14	56.71	56.96
Drawals during the year	61.57	136.28	119.27	119.27	9.81	6.35	25.90	25.90

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Loan Repayment during the year	140.06	147.17	146.65	146.53	12.31	23.18	22.01	21.76
Closing Balance of Loan	669.26	800.79	794.56	794.64	64.14	47.31	60.59	61.10
Interest Rate	8.42%	7.43%	7.92%	7.91%	8.42%	7.43%	7.92%	7.91%
Total Interest & Finance Charges	59.64	59.88	63.98	63.93	5.50	4.14	4.64	4.67

4.9 INTEREST ON WORKING CAPITAL

TPC-D's Submission

4.9.1 TPC-D has computed IoWC based on the components specified in Regulations 32.3 and 32.4 of the MYT Regulations, 2019 for Distribution Wires and Supply Business.

4.9.2 TPC-D has subtracted power purchase from TPC-G (including RE sources) to arrive at normative Working Capital requirement. TPC-D further submitted that it has considered the rate of IoWC equal to 10.05% in accordance with MYT Regulations, 2019. The IoWC for FY 2023-24 for Wires Business and Supply Business is given in the Table below:

Table 4-33: Estimated IoWC for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
O&M Expenses for one month	10.71	11.37	10.38	10.46
Maintenance spares at 1% of opening GFA	29.93	30.73	2.60	2.51
One and half months of the expected Revenue from Distribution Business	60.99	57.35	360.82	461.75
Less:				
Amount of Security Deposit			180.02	285.12
One Month Equivalent of Cost of Power (excluding cost of purchase from TPC-G)			70.40	128.55
Total Working Capital requirement	101.63	99.45	123.38	61.04
Rate of Interest (% p.a)	9.50%	10.05%	9.50%	10.05%
Interest on Working Capital	9.65	10.00	11.72	6.13

Commission's Analysis and Ruling

4.9.3 The Commission has approved the IoWC for FY 2023-24 in accordance with Regulations 32.3 and 32.4 of the MYT Regulations, 2019. The Commission has considered the applicable rate of IoWC as 10.05%, which is the SBI MCLR rate as on date of filing of Tariff Petition, plus 150 basis points.

4.9.4 The Commission has notified the MERC Supply Code Regulations in February

2021, wherein the amount of Security Deposit has been increased to 2 months of average billing. The Commission sought information from TPC-D regarding the claim for additional Security Deposit in FY 2023-24 and the additional amounts actually received against these claims, which was submitted by TPC-D. As per TPC-D, it has raised claims for additional Security Deposit based on the average billing of the consumer as per the specified Supply Code Regulations. However, there is the shortfall in receipt of Security Deposit vis-à-vis the claim for additional Security Deposit of Rs. 277.28 Crore and no action is taken by the Licensee for non-payment of the additional Security Deposit claim. Such non-payment of additional Security Deposit results in increasing the working capital requirement, thereby increasing the Interest on Working Capital, which is a costlier source of funds, as compared to the Security Deposit. For the purpose of the provisional truing-up, the shortfall in receipt of Security Deposit has hence, been added to the amount of Security Deposit reported by TPC-D and the working capital requirement computed accordingly. However, TPC-D is directed to ensure the compliance with the MERC Supply Code Regulations.

4.9.5 The summary of the IoWC approved by the Commission after provisional Truing up for FY 2023-24 is shown in the Table below:

Table 4-34: Interest on Working Capital for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
O&M Expenses for one month	10.71	11.20	11.37	11.37	10.38	10.30	10.46	10.45
Maintenance spares at 1% of opening GFA	29.93	30.64	30.73	30.66	2.60	2.75	2.51	2.51
One and half months of the expected Revenue from Distribution Business	60.99	62.84	57.35	56.01	360.82	517.14	461.75	450.11
Less:								
Amount of Security Deposit					180.02	407.23	285.12	573.80
One Month Equivalent of Cost of Power (excluding cost of purchase from TPC-G)					70.40	112.11	128.55	112.99
Total Working Capital requirement	101.63	104.67	99.45	98.03	123.38	10.85	61.04	-
Rate of Interest (% p.a)	9.50%	9.55%	10.05%	10.05%	9.50%	9.55%	10.05%	10.05%
Interest on Working Capital	9.65	10.00	10.00	9.85	11.72	1.04	6.13	-

4.10 INTEREST ON CONSUMER SECURITY DEPOSIT (CSD)

TPC-D's Submission

4.10.1 TPC-D has estimated the security deposit for FY 2023-24 based on the actual security deposit during H1 of FY 2023-24. The Interest on CSD from consumers is considered by applying the applicable rate of 6.75%, which is the RBI Bank Rate as on 1 April 2023, on CSD amount. Accordingly, the total Interest on CSD is considered at Rs. 9.56 Crore for FY 2022-23.

Commission's Analysis and Ruling

4.10.2 The Commission sought information from TPC-D regarding the claim for additional Security Deposit in FY 2023-24 and the additional amounts actually received against these claims, which was submitted by TPC-D. TPC-D has submitted that the against the total claim of Rs. 627.59 Crore of security deposit from the consumers, in form of Bank guarantee Rs. 53.79 Crore has been collected and in form of cash Rs. 296.52 Crore has been collected and balance amount of Rs.277.28 Crore is unrecovered. Since the actual interest liability will be on the actual consumer deposit collected, the Commission has calculated interest on security deposit on the amount collected of Rs. 296.52 Crore and has considered the interest rate of 6.75% which is the RBI Bank Rate as on 1 April 2023. The Commission has provisionally approved the interest on CSD for FY 2023-24 as shown in the following Table:

Table 4-35: Interest on CSD for Supply Business for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	Supply Business			
	MYT Order	MTR Order	TPC-D	Approved
Interest on Consumer Security Deposit	9.72	25.04	9.56	19.20

4.11 RETURN ON EQUITY

TPC-D's Submission

4.11.1 TPC-D submitted that it had considered the closing regulated equity for FY 2022-23 as the opening regulated equity for FY 2023-24, and the base rate of RoE has been considered equal to the base rate of return in accordance with the MYT Regulations, 2019. RoE for FY 2023-24 has been computed in accordance with Regulations 29.8 and 29.9 of the MYT Regulations, 2019, as shown in the Table below:

Table 4-36: Estimated Return on Equity for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
Regulatory Equity at the beginning of the year	902.80	927.02	78.17	75.36
Capitalised Assets during the year	87.96	170.39	14.02	37.00
Equity portion of expenditure on Capitalized Assets	26.39	51.12	4.21	11.10

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
Less: Equity portion of the asset decapitalized		-		-
Regulatory Equity at the end of the year	929.19	978.13	82.38	86.46
Rate of ROE	16.96%	14.00%	18.78%	15.50%
Total Return on Regulatory Equity	155.39	133.36	15.08	12.54

Commission's Analysis and Ruling

4.11.2 For computation of RoE for FY 2023-24, the Commission has considered the closing balance of Equity for Wires Business and Supply Business for FY 2022-23 as approved in this Order, as the opening equity for FY 2023-24. RoE has been computed considering the opening equity for the respective year and 50% on the equity for the asset addition during the year, by considering the normative equity as 30% of the capitalisation.

4.11.3 The base rate of RoE has been considered as 14% and 15.5% for the Wires Business and Supply Business, respectively. The base rate of RoE has to be grossed up by the effective tax rate. Regulation 34.4 of the MYT Regulations specifies as under:

> *"34.4 The effective tax rate shall be considered on the basis of actual tax paid in respect of financial year in line with the provisions of the relevant Finance Acts by the concerned Generating Company or Licensee or MSLDC, as the case may be:*
>
> *…*
>
> ***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**." **(emphasis added)***

4.11.4 Hence, the effective tax rate of '0%' considered for FY 2022-23, i.e., the latest year of Truing up, has been considered for grossing up the base rate of RoE for FY 2023-24. Accordingly, the approved RoE for FY 2023-24 is given in the Table below:

Table 4-37: Return on Equity for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Regulatory Equity at the beginning of the year	902.80	924.16	927.02	924.72	78.17	82.79	75.36	75.51
Capitalised Assets during the year	87.96	194.69	170.39	170.39	14.02	9.07	37.00	37.00

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Equity portion of expenditure on Capitalized Assets	26.39	58.41	51.12	51.12	4.21	2.72	11.10	11.10
Regulatory Equity at the end of the year	929.19	982.57	978.13	975.84	82.38	85.51	86.46	86.61
Rate of ROE	16.96%	14.00%	14.00%	14.00%	18.78%	15.50%	15.50%	15.50%
Total Return on Regulatory Equity	155.39	133.47	133.36	133.04	15.08	13.04	12.54	12.56

4.12 PROVISION FOR BAD AND DOUBTFUL DEBTS

TPC-D's Submission

4.12.1 TPC-D has not considered any provision towards Bad and Doubtful Debts for FY 2023-24.

Commission's Analysis and Ruling

4.12.2 The Commission has not considered any provision for Bad and Doubtful Debts in the provisional Truing-up for FY 2023-24.

4.13 CONTRIBUTION TO CONTINGENCY RESERVE

TPC-D's Submission

4.13.1 TPC-D has computed the Contribution to Contingency Reserves for the Wires Business and Supply Business as per the Regulations 35 of MYT Regulations, 2019. TPC-D has considered Nil contribution to Contingency Reserves for the Wires Business, in accordance with the approach adopted in the MYT and MTR Order. The Contribution to Contingency Reserves estimated by TPC-D for FY 2023-24 is shown in the Table below:

Table 4-38: Estimated Contribution to Contingency Reserve for FY 2023-24, as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
Opening Balance of GFA	2,992.55	3,073.27	259.94	250.56
% Contribution	0.00%	0.00%	0.25%	0.25%
Contribution to Contingency Reserves	-	-	0.65	0.63

Commission's Analysis and Ruling

4.13.2 The Commission has approved the Contribution to Contingency Reserves for the Supply Business for FY 2023-24 at 0.25% of the opening GFA for, in accordance with the MYT Regulations, 2019. Further, in continuation of the approach adopted in the MYT/MTR Order, the Contribution to Contingency Reserves for the Wires

Business has been considered as Nil for FY 2023-24. The Contribution to Contingency Reserves provisionally allowed for FY 2023-24 is shown in the Table below:

Table 4-39: Contribution to Contingency Reserve for FY 2023-243 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Opening Balance of GFA	2,992.55	3,063.75	3,073.27	3,065.63	259.94	275.33	250.56	251.06
% Contribution	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%	0.25%
Contribution to Contingency Reserves	-	-	-	-	0.65	0.69	0.63	0.63

4.14 NON-TARIFF INCOME (NTI)

TPC-D's Submission

4.14.1 TPC-D has estimated the Non-Tariff Income for FY 2023-24 for Wires Business and Supply Business at the same level as approved in the MTR Order, as shown in the Tables below:

Table 4-40: Estimated Non-Tariff Income for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D
Non-Tariff Income - Combined	7.80	18.28	18.28
Wire Business	5.37	5.94	5.94
Supply Business	2.43	12.34	12.34

Commission's Analysis and Ruling

4.14.2 Based on the past trend, the Commission has considered escalation of 5% and 10% in the NTI for Wires and Supply Business respectively than approved by the Commission for FY 2022-23. Accordingly, the Commission provisionally approves the Non-Tariff Income for FY 2023-24 as shown in the following Table:

Table 4-41: Non-Tariff Income for FY 2023-24 as approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Non-Tariff Income - Combined	7.80	18.28	18.28	12.82
Wire Business	5.37	5.94	5.94	4.84
Supply Business	2.43	12.34	12.34	7.98

4.15 DEMAND SIDE MANAGEMENT EXPENSES

TPC-D's Submission

4.15.1 TPC-D has considered the DSM expenditure of FY 2023-24 of Rs 0.52 Crore as approved in the MTR Order.

Commission's Analysis and Ruling

4.15.2 The Commission provisionally approves the DSM expenditure for FY 2023-24 as submitted by TPC-D, as shown in the following Table:

Table 4-42: DSM Expenses for FY 2023-24 approved by Commission (Rs. Crore)

Particulars	Supply Business			
	MYT Order	MTR Order	TPC-D	Approved
DSM Scheme Cost	0.68	0.52	0.52	0.52

4.16 AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24

TPC-D's Submission

4.16.1 The summary of the ARR for the Wires and the Supply Business for FY 2023-24 as submitted by TPC-D is given in the Tables below:

Table 4-43: Estimated ARR for Wires Business for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	MYT Order	TPC-D
Operation & Maintenance Expenses	128.52	136.41
Depreciation	140.06	146.65
Interest on Loan Capital	59.64	63.98
Interest on Working Capital	9.65	10.00
Interest on deposit from Consumers and Distribution System Users		-
Provision for bad and doubtful debts		-
Contribution to contingency reserves		-
Total Revenue Expenditure	**337.87**	**357.05**
Add: Return on Equity Capital	155.39	133.36
Aggregate Revenue Requirement	**493.26**	**490.41**
Less: Non-Tariff Income	5.37	5.94
Less: Income from OA consumers		23.04
Aggregate Revenue Requirement from Distribution Wires	**487.89**	**461.42**

Table 4-44: Estimated ARR for Supply Business for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	MYT Order	TPC-D
Power Purchase Expenses	2,349.27	3,132.79
Operation & Maintenance Expenses	124.58	125.47
Depreciation	12.31	22.01
Interest on Loan Capital+ Other Finance Charges	5.50	4.64
Interest on Working Capital	11.72	6.13
Interest on Consumer Security Deposit	9.72	9.56
Contribution to contingency reserves	0.65	0.63
Intra-State Transmission Charges	258.90	277.00
MSLDC Fees & Charges	1.37	1.02
Stand By charges	99.19	60.39

Particulars	MYT Order	TPC-D
DSM Expense	0.68	0.52
Share of earlier period Standby Charges		
Total Revenue Expenditure	**2,873.89**	**3,640.17**
Add: Return on Equity Capital	15.08	12.54
Aggregate Revenue Requirement	**2,888.96**	**3,652.71**
Less: Non-Tariff Income	2.43	12.34
Less: Receipts on account of Cross-Subsidy Surcharge		19.05
Aggregate Revenue Requirement from Retail Supply	**2,886.54**	**3,621.32**

Commission's Analysis and Ruling

4.16.2 Based on the components of the ARR approved in earlier paragraphs, the Commission approves the ARR for FY 2023-24 for the Wires Business and Supply Business, after provisional Truing-up, as given in the Tables below:

Table 4-45: ARR for Wires Business for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Operation & Maintenance Expenses	128.52	134.34	136.41	136.41
Depreciation	140.06	147.17	146.65	146.53
Interest on Loan Capital	59.64	59.88	63.98	63.93
Interest on Working Capital	9.65	10.00	10.00	9.85
Interest on deposit from Consumers and Distribution System Users		-	-	-
Provision for bad and doubtful debts		-	-	-
Contribution to contingency reserves		-	-	-
Total Revenue Expenditure	**337.87**	**351.39**	**357.05**	**356.72**
Add: Return on Equity Capital	155.39	133.47	133.36	133.04
Aggregate Revenue Requirement	**493.26**	**484.86**	**490.41**	**489.76**
Less: Non-Tariff Income	5.37	5.94	5.94	4.84
Less: Income from OA consumers		19.84	23.04	24.02
Aggregate Revenue Requirement from Distribution Wires	**487.89**	**459.09**	**461.42**	**460.91**

Table 4-46: ARR for Supply Business for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Power Purchase Expenses	2,349.27	3,451.52	3,132.79	3,015.11
Operation & Maintenance Expenses	124.58	123.56	125.47	125.37
Depreciation	12.31	23.18	22.01	21.76
Interest on Loan Capital+ Other Finance Charges	5.50	4.14	4.64	4.67
Interest on Working Capital	11.72	1.04	6.13	-
Interest on Consumer Security Deposit	9.72	25.04	9.56	19.20
Contribution to contingency reserves	0.65	0.69	0.63	0.63
Intra-State Transmission Charges	258.90	277.00	277.00	277.00

Particulars	MYT Order	MTR Order	TPC-D	Approved
MSLDC Fees & Charges	1.37	1.02	1.02	1.02
Stand By charges	99.19	103.53	60.39	60.39
DSM Expense	0.68	0.52	0.52	0.52
Share of earlier period Standby Charges		21.78		
Total Revenue Expenditure	**2,873.89**	**4,033.01**	**3,640.17**	**3,525.67**
Add: Return on Equity Capital	15.08	13.04	12.54	12.56
Aggregate Revenue Requirement	**2,888.96**	**4,046.06**	**3,652.71**	**3,538.23**
Less: Non-Tariff Income	2.43	12.34	12.34	7.98
Less: Receipts on account of Cross-Subsidy Surcharge		30.91	19.05	18.68
Aggregate Revenue Requirement from Retail Supply	**2,886.54**	**4,002.80**	**3,621.32**	**3,511.57**

Table 4-47: ARR for Wires and Supply Business for FY 2023-24 approved by the Commission (Rs. Crore)

Particulars	Combined Business			
	MYT Order	MTR Order	TPC-D	Approved
Power Purchase Expenses	2,349.27	3,451.52	3,132.79	3,015.11
Operation & Maintenance Expenses	253.10	257.90	261.88	261.78
Depreciation	152.37	170.35	168.67	168.29
Interest on Loan Capital+ Other Finance Charges	65.13	64.02	68.62	68.60
Interest on Working Capital	21.38	11.03	16.13	9.85
Interest on Consumer Security Deposit	9.72	25.04	9.56	19.20
Contribution to contingency reserves	0.65	0.69	0.63	0.63
Intra-State Transmission Charges	258.90	277.00	277.00	277.00
MSLDC Fees & Charges	1.37	1.02	1.02	1.02
Stand By charges	99.19	103.53	60.39	60.39
DSM Expense	0.68	0.52	0.52	0.52
Share of earlier period Standby Charges		21.78		
Total Revenue Expenditure	**3,211.76**	**4,384.40**	**3,997.21**	**3,882.39**
Add: Return on Equity Capital	170.46	146.51	145.90	145.60
Aggregate Revenue Requirement	**3,382.22**	**4,530.92**	**4,143.12**	**4,027.99**
Less: Non-Tariff Income	7.80	18.28	18.28	12.82
Less: Income from OA consumers	-	19.84	23.04	24.02
Less: Receipts on account of Cross-Subsidy Surcharge		30.91	19.05	18.68
Aggregate Revenue Requirement of Combined Distribution business	**3,374.44**	**4,461.89**	**4,082.74**	**3,972.48**

4.17 REVENUE FOR FY 2023-24

TPC-D's Submission

4.17.1 TPC-D has considered the actual Revenue recovered till September, 2023, in which the revenue collected from April 2023 to June 2023 is as per the tariff approved by the Commission in the MTR and revenue from July 2023 to September 2023 is as per the tariff approved by the Commission in its order in the MYT Order in Case No. 326 of 2019 dated 30 March, 2020. Further, the revenue for H2 of FY 2023-24 is estimated based on the Tariff approved by the Commission MYT Order.

4.17.2 Also, TPC-D has not considered revenue from wheeling charges from EHV consumers in FY 2023-24 due to matter being subjudice and pending with Hon'ble APTEL. Based on the same, the total estimated revenue recovery during FY 2023-24 is as given in the Table below:

Table 4-48: Revenue of Distribution Business for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	MYT Order	TPC-D
Revenue - Supply Business	2919.62	3,674.97
Revenue Wheeling Charges	446.89	435.78
Revenue from OA (Wheeling Charges)		23.04
Revenue from OA (CSS)		19.05
Total	**3,366.51**	**4,152.84**

Commission's Analysis and Ruling

4.17.3 The Commission notes that TPC-D considered revenue as per tariff approved by the Commission in the MTR order for the period April 2023 to June 2023 before the grant of stay by Hon'ble APTEL. It is settled legal position that once stay is granted by the Hon'ble APTEL to the tariff order, it is applicable from the date of Order of the Commission. Thus, tariff as approved in the MYT Order dated 30 March, 2020 would be applicable from April 2023 onwards. Thus, it was expected that TPC-D should have refunded the differential amount collected from consumers for the period April 2023 to June 2023 in July/August 2023. However, the Commission notes that TPC-D in its tariff Petition filed before the Commission has considered revenue for FY 2023-24 as per tariff approved in MTR Order for the period April 2023 to June 2023. This shows that TPC-D has not refunded the tariff differential between MTR and MYT order to the consumers till the date of filing the Petition. The Commission is of the view that such amount collected was required to be refunded immediately after obtaining the stay of MTR Order from Hon'ble APTEL. The Commission fails to understand why TPC-D has not refunded the differential amount till date when they themselves had approached the Hon'ble APTEL seeking stay on the tariff approved in the MTR Order.

4.17.4 Thus, the Commission is of the view that TPC-D should refund the said amount along with holding cost to the respective consumers till the date of the refund and report compliance to the Commission along with details of amount refunded including holding cost within three month from the date of this Order. Since there is delay in refund on behalf of TPC-D, it will not be entitled for holding cost to be claimed in ARR at the time final Truing-up of FY 2023-24. Accordingly, the Commission has considered the refund of Rs 346 Crore, being the tariff differential amount for April 2023 to June 2023, as submitted by TPC-D and calculated the revenue for FY 2023-24. Since, the Commission has also approved FAC to be levied at ceiling rate as per FAC approved for June 2023, it has considered the revenue from FAC for 2 months i.e., February and March 2024.

4.17.5 Further, it was observed that in FY 2022-23, revenue includes the cash discount of Rs. 37.78 Crore which includes Prompt Discount, Incentive to E-Payment Consumers, Discount on E-Bill Registration, etc. However, while estimating the revenue for FY 2023-24, TPC-D has not considered such discount adjustment in revenue. As per TPC-D, it is very difficult to ascertain which consumers will opt for the same and in past also, while estimating the revenue in various tariff Orders of TPC-D, the Commission has not considered any discount for future estimation. The Commission noted the submission made by TPC-D, however, it was observed that TPC-D has estimated LF Incentive as well as PF Penalty/incentive which also depends on the consumption pattern of consumers in future. Further, the Commission in the tariff orders of the other distribution licensee, including Mumbai licensee has considered such discount while estimating the revenue and as such the Commission feels that principles for all licensee needs to be uniform across the State. Accordingly, the Commission is estimating the cash discount while calculating the revenue in proportion to the actual discount and revenue occurred incurred for FY 2022-23.

4.17.6 Further, the Commission has also not considered revenue from wheeling charges from EHV consumers in FY 2023-24 as the matter being sub-judice and pending with Hon'ble APTEL. Accordingly, the Revenue provisionally approved for TPC-D for FY 2023-24 is shown in the Table below:

Table 4-49: Revenue of Distribution Business for FY 2023-24 as approved by the Commission (Rs. Crore)

Particulars	**MYT Order**	**MTR Order**	**TPC-D**	**Approved**
Revenue - Supply Business	2919.62	4,260.28	3,674.97	3,623.56
Revenue Wheeling Charges	446.89	425.27	435.78	424.03
Revenue from OA (Wheeling Charges)		19.84	23.04	24.02
Revenue from OA (CSS)		30.91	19.05	18.68
Estimated Cash discount				(41.36)
Refund to consumers due to implementation of MYT order				(346.79)
Total	**3,366.51**	**4,736.30**	**4,152.84**	**3,702.14**

4.18 REVENUE GAP/(SURPLUS) FOR FY 2023-24

TPC-D's Submission

4.18.1 Based on the ARR and Revenue for FY 2023-24, TPC-D has estimated the Revenue

Gap/(Surplus) for the Wires and the Supply Business as shown in the Table below:

Table 4-50: Estimated Revenue Gap for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MYT Order	TPC-D	MYT Order	TPC-D
Standalone ARR FY 2022-23	487.89	461.42	2,886.54	3,621.32
Revenue Recovered	446.89	435.78	2,919.62	3,674.97
Gap/ (Surplus) for FY 2022-23	41.01	25.64	(33.07)	(53.65)

Commission's Analysis and Ruling

4.18.2 Considering the approved components of ARR and Revenue for FY 2023-24, the Commission has approved the Revenue Gap/(Surplus) for FY 2023-24 as shown in the Table below:

Table 4-51: Revenue Gap/(Surplus) for Wires Business and Supply Business approved by the Commission for FY 2023-24 (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Standalone ARR FY 2023-24	487.89	459.09	461.42	460.91	2,886.54	4,002.80	3,621.32	3,511.57
Revenue Recovered	446.89	425.27	435.78	424.03	2,919.62	4,260.28	3,674.97	3,235.41
Gap/ (Surplus) for FY 2023-24	41.01	33.83	25.64	36.88	(33.07)	(257.47)	(53.65)	276.16

4.18.3 The treatment of the above Revenue Gap/(Surplus) is discussed along with the treatment of Cumulative Revenue Gap/(Surplus), in Section 6 of this Order.

5 AGGREGATE REVENUE REQUIREMENT FOR FY 2024-25

TPC-D has submitted the revised ARR for FY 2024-25 in accordance with the MYT Regulations, 2019.

The Hon'ble APTEL in its judgment dated 13 July 2023 in IA No 732 of 2023 in Appeal No 369 of 2023 filed by TPC-D has set aside the MTR Order. Accordingly, the Commission in this Order has for comparison purpose considered the numbers approved in the MYT Order dated 30 March, 2020 and also shown the numbers approved in the MTR Order for representation.

The Commission has discussed the expenditure allowed on each of the expense heads and the total expenses approved for FY 2024-25 in the subsequent paragraphs.

5.1 SALES

TPC-D's Submission

5.1.1 TPC-D's energy sales comprise Direct Sales (on the wires of TPC-D) and Change-over Sales (on the wires of the other Distribution Licensee). Without prejudice to the appeal filed by TPC-D against the MTR Order, the revised category wise sales and methodology for projection for FY 2024-25 is detailed below:

A. Direct Sales Projection

5.1.2 For estimating the demand of direct consumers of TPC-D for FY 2024-25, TPC-D has considered latest sales data up to FY 2022-23, CAGR based on past trends, Sales on OA, and switchover of consumers to another licensee.

- **HT Categories:**

a) TPC-D has observed that EHV consumers which had migrated on OA have returned to TPC-D. Further, it is observed that the movement of consumers on OA is based on external factors. Hence, TPC-D has analysed the combined Sales of the HT categories after adding back the sales moved on Open Access from FY 2017-18 to FY 2022-23 to arrive at a realistic growth trend for all categories except for HT Group Housing society and Electric vehicle charging station where significant growth has been observed from past year i.e. FY 2021-22. Also, a negative CAGR has been observed in HT VI(B) - Public Services category where a significant number of sales have switched over to other Distribution Licensee(s). Accordingly, CAGR of 5 years have been considered for sales estimation as given in the Table below:

Table 5-1: Estimation of HT category wise Sales including OA for FY 2023-24 to FY 2024-25

Consumer Category & Consumption Slab	FY18	FY19	FY20	FY21	FY 22	FY 23	CAGR	FY 24	FY 25
	Actual							Estimated	
HT Category									
EHV - Industry	533	536	490	549	508	797	8%	864	936
HT I – Industry	852	905	948	768	986	1132	6%	1199	1269
EHV- Commercial	102	102	102	86	94	102	0%	103	103
HT II – Commercial	522	486	460	320	356	421	-4%	403	386
HT III - Group Housing Society	4	4	12	13	29	39	48%	58	85
HT V(A) - Railways	66	67	71	47	63	83	5%	87	91
HT V(B) - Railways Metro & Monorail	7	1	0	0	6	19	22%	24	29
HT VI - Public Services	305	296	243	214	233	160	-12%	141	
HT VI(A) - Publ Serv Govt Hosp & Edu Inst	12	12	15	21	27	18	9%	20	21
EHV-Public	58	56	57	57	58	59	0%	59	60
HT VI(B) - Public Services Others	235	227	228	210	148	83	-19%	67	54
HT VIII - Electric Vehicle Charging				0	12	16	34%	21	29
Total	**2390**	**2396**	**2325**	**1997**	**2287**	**2770**	**3%**	**2852**	**3063**

b) Accordingly, the estimated sales for HT category for FY 2024-25 works out to 3,063 MU including sales under OA category. However, considering the OA sales as 228 MU constant, the HT sales without OA sales is 2835 MU, as against 2454 Mus and 2600 Mus as approved by the Commission in its MTR Tariff Order as shown in Table below:

Table 5-2: Estimation of HT Category Direct Sales without OA Sales (MU)

Consumer Category & Consumption Slab	FY 24	FY 25	Sales	FY 24	FY 25
	Estimated		OA	w/o OA	
HT Category					
EHV - Industry	864	936	0	864	936
HT I – Industry	1199	1269	170	1029	1099
EHV- Commercial	103	103		103	103
HT II – Commercial	403	386	50	353	336
HT III - Group Housing Society	58	85		58	85
HT V(A) - Railways					
22/33 KV	87	91		87	91
HT V(B) - Railways Metro & Monorail	24	29		24	29
HT VI - Public Services	141				
HT VI(A) - Publ Serv Govt Hosp & Edu Inst	20	21		20	21
EHV-Public	59	60		59	60
HT VI(B) - Public Services Others	67	54	8	59	47
HT VIII - Electric Vehicle Charging	21	29		21	29
Sub-total	**2852**	**3063**	**228**	**2676**	**2835**

- **LT Categories:**

c) TPC-D submitted that there is a change in consumption pattern post COVID -19 i.e. for the period FY 2021-22 and FY 2022-23. Hence, TPC-D while estimating LT sale for FY 2024-25 has considered the growth of only one year from FY 2021-22 to FY 2022-23 except for residential and EV charging category. CAGR of 1 year for residential category is 18% while for EV charging it is 204% which is abnormally high and hence, for residential category, TPC-D has computed CAGR based on 2 years data while for EV charging CAGR of 100% has been considered resulting in LT sale of 1954 MU for FY 2024-25. The category wise CAGR for sales estimation is as given in the Table below:

Table 5-3: Estimates LT Energy Direct Sales for FY 2023-24 and FY 2024-25

Consumer Category & Consumption Slab	FY21	FY 22	FY 23	CAGR	FY 24	FY 25
	Actual				Estimated	
LT I - Residential (BPL)						
LT I – Residential	430.02	483.41	569.49	**15%**	655.61	754.92
0-100	113.89	128.15	155.85	**17%**	182.31	213.27
101-300	130.86	143.93	173.09	**15%**	199.07	228.95
301-500	56.45	60.35	69.50	**11%**	77.11	85.56
501 and above	128.82	150.98	171.05	**15%**	197.11	227.13
LT II – C ommercial	292.32	371.51	480.91		480.91	806.31
LT II(A) - Commercial upto 20 kW	54.22	73.69	97.92	**33%**	130.11	172.90
LT II(B) - Commercial 20 to 50 kW	43.83	56.90	72.36	**27%**	92.02	117.02
LT II(C) - Commercial > 50 kW	194.27	240.92	310.63	**29%**	400.51	516.39
LT III - Industrial upto 20 kW	16.59	20.41	21.16	**4%**	21.93	22.73
LT IV - Industrial > 20 kW	142.92	177.95	213.25	**20%**	255.54	306.23
LT IX - Public Services	16.99	22.66	29.57	**31%**	40.97	58.86
LT IX(A) - Publ Serv Govt Hos & Edu Inst	4.35	6.05	4.66	**-23%**	3.59	2.76
LT IX(B) - Public Services Others	12.64	16.60	24.91	**50%**	37.38	56.10
LT XI: Electric Vehicle Charging Stations	0.20	0.44	1.34	**100%**	2.67	5.34
Sub-total	**899.03**	**1076.38**	**1315.71**	**9%**	**1599.36**	**1954.39**

5.1.3 Accordingly, the summary of Direct Sales projected by TPC-D for FY 2023-24 and FY 2024-25 is given in the Table below:

Table 5-4: Projected Direct Sales for FY 2024-25 as submitted by TPC-D (MU)

Category	FY 2024-25	
	MTR Order	Petition
HT Category	2,600.12	2,835.04
LT Category	1,646.80	1,954.39
Total	**4,246.92**	**4,789.43**

B. Change-over Sales Projection

a) TPC-D submitted that for Changeover consumers there is no significant change, and the change is contingent upon the difference in tariff between the two parallel distribution utilities. In view of the same, for estimation of sales for FY 2024-25, TPC-D has considered the similar approach as considered for estimation of Direct Sale of LT category i.e. based on the data of FY 2021-22 and FY 2022-23 as shown in the Table below:

Table 5-5: Estimates Energy change over Sales for FY 2023-24 and FY 2024-25

Consumer Category	FY 2021-22	FY2022-23	Growth	FY 2023-24 (Projected)	FY 2023-24 (Projected)
	a	b	c=(b-a)/a	e=a*(1+d)	
HT II – Commercial		0.21		0.21	0.21
LT I - Residential	1446.34	1431.49		1417.22	1403.51
0-100	581.41	583.32	0%	585.25	587.17
101-300	602.43	596.99	-1%	591.61	586.27
301-500	161.16	155.76	-3%	150.54	145.49
501 and above	101.34	95.41	-6%	89.84	84.58
LT II(A) - Commercial upto 20 kW	63.76	73.21	15%	84.07	96.53
LT II(B) - Commercial 20 to 50 kW	12.53	12.02	-4%	11.53	11.06
LT II(C) - Commercial > 50 kW	16.44	14.62	-11%	13.00	11.57
LT III (A) - Industrial upto 20 kW	14.01	14.64	5%	15.30	15.99
LT III (B) - Industrial > 20 kW	8.25	6.70	-19%	5.45	4.42
LT IV(A) - Publ Serv Govt Hosp&Edu Inst	0.54	1.64	100%	3.28	6.56
LT IV(B) - Public Services Others	1.33	2.37	50%	3.56	5.33
LT VI - Electric Vehicle Charging Stn.		0.02	100%	0.08	0.16
Total	**1563.20**	**1556.92**		**1553.69**	**1555.34**

b) Based on the above, the estimated sales for Changeover Sales is 1555.34 MU for FY 2024-25.

C. OA Consumers Sales Projection

5.1.4 TPC-D has considered OA sales based on the actual data of FY 2022-23 for FY 2024-25. The category wise OA sales estimated is shown in the Table below:

Table 5-6: Projected OA Sales for FY 2024-25 as submitted by TPC-D (MU)

Category	FY 2024-25
HT I – Industry	170
HT II – Commercial	50
HT VI (B) – Public Services Others	8
Total	**228**

5.1.5 Based on the above sales estimation for i) Direct Sales ii) Changeover Sales and iii) Open Access Sales. The total sales projections for FY 2024-25 are works out as given in the table below:

Table 5-7: Sales estimation for FY 2024-25 (MU)

Consumer Categories	MTR Order			TPC-D		
	Direct	C/O.	Total	Direct	C/O.	Total
EHV – Industry	665.50		665.50	936.27		936.27
HT I – Industry	1043.63		1043.63	1099.13		1099.13
EHV- Commercial	95.00		95.00	102.66		102.66
HT II – Commercial	427.50	0.23	427.73	335.91	0.21	336.11
HT III – Group Housing Society	48.09		48.09	85.20		85.20
EHV – Railways Metros & Monorails	16.32		16.32	28.81		28.81
22/33 KV	99.62		99.62	90.57		90.57
HT VI – Public Services	**188.26**		188.26	**127.70**		**127.70**
HT VI(A) – Publ Serv Govt Hosp&Edu Inst	29.81		29.81	21.40		21.40
EHV Public Services Others	60.24		60.24	59.72		59.72
HT VI(B) – Public Services Others	98.21		98.21	46.58		46.58
HT VIII – Electric Vehicle Charging Stn.	16.20		16.20	28.78		28.78
HT Consumers Total	**2600.12**	**0.23**	**2600.35**	**2835.04**	**0.21**	**2835.24**
LT Category						
LT I – Residential (BPL)						
LT I – Residential	**728.52**	**1435.16**	**2163.68**	**754.92**	**1403.51**	**2158.43**
0-100	193.13	576.92	770.05	213.27	587.17	800.45
101-300	216.91	597.78	814.69	228.95	586.27	815.22
301-500	90.94	159.91	250.85	85.56	145.49	231.05
501 and above	227.53	100.55	328.08	227.13	84.58	311.72
LT II – Commercial	**599.02**	**113.32**	**712.34**	**806.31**	**113.32**	**919.63**
LT II(A) – Commercial upto 20 kW	137.52	80.44	217.96	172.90	96.53	269.43
LT II(B) – Commercial 20 to 50 kW	89.66	14.43	104.09	117.02	11.06	128.08
LT II (C) – Commercial > 50 kW	371.84	18.45	390.29	516.39	11.57	527.96
LT III – Industrial upto 20 kW	27.56	16.44	44.00	22.73	15.99	38.72
LT IV – Industrial > 20 kW	256.76	8.78	265.54	306.23	4.42	310.65
LT IX(A) – Publ Serv Govt Hosp & Edu Inst	6.51	1.77	8.28	2.76	6.56	9.32
LT IX(B) – Public Services Others	26.31	1.59	27.90	56.10	5.33	61.43
LT XI: Electric Vehicle Charging Stations	2.12	0.00	2.12	5.34	0.16	5.50
LT CONSUMERS TOTAL	**1646.80**	**1577.07**	**3223.87**	**1954.39**	**1555.13**	**3509.52**
15 day						
Total	**4246.91**	**1577.30**	**5824.21**	**4789.43**	**1555.34**	**6344.77**

Commission's Analysis and Ruling

5.1.6 The Commission notes that TPC-D has considered CAGR of 5 years and CAGR of 2 years for estimating sales of HT and LT Category respectively. The growth considered by TPC-D for FY 2024-25 based on the said methodology is 6% for HT and 11% for LT as compared to estimated sales of FY 2023-24 as outlined in the following table:

Table 5-8: Estimated Energy Sales Growth as considered by TPC-D

Category	Unit	FY 2022-23	FY 2023-24	FY 2024-25	Growth - YoY (%)	
Sales		**Actual**	**Estimates**		**FY 2023-24**	**FY 2024-25**
HT	**MU**	2,537	2,676	2,835	5%	6%
LT	**MU**	2,910	3,162	3,510	9%	11%
Total	**MU**	**5,447**	**5,838**	**6,345**	**7%**	**9%**

5.1.7 Considering the fact that such growth rate considered is high, the Commission has also sought actual sales data from April, 2023 to January, 2024 from TPC-D and computed the growth in actual sales for the said period as compared to the same period (April, 2022 to January, 2023) last year as given in table below:

Table 5-9: Growth (%) in sales for FY 2023-24 (upto January 2024) vis-à-vis FY 2022-23

Consumer Category & Consumption Slab	FY 2023-24 till Jan 24			FY 2022-23 till Jan 23			Growth Rate	
	Direct	**C/O**	**Total**	**Direct**	**C/O**	**Total**	**Direct**	**C/O**
LT -I Residential	560.27	1,251.80	1,812.07	481.36	1253.09	1,734.45	16%	0%
LT II - Commercial								
LT II (a) - 0-20 kW	94.87	61.03	155.91	*81.64*	*63.17*	144.81	16%	-3%
LT II (b) - 20-50 kW	69.34	8.83	78.17	*59.34*	*11.41*	70.76	17%	-23%
LT II (c) - above 50 kW	291.49	10.55	302.04	*256.56*	*13.96*	270.52	14%	-24%
LT III (a) - LT Industrial upto 20 kW	18.75	11.32	30.07	*17.17*	*12.34*	29.51	9%	-8%
LT III (b) - LT Industrial above 20 kW	187.31	4.12	191.43	*176.64*	*6.38*	183.03	6%	-36%
LT IV: LT -Public Service								
LT IV(A) - Publ Serv Govt Hosp & Edu Inst	3.17	1.48	4.65	*4.09*	*1.43*	5.52	-23%	4%
LT IV (B) - Public Services Others	24.04	1.59	25.63	*20.38*	*1.98*	22.36	18%	-20%
LT V - Electric Vehicle Charging Stations	3.80	0.07	3.87	*0.98*	*0.01*	0.98	288% / 200%*	1275% / 200%*
Total- LT Sales	**1,253.03**	**1,350.81**	**2,603.84**	**1,098.16**	**1,363.77**	**2,461.94**		
EHV I: Industrial	658.55	-	658.55	673.70		673.70	-2%	
HT I: HT-Industry	856.49	-	856.49	794.88		794.88	8%	
EHV II: Commercial	88.09	-	88.09	86.80		86.80	1%	
HT II : HT- Commercial	323.17	0.22	323.39	305.01	0.18	305.19	6%	17%
HT III: HT-Group Housing Society	36.82	-	36.82	32.60		32.60	13%	
HT IV (A) - Railways								
22/33 KV	83.09	-	83.09	*67.86*		67.86	22%	
EHV Metro	18.45	-	18.45	*16.96*		16.96	9%	
EHV Public Service Others	49.56	-	49.56	49.78		49.78	0%	
HT V - Public Service								
HT V (A) - Government Hospitals & Educational Institutions	16.25	-	16.25	*15.64*		15.64	4%	
HT V (B) - Others	62.91	0.55	63.46	*69.84*		69.84	-10%	
HT VI: EV Charging Stations	13.92		13.92	13.37		13.37	4%	
Total - HT Sales	**2,207.30**	**0.77**	**2,208.07**	**2,126.46**	**0.18**	**2,126.64**		
15 day adjustments	-		-	18.59		18.59		
Total	**3,460.33**	**1,351.58**	**4,811.91**	**3,243.21**	**1,363.96**	**4,607.17**		

*- considering abnormal growth, the growth is limited to 200% for LTV

5.1.8 The Commission is of the view that the FY 2022-23 and FY2023-24 were normal years having no impact on sales due to Covid-19 pandemic in the previous years. Thus, while considering CAGR for past years which also includes years wherein sales were impacted by Covid-19 would certainly distort the sales projections. Also, the Commission is estimating the sales for the immediate next year i.e., FY 2024-25 and not for 3 to 5 years projection necessitating estimation based on CAGR.

5.1.9 Accordingly, the Commission deems it fit to apply the growth rate as observed in actual sales for April, 2023 to January, 2024 as compared to the same period (April, 2022 to January, 2023) last year as shown in the table above for approving the direct and changeover sales for FY 2024-25 as shown in the Tables below:

Table 5-10: Category-wise Direct and Changeover Sales approved for FY 2024-25 (MU)

Category	MYT Order			MTR Order			TPC-D			Approved		
	Direct	Change-over	Total	Direct	Change-over	Total	Direct	Change-over	Total	Direct	Change-over	Total
HT Category												
EHV-Industry	214.59		214.59	665.50		665.50	936.27	-	936.27	761.44	-	761.44
HT I - Industry	1,042.16		1,042.16	1,043.63		1,043.63	1,099.13	-	1,099.13	1,113.23	-	1,113.23
EHV- Industry	106.22		106.22	95.00		95.00	102.66	-	102.66	105.50	-	105.50
HT II - Commercial	409.75	0.07	409.82	427.50	0.23	427.73	335.91	0.21	336.11	407.79	0.28	408.07
HT III - Group Housing Society	16.54		16.54	48.09		48.09	85.20	-	85.20	49.59	-	49.59
HT IV - Railways Metro & Monorail	72.42	-	72.42	115.94	-	115.94	119.38	-	119.38	146.70	-	146.70
HT IV – Railways (22/33 kV)	0.07		0.07	99.62		99.62	90.57	-	90.57	123.95	-	123.95
HT IV – Railways (Metro/Monorail)	72.35		72.35	16.32		16.32	28.81	-	28.81	22.74	-	22.74
HT VI - Public Services	244.22	-	244.22	188.26	-	188.26	127.70	-	127.70	144.36	-	144.36
a) Govt. Edu. Inst. & Hospitals	14.95		14.95	29.81		29.81	21.40	-	21.40	19.56	-	19.56
b) Others	53.32		53.32	98.21		98.21	46.58	-	46.58	66.12	-	66.12
EHV Public Service Other	175.95		175.95	60.24		60.24	59.72	-	59.72	58.68	-	58.68
HT VI EV Charging Station	-		-	16.20		16.20	28.78	-	28.78	17.31	-	17.31
Sub-total HT	**2,105.90**	**0.07**	**2,105.97**	**2,600.12**	**0.23**	**2,600.35**	**2,835.04**	**0.21**	**2,835.24**	**2,745.92**	**0.28**	**2,746.21**
LT Category												
LT I - Residential (BPL)												
LT I - Residential	**809.87**	**1435.16**	**809.87**	**728.51**	**1,435.16**	**2,163.67**	**754.92**	**1,403.51**	**2,158.43**	**771.51**	**1,446.93**	**2,218.43**
S1 (0-100 units)	216.78	606.48	216.78	193.13	576.92	770.05	213.27	587.17	800.45	211.13	582.45	793.59
S2 (101-300 units)	236.37	577.40	236.37	216.91	597.78	814.69	228.95	586.27	815.22	234.49	600.87	835.36

Category	MYT Order			MTR Order			TPC-D			Approved		
	Direct	Change-over	Total	Direct	Change-over	Total	Direct	Change-over	Total	Direct	Change-over	Total
S3 (> 301-500 Units)	94.03	137.37	94.03	90.94	159.91	250.85	85.56	145.49	231.05	94.15	161.52	255.67
S4 (Above 500 units (balance units)	262.68	96.50	262.68	227.53	100.55	328.08	227.13	84.58	311.72	231.73	102.09	333.82
LT II - Commercial	**716.69**	**113.32**	**716.69**	599.02	113.32	712.34	806.31	119.16	925.47	632.02	86.37	718.39
- Upto 20 kW	177.69	102.21	177.69	137.52	80.44	217.96	172.90	96.53	269.43	132.23	68.85	201.08
- > 20 kW &< 50kW	176.07	24.72	176.07	89.66	14.43	104.09	117.02	11.06	128.08	98.79	8.12	106.91
- > 50kW	362.92	35.16	362.92	371.84	18.45	390.29	516.39	11.57	527.96	400.99	9.40	410.40
LT III (A) - Industry < 20 kW	19.01	5.65	19.01	27.56	16.44	44.00	22.73	15.99	38.72	25.21	12.29	37.50
LT IV- Industry > 20kW	218.64	0.93	218.64	256.76	8.78	265.54	306.23	4.42	310.65	239.78	3.08	242.86
LT IX - Public Services	38.16	0.85	38.16	32.82	3.36	36.18	58.86	11.89	70.75	37.46	3.55	41.01
a) Govt. Edu. Inst. & Hospitals	0.47	9.69	0.47	6.51	1.77	8.28	2.76	6.56	9.32	2.80	1.96	4.76
b) Others	0.10		0.10	26.31	1.59	27.90	56.10	5.33	61.43	34.66	1.59	36.25
LT XI: EV Charging Stations	**809.87**	**1435.16**	**809.87**	2.12	-	2.12	5.34	0.16	5.50	12.02	0.16	12.19
Sub-total LT	**1,802.93**	**1,596.97**	**3,399.90**	**1,646.80**	**1,577.07**	**3,223.87**	**1,954.39**	**1,555.13**	**3,509.52**	**1,718.00**	**1,552.38**	**3,270.38**
15-Days adjustment						-	-	-	-	-	-	-
Total	**3,908.84**	**1,597.04**	**5,505.87**	**4,246.92**	**1,577.30**	**5,824.22**	**4,789.43**	**1,555.34**	**6,344.77**	**4,463.92**	**1,552.67**	**6,016.59**

5.2 OPEN ACCESS SALES

TPC-D's Submission

5.2.1 TPC-D has estimated the Open Access consumption in its licence area based on the actual data for FY 2022-23 for FY 2024-25 as shown in the Table below:

Table 5-11: Open Access consumption for FY 2024-25 as submitted by TPC-D (MU)

Particulars	TPC-D
EHV – Industry	-
HT-I Industry	170.00
HT-II Commercial	50.00
HV-V(B) Public Services Others	7.91
Total	**227.91**

Commission's Analysis and Ruling

5.2.2 The Open Access Sales are estimated similar to approach adopted by TPC-D and CAGR of past years has been considered and is rationalised according to the growth of the respective category as outlined in the following table:

Table 5-12: Growth factor considered for approving the OA for FY 2024-25

Consumer Category & Consumption Slab	5 Yr CYR	4 Yr CAGR	3 Yr CAGR	2 Yr CAGR	YoY CAGR	YoY H1 CAGR	Considered
HT I: HT-Industry	-34.0%	-22.1%	-29.2%	27.2%	113.9%	2.9%	*2%*
HT II : HT- Commercial	-38.1%	43.0%	-3.6%	20.0%	178.8%	2.0%	*2%*
HT VI (B) – Public Service Others	-64.6%	-65.1%	-76.6%	-74.2%	29.2%	267.7%	15%

5.2.3 Hence, the Commission has approved the estimated OA sales for FY 2024-25 as shown in the Table below:

Table 5-13: Open Access consumption for FY 2024-25 approved by the Commission (MU)

Particulars	MYT Order	MTR Order	TPC-D	Approved
EHV – Industry		15.00	-	-
HT-I Industry		155.00	170.00	180.65
HT-II Commercial		50.00	50.00	59.81
HV-V(B) Public Services Others			7.91	2.91
Total	**495.90**	**220.00**	**227.91**	**242.65**

5.3 DISTRIBUTION LOSSES AND ENERGY BALANCE

TPC-D's Submission

5.3.1 TPC-D has considered the Distribution Loss of 1.02% for FY 2024-25, as approved by the Commission in the MYT Order. However, TPC-D has submitted that Commission to consider the actual distribution loss of 1.13% of FY 2022-23, for FY 2024-25.

5.3.2 The Transmission Loss for FY 2024-25 has been considered as 3.18% in line with that approved by the Commission in InSTS Tariff Order in Case No. 239 of 2022 dated 31 March, 2023.

5.3.3 Considering the Sales projections, the projected Distribution Loss and Transmission Loss, TPC-D has estimated the energy requirement for FY 2024-25 as shown in the following Table:

Table 5-14: Energy Input requirement for FY 2024-25 as submitted by TPC-D (MU)

Particulars	MTR Order	TPC-D
TPC-D-Sales	4,246.92	4,789.43
110 kV Billed Units	837.06	1,127.47
Bill Credit given to OA consumers	220.00	227.91
Total Sale excluding 110 kV Sales	3,629.86	3,889.86
Distribution Losses	1.02%	1.02%
ABT meter readings @ T <> D Interface	3,667.27	3,929.95
OA Wind Credit @ T <>D Interface	222.27	230.26
Sales to Changeover consumers	1,577.30	1,555.34
Energy Sales at 110/132 kV level	837.06	1,127.47
Total Energy Requirement at T<>D	5,859.36	6,382.50
Transmission Loss	3.18%	3.18%
Total Energy Requirement at G<>T	**6,051.81**	**6,592.13**
Surplus Sale/(Purchase)	-	-
Total Energy Requirement at G<>T Interface	**6,051.81**	**6,592.13**

Commission's Analysis and Ruling

5.3.4 TPC-D in the current petition has requested the Commission to consider the distribution loss of 1.13% of FY 2022-23 for FY 2024-25. However, the Commission in Truing up section of FY 2022-23 has observed negative distribution loss as per Energy Input data at T<>D interface from SLDC and has sought reconciliation for the same which was not submitted by TPC-D. Accordingly, the Commission has directed TPC-D to submit the detailed justification for the negative Distribution Loss in the next Tariff Petition. Since, the justification of the negative distribution loss is yet to be reviewed by the Commission, it has considered the Distribution Loss of 1.02% as approved in MYT Order and intra-State Transmission Loss as 3.18%, as approved in the InSTS Order dated 31 March, 2023 in Case No. 239 of 2022 for FY 2024-25.

5.3.5 Accordingly, the Energy Balance approved by the Commission for FY 2024-25 is shown in the Table below:

Table 5-15: Energy Input requirement approved for FY 2024-25 (MU)

Particulars	MYT Order	MTR Order	TPC-D	Approved
TPC-D-Sales	3,908.83	4,246.92	4,789.43	4,463.92
110 kV Billed Units	412.93	837.06	1,127.47	948.36
Bill Credit given to OA consumers	495.90	220.00	227.91	242.65
Total Sale excluding 110 kV Sales	3,991.81	3,629.86	3,889.86	3,758.21
Distribution Losses	1.02%	1.02%	1.02%	1.02%
ABT meter readings @ T <> D Interface	4,032.95	3,667.27	3,929.95	3,796.94
OA Wind Credit @ T <>D Interface	501.01	222.27	230.26	245.15
Sales to Changeover consumers	1,597.04	1,577.30	1,555.34	1,552.67
Energy Sales at 110/132 kV level	412.93	837.06	1,127.47	948.36
Total Energy Requirement at T<>D	5,541.90	5,859.36	6,382.50	6,052.82
Transmission Loss	3.18%	3.18%	3.18%	3.18%
Total Energy Requirement at G<>T	**5,723.92**	**6,051.81**	**6,592.13**	**6,251.62**
Surplus Sale/(Purchase)	-	-	-	-
Total Energy Requirement at G<>T Interface	**5,723.92**	**6,051.81**	**6,592.13**	**6,251.62**

5.4 POWER PURCHASE QUANTUM AND COST

TPC-D's Submission

5.4.1 TPC-D’s total power procurement projection for FY 2024-25 is based on the estimated energy input requirement to be met from different sources, namely, TPC-G, RE sources, short-term bilateral purchase.

A. Procurement from TPC-G

5.4.2 TPC-D submitted that the Commission by its Order dated 28 November, 2023 in Case No. 39 of 2023 has extended the duration of the PPA between TPC-D and TPC-G for the period of 5 years from FY 2024-25 to FY 2028-29.

5.4.3 TPC-D is in the process of executing Power Purchase Agreement with the various Generating capacities/units of TPC-G, and same has been considered by TPC-D for its future projections

5.4.4 TPC-D based on the MYT Regulations, 2019 has computed variable Charges based on the weighted average cost of last three months i.e., October, 2023 to December, 2023. Further, the energy quantum has been considered based on the monthly demand requirement and the outage plan of TPC-G Units. TPC-D based on the approved capacity charges for TPC-G and considered by the Commission in the MTR Order for FY 2024-25, estimated variable charges and estimated generation has made its projections for FY 2024-25 as shown in the Table below:

Table 5-16: Estimated cost of Power Purchase from TPC-G for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Unit	**Quantum**	**Energy Charges**		**Fixed Charges**	**Total Charges**	**Per Unit Cost**
	MU	**Rs./kWh**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs./kWh**
Unit-5	1,048.56	5.79	607.50	161.42	768.92	7.33
Unit-7	348.92	5.04	175.84	73.64	249.48	7.15
Unit-8	665.18	5.70	379.05	130.16	509.21	7.66
Bhira	476.20	0.92	43.81	33.74	77.55	1.63
Bhivpuri	152.50	2.15	32.79	20.59	53.38	3.50
Khopoli	139.20	3.69	51.36	31.89	83.25	5.98
Total	**2,830.55**	**4.56**	**1,290.35**	**451.45**	**1,741.80**	**6.15**

Commission's Analysis and Ruling

5.4.5 The Commission by its Order dated 28 November, 2023 in Case No. 39 of 2023 has extended the duration of the PPA between TPC-D and TPC-G for the period of 5 years from FY 2024-25 to FY 2028-29. The Commission has thus considered the power purchase from TPC-G for FY 2024-25. Also, the Commission in the said order has stated that while signing such PPA, existing unit wise allocation between BEST Undertaking and TPC-D shall be maintained. Accordingly, the allocation from the said plant of TPC-D in the respective Units of TPC-G is 48.83% in Thermal Units 5 & 7 and Hydro stations and 60% in Unit 8.

5.4.6 As regards the quantum of purchase from TPC-G's Units 5, 7 and 8, the Commission has considered the quantum from the said Units at technical minimum of 55%. The quantum approved by the Commission based on the technical minimum is marginally higher than submitted by TPC-D. The purchase from the hydro sources of TPC-G has been considered based on the available quantum approved in TPC-G's MTR Order for FY 2024-25.

5.4.7 The fixed/capacity charges for purchase from TPC- G has been considered as approved by the Commission in TPC-G's MTR Order for FY 2024-25 based on the share of TPC-D.

5.4.8 In respect of Energy Charges for TPC-G's Units 5, 7 and 8, the same have been considered as per the latest available actual Energy Charges of TPC-G being levied to TPC-D for the months of November, 2023 to January, 2024. For hydro sources, it was observed that TPC-D has considered the approved energy charges TPC-G's MTR Order of FY 2023-24 and the same is rectified whereby the Commission has considered the Energy Charge as per in TPC-G's MTR Order for FY 2024-25.

5.4.9 Accordingly, TPC-source wise power purchase cost as approved by the Commission for FY 2024-25 with breakup of energy charges and fixed charges is outlined in the following table:

Table 5-17: Estimated cost of Power Purchase from TPC-G source wise for FY 2024-25 as approved by Commission (Rs. Crore)

Unit	Quantum	Energy Charges		Fixed Charges	Total Charges	Per Unit Cost
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore	Rs./kWh
Unit-5	1,105.74	5.73	633.56	161.51	795.07	7.19
Unit-7	411.83	5.04	207.71	73.68	281.39	6.83
Unit-8	661.27	5.64	372.91	130.16	503.07	7.61
Bhira	439.91	0.94	41.31	33.76	75.07	1.71
Bhivpuri	140.87	2.21	31.13	20.60	51.74	3.67
Khopoli	136.05	3.79	51.51	31.91	83.42	6.13
Total	**2,895.66**	**4.62**	**1,338.13**	**451.63**	**1,789.76**	**6.18**

5.4.10 Based on the aforesaid, the summary of the total cost of purchase from TPC-G for FY 2024-25 as approved by the Commission is shown in the Table below:

Table 5-18: Approved cost of Power Purchase from TPC-G for FY 2024-25 and FY 2024-25 (Rs. Crore)

Power from TPC-G	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh
MYT Order	3,866.99	1,843.21	4.77
MTR Order	3,376.70	2,498.63	7.40
TPC-D	2,830.55	1,741.80	6.15
Approved	2,895.66	1,789.76	6.18

B. Renewable Purchase Obligation

TPC-D's Submission

5.4.11 TPC-D submitted that it has to meet a Non-Solar (other RE) target of 11.50% for FY 2024-25 and Solar target of 13.50% for FY 2024-25. The total RPO required to be met is 25% of its total procurement of electricity from all sources excluding energy from Hydro in accordance with the RPO Regulations, 2019.

5.4.12 MOP has recently issued a Notification dated 20 October, 2023 specifying minimum consumption by designated consumers. Accordingly, TPC-D has projected the RPO requirement for FY 2024-25 in line with the MOP targets. Further, for estimating the total renewable power purchase requirement, TPC-D has also considered its generation from Hydro plant in the Other category of RE Sources.

5.4.13 The RPO requirement as submitted by TPC-D for FY 2024-25 is given in the Table below:

Table 5-19: Renewable Energy Requirement for FY 2024-25 as submitted by TPC-D (MU)

Renewable requirement quantum	Petition
Energy Input at G<>T	6,592.13
%Wind RPO	0.67%
%Hydro RPO	0.38%
%Distributed Renewable Energy	1.50%
%Other Renewable Energy	27.35%
Requirement @InSTS – Wind	44.17
Requirement @InSTS – Hydro	25.05
Requirement @InSTS - Distributed Renewable Energy	98.88
Requirement @InSTS - Other Renewable Energy	1,802.95
Total Renewable Power Obligation	**1,971.05**
RE Procurement	1,451.45
Surplus Available with FY 2023-24	436.96
Hydro Procurement from TPC-G	767.90
Total	**2,656.31**
Total Shortfall / (Surplus)	**(685.26)**

C. RE Purchase

5.4.14 TPC-D proposed to meet part of the requirement of Non-Solar RE through the existing tie ups with Non-Solar generating plants, wind energy from 225 MW Hybrid plant and Hydro power purchased from TPC-G. TPC-D is in the process of tying up additional wind power from sources whose PPAs have expired. Accordingly, 200 MUs at Rs 2.52 /kWh has been considered based on the ceiling tariff for procurement of such power in the total source while estimating the prevalent cost and quantum from RE sources.

5.4.15 The summary of power purchase from Renewable Sources for FY 2024-25 as submitted by TPC-D is provided in the Table below:

Table 5-20: RE purchase for FY 2024-25 as submitted by TPC-D (MU)

Source	Quantum	Per unit rate	Total Cost
	MUs	Rs./kWh	Rs.Crs
Non Solar Power Purchase			
Agaswadi	105.85	4.56	48.27
Visapur (GSW) 24 MW	33.90	5.81	19.70
Visapur (GSW) 8 MW	16.91	5.70	9.64
Bramanvel	18.25	2.59	4.73
Khandke	101.00	2.59	26.16
Sadawaghapur	26.00	2.59	6.73
Supa	29.17	2.59	7.56
Short term RE	200.00	2.52	50.40
Total	**531.08**	**3.26**	**173.18**

Source	Quantum	Per unit rate	Total Cost
	MUs	Rs./kWh	Rs.Crs
Solar Purchase (B)			
Mulshi Solar	3.67	17.91	6.56
Solar Rooftop	0.02	18.41	0.04
Palaswadi Solar	41.52	8.98	37.28
Chhayan Solar	360.00	2.98	107.28
Hybrid	515.17	2.59	133.43
Total	**920.37**	**3.09**	**284.60**
Total RE Purchase	**1451.45**	**3.15**	**457.78**

5.4.16 Based on the total RE requirement based on MOP notification is 1971.05 MU while the estimated generation from current sources plus short term RE purchase is 1451.45 MU. Further, there is a surplus of RE purchase to the tune of 436.95 MU pertaining to FY 2023-24. In view of same, and considering existing Hydro purchase for FY 2024-25 there is no additional power purchase requirement to meet the RPO obligation for TPC-D.

Commission's Analysis and Ruling

5.4.17 The Commission has notified amendment to RPO-REC Regulations 2019 on 23 February, 2024 and has amended the RPO and aligned the same with the notification issued by MoP. Accordingly, the Commission has considered RPO based as specified in the said Regulations. Infact, TPC-D in their submissions had also considered RPO as per MoP notification.

5.4.18 The purchase from tied-up Non-Solar and Solar sources have been considered as proposed by TPC-D as the same are based on the rates adopted by the Commission except for Short Term RE purchase of 200 MU. The Commission notes that TPC-D has considered rate of Rs 2.52/kWh for the said purchase. The Commission notes that TPC-D has submitted the letter dated 5 February, 2024 intimating the Commission in respect of Wind Power Purchase for FY 2024-25 at Rs 2.65/kWh. Accordingly, the Commission has considered the said rate of Rs 2.65/kWh for short term RE purchase of 200 MU.

5.4.19 The Commission has approved the quantum and cost of RE purchase as submitted by TPC-D except for short term RE Purchase for FY 2024-25 as shown in the Table below:

Table 5-21: Source wise RE Purchase for FY 2024-25 approved by the Commission

Source	Quantum	Per unit rate	Total Cost
	MUs	Rs./kWh	Rs.Crs
Non Solar Power Purchase			
Agaswadi	105.85	4.56	48.27
Visapur (GSW) 24 MW	33.90	5.81	19.70
Visapur (GSW) 8 MW	16.91	5.70	9.64
Bramanvel	18.25	2.59	4.73
Khandke	101.00	2.59	26.16
Sadawaghapur	26.00	2.59	6.73
Supa	29.17	2.59	7.56
Short term RE	200.00	2.65	50.40
Total	**531.08**	**3.31**	**175.78**
Solar Purchase (B)			
Mulshi Solar	3.67	17.91	6.56
Solar Rooftop	0.02	18.41	0.04
Palaswadi Solar	41.52	8.98	37.28
Chhayan Solar	360.00	2.98	107.28
Hybrid	515.17	2.59	133.43
Total	**920.37**	**3.09**	**284.60**
Total RE Purchase	**1451.45**	**3.17**	**460.38**

5.4.20 Based on the aforesaid, the summary of the total renewable power purchase cost for FY 2024-25 as approved by the Commission is shown in the Table below:

Table 5-22: RE Purchase for FY 2024-25 approved by the Commission

Power from Renewable Source	Non-Solar RE			Solar RE			Total		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
MYT Order	576.59	195.07	3.38	676.87	223.91	3.31	1,253.46	418.98	3.34
MTR Order	331.08	122.83	3.71	1,002.16	306.66	3.26	1,333.24	429.30	3.22
TPC-D	531.08	173.18	3.26	920.37	284.60	3.09	1,451.45	457.78	3.15
Approved	531.08	175.78	3.31	920.37	284.60	3.09	1,451.45	460.38	3.17

5.4.21 Further, the Commission notes that as per the aforesaid RE Purchase approved by the Commission, purchase from existing Hydro and surplus from past years there is no additional power purchase requirement to meet the RPO obligation for TPC-D for FY 2024-25 except for the specified sources in RPO-REC Regulations, 2019. The Commission will however evaluate the fulfilment of RPO (source wise) for FY 2024-25 at the time of final Truing-up of the said year. Accordingly, the status of fulfilment of RPO for FY 2024-25 is shown in the Table below:

Table 5-23: RPO compliance for FY 2024-25 approved by the Commission (MU)

Renewable requirement quantum	MYT Order	MTR Order	Petition	Approved
Energy Input at G<>T	5,013.86	6,051.81	6,592.13	6,251.62
% Obligation Non-Solar	11.50%	11.50%		
% Obligation Solar	13.50%	13.50%		
%Wind RPO			0.67%	0.67%
%Hydro RPO			0.38%	0.38%
%Distributed Renewable Energy			1.50%	1.50%
%Other Renewable Energy			27.35%	27.35%
Requirement @InSTS - Non-Solar	577.02	695.96		
Requirement @InSTS - Solar	677.37	816.99		
Requirement @InSTS - Wind			44.17	41.89
Requirement @InSTS - Hydro			25.05	23.76
Requirement @InSTS - Distributed Renewable Energy			98.88	93.77
Requirement @InSTS - Other Renewable Energy			1,802.95	1,709.82
Total Renewable Power Obligation	**1,254.40**	**1,512.95**	**1,971.05**	**1,869.23**
Past Shortfall of Non-Solar		959.92	(436.95)	(462.84)
Past Shortfall of Solar		(636.14)		
Total Past Shortfall	**-**	**323.78**	**(436.95)**	**(462.84)**
RE Non-Solar Purchase for RPO	577.02	331.08		
RE Solar Purchase for RPO	677.37	1,002.16		
RE Procurement			1,451.45	1,451.45
Hydro Procurement from TPC-G			767.90	716.83
Total	**1,254.40**	**1,333.24**	**2,219.35**	**2,168.28**
Non-Solar Shortfall/(Surplus)		1,324.80		
Solar Shortfall/(Surplus)		(821.31)		
Cumulative RPO shortfall / (Surplus)*			(685.26)	(761.89)
Total Shortfall / (Surplus)	**-**	**503.49**	**(685.26)**	**(761.89)**

5.4.22 The Commission has approved the RE purchase in excess of RPO, as the purchase is from tied-up sources and the rates of power purchase are lower than the rates of purchase from other sources, thereby helping to reduce the average power purchase cost.

D. Power Purchase from Bilateral Sources

TPC-D's Submission

5.4.23 TPC-D has considered the balance power procurement after considering the power purchase from TPC-G and RE sources at Rs 5.07 per kWh based on the average cost of bilateral power purchase for six months (H1) of FY 2023-24.

Commission's Analysis and Ruling

5.4.24 The Commission has considered the power purchase from TPC-G and RE sources as detailed in the earlier paragraphs, and the remaining energy requirement has been considered for purchase from short-term sources. The Commission has considered the same rate of power purchase as submitted by TPC-D for FY 2024-25.

5.4.25 Vide Resolution dated 30 March, 2016, the MoP has issued Guidelines for short-term power procurement (beyond the stipulated minimum period) by Distribution Licensees through tariff-based bidding under Section 63 of the Electricity Act, 2003. In accordance with the Guidelines, TPC-D should procure all future short-term power only through the e-bidding portal. In accordance with the Guidelines, if the power procured and the Tariff determined are within the above blanket approval given by the Commission in the ARR, it will be considered to have been adopted by the Commission. In all other cases, TPC-D shall submit a Petition to the Commission for adoption of tariff as required under the Guidelines.

5.4.26 The summary of estimated quantum and cost of purchase from short-term sources as approved by the Commission is given in the Table below:

Table 5-24: Bilateral Power Purchase Quantum & Cost approved by the Commission for FY 2024-25

Power from Bilateral source	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh
MYT Order	603.47	214.74	3.56
MTR Order	1,342.02	688.46	5.13
TPC-D	2,310.13	1,170.77	5.07
Approved	1,904.50	965.20	5.07

E. Transmission Charges and MSLDC Charges

TPC-D's Submission

5.4.27 TPC-D submitted that it has considered the Transmission Charges for FY 2024-25 as approved by the Commission in the MTR Order as shown in the Table below.

Table 5-25: Transmission Charges and MSLDC Charges for FY 2024-25, as submitted by TPC-D (Rs. Crore)

Particulars	MTR Order	TPC-D
Transmission Charges	329.57	329.57
MSLDC Charges	1.09	1.09

Commission's Analysis and Ruling

5.4.28 The Commission has considered the Transmission Charges for TPC-D for FY 2024-25 as approved in the InSTS Tariff Order dated 31 March, 2023, in Case No. 284 of 2022. The Commission has considered the MSLDC Charges for TPC-D for FY

2024-25 as approved in the MSLDC Charges Order dated 31 March, 2023, in Case No. 233 of 2022.

5.4.29 The Transmission Charges and MSLDC Charges approved by the Commission for FY 2024-25 are as shown in the following Table:

Table 5-26: Transmission Charges and MSLDC Charges for TPC-D approved by the Commission for FY 2024-25(Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Transmission Charges	255.80	329.57	329.57	329.57
MSLDC Charges	1.39	1.09	1.09	1.09

F. Standby Charges

TPC-D's Submission

5.4.30 The Commission by its order dated 31.03.2023 in Case No. 225 of 2022 had directed to continue with the standby arrangement. The same has been challenged by TPC-D in Appeal No.369 of 2023 before Hon'ble APTEL.

5.4.31 TPC-D submitted it has issued a letter dated 03.01.2023 to MSEDCL for discontinuance of Standby Charges with effect from 1st April, 2023. In fact, this Commission has itself in its Order dated 07.02.2007 has directed MSEDCL to execute PPA with DISCOMs, including TPC-D, which makes that there is no contract between TPC-D and MSEDCL.

5.4.32 TPC-D further submitted that the standby arrangement of with MSEDCL was always an ad hoc/ temporary arrangement and was valid only for the period for which the distribution licensee (such as TPC-D) sought for such an arrangement. However, in view of the letter dated 03.01.2023 issued by the TPC-D, the Standby Arrangement stood revoked/extinguished w.e.f. 01.04.2023. In fact, the other distribution licensee i.e., Adani Electricity Mumbai Limited (AEML-D) has filed an Appeal bearing APL No 516 of 2023 before Hon'ble APTEL, challenging its tariff Order dated 31.03.2023 passed in Case No. 231 of 2022, wherein, AEML-D had raised the similar issue of arbitrary determination of Standby Charges the Commission. In this regard, the following developments during the proceedings of the APL No. 516 of 2023 are relevant:

(a) AEML-D had filed an Interim Application bearing IA No. 844 of 2023 seeking stay of the tariff Order passed by the Commission in case No. 231 of 2022, to the extent that AEML-D was directed to make payment of stand by charges to MSEDCL as per the previous orders of the Commission.

(b) Hon'ble APTEL *vide* its Order dated 26 September, 2023, has while disposing of the IA No. 844 of 2023, has directed this Commission to consider the issue pertaining to payment of stand by charges after giving all the parties involved an opportunity of being heard.

(c) However, in the interregnum, Hon'ble APTEL has set aside the direction of the Commission to the extent it related to payment of stand by charges for AEML-D.

5.4.33 Therefore, in view of such, categorical direction of the Hon'ble APTEL over the issue of Standby Charges, TPC-D has discontinued the Standby Arrangement, and therefore standby procurement has not been considered.

5.4.34 In this regard, TPC-D further submitted that the standby mechanism was envisaged at a time when the real time market was not developed. With the development of the real time market and the notification of the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism And Related Matters) Regulations, 2019, TPC-D would be able to manage power procurement in case a requirement so arises. The discontinuance of this mechanism will lead to a saving of around Rs. 100 Crores per year for the consumers of TPC-D, which will be in the interest of the consumers and in line with the scheme of section 61(d) of the Act.

Commission's Analysis and Ruling

5.4.35 The Commission notes that, in an Appeal No 516 of 2023 and IA No 844 of 2023 filed by AEML-D, the Hon'ble APTEL in its judgment dated 26 September, 2023 has granted stay to AEML-D in respect of payment of Standby Charges to MSEDCL. Further, Hon'ble APTEL has granted liberty to AEML-D to file Petition before the Commission in respect of payment of Standby Charges. AEML-D has filed the Case No 1 of 2024 pursuant to the said directions and the said Petition is presently pending before the Commission. In view of the pendency of the Petition, the Commission is provisionally not considering any payment towards Standby charges subject to the outcome Case No 1 of 2024 pending before the Commission.

G. Total Power Purchase Cost

TPC-D's Submission

5.4.36 The summary of power purchase quantum and cost for FY 2024-25 as projected by TPC-D is shown in the Table below:

Table 5-27: Total Power Purchase Quantum and Cost for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	MTR Order			TPC-D		
	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
Power Purchase from TPC-G	3,376.70	2,498.63	7.40	2,830.55	1,741.80	6.15
Non-Solar & Solar RPO Purchase+ REC	1,333.24	429.30	3.22	1,451.45	457.78	3.15
Bilateral + UI Purchase	1,342.02	688.46	5.13	2,310.13	1,170.77	5.07
MSLDC Charges		1.09			1.09	
Standby Charges		103.52			0.00	
Transmission Charges		329.57			329.57	
Total Power Purchase cost	**6,051.96**	**4,050.58**	**6.69**	**6,592.13**	**3,701.01**	**5.61**

Commission's Analysis and Ruling

5.4.37 The summary of power purchase quantum, cost and rate approved by the Commission for FY 2024-25 is as shown in the Table below:

Table 5-28: Total Power Purchase Quantum and Cost approved for FY 2024-25 (Rs. Crore)

Particulars	MYT Order			MTR Order			TPC-D			Approved		
	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate	Quantum	Cost	Rate
	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh	MU	Rs. Crore	Rs./kWh
TPC-G	3,866.99	1,843.41	4.77	3,376.70	2,498.63	7.40	2,830.55	1,741.80	6.15	2,895.66	1,789.76	6.18
Renewable	1,253.46	418.98	3.34	1,333.24	429.30	3.22	1,451.45	457.78	3.15	1,451.45	460.38	3.17
Bilateral	603.47	214.74	3.56	1,342.02	688.46	5.13	2,310.13	1,170.77	5.07	1,904.50	965.20	5.07
MSLDC		1.39			1.09			1.09			1.09	
Standby Charges		98.92			103.52			0.00			0.00	
Transmission Charges		255.80			329.57			329.57			329.57	
Total Power Purchase cost	**5.723.92**	**,2833.24**	**4.95**	**6,051.96**	**4,050.58**	**6.69**	**6,592.13**	**3,701.01**	**5.61**	**6,251.62**	**3,545.99**	**5.67**

5.5 OPERATION AND MAINTENANCE EXPENSES

TPC-D's Submission

5.5.1 TPC-D has computed the normative O&M expenses for the Wires Business and Supply Business in accordance with the MYT Regulations, 2019. TPC-D has considered the escalation rate of 5.87% same as that for FY 2022-23, and the normative O&M expenses for FY 2023-24 as the base O&M expenses. TPC-D has computed the escalation rate and arrived at the O&M expenses for FY 2024-25, as shown in the following Table:

Table 5-29: O&M Expenses for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	UOM	Wire		Retail	
		MTR Order	TPC-D	MTR Order	TPC-D
Normative O&M Expenses for FY 2023-24	Rs. Crore		136.41		125.47
Inflation Index for FY 2024-25	%		5.87%		5.87%
Normative O&M for FY 2024-25	Rs. Crore	141.13	144.42	129.80	132.82

Commission's Analysis and Ruling

5.5.2 Regulations 75 and 84 of the MYT Regulations, 2019 specify the methodology for determination of O&M expenses for the Control Period from FY 2020-21 to FY 2024-25 for the Wires Business and Supply Business, respectively.

5.5.3 In accordance with the MYT Regulations, the Commission has computed the normative O&M expenses for FY 2024-25, considering the normative O&M expenses approved in the provisional Truing-up for FY 2023-24, as the base O&M expenses, and considering the escalation rate for FY 2024-25, same as the escalation rate considered for Wire and Supply business respectively for FY 2022-23. The computation of approved normative O&M expenses for FY 2024-25 is shown in the Table below:

Table 5-30: Normative O&M Expenses for FY 2024-25 as approved by the Commission (Rs. Crore)

Particulars	UOM	Wire				Retail			
		MTR Order	MTR Order	TPC-D	Approved	MTR Order	MTR Order	TPC-D	Approved
Normative O&M Expenses - FY 2023-24	Rs. Crore			136.41	136.41			125.47	125.37
Inflation Index - FY 2024-25	%			5.87%	5.86%			5.87%	5.82%
Normative O&M - FY 2024-25	Rs. Crore	133.44	141.13	144.42	144.41	129.12	129.80	132.82	132.67

5.6 CAPITALISATION

TPC-D's Submission

5.6.1 TPC-D has submitted the revised capitalisation based on the estimated CAPEX and Capitalisation plan for FY 2024-25 s given in the Table below:

Table 5-31: Capitalisation for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
DPR Schemes	169.75	141.47	7.69	49.85
Non-DPR Schemes	25.00	25.00		3.50
Non-DPR/DPR Ratio	14.73%	17.67%	0.00%	7.02%
Total	**194.75**	**166.47**	**7.69**	**53.35**

Commission's Analysis and Ruling

5.6.2 The Commission has undertaken prudence check of the capitalisation considered against approved DPR schemes and Non-DPR Schemes. It is observed that TPC-D has claimed capitalisation of Rs. 169.75 Crore and Rs. 25 Crore against approved DPR Schemes and Non-DPR Schemes, respectively, for the Wires Business. Similarly, TPC-D has claimed capitalisation of Rs. 49.85 Crore and Rs. 3.50 Crore against approved DPR Schemes and Non-DPR Schemes, respectively, for the Supply Business. As the capitalisation claimed is against approved DPRs and the Non-DPR capitalisation is within 20% of the DPR capitalisation, the Commission has considered the capitalisation as submitted by TPC-D after prudence check, for the Wires Business and Supply Business.

5.6.3 It is to be noted that mere consideration of capital expenditure/capitalisation in this Order does not mean that the same is approved. No scheme shall be undertaken unless the same is approved by the Commission under the separate in-principle approval process or qualifies under Non-DPR scheme.

5.6.4 The capitalisation approved by the Commission for FY 2024-25 is summarised in the Table below:

Table 5-32: Capitalisation for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Capitalisation – Wires	87.96	194.75	166.47	166.47
Capitalisation – Retail	8.44	7.69	53.35	53.35
Total Capitalisation	**96.40**	**202.44**	**219.82**	**219.82**

5.7 DEPRECIATION

TPC-D's Submission

5.7.1 TPC-D has considered the Depreciation Rate same as the actual Depreciation Rate for FY 2022-23 for the Wires Business and Supply Business. Further, the opening GFA for FY 2024-25 has been considered same as the closing GFA for FY 2023-24. Accordingly, the estimated Depreciation for FY 2024-25 is as given in the Table below:

Table 5-33: Depreciation for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Opening GFA	3,258.44	3,243.66	284.40	287.56
Addition	194.75	166.47	7.69	53.35
Retirement		-		
Closing	3,453.19	3,410.12	292.09	340.91
Depreciation	156.24	154.48	23.88	25.71
Avg. Depreciation Rate	4.66%	4.64%	8.28%	8.18%

Commission's Analysis and Ruling

5.7.2 The Commission has computed the Depreciation for FY 2024-25 in accordance with Regulation 28 of the MYT Regulations, 2019 for the Wires Business and Supply Business, separately.

5.7.3 The Commission has considered the closing GFA for FY 2023-24 as approved in this Order, as the opening GFA for FY 2024-25. The addition of GFA during FY 2024-25 has been considered equivalent to the capitalisation approved. The Depreciation has been computed on the average GFA for the year by applying the weighted average Depreciation rate as approved for FY 2022-23 in this Order.

5.7.4 The Depreciation approved by the Commission for the Wires Business and Supply Business for FY 2024-25 is as shown in the Table below:

Table 5-34: Depreciation for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Opening GFA	3080.50	3,258.44	3,243.66	3,236.02	273.96	284.40	287.56	288.06
Addition	87.96	194.75	166.47	166.47	8.44	7.69	53.35	53.35
Retirement								
Closing	3168.46	3,453.19	3,410.12	3,402.49	282.40	292.09	340.91	341.41
Depreciation	144.12	156.24	154.48	154.36	12.83	23.88	25.71	25.40
Avg. Depreciation Rate	4.61%	4.66%	4.64%	4.65%	4.61%	8.28%	8.18%	8.07%

5.8 INTEREST ON LONG-TERM LOAN

TPC-D's Submission

5.8.1 TPC-D has considered the closing balance of loan for FY 2023-24, as the opening balance of loan for FY 2024-25. The repayment has been considered equal to the Depreciation for the year. The rate of interest has been considered equal to the interest rate considered for FY 2022-23. The addition to loan has been considered as 70% of the proposed capitalisation for the year. Accordingly, the Interest on Long Term Loans for the Wires Business and Supply Business for FY 2024-25 works out as shown in the Table below:

Table 5-35: Interest on Long-Term Loan for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Opening Balance of Loan	800.79	794.56	47.31	60.59
Drawals during the year	136.33	116.53	5.38	37.35
Loan Repayment during the year	156.24	154.48	23.88	25.71
Closing Balance of Loan	780.88	756.61	28.81	72.23
Interest Rate	7.43%	7.92%	7.43%	7.92%
Total Interest & Finance Charges	58.74	61.40	2.83	5.26

Commission's Analysis and Ruling

5.8.2 The closing loan for FY 2023-24 as approved in the provisional Truing-up for FY 2023-24 in this Order has been considered as the opening loan for FY 2024-25. The Commission has considered the debt amount for FY 2024-25 equal to 70% of the capitalisation approved. The loan repayments have been considered equal to the depreciation approved for the respective years, in accordance with Regulation 30 of the MYT Regulations, 2019. The interest rate has been considered equal to the rate of interest considered for FY 2022-23 i.e. 7.91% and the interest on long-term loan has been computed on the normative average loan, as per MYT Regulations.

5.8.3 The Interest on Long Term Loans approved by the Commission for FY 2024-25 is summarised in the Table below:

Table 5-36: Interest on Long-Term Loan for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Opening Balance of Loan	669.26	800.79	794.56	794.64	64.14	47.31	60.59	61.10
Drawals during the year	61.57	136.33	116.53	116.53	5.91	5.38	37.35	37.35
Loan Repayment during the year	144.12	156.24	154.48	154.36	12.83	23.88	25.71	25.40
Closing Balance of Loan	586.71	780.88	756.61	756.80	57.22	28.81	72.23	73.05
Interest Rate	8.42%	7.43%	7.92%	7.91%	8.42%	7.43%	7.92%	7.91%
Total Interest & Finance Charges	52.86	58.74	61.40	61.36	5.11	2.83	5.26	5.31

5.9 INTEREST ON WORKING CAPITAL

TPC-D's Submission

5.9.1 TPC-D has computed the Interest on Working Capital Loans in accordance with Regulations 32.3 and 32.4 of the MYT Regulations, 2019. The rate of interest of

10.05% has been considered, which is the interest rate prevalent on the date of filing of this Petition.

5.9.2 For the Supply Business, the Security Deposit is considered same as considered by the Commission in MTR Order for FY 2024-25. Also, the power purchase from TPC-G has been subtracted while working out the normative working capital requirement. Accordingly, the estimated IoWC for the Wires Business and Supply Business for FY 2024-25 is given in the Table below:

Table 5-37: Interest on Working Capital for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
O&M Expenses for one month	11.75	12.03	10.82	11.07
Maintenance spares at 1% of opening GFA	32.58	32.44	2.84	2.88
One and half months of the expected Revenue from Distribution Business	85.09	82.69	595.99	570.22
Less:				
Amount of Security Deposit			427.59	300.34
One Month Equivalent of Cost of Power (excluding cost of purchase from TPC-G)			129.32	153.14
Total Working Capital requirement	129.43	127.16	52.74	130.68
Rate of Interest (% p.a)	9.55%	10.05%	9.55%	10.05%
Interest on Working Capital	12.36	12.78	5.04	13.13

Commission's Analysis and Ruling

5.9.3 The Commission has computed the IoWC for the Wires Business and Supply Business in accordance with Regulations 32.3 and 32.4 of the MYT Regulations, 2019.

5.9.4 The Commission has considered the rate of interest for computation of IoWC as 10.05% considering the applicable MCLR of SBI plus 150 basis points, in accordance with the MYT Regulations, 2019. The amount of CSD for Retail Supply consumers has been considered based on the CSD estimated based on two months revenue as per Supply Code Regulations and deducting the same by CSD given in the form of Bank Guarantee in proportion to the bank guarantee submitted for FY 2022-23 against the total CSD amount. The IoWC as approved by the Commission for the Wires and the Supply Business for FY 2024-25 is shown in the Table below:

Table 5-38: Interest on Working Capital for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
O&M Expenses for one month	11.12	11.76	12.03	12.03	10.76	10.82	11.07	11.06

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Maintenance spares at 1% of opening GFA	30.81	32.58	32.44	32.36	2.74	2.84	2.88	2.88
One and half months of the expected Revenue from Distribution Business	61.85	85.09	82.69	101.75	377.18	595.99	570.22	590.88
Less:								
Amount of Security Deposit					184.60	427.59	300.34	706.96
One Month Equivalent of Cost of Power (excluding cost of purchase from TPC-G)					74.24	129.32	153.14	136.23
Total Working Capital requirement	103.77	129.44	127.16	146.15	131.84	52.74	130.68	-
Rate of Interest (% p.a)	9.50%	9.55%	10.05%	10.05%	9.50%	9.55%	10.05%	9.30%
Interest on Working Capital	9.86	12.36	12.78	14.69	12.52	5.04	13.13	-

5.10 INTEREST ON CONSUMER SECURITY DEPOSIT (CSD)

TPC-D's Submission

5.10.1 TPC-D has considered the rate of interest equal to the RBI Bank Rate at the time of filing the Petition, which is 6.75%. Accordingly, considering the CSD amount and the applicable Interest Rate, the estimated Interest on CSD has been computed for FY 2024-25, as shown in the Table below:

Table 5-39: Interest on CSD for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Supply Business	
	MTR Order	TPC-D
Security Deposit	427.59	300.34
Interest Rate on Security Deposit	6.15%	6.75%
Interest on Consumer Security Deposit	26.30	20.27

Commission's Analysis and Ruling

5.10.2 For approving the Interest on CSD, the Commission has considered the rate of 6.75%, which is the RBI Bank Rate as on date of filing the Petition and also as on 1 April 2023. Also, as per Regulations 30.11 of MYT Regulations 2019 states that Bank Rate as on 1 April of the Financial year is required to be considered.

5.10.3 The Commission has considered the amount of Security Deposit with an escalation of 10% on the Security deposit as on FY 2023-24 as provided by TPC-D and not on the amount considered for IoWC computations. Accordingly, the Interest on CSD approved by the Commission for FY 2024-25 is shown in the Table below:

Table 5-40: Interest on CSD for the Supply Business for FY 2024-25 (Rs. Crore)

Particulars	Supply Business			
	MYT Order	MTR Order	TPC-D	Approved
Interest on Consumer Security Deposit	9.97	26.30	20.27	21.02

5.11 RETURN ON EQUITY

TPC-D's Submission

5.11.1 TPC-D has computed the Return on Equity for the Distribution Wires Business and the Retail Supply Business according to the provisions of Regulation 29 of the MYT Regulations, 2019. The Return on Equity has been computed on the opening equity for each financial year and on 50% of the equity portion of projected capitalisation during the year. TPC-D has considered 30% equity contribution for the capitalisation proposed for FY 2024-25. TPC-D projected the Return on Equity for FY 2024-25 for the Wires Business and Supply Business as given in the Table below:

Table 5-41: Return on Equity for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business		Supply Business	
	MTR Order	TPC-D	MTR Order	TPC-D
Regulatory Equity at the beginning of the year	982.57	978.13	85.51	86.46
Capitalised Assets during the year	194.75	166.47	7.69	53.35
Equity portion of expenditure on Capitalized Assets	58.43	49.94	2.31	16.01
Less: Equity portion of the asset decapitalized		-		-
Regulatory Equity at the end of the year	1,040.99	1,028.07	87.82	102.46
Rate of ROE	14.00%	14.00%	15.50%	15.50%
Total Return on Regulatory Equity	141.65	140.43	13.43	14.64

Commission's Analysis and Ruling

5.11.2 For computation of RoE for FY 2024-25, the Commission has considered the closing balance of Equity for Wires Business and Supply Business for FY 2023-24 as approved in this Order, as the opening equity for FY 2024-25. RoE has been computed considering the opening equity for the respective year and 50% of the asset addition during the year, by considering the normative equity as 30% of the capitalisation. The base rate of RoE has been considered as 14% and 15.5% for the Wires Business and Supply Business, respectively. The base rate of RoE has to be grossed up by the effective tax rate. Regulation 34.4 of the MYT Regulations specifies as under:

"34.4 The effective tax rate shall be considered on the basis of actual tax paid in respect of financial year in line with the provisions of the relevant Finance Acts by the concerned Generating Company or Licensee or MSLDC, as the case may be:

…

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.**" **(emphasis added)

5.11.3 Hence, the effective tax rate of '0%' considered for FY 2022-23, i.e., the latest year of Truing-up, has been considered for grossing up the base rate of RoE for FY 2024-25.

5.11.4 The pre-tax RoE approved by the Commission for the Wires Business and Supply Business for FY 2024-25 is shown in the Table below:

Table 5-42: Return on Equity for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Regulatory Equity at the beginning of the year	929.19	982.57	978.13	975.84	82.38	85.51	86.46	86.61
Capitalised Assets during the year	87.96	194.75	166.47	166.47	8.44	7.69	53.35	53.35
Equity portion of expenditure on Capitalized Assets	26.39	58.43	49.94	49.94	2.53	2.31	16.01	16.01
Less: Equity portion of the asset decapitalized			-	-			-	-
Regulatory Equity at the end of the year	955.57	1,040.99	1,028.07	1,025.78	84.91	87.82	102.46	102.61
Rate of ROE	16.964%	14.00%	14.00%	14.00%	18.78%	15.50%	15.50%	15.50%
Total Return on Regulatory Equity	159.87	141.65	140.43	140.11	15.71	13.43	14.64	14.66

5.12 PROVISION FOR BAD AND DOUBTFUL DEBTS

TPC-D's Submission

5.12.1 TPC-D has not considered any provision towards Bad and Doubtful Debts for FY 2024-25.

Commission's Analysis and Ruling

5.12.2 As TPC-D has not projected any provisioning for Bad and Doubtful Debts, the Commission has also not considered provisioning for Bad and Doubtful Debts for FY 2024-25.

5.13 CONTRIBUTION TO CONTINGENCY RESERVE

TPC-D's Submission

5.13.1 TPC-D has considered Nil Contribution to Contingency Reserves for the Wires Business as approved by the Commission in the MYT Order. For the Supply Business, TPC-D has computed the Contribution to Contingency Reserves under Regulation 35 of the MYT Regulations, 2019. Accordingly, the estimated Contribution to Contingency Reserves for FY 2024-25 for the Supply Business is provided in the Table below:

Table 5-43: Contribution to Contingency Reserve for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Supply Business	
	MTR Order	TPC-D
Opening Balance of GFA	284.40	287.56
% Contribution	0.25%	0.25%
Contribution to Contingency Reserves	0.71	0.72

Commission's Analysis and Ruling

5.13.2 The Commission has not considered Contribution to Contingency Reserve for the Wires Business for FY 2024-25, in line with the approval given in the MYT/MTR Order. For the Supply Business, the Commission has computed the Contribution to Contingency Reserves at 0.25% of the opening GFA based on the capitalisation approved for FY 2024-25 in accordance with the MYT Regulations, 2019 as shown in the Table below:

Table 5-44: Contribution to Contingency Reserve for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT Order	MTR Order	TPC-D	Approved	MYT Order	MTR Order	TPC-D	Approved
Opening Balance of GFA		3,258.44	3,243.66	3,236.02	273.96	284.40	287.56	288.06
% Contribution		0.00%	0.00%	0.00%	0.25%	0.25%	0.25%	0.25%
Contribution to Contingency Reserves	-	-	-	-	0.68	0.71	0.72	0.72

5.14 DSM EXPENDITURE

TPC-D's Submission

5.14.1 TPC-D has considered the DSM expenses of Rs 0.52 Crore for FY 2024-25 as approved in the MTR Order.

Commission's Analysis and Ruling

5.14.2 Based on TPC-D's submission, the Commission has considered the DSM expenses of Rs 0.52 Crore for FY 2024-25.

5.15 NON-TARIFF INCOME

TPC-D's Submission

5.15.1 TPC-D has projected the Non-Tariff Income of Rs. 13.57 Crores towards Supply Business and Rs 6.24 Crores for Wire Business as approved in the MTR Order for FY 2024-25.

Commission's Analysis and Ruling

5.15.2 Based on the past approach, the Commission has considered an increase of 5% and 10% with escalation for every further year, respectively, for the Wires Business and Supply Business, over the estimated NTI for FY 2023-24. Accordingly, the Commission approves the NTI for FY 2024-25, as shown in the following Table:

Table 5-45: Non-Tariff Income for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Order	TPC-D	Approved
Non-Tariff Income – Combined	7.80	19.81	19.81	13.86
Wire Business	5.37	6.24	6.24	5.08
Supply Business	2.43	13.57	13.57	8.78

5.16 AGGREGATE REVENUE REQUIREMENT FOR FY 2024-25

TPC-D's Submission

5.16.1 The summary of the ARR for the Wires and the Supply Business for FY 2024-25 is given in the Tables below:

Table 5-46: ARR for Wires Business for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Wire Business	
	MTR Order	TPC-D
Operation & Maintenance Expenses	141.13	144.42
Depreciation	156.24	154.48
Interest on Loan Capital	58.74	61.40
Interest on Working Capital	12.36	12.78
Interest on deposit from Consumers and Distribution System Users	-	-
Provision for bad and doubtful debts	-	-
Contribution to contingency reserves	-	-
Total Revenue Expenditure	**368.47**	**373.07**
Add: Return on Equity Capital	141.65	140.43
Aggregate Revenue Requirement	**510.12**	**513.50**
Less: Non-Tariff Income	6.24	6.24
Less: Income from OA consumers	24.39	25.28

Particulars	Wire Business	
	MTR Order	TPC-D
Aggregate Revenue Requirement from Distribution Wires	**479.49**	**481.98**

Table 5-47: ARR for Supply Business for FY 2024-25 as submitted by TPC-D (Rs. Crore)

Particulars	Supply Business	
	MTR Order	TPC-D
Power Purchase Expenses	3,616.39	3,370.35
Operation & Maintenance Expenses	129.80	132.82
Depreciation	23.88	25.71
Interest on Loan Capital+ Other Finance Charges	2.83	5.26
Interest on Working Capital	5.04	13.13
Interest on Consumer Security Deposit	26.30	20.27
Contribution to contingency reserves	0.71	0.72
Intra-State Transmission Charges	329.57	329.57
MSLDC Fees & Charges	1.09	1.09
Stand By charges	103.52	-
DSM Expense	0.52	0.52
Total Revenue Expenditure	**4,239.65**	**3,899.45**
Add: Return on Equity Capital	13.43	14.64
Aggregate Revenue Requirement	**4,253.08**	**3,914.09**
Less: Non-Tariff Income	13.57	13.57
Less: Receipts on account of Cross-Subsidy Surcharge	39.18	32.44
Aggregate Revenue Requirement from Retail Supply	**4,200.32**	**3,868.08**

Commission's Analysis and Ruling

5.16.2 Based on the components of the ARR approved in the above paragraphs, the Commission has approved the ARR for the Wires and the Supply Business for FY 2024-25 as shown in the Tables below:

Table 5-48: ARR for Wires Business for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Wire Business			
	MYT Order	MTR Order	TPC-D	Approved
Operation & Maintenance Expenses	133.44	141.13	144.42	144.41
Depreciation	144.12	156.24	154.48	154.36
Interest on Loan Capital	52.86	58.74	61.40	61.36
Interest on Working Capital	9.86	12.36	12.78	14.69
Interest on deposit from Consumers and Distribution System Users	-	-	-	-
Provision for bad and doubtful debts	-	-	-	-
Contribution to contingency reserves	-	-	-	-
Total Revenue Expenditure	**340.28**	**368.47**	**373.07**	**374.82**

Particulars	Wire Business			
	MYT Order	MTR Order	TPC-D	Approved
Add: Return on Equity Capital	159.87	141.65	140.43	140.11
Aggregate Revenue Requirement	**500.15**	**510.12**	**513.50**	**514.93**
Less: Non-Tariff Income	5.37	6.24	6.24	5.08
Less: Income from OA consumers	-	24.39	25.28	35.64
Aggregate Revenue Requirement from Distribution Wires	**494.78**	**479.49**	**481.98**	**474.21**

Table 5-49: ARR for Supply Business for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Supply Business			
	MYT Order	MTR Order	TPC-D	Approved
Power Purchase Expenses	2477.14	3,616.39	3,370.35	3,215.34
Operation & Maintenance Expenses	129.12	129.80	132.82	132.67
Depreciation	12.83	23.88	25.71	25.40
Interest on Loan Capital+ Other Finance Charges	5.11	2.83	5.26	5.31
Interest on Working Capital	12.52	5.04	13.13	-
Interest on Consumer Security Deposit	9.97	26.30	20.27	21.02
Contribution to contingency reserves	0.68	0.71	0.72	0.72
Intra-State Transmission Charges	255.80	329.57	329.57	329.57
MSLDC Fees & Charges	1.39	1.09	1.09	1.09
Stand By charges	98.92	103.52	-	-
DSM Expense	0.68	0.52	0.52	0.52
Total Revenue Expenditure	**3004.15**	**4,239.65**	**3,899.45**	**3,731.62**
Add: Return on Equity Capital	15.71	13.43	14.64	14.66
Aggregate Revenue Requirement	**3019.86**	**4,253.08**	**3,914.09**	**3,746.29**
Less: Non-Tariff Income	2.43	13.57	13.57	8.78
Less: Receipts on account of Cross-Subsidy Surcharge	-	39.18	32.44	44.69
Aggregate Revenue Requirement from Retail Supply	**3017.43**	**4,200.32**	**3,868.08**	**3,692.82**

Table 5-50: ARR for Distribution Business for FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	Distribution Business			
	MYT Order	MTR Order	TPC-D	Approved
Power Purchase Expenses	2,477.14	3,616.39	3,370.35	3,215.34
Operation & Maintenance Expenses	262.56	270.94	277.24	277.08
Depreciation	156.95	180.12	180.19	179.76
Interest on Loan Capital+ Other Finance Charges	57.97	61.57	66.65	66.66
Interest on Working Capital	22.38	17.40	25.91	14.69
Interest on Consumer Security Deposit	9.97	26.30	20.27	21.02
Contribution to contingency reserves	0.68	0.71	0.72	0.72
Intra-State Transmission Charges	255.80	329.57	329.57	329.57

Particulars	Distribution Business			
	MYT Order	**MTR Order**	**TPC-D**	**Approved**
MSLDC Fees & Charges	1.39	1.09	1.09	1.09
Stand By charges	98.92	103.52	-	-
DSM Expense	0.68	0.52	0.52	0.52
Total Revenue Expenditure	**3,344.44**	**4,608.12**	**4,272.52**	**4,106.44**
Add: Return on Equity Capital	175.57	155.08	155.08	154.78
Aggregate Revenue Requirement	**3520.01**	**4,763.20**	**4,427.59**	**4,261.22**
Less: Non-Tariff Income	7.80	19.81	19.81	13.86
Less: Income from OA consumers		24.39	25.28	35.64
Less: Receipts on account of Cross-Subsidy Surcharge		39.18	32.44	44.69
Aggregate Revenue Requirement of Combined Distribution business	**3,512.21**	**4,679.82**	**4,350.06**	**4,167.03**

6 CUMULATIVE REVENUE GAP, TARIFF PHILOSOPHY AND CATEGORY-WISE TARIFFS FOR FY 2024-25

6.1 CUMULATIVE PAST RECOVERIES TILL FY 2022-23

TPC-D's Submission

A. Approved Past Gap /(Surplus) in Case No 225 of 2022

6.1.1 The Commission has allowed Rs 861.56 Crores towards cumulative Gap / (Surplus) including provisional gap /(Surplus) for FY 2022-23 which is to be recovered during FY 2023-24 and FY 2024-25.

B. Standalone Gap / (Surplus) for FY 2022-23

6.1.2 The Commission in its MTR Order in Case No 225 of 2022 has approved provisional Gap of Rs 8.06 Crores for wire business and Rs 664.77 Crores for Supply Business. However, the actual Gap for Truing up of FY 2022-23, has worked out Rs 42.84 Crores for wire business and 909.41 Crores for Supply Business. Based on the same the incremental Gap / (Surplus) for FY 2022-23 is computed as follows:

Table 6-1: Incremental Revenue Gap / (Surplus) for FY 2022-23 as submitted by TPC-D (Rs. Crore)

Sr. No.	Particulars	Wire Business		Supply Business	
		MTR	Revised	MTR	Revised
1	Standalone Net ARR	434.93	448.50	4196.47	4330.72
2	Less: Standalone Revenue from Tariff	426.88	405.66	3531.70	3421.31
3=1-2	Revenue Gap/(Surplus)	8.06	42.84	664.77	909.41
4	Gap already approved in MTR Tariff Order		8.06		664.77
5	**Net Incremental Revenue Gap/(Surplus)**		**34.78**		**244.64**

Commission's Analysis and Ruling

6.1.3 With respect to the cumulative gap of Rs 930.68 Crores (accumulated gap of Rs. 861.56 Crore and Rs. 69.12 Crore of carrying cost), the Commission has allowed to recover Rs. 172.41 Crore of the gap in FY 2023-24 and balance Rs. 758.27 Crore in FY 2024-25 in MTR Order in Case No. 225 of 2022. However, it was observed that since the said MTR order was set aside by the Hon'ble APTEL, TPC-D has not claimed the same in FY 2023-24 and has claimed the total amount in FY 2024-25 along with the carrying cost.

6.1.4 Further, as elaborated in Chapter 3 of this Order, the Commission had determined provisional Revenue Gap of Rs. 8.06 Crore for the Wires Business and Rs. 664.77 Crore for the Supply Business for FY 2022-23 in the MTR Order. The Commission has now approved Revenue Gap of Rs. 42.45 Crore for the Wires Business and Rs. 905.26 Crore for the Supply Business, after Truing-up for FY 2022-23 in this Order.

6.1.5 The following Table shows the Incremental Revenue Gap/(Surplus) approved by the Commission after Truing-up for FY 2022-23:

Table 6-2: Incremental Revenue Gap/(Surplus) for FY 2022-23 as approved by the Commission (Rs. Crore)

Sr. No	Particulars	Wire Business			Supply Business		
		MTR	TPC-D	Approved	MTR	TPC-D	Approved
1	Standalone Net ARR	434.93	448.50	446.65	4196.47	4330.72	4327.82
2	Less: Standalone Revenue from Tariff	426.88	405.66	405.66	3531.70	3421.31	3421.31
3=1-2	**Revenue Gap/(Surplus)**	**8.06**	42.84	**41.00**	**664.77**	909.41	**906.51**
4	Gap already approved in MTR Tariff Order		8.06	8.06		664.77	664.77
5	**Net Incremental Revenue Gap/(Surplus)**		**34.78**	**32.94**		**244.64**	**241.75**

6.2 PROVISIONAL GAP / (SURPLUS) FOR FY 2023-24

TPC-D's Submission

6.2.1 The Commission while computing the total ARR requirement for FY 2023-24 has also considered the part recovery of the provisional Gap to be recovered during the year FY 2023-24. The total past Gap approved for wire business was Rs 44.92 Crores while Gap approved for Supply Business was Rs 127.49 Crores including the carrying cost on the same. TPC-D has levied tariff for FY 2023-24 as per the MYT Tariff Order 326 of 2020 dated 30 March, 2020 (except for first three months). In view of the same, TPC-D has not considered the revenue recovery of Rs 44.92 Crores towards wire business and Rs 127.49 Crores for Supply Business in the year FY 2023-24.

6.2.2 Further, the Commission post issuance of the tariff Order has also issued a Corrigendum in Case No 225 of 2022 dated 21st April, 2023. In the Corrigendum Order, the Commission has allowed certain corrections out of which following corrections have been considered while computing the total ARR requirement for the FY 2023-24:

A. Corrections related share of Revenue Surplus of TPC-G

6.2.3 The Commission while computing the total revenue requirement has not considered the revenue surplus of Rs 215.61 Crore to be passed on to TPC-D in the year FY

2023-24. The extract of the corrigendum order is as follows:

"However, by oversight, TPC-D's share of Revenue Surplus of TPC-G, amounting to Rs. 215.61 Crore (148.51 + 67.10), has not been considered in the Supply ARR of TPC-D."

B. Corrections related refund of Standby Charges by TPC-G

6.2.4 The Commission has approved the following impact of refund related to Standby charges by TPC-G.

"Hence, TPC-D's ARR for FY 2023-24 is overstated by the net amount of Rs. 20.91 Crore [21.78 + (21.78-22.65)]."

6.2.5 As seen from the above, the Commission has overstated the net ARR for FY 2024-25 by Rs 20.91 Crore. However, according to TPC-D the total amount towards Standby Charges is Rs 26.50 Crores as included in the MYT Order. Further, this amount is to be refunded in FY 2020-21, hence, TPC-D has also considered the carrying cost of Rs 5.85 Crore on the same.

6.2.6 The total impact of the Corrigendum Order issued by the Commission in respect of MTR Order is Rs 247.96 Crore.

6.2.7 Based on the above, a) Total provisional Gap /(Surplus) for FY 2023-24 b) Past Gap/(Surplus) allowed by the Commission in its MTR Order c) Corrections related to TPC-G towards surplus revenue and d) Corrections related to standby charges from TPC-G, the total revenue requirement for FY 2023-24 works out as follows:

Table 6-3: Revenue Gap / (Surplus) for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Sr. No.	Particulars	Wire Business		Supply Business	
		MTR	**Revised**	**MTR**	**Revised**
1	Net ARR approved	502.73	461.42	3432.76	3621.32
3	Impact of Corrigendum Order in Case No 225 of 2022				(247.96)
3=1+2	**Total ARR allowed**	**502.73**	**461.42**	**3432.76**	**3373.35**
4	Less: Standalone Revenue from Tariff		435.78		3674.97
5=3-4	**Net Incremental Revenue Gap/(Surplus)**		**25.64**		**(301.61)**

Commission's Analysis and Ruling

6.2.8 The Commission had issued Corrigendum pursuant to issuance of MTR Order and has allowed TPC-D to claim refund of Rs 215.61 Crore related to TPC-G and overstated amount of Standby Charges along with Carrying Cost. Accordingly, the amount considered while computing Gap/Surplus for FY 2023-24 is as shown below:

Table 6-4: Impact of Corrigendum issued in Case No 225 of 2022 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Rs Crore
1	TPC-G refund as per MTR Order dated 31 March 2023 issued in Case No. 221 of 2022 for TPC-G	215.61
2	Overstated amount of Standby Charges to the tune of Rs 26.50 Crores to be considered in FY 2020-21	26.50
3	Carrying Cost on the Standby Charges	5.85
4= 1+2+3	**Total Impact**	**247.96**

6.2.9 Further, the Commission has not considered total past Gap approved for Wire business of Rs 44.92 Crores and Supply Business of Rs 127.49 Crores in FY 2023-24 as the tariff as of MTR Order which considered the recovery of the said amount was stayed by Hon'ble APTEL. However, the Commission has considered the said recovery in FY 2024-25.

6.2.10 As elaborated in Section 4 of this Order, the Commission has approved Revenue Gap of Rs. 36.88 Crore and Rs. 28.20 Crore for the Wires Business and Supply Business, respectively, after provisional Truing-up for FY 2023-24 in this Order. The approved Revenue Gap/(Surplus) after provisional Truing-up for FY 2023-24 is shown in the Table below:

Table 6-5: Provisional Revenue Gap / (Surplus) approved for FY 2023-24 (Rs. Crore)

Particulars	Wire Business				Supply Business			
	MYT	MTR	TPC-D	Approved	MYT	MTR	TPC-D	Approved
Net ARR approved	487.89	478.93	461.42	460.91	2,886.54	4,011.93	3621.32	3,511.57
Gap as approved in MTR Order		44.92				127.49		
Impact of Corrigendum Order in Case No 225 of 2022						21.78	(247.96)	(247.96)
Total ARR allowed	**487.89**	**523.85**	**461.42**	**460.91**	**2,886.54**	**4,161.20**	**3.373.35**	**3,263.61**
Less: Standalone Revenue from Tariff	446.89	425.27	435.78	424.03	2,919.62	4,260.28	3.674.97	3,235.41
Net Incremental Revenue Gap/(Surplus)	**41.00**	**98.58**	**25.64**	**36.88**	**(33.08)**	**(99.08)**	**(301.61)**	**28.20**

6.3 CUMULATIVE GAP / (SURPLUS) OF DISTRIBUTION WIRES & RETAIL SUPPLY BUSINESS ALONG WITH CARRYING COST

TPC-D's Submission

6.3.1 TPC-D has considered the rate of interest for computation of Carrying Cost on the cumulative Gap / (Surplus) equal to the weighted average one-year Marginal Cost of Funds-based Lending Rate (MCLR) during the year plus 150 basis points, in accordance with the MYT Regulations, 2019. Based on the above submissions, the total past Gap / (Surplus) which needs to be adjusted in future Tariff is as computed in the Table below:

Table 6-6: Carrying Cost on Incremental Gap/(Surplus) as submitted by TPC-D (Rs. Crore)

Sr. No.	Particulars	Wire Business		Supply Business	
		FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24
1	Opening Balance	0.00	34.78	0.00	244.64
2	Addition of revenue gap/(surplus) during year	34.78	25.64	244.64	(301.61)
3	Recovery of revenue gap/(surplus) during year	0.00	0.00	0.00	0.00
4	Closing Balance	34.78	60.43	244.64	(56.97)
5	Rate of Interest (%)	9.30%	10.05%	9.30%	10.05%
6	**Incremental Carrying cost**	**1.62**	**4.78**	**11.37**	**9.43**

Table 6-7: Incremental Carrying Cost for FY 2023-24 as submitted by TPC-D (Rs. Crore)

Sr. No.	Particulars	Wire Business	Supply Business	Total
1	Opening Balance	260.89	893.09	1153.98
2	Addition of revenue gap/(surplus) during year	25.64	-301.61	-275.97
3	Recovery of revenue gap/(surplus) during year	0.00	0.00	0.00
4=1+2-3	Closing Balance	286.53	591.48	878.01
5	Rate of Interest (%)	9.30%	9.30%	9.30%
6	**Incremental Carrying cost**	**25.45**	**69.02**	**94.48**

Table 6-8: Cumulative Gap / (Surplus) as submitted by TPC-D (Rs. Crore)

Sr. No	Particulars	Wires	Supply	Total
1	Incremental Gap/(Surplus) – FY 2019-20	6.22	(100.45)	(94.22)
2	Gap/(Surplus) – FY 2020-21	126.33	(296.42)	(170.09)
3	Gap/(Surplus) – FY 2021-22	57.29	322.54	379.83
4	Gap/(Surplus) – FY 2022-23	8.06	664.77	672.82
5	Addition due to Past Gap/(Surplus) allowed through Review Orders	2.10	49.92	52.02
6	Total Carrying Cost	44.08	19.36	63.44
7	Refund from TPC-G		(22.65)	(22.65)
8	Refund of RAC over-recovery	(19.59)		(9.59)
9 =1 to 8	**Cumulative Revenue Gap/(Surplus) allowed in the MTR Tariff Order till FY 2022-2**	**224.49**	**637.08**	**861.56**
10	Incremental Gap / (Surplus) for FY 2022-23	34.78	244.64	279.43
11	Incremental Carrying Cost for FY 2022-23	1.62	11.37	12.99
12=9+10+11	**Cumulative Revenue Gap/(Surplus)till FY 2022-23 with incremental impact**	**260.89**	**893.09**	**1153.98**

Sr. No	Particulars	Wires	Supply	Total
12	Incremental Gap / (Surplus) for FY 2023-24	25.64	(301.61)	(275.97)
13	Incremental Carrying Cost for FY 2023-24	25.45	69.02	94.48
14=12+13	**Total Past Recovery Upto FY 2023-24**	**311.99**	**660.50**	**972.49**
15	**Total Past Recovery proposed to recover in FY 2024-25**	**155.99**	**660.50**	**816.49**

6.3.2 TPC-D submitted that the cumulative past recovery of Rs. 311.99 Crore for wire business of TPC-D is significantly higher on account of lower amount of wheeling ARR recovery in FY 2022-23 and FY 2023-24. The same has been acknowledged by the Commission in its Corrigendum order of TPC-D in Case No. 225 of 2022. If TPC-D recovered the total amount during the FY 2024-25 it will cause a significant increase of wheeling charges compared to the wheeling charges levied in the year FY 2023-24. There will be an increase in wheeling tariff in the range of 5% to 80% in the year FY 2024-25. In view of this, in order to avoid the tariff shock to the consumers, TPC-D has requested the Commission to allow recovery of the cumulative past gap of Wires Business in two years instead of recovering the entire amount in FY 2024-25.

6.3.3 TPC-D has submitted that the net Gap to be adjusted for the Distribution Wires Business in the Tariff of FY 2024-25 is Rs. 311.99 Crore out of which TPC-D has considered Rs 155.99 Crore whereas the net Gap to be recovered in the Tariff for the Retail Supply Business is Rs. 660.50 Crore. The total Gap to be recovered in tariff of FY 2024-25 is Rs 816.49 Crore.

Commission's Analysis and Ruling

6.3.4 The Commission has considered the interest rate for computation of Carrying/(Holding) cost on the amount of Gap/(Surplus) of any year based on the applicable rate of interest on working capital for that year, in accordance with the applicable MYT Regulations.

6.3.5 TPC-D in its submission dated 1 March, 2024 has submitted that the Commission vide its Order dated 22.01.2020 in MA No. 39 of 2019 in Case No. 7 of 2002, directed that the amount received by TPC-G under 'Take or Pay' obligation for FY 1998-99 and FY 1999-2000, shall be shared among the DISCOMs, who were taking power supply from TPC-G. As per the said Order amount towards Take or Pay was recoverable from AEML-D by TPC-G and needed to be adjusted among BEST, AEML-D and TPC-D which were taking power supply at that time. The amount recoverable from AEML-D was Rs 57.05 Crore. Thus, Net amount recoverable from AEML-D is Rs 40.49 Crores post adjustment of its share as a distribution utility (Rs 57.05 Crores minus Rs 16.56 Crores). In line with the same AEML-D had paid Rs 40.49 Crores and added the same in its Tariff Petition in Case No 231 of 2022 as power-purchase expenses. Accordingly, the Net amount of Rs 40.49 Crores received from AEML-D was shared between TPC-D amounting Rs 16.44 Crore and BEST amounting to Rs 23.96 Crore. Accordingly, TPC-D has requested to consider the said amount while computing revenue gap for FY 2024-25. The Commission notes the submission of TPC-D and has considered the amount of Rs 16.44 Crore including the Holding Cost from FY 2019-20 onwards till FY 2023-24 resulting to total adjustment of Rs. 23.22 Crore.

6.3.6 In respect of TPC-D's submissions to consider only 50% of the Gap towards Wires Business, the Commission is not inclined to accept the said submission of TPC-D as creation of Regulatory Asset as per National Tariff Policy and Electricity (Amendment) Rules, 2024, notified by MoP on 10 January 2024, is to be done only under natural calamity. The relevant extract of the said notification is as under:

> *"23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff.–*
> *The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff* ***except under natural calamity conditions:"***
> ***(emphasis added)***

6.3.7 The Commission notes that the present gap is due to stay of Tariff for FY 2023-24 sought by TPC-D itself and not on account of any natural calamity condition warranting deferment. The Commission in the Orders issued to other Utilities has also determined tariff to recover the entire ARR and not created any gap to be recovered in future. Also, for AEML-D and BEST, which is the parallel licensee, the Commission has not deferred any recovery beyond FY 2024-25. The Hon'ble APTEL in its judgment dated 28 November, 2014 in Appeal No 244 of 2013 has held that

> *"the State Commission should follow the same policy for all the Distribution Licensees especially where they have licence in common area of supply."*

6.3.8 Accordingly, the Commission has considered entire gap of Wires Business to be recovered in FY 204-25 only.

6.3.9 The Commission has considered the Carrying/(Holding) cost till FY 2024-25, as it is assumed that the recovery of these amounts will happen in the middle of FY 2024-25.

6.3.10 The Cumulative Gap/(Surplus) approved by the Commission for TPC-D till FY 2023-24, along with the associated Carrying/(Holding) cost, is shown in the Tables below:

Table 6-9: Approved Cumulative Gap/ (Surplus) of Wires Business (Rs. Crore)

Sr. No	Particulars	Wires	Supply	Total
1	Incremental Gap/(Surplus) – FY 2019-20	6.22	(100.45)	(94.22)
2	Gap/(Surplus) – FY 2020-21	126.33	(296.42)	(170.09)
3	Gap/(Surplus) – FY 2021-22	57.29	322.54	379.83
4	Gap/(Surplus) – FY 2022-23	8.06	664.77	672.82
5	Addition due to Past Gap/(Surplus) allowed through Review Orders	2.10	49.92	52.02
6	Total Carrying Cost	44.08	19.36	63.44
7	Refund from TPC-G		(22.65)	(22.65)
8	Refund of RAC over-recovery	(19.59)		(19.59)
9 =1 to 8	**Cumulative Revenue Gap/(Surplus) allowed in the MTR Tariff Order till FY 2022-23**	**224.49**	**637.08**	**861.56**
10	Incremental Gap / (Surplus) for FY 2022-23	32.94	241.75	274.69
11	Incremental Carrying Cost for FY 2022-23	1.53	11.24	12.77
12=9+10+11	**Cumulative Revenue Gap/(Surplus)till FY 2022-23 with incremental impact**	**258.96**	**890.06**	**1149.02**
12	Standalone Gap / (Surplus) for FY 2023-24	36.88	28.20	65.08
13	Carrying Cost for FY 2023-24	27.72	89.74	117.46
14	Impact of SC Judgement on Take or Pay		(23.22)	(23.22)
15=12+13+14	**Total Past Recovery Upto FY 2023-24**	**323.56**	**984.78**	**1308.34**

6.4 APPROACH TOWARDS RECOVERY OF PAST REVENUE GAP/ (SURPLUS)

TPC-D's Submission

6.4.1 TPC-D has submitted that the net Gap to be adjusted for the Distribution Wires Business in the Tariff of FY 2024-25 is Rs. 311.99 Crore out of which TPC-D has considered Rs 155.99 Crore whereas the net Gap to be recovered in the Tariff for the Retail Supply Business is Rs. 660.50 Crore. The total Gap to be recovered in tariff of FY 2024-25 is Rs 816.49 Crore.

6.4.2 TPC-D in its submission dated 1 March, 2024 pursuant to public hearing held on 27 February, 2024 has submitted that Indian Railways has been held not to be Distribution Licensee and hence as an EHV consumer of TPC-D, it becomes Open Access consumer of TPC-D and is liable to pay Cross Subsidy Surcharge (CSS). The total CSS recovery computed by TPC-D along with carrying cost is Rs 1014 Crore. TPC-D had submitted to pass on the said revenue receivable from Indian Railways in 5 equal instalments starting from FY 2024-25. Accordingly, TPC-D has recomputed the gap by considered total recovery of Wires ARR and proposed the gap of Rs 808 Crore with tariff hike of 10%.

Commission's Analysis and Ruling

6.4.3 In respect of CSS recovery from Indian Railways, the Commission is of the view that TPC-D has neither submitted any details of invoice/communication to Indian Railways for payment of CSS nor submitted any confirmation in respect of payment being received from them in respect of CSS. Thus, the Commission is of the view such consideration of CSS merely based on the judgment of Hon'ble APTEL without any documentary evidence will lead revenue under-recovery, if the said amount is not paid by Indian Railways which will be carried forward to the next year with carrying cost thereby burdening the Consumers. Further, the said issue being directly connected to tariff, the said information was not available to public including Indian Railways for filing their submissions in this regard. Thus, the Commission is not inclined to consider any revenue from CSS as submitted by TPC-D. However, TPC-D may submit the relevant details including the receipt of CSS amount from Indian Railways in the next tariff Petition.

6.4.4 The Commission has already held herein above that it would consider the entire recovery in FY 2024-25 without any deferment as sought for by TPC-D.

6.5 AVERAGE COST OF SUPPLY FOR FY 2024-25

TPC-D's Submission

6.5.1 TPC-D has submitted that considering the total ARR to be recovered for Wire and Supply Business and estimated sales for FY 2024-25, the Average Cost of Supply for Distribution Business is as given in the Table below:

Table 6-10: Average Cost of Supply (ACOS) as submitted by TPC-D (Rs. Crore)

Sr. No.	Particulars	Wire Business	Supply Business	Total
		FY 2024-25	FY 2024-25	FY 2024-25
1	Opening Balance	311.99	660.50	972.49
2	Addition of revenue gap/(surplus) during year	0.00	0.00	0.00
3	Recovery of revenue gap/(surplus) during year	155.99	660.50	816.49
4=1+2-3	Closing Balance	155.99	0.00	155.99
5	Rate of Interest (%)	10.05%	10.05%	10.05%
6=avg(1,4)*5	**Incremental Carrying cost**	**23.52**	**33.19**	**56.71**
7	Standalone ARR	481.98	3868.08	4350.06
8	Past Gap Recovery	179.51	693.69	873.20
9=7+8	**Total ARR to be recovered**	**661.49**	**4561.77**	**5223.26**
10	Energy Sales (MU)			6344.77
11=9/10*10	**ACOS (Rs/kWh)**			**8.23**

Sr. No.	Particulars	Wire Business	Supply Business	Total
		FY 2024-25	FY 2024-25	FY 2024-25
12	ABR at existing tariff (Rs/kWh) with FAC			**7.37**
13=11-12	Revenue Gap per unit (Rs/kWh)			**0.86**
14=13/12	Tariff Hike Required			**12%**

Commission's Analysis and Ruling

6.5.2 The Cumulative Gap/(Surplus) approved by the Commission till FY 20223-24 has been elaborated in previous Sections. The revised ARR of FY 2024-25 has been approved as elaborated in Section 5 of this Order. The Commission has already held herein above that it would consider the entire recovery in FY 2024-25 without any deferment as sought for by TPC-D.

6.5.3 The approved revenue requirement for FY 2024-25 is shown in the Table below:

Table 6-11: Average Cost of Supply (ACOS) as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Wire Business	Supply Business	Total
		FY 2024-25	FY 2024-25	FY 2024-25
1	Opening Balance	323.56	984.78	1308.34
2	Addition of revenue gap/(surplus) during year	0.00	0.00	0.00
3	Recovery of revenue gap/(surplus) during year	323.56	984.78	1308.34
4=1+2-3	Closing Balance	0.00	0.00	0.00
5	Rate of Interest (%)	10.05%	10.05%	10.05%
6=avg(1,4)*5	**Carrying cost**	**16.26**	**49.49**	**65.74**
7	Standalone ARR (with income of OA)	474.21	3,692.82	4,167.03
8	Past Gap Recovery	339.82	1,034.26	1,374.08
9=7+8	**Total ARR to be recovered**	**814.04**	**4,727.08**	**5,541.11**
10	Energy Sales (MU)			6,016.59
11=9/10*10	**ACOS (Rs/kWh)**			**9.21**
12	ABR at existing tariff (Rs/kWh) with FAC			**7.41**
13=11-12	Revenue Gap per unit (Rs/kWh)			**1.80**
14=13/12	Tariff Hike Required			**24%**

6.5.4 Thus, the ACOS approved by the Commission for FY 2024-25 is Rs. 9.21/kWh.

6.6 CROSS SUBSIDY STRUCTURE

TPC-D's Submission

6.6.1 TPC-D submitted that Section 61(g) of the EA, 2003 specifies the gradual reduction of cross subsidies and cost reflective tariff as a guiding principle for tariff determination. Clause 8.3 of revised Tariff Policy stipulates the guiding principle of tariff being within ±20% of the AcoS.

6.6.2 In case of Mumbai where there are two distribution licensees working in the same area of supply and if a different approach is adopted for each in deciding the Cross Subsidy, then the same may create unbalance in the consumer mix as consumers start moving from one distribution licensees to other distribution licensees. Hence, TPC-D wishes to submit that in case where there is more than one distribution licensee operating in the same area of supply, then a common approach in Cross Subsidy structure may help to avoid any unbalance in the migration of consumers from one Distribution Licensee to another distribution licensee.

6.6.3 In the current petition, TPC-D has considered the same Cross Subsidy structure as approved for the Parallel Distribution Licensee. Further, in order to neutralise the higher cross subsidy in certain categories TPC-D has reduced the cross subsidy to the level of 20%. Also, Cross Subsidy of certain categories have been adjusted so that there will be an overall tariff recovery during FY 2024-25. In case of revision of tariff of a parallel distribution licensee for FY 2024-25, TPC-D has requested the Commission to keep the same Cross Subsidy for both utilities in order to avoid any utility to become uncompetitive.

Commission's Analysis and Ruling

6.6.4 The Commission determines the category-wise tariffs of Distribution Licensees with the following primary objectives:

- Reduction in the cross-subsidies between the Licensee's consumers with respect to the prevalent cross-subsidies;
- No category is subjected to a tariff shock;
- To meet the approved revenue requirement through the revised tariffs;

6.6.5 In respect of TPC-D's submission to maintain same Cross Subsidy for parallel Distribution Licensees, the Commission is of the view that Cross subsidy in tariffs cannot be the same for two distribution licensees primarily due to differences in their cost structures, consumer mix, and operational efficiencies.

6.6.6 Each distribution licensee operates with its unique cost structure and Consumer mix. Distribution licensees incur different costs for procuring and distributing electricity based on factors such as the mix of generation sources, transmission charges, network losses, and maintenance expenses. Additionally, differences in the quality of infrastructure, technology adoption, and investment levels can lead to variations in cost structures between distribution utilities. Consequently, the magnitude of cross subsidies required to support certain consumer categories may differ between licensees. These variations directly impact the cost of supplying electricity to consumers. Therefore, the cost of cross subsidy, which is intended to cover the gap between the cost of supply and the revenue collected, would differ between distribution licensees.

6.6.7 Distribution licensees serve diverse consumer bases with varying consumption patterns and socio-economic profiles. For instance, one licensee may have a higher proportion of industrial consumers, while another may serve predominantly residential or agricultural consumers. Since the degree of cross subsidy required often depends on the mix of consumer categories, the extent of cross subsidy would differ between licensees based on their consumer mix.

6.6.8 Distribution Licensees may vary in their operational efficiencies, including factors such as technical losses, commercial losses, and collection efficiency. A more efficient licensee may have lower overall costs of operation and hence require less cross subsidy compared to a less efficient one. Moreover, operational efficiencies can influence the ability of licensees to manage costs and revenues effectively, affecting the need for cross subsidy.

6.6.9 In view of the aforesaid differences, the cross subsidy required to built in tariff is based on the requirements of each distribution licensee. The Commission is presently determining tariff for TPC-D after final Truing-up of FY 2022-23, Provisional Truing-up of FY 2023-24 and revised ARR of FY 2024-25, which reflects the present cost structure, whereas the same is not true for AEML-D and BEST, the parallel licensees in the same area of supply. Thus, it would not be appropriate to compare the cross subsidy of the other licensee which was determined based on the tariff approved in the said order in March 2023. Thus, if any changes are required in the cross subsidy structure of parallel licencee, the Commission will have to do in their tariff Order and that the same is presently not before the Commission. Accordingly, the Commission, based on the approved ARR of TPC-D and tariff to be collected to meet the ARR, has approved the category-wise cross-subsidy as per revised tariff.

6.6.10 The category-wise cross-subsidy approved by the Commission for TPC-D based on revised tariffs, is presented in the following Table:

Table 6-12: Category wise Cross-Subsidy approved by the Commission (%)

Consumer Categories	FY 2023-24	FY 2024-25	
	MYT Order	TPC-D	Approved
HT Category			
EHV – Industry	107%	82%	88%
HT I – Industry		102%	113%
EHV- Commercial	131%	87%	108%
HT II – Commercial		108%	131%
HT III – Group Housing Society	109%	109%	109%
HT IV: HT – Mono/Metro/Railways			
HT IV – Railways (22/33 KV)	116%	105%	119%
EHV IV – Railways (Metro & Monorail)		92%	120%
HT V – Public Services			
HT V(A) – Publ Serv Govt Hosp&Edu Inst	122%	102%	122%
HT V(B) – Public Services Others	119%	101%	116%
EHV V – Public Services Others		118%	115%
HT VI: Electric Vehicle Charging Stations		103%	91%
Sub-total			
LT Category			
LT I A- Residential (BPL)			
LT IB – Residential	82%	95%	83%
LT II – Commercial			
LT II(A) – Commercial upto 20 kW	101%	106%	105%
LT II(B) - Commercial 20 to 50 kW	121%	120%	121%
LT II(C) - Commercial > 50 kW	125%	120%	125%
LT III (A) - Industrial upto 20 kW	97%	98%	98%
LT III (B) - Industrial > 20 kW	115%	116%	120%
LT IV - Public Services			
LT IV(A) - Publ Serv Govt Hosp & Edu Inst	100%	102%	105%
LT IV(B) - Public Services Others	108%	107%	118%
LT V: Electric Vehicle Charging Stations	-	-	94%

6.7 TARIFF PHILOSOPHY

A. Fixed/Demand Charges

TPC-D's Submission

6.7.1 TPC-D submitted that it has proposed the same demand Charges as approved by the Commission in its MTR Tariff Order in Case No 225 of 2022.

Commission's Analysis and Ruling

6.7.2 The Fixed Costs of the Supply Business includes all expenses, except the variable cost of power purchase.

6.7.3 Considering the tariff determination process to be considered is only for one year and tariff determination of the next MYT control period will be carried out for determining the tariff for longer period, the Commission would address the issue regard to the recovery of the Fixed Cost against the revenue from fixed charges.

6.7.4 The Commission has always determined all other aspects, i.e., Fixed/Demand Charges, incentive/penalty structure, ToD tariffs, etc., the same for TPC-D and other two parallel licensees and only the Wheeling Charges and Energy Charges, which are directly related to the costs and sales mix of the Licensees are different, so as to facilitate the decision making by the consumers keeping in view the competition.

6.7.5 Accordingly, the Fixed Charges as approved in the MTR Tariff Order for FY 2024-25 in Case No. 225 of 2022 is approved accordingly for FY 2024-25. The category-wise Fixed/Demand Charges approved for FY 2023-24 and FY 2024-25 are summarised subsequently in this Section, along with other Charges.

B. Energy Charges

TPC-D's Submission

6.7.6 TPC-D has determined the category-wise Energy Charges based on the cross-subsidy structure as proposed in the current tariff petition. Further, as approved by the Commission, all HT consumers will be billed in kVAh instead of kWh billing.

Commission's Analysis and Ruling

6.7.7 The Commission has determined the tariff for all LT consumers on kWh basis and kVAh tariff for HT Category. While determining per unit charges in kVAh, the Commission has used category-wise PF, as provided by TPC-D

6.7.8 The approved category-wise Energy Charges are summarised subsequently for each Year of the Control Period.

C. Incentives - Load Factor / Power Factor / Time-of-Day

TPC-D's Submission

6.7.9 TPC-D proposes the same Load Factor Incentive / Time of Day (ToD) Charges / PF Incentive / Penalty for kWh Billing as approved by the Commission in its MTR Tariff Order in Case No. 225 of 2022.

Commission's Analysis and Ruling

6.7.10 As proposed by TPC-D in the present petition, the Commission has retained the Load Factor Incentive / / Time of Day (ToD) Charges / PF Incentive / Penalty for kWh Billing as approved in the MYT Order in Case No. 225 of 2022 so as to facilitate the decision making by the consumers keeping in view the competition. The Commission has always determined all other aspects, i.e., Fixed/Demand Charges, incentive/penalty structure, ToD tariffs, etc., the same for TPC-D and other parallel licensees. Only the Wheeling Charges and Energy Charges, which are directly related to the costs and sales mix of the Licensees are different. However, this aspect will be reviewed at the time of next MYT Order.

D. Prompt Payment / Cash Discount

6.7.11 The Commission has observed that in FY 2022-23, revenue includes the cash discount of Rs. 37.78 Crore which includes Prompt Discount, Incentive to E-Payment Consumers, Discount on E-Bill Registration, etc. However, TPC-D has not considered such discount adjustment in revenue. The Commission in the tariff orders of the other distribution licensee, including Mumbai licensee has considered such discount while estimating the revenue and as such the Commission feels that principles for all licensee needs to be uniform across the State. Accordingly, the Commission is estimating the cash discount for FY 2024-25, while calculating the revenue in proportion to the actual discount and revenue occurred incurred for FY 2022-23.

E. Wheeling Charges

TPC-D's Submission

6.7.12 TPC-D has proposed the wheeling charges as per Regulations 73.2 of MYT Regulations 2019.

6.7.13 With respect to GFA ratio, the Commission while approving the wheeling charges has considered the GFA in the ratio of 1:76:23 for EHT:HT:LT as submitted in MTR Petition in Case No. 69 of 2018. The principle adopted for segregation of GFA ratio has been challenged by TPC-D in Appeal No 369 of 2023 and the wheeling charges applicable to EHT consumers has been challenged with the Hon’ble APTEL and matter is subjudcice. However, TPC-D has computed the wheeling charges based on the principle adopted by the Commission with the revised GFA ratio considering the assets added upto FY 2022-23 as it would reflect the correct asset classification.

6.7.14 Considering the GFA ratio as derived, the total Wires ARR along with past recoveries and EHT, HT, LT Direct and Open Access Sales, TPC-D has computed the Wheeling Charges for FY 2024-25, as shown in the Tables below:

Table 6-13: Wheeling Charges as proposed by TPC-D for FY 2024-25

Level	Wheeled Sales (MUs)	Level wise % Wheeled Sales mix	% Wheeled sales mix between HT & LT	% GFA Ratio	Wheeling Cost segregation (as per % GFA) (Rs. Crore)	Wheeling Cost allocation for EHV (Rs. Crore)	Wheeling Cost allocation for HT (Rs. Crore)	Wheeling Cost allocation for LT (Rs. Crore)	Total Wheeling Cost allocation (Rs. Crore)	Wheeling Charges allocation (Rs/kWh)	Wheeling Charges allocation (Rs/kVAh)
EHV (110 kV)	1127	22%		1%	7	7			7	**0.06**	**0.06**
HT (33/22/11/66 kV)	1935	39%	50%	65%	446		222		222	**1.15**	**1.12**
LT	1954	39%	50%	34%	234		224	234	458	**2.34**	
Total Sale	**5017**	**100%**	**100%**	**100%**	**687**	**7**	**446**	**234**	**687**	**1.37**	

Commission's Analysis and Ruling

6.7.15 TPC-D has proposed the Wheeling Charges for EHT, HT and LT voltages based on the asset ratios of 1:76:23 for EHT:HT:LT as submitted in MTR Petition in Case No. 69 of 2018 and revising GFA ratio considering the actual asset addition upto FY 2022-23 to reflect the correct asset classification. The Commission has sought the data related to the asset addition and the change in the GFA ratio as highlighted in the Petition. Based on the data as submitted, it is observed that the TPC-D has started with the GFA ratio of 1:76:23 for FY 2019-20 and based on the asset addition from FY 2020-21 to FY 2022-23 has derived the GFA ratio of 1:65:34 for EHT:HT:LT. Considering the actual addition of the assets in the said voltage level, the Commission has considered the ratio of GFA at different voltages at 1:65:34 for EHT:HT:LT voltages as proposed by TPC-D.

6.7.16 The Commission has approved the Net ARR of the Wires Business for FY 2024-25, as elaborated in the previous Section. The Commission has distributed the total Wires ARR over EHT, HT and LT consumers and computed the Wheeling Charges for EHT, HT and LT category. The Wires ARR is distributed between EHT, HT and LT voltage levels based on the basis of GFA at these voltage levels. As stated above, the ratio of EHT:HT:LT voltage assets has been considered at 1:65:34. Thereafter, the cost allocated to HT is shared between HT and LT by distributing the HT allocated cost in proportion to the sales volume at HT and LT. It is pertinent to note that the change in ratio is due to asset addition over last 3 years and not due to implementation of guidelines issued by the Commission. The said guidelines will be effective from 1 April, 2025 onwards.

6.7.17 As stated in the MYT Order, the Wheeling Charges shall be levied on the EHT consumers depending on the outcome of the litigation.

6.7.18 The Wheeling Charges determined by the Commission for TPC-D's Wire consumers for FY 2024-25, are shown in the Tables below:

Table 6-14: Approved Wheeling Charges for FY 2024-25

Level	Wheeled Sales (MUs)	Level wise % Wheeled Sales mix	% Wheeled sales mix between HT & LT	% GFA Ratio	Wheeling Cost segregation (as per % GFA) (Rs. Crore)	Wheeling Cost allocation for EHV (Rs. Crore)	Wheeling Cost allocation for HT (Rs. Crore)	Wheeling Cost allocation for LT (Rs. Crore)	Total Wheeling Cost allocation (Rs. Crore)	Wheeling Charges allocation (Rs/kWh)	Wheeling Charges allocation (Rs/kVAh)
EHV (110 kV)	948	20%		1%	8	8			8	**0.09**	**0.08**
HT (33/22/11/66 kV)	2040	43%	54%	65%	552		300		300	**1.47**	**1.40**
LT	1718	37%	46%	34%	289		252	289	542	**3.15**	
Total Sale	**4707**	**100%**	**100%**	**100%**	**850**	**8**	**552**	**289**	**850**	**1.81**	

F. Wheeling Losses for FY 2024-25

TPC-D's Submission

6.7.19 TPC-D has proposed to consider the Wheeling Loss based on the Energy Balance of FY 2022-23 as shown in the Table below:

Table 6-15: Proposed Wheeling Loss for FY 2024-25

FY	12 Month Rolling Distribution Loss	LT Losses 12 month Rolling	HT Losses 12 month Rolling
FY 2022-23	1.13%	2.22%	0.30%

Commission's Analysis and Ruling

6.7.20 The Commission has considered the Wheeling Losses at 0.27% for HT and LT voltages, as approved in the MYT and MTR Order.

G. Cross Subsidy Surcharge for FY 2024-25

TPC-D's Submission

6.7.21 TPC-D submitted that it has computed the Cross Subsidy Surcharge (CSS) based on the Formula stipulated in the Tariff Policy, 2016 and as approved by the Commission in the MYT Order. The CSS formula is specified below:

Surcharge formula:

S= T – [C/ (1-L/100) + D+ R]

6.7.22 The components of the CSS formula considered are as below:

T: is the revised ABR of the respective consumer categories, excluding the category-wise RAC

C: is the weighted average cost of power purchase for each year, including RPO but excluding Transmission Charges, Stand-by Charges, and MSLDC Charges

L: is the aggregate of Transmission and Distribution Losses, expressed as a percentage applicable to the relevant voltage level. TPC-D has considered the Transmission Loss equal to 3.30% as approved in the InSTS Tariff Order

D: is the aggregate of Transmission and Wheeling Charges applicable to the relevant voltage level

R: is the per unit carrying cost

6.7.23 To arrive at the CSS for the various consumer categories, the values considered for the components of the CSS are as below:

D – Transmission Charges have been computed based on the Transmission Charges approved and total sales (including OA sales) projected for FY 2024-25. These charges have been deducted for computing the CSS. The Transmission Charge and Wheeling Charge considered for FY 2024-25 are as shown in the Table below:

Table 6-16: Transmission & Wheeling Charges for EHT / HT / LT as proposed by TPC-D (Rs./kWh)

Sr No.	Particulars	FY 2024-25	
		Wheeling Charges	Transmission Charges
1	EHV (110 kV)	0.06	0.50
2	HT (33/22/11/6.6 kV)	1.15	0.50
3	LT	2.34	0.50

R- The per unit carrying cost for each year shown in the Table below is computed by separating the past Revenue Gap being recovered each year into principal and interest components.

Table 6-17: R – Per Unit Carrying Cost as proposed by TPC-D (Rs. Crore)

Sr. No.	Particulars	Amount
1	Incremental Carrying Cost for FY 2022-23	11.37
2	Incremental Carrying Cost for FY 2023-24	69.02
3	Incremental Carrying Cost for FY 2024-25	33.19
4=1+2+3	**Total incremental Carrying Cost (Rs.Crs)**	**113.59**
5	Sales including OA (MU's)	6572.67
6	Carrying Cost per Unit (Rs./kWh)	0.17

6.7.24 Based on the above, the category wise CSS computed for FY 2024-25 is as given in the Table below:

Table 6-18: Proposed CSS for FY 2024-25 (Rs/kWh/kVAh as applicable)

Category of consumers	CSS	CSS
HT Category	**Rs/kWh**	**Rs/kVAh**
EHV - Industry	0.75	0.74
HT I - Industry	1.30	1.27
EHV- Commercial	1.16	1.15
HT II - Commercial	1.77	1.76
HT III - Group Housing Society (Residential)	1.80	1.77
HT IV - Railways, Metro & Mono		
- 22/33 kV	1.56	1.43
- 100kV	1.52	1.40
HT V - Public Services		
a) Govt. Edu. Inst. & Hospitals	1.31	1.23
b) Others	1.23	1.21
EHV - Public Services Others	1.95	1.91
HT VIII - EV Charging Stations	1.39	1.37
LT Category		
LT I - Residential (BPL)		
LT I – Residential	0.00	0.00

Category of consumers	CSS	CSS
LT II - Commercial		
(A) - Up to 20 kW	0.34	0.34
(B) - >20 kW & < 50 kW	1.49	1.49
(C) - >50 kW	1.49	1.49
LT III (A)- Industrial upto 20 kW	0.00	0.00
LT III (B) - Industrial > 20 kW	1.10	1.10
LT IX - Public Services Government Hospitals & Educational Institutions	0.00	0.00
Public Services Others	0.38	0.38

Commission's Analysis and Ruling

6.7.25 The Commission has computed the CSS based on the Formula stipulated in the Tariff Policy, 2016 as detailed below:

$$S= T – [C/ (1-L/100) + D+ R],$$

6.7.26 To arrive at the CSS for the various consumer categories, the values considered for the components of the CSS are as below:

- The Transmission Loss has been considered as 3.18% as approved in the InSTS Tariff Order, while Wheeling Losses have been considered as 0.27% for HT and LT voltage, as approved in the MYT Order. The Wheeling Losses have been considered as 0% for EHT voltage.
- Transmission Charges have been computed based on the Transmission Charges approved and total sales approved for FY 2024-25. These Charges have been deducted for computing the CSS. The Transmission Charge and Wheeling Charge considered by the Commission for computing CSS for FY 2024-25 is as shown in the Table below:

Table 6-19: Transmission and Wheeling Charges considered by the Commission for FY 2024-25 (Rs./kWh)

Particulars	FY 2024-25
Wheeling Charges	
EHT Voltage	0.09
HT Voltage	1.47
LT Voltage	3.15
Transmission Charges (EHT, HT and LT)	0.55

6.7.27 The Commission has considered the carrying cost as approved in this order for the Supply Business, and the Carrying Cost per unit for the purpose of computation of CSS has been considered as shown in the Table below:

Table 6-20: Carrying Cost considered by the Commission (Rs./kWh)

Particulars	FY 24-25
Incremental Carrying cost for FY 2022-23	11.24
Carrying Cost on the Standby Charges	5.85
Carrying Cost of past gap	19.36
Carrying Cost for FY 2023-24	89.74
Carrying Cost for FY 2024-25	49.49
Total Carrying Cost	**175.68**
Total Sales (MU)	6,016.59
Carrying Cost (Rs./kWh)	0.29

6.7.28 The Commission has computed the CSS for the residential category as a whole, as there is no merit in computing the CSS for different consumption slabs, on account of the telescopic nature of tariff applicable for different consumption slabs.

6.7.29 However, the Commission further notes that MOP has notified Amendments to the Rules, namely, Electricity (Amendment) Rules, 2022 notified on 29 December 2022, wherein it has stipulated that cross-subsidy surcharge to be determined by the Appropriate Commission shall not exceed twenty percent (20%) of Average Cost of Supply. The relevant extracts of the notified Rule 13 is as under:

> *"13. Surcharge payable by Consumers seeking Open Access. - The surcharge, determined by the State Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act,2003* ***shall not exceed twenty per cent of the average cost of Supply."*** *(emphasis added)*

6.7.30 The CSS computed in accordance with the Formula stipulated in the Tariff Policy has been capped at 20% of the ACOS, in accordance with the above quoted Rules notified by the Ministry of Power.

6.7.31 Based on the above, the category-wise CSS approved by the Commission for FY 2024-25 in Rs/kWh and Rs/kVAh terms is as given in the Tables below:

Table 6-21: Approved CSS for FY 2024-25 (Rs/kVAh / Rs/kWh)

Consumer Categories	FY 2024-25		
	Rs./kWh	Rs./kVAh	P.F.
HT CUSTOMERS			
EHV – Industry	1.84	1.81	0.98
HT I – Industry	1.84	1.81	0.98
EHV- Commercial	1.84	1.82	0.99
HT II – Commercial	1.84	1.82	0.99
HT III - Group Housing Society (Residential)	1.84	1.81	0.98
HT IV(A) - Railways			

Consumer Categories	FY 2024-25		
	Rs./kWh	**Rs./kVAh**	**P.F.**
- 22/33 kV	1.84	1.69	0.92
EHV IV(B) - Metro & Monorail	1.84	1.69	0.92
HT V - Public Service a) Govt. Edu. Inst. & Hospitals	1.84	1.73	0.94
HT V - Public Service b) Others	1.84	1.81	0.98
EHV V - Public Service Others	1.84	1.81	0.98
HT VI - EV Charging Stations	0.73	0.72	0.98
LT CUSTOMERS			
LT I (A) - Residential (BPL)	-		
LT I (B) – Residential	-		
LT II – Commercial	-		
(A) - Upto 20 kW	0.39		
(B) - > 20 kW & < 50kW	1.84		
(C) - > 50kW	1.84		
LT III (A) - Industry < 20 kW	-		
LT III (B) - Industry > 20kW	1.72		
LT IV - Public Services			
a) Govt. Edu. Inst. & Hospitals	0.30		
b) Others	1.52		
LT V - EV Charging Stations	-		

H. Additional Surcharge for FY 2023-24 & FY 2024-25

TPC-D's Submission

6.7.32 TPC-D submitted that since the long term tie-up capacity approved is based on the prevalent Demand conditions of TPC-D and hence, at present, it is not proposing any Additional Surcharge at this point in time.

Commission's Analysis and Ruling

6.7.33 The Commission has not determined any Additional Surcharge for TPC-D in this Order.

6.8 OVERALL TARIFF PHILOSOPHY

6.8.1 As elaborated earlier, the Commission has approved the Revenue Requirement of the Wires Business and Supply Business for FY 2024-25 without considering any deferment or creation of the Regulatory Assets. The tariff increase approved by the Commission for FY 2024-25 is shown in the Table below:

Table 6-22: Approved Tariff Increase/(Decrease) for FY 2024-25

Sr. No.	Particulars	Wire Business	Supply Business	Total
1	Opening Balance	323.56	984.78	1308.34
2	Addition of revenue gap/(surplus) during year	0.00	0.00	0.00
,3	Recovery of revenue gap/(surplus) during year	323.56	984.78	1308.34
4=1+2-3	Closing Balance	0.00	0.00	0.00
5	Rate of Interest (%)	10.05%	10.05%	10.05%
6=avg(1,4)*5	**Carrying cost**	**16.26**	**49.49**	**65.74**
7	Standalone ARR (with income of OA)	474.21	3692.82	4167.03
8	Past Gap Recovery	339.82	1,034.26	1374.08
9=7+8	**Total ARR to be recovered**	**814.04**	**4,727.08**	**5,541.11**
10	Energy Sales (MU)			6016.59
11=9/10*10	**ACOS (Rs/kWh)**			**9.21**
12	ABR at existing tariff (Rs/kWh) with FAC			**7.41**
13=11-12	Revenue Gap per unit (Rs/kWh)			**1.80**
14=13/12	Tariff Hike Required			**24%**

Thus, the Commission has approved an overall tariff increase of 24% for FY 2024-25.

6.8.2 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. The EA, 2003 also enjoins the Commission to maintain a healthy balance between the interest of the Utilities and the reasonableness of the cost of power being supplied to consumers. The Commission has also kept in view the principles of tariff determination set out in Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 and the MYT Regulations, 2019, and also taken into consideration TPC-D's submissions as well as the Public responses in these tariff proceedings.

6.8.3 The Commission notes that the increase in tariff approved is 24% as against 12% proposed by TPC-D in the Petition. The said increase is mainly due to the following factors not considered by the TPC-D while computing tariff:

a. Total Wires ARR is approved as against 50% claimed by TPC-D by not allowing any deferment of revenue recovery of Rs 155.99 Crore.
b. TPC-D has not factored in the refund of the revenue of Rs. 346.79 Crore which has been considered by the Commission for FY 2023-24 for the period April 2023 to June 2023, due to stay of MTR Order by Hon'ble APTEL.
c. The Commission has also considered Cash Discount likely to be availed by Consumers as per past trend and accordingly reduced the revenue for FY 2023-24 and FY 2024-25 by Rs 100.12 Crore

The above factors were not considered by TPC-D while computing the tariff hike. However, considering the aforesaid, the total impact is of Rs 602.91 Crore resulting in incremental tariff hike of 12% than claimed by TPC-D.

6.8.4 The Commission would like to highlight that the present tariff hike is necessitated mainly due to fact that there was under-recovery due to stay on tariff as determined in the MTR Order for FY 2023-24. The computation done by the Commission based on the approved sales (5709.34 Units) for FY 2023-24 in this Order and difference in ABR of MTR Order (Rs 8.42/kWh) and ABR computed in this Order (Rs 6.41/kWh) FY 2023-24 shows that TPC-D would have collected additional revenue of Rs. 1,147 Crore, had there been no stay by the Hon'ble APTEL. Further, there would have been reduction of carrying cost as well. The said revenue if adjusted in the tariff for FY 2024-25 would have resulted in tariff decrease of ~13% than approved by the Commission in MTR Order for FY 2024-25 due to reduction in power purchase cost. The Commission in its submission before Hon'ble APTEL had also submitted on affidavit that any reduction in power purchase cost will be allowed as pass through to the Consumers. Even if the same was implemented without any stay on tariff, TPC-D would have recovered its present actual cost without requiring any hike in tariff to its Consumers due to lower power purchase cost. The Commission notes that the Consumers of TPC-D were paying tariff as determined by the Commission in MYT Order dated 30 March, 2020 which was not reflective of increased cost of power purchase due to event happened post issuance of MYT Order, resulting in accumulation of gap of Rs 1374 Crore which is now being allowed to be recovered resulting in tariff hike of 24% as compared to existing tariff being paid by the Consumers as per MYT Order including FAC. The Commission notes that the ACOS approved in the present order (Rs. 9.21/kWh) is still lower than Rs 9.45/kWh approved by the Commission in MTR Order for FY 2024-25.

6.9 ADVANCE PAYMENT

6.9.1 Regulation 16 of the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 allows the consumer to make the advance payment of charges for electricity supplied. The Commission notes that interest is payable at Bank Rate for such advance payment and such rate being lower than prevailing market rate, there is not much response from the Consumer to avail this facility.

6.9.2 The Commission is of the view that there is need to encourage the consumers to make advance payment, which will not only increase the collection of Distribution Licensee but also reduce the working capital requirement. Thus, the Commission, hereby deems it fit to invoke its Power to Relax under Regulation 30 of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 to allow higher interest rate based on the amount of advance payment.

6.9.3 Thus, the Commission hereby allows the advance payment/pre-payment of the bills for consumers for amount not exceeding 12 times average monthly bill for the past twelve months. Such facility shall be available for eligible consumers only for non-defaulting consumers on record for at least past 12 months. Such consumers shall be eligible to avail discount in graded manner on their monthly bills, so long as they maintain advance payment amount in the following manner:

Advance Payment Amount maintained with Utility as on date of monthly bill	Discount in monthly bill applicable at the rate of	Illustration discount* (%)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 9 to 12 months]	• Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + 150 basis points	• (1/12) x 8.5% = 0.708% (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 6 to 9 months]	• Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + 120 basis points	• (1/12) x 8.2% = 0.683% (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 3 to 6 months]	• Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + 90 basis points	• (1/12) x 7.9% = 0.658% (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, upto 3 months]	• Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + 60 basis points	• (1/12) x 7.6% = 0.633% (monthly bill discount)

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

6.10 GREEN TARIFF

TPC-D's Submission

6.10.1 TPC-D has proposed the same green tariff along with all conditions approved by the Commission in its MTR Tariff Order in Case No 225 of 2022.

Commission's Analysis and Ruling

6.10.2 The Commission determined Green Power Tariff for the consumers opting for meeting its 100% of power requirement through RE sources in the Case No. 134 of 2020 dated 22.03.2021, which is stipulated as Rs 0.66 per kWh as per the conditions and methodology specified under said Order.

6.10.3 On 6 June, 2022, Ministry of Power, GoI has notified Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said rules also mandate the State Commission to determine Green Power Tariff. Such Green Power Tariff would be in addition to regular tariff as approved in Tariff Order.

6.10.4 However, considering the concept is still being at nascent stage with limited participation and other market related developments such as introduction of GDAM/GTAM and REC multiplier etc. are still evolving, the Commission has undertaken the conscious call to continue the same tariff for remaining period of the 4th Control Period.

6.10.5 Thus, the Commission hereby approves the Green Tariff of Rs 0.66/kWh to be applicable for FY 2024-25.

6.10.6 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.

a) All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
b) 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.
c) 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.
d) 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.
e) If the consumer is not an obligated entity under RPO Regulations, then that energy shall be counted towards RPO fulfilment of Distribution Licensee.
f) 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.

g) Such an option will also be available for Open Access consumer for its balance consumption from the Distribution Licensee.
h) The Distribution Licensee will levy Green Power Tariff only for percentage of consumption opted by the Consumer.
i) Distribution Licensee shall issue Annual certificate to consumers stating percentage of power requirement of such consumer has been sourced through RE sources
j) Any requisition for green energy from a distribution licensee shall be for a minimum period of one year.
k) 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.
l) 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.
m) 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:

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

6.11 PREPAID METER REBATE

6.11.1 The Commission notes that Smart metering rollout being proposed has provision of pre-paid metering. Hence, option of pre-paid meter based billing needs to be enabled. The Commission also notes that in the past, discount of 5% was approved by the Commission for pre-paid metering for consumers of some of Distribution Licensee in the State. But the said pre-paid metering was envisaged for limited number of consumers and with intention of improving collection efficiency. But when almost all consumers are being installed with Smart meter having pre-paid facility, providing such discount of 5% per month would not be useful as same cost is again loaded into ARR and hence tariff of consumers. However, the Commission is of the view that it is essential to provide rebate which is not only commensurate with the prevailing market rates but also promote consumers to opt for pre-paid metering. Accordingly, the Commission approves rebate of 2% for consumers who are opting for pre-paid metering which is inclusive of prompt payment discount which otherwise is payable for early payment.

6.12 STABILISATION (BUFFER) FOR FUEL COST ADJUSTMENT

6.12.1 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 on a monthly basis. Relevant part of the MYT Regulation is reproduced below:

> *"10.2 The aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges, covered under Regulation 9.1, shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its Tariff on a monthly basis, as specified in these Regulations and as may be determined in orders of the Commission passed under these Regulations, and shall be subject to ex-post facto approval by the Commission on a quarterly basis:"*

6.12.2 Similar arrangement for passing on the variation in fuel and power purchase cost existed in all previous Tariff Regulations of the Commission. Such mechanism is in line with the provision of the EA, 2003 which mandates recovery of the fuel cost in timely manner so that the Distribution Licensee are able to recover their legitimate power purchase cost variation. This has helped regular recovery of power purchase variations without accumulating it till next tariff revision. This provision also addresses the financial/cash flow issue of Distribution Licensee wherein the payment for power purchase is required to be made in timely manner at prevailing cost. At the same time, it also helps in reducing carrying cost burden on consumer which otherwise would have to be borne if such monthly levy accumulates and the gap is recovered through tariff revision in MYT or MTR as the case may be. Although, consumers are now well aware of this mechanism, there is general and reasonable expectation that once the tariff is approved by the Commission, to the extent possible, it should remain constant during the year and there should not be large variations due to FAC. The unknown variation in the tariff on account of FAC has adverse financial implications on all the categories especially Industrial and Commercial categories where the impact of FAC is generally higher. Variation in tariff is magnified when there is negative FAC leading to reduction in tariff during a particular month and positive FAC in the immediate next month thereby increasing the tariff.

6.12.3 Variation in FAC is either on account of change in fuel related costs, changes in source of power procurement, alternate source of power procurement or change in mix of power procurement. As per different opinion of the consumers in the different forum, the Commission feels that an appropriate revised mechanism should be put in place wherein there is a minimum impact of FAC felt by the consumers. To ensure stabilisation of tariffs to the extent possible, and to minimise the variation in FAC, the Commission in MYT Order has approved 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. This has resulted into substantial amount of FAC Fund with the Licensees up to August, 2021. The fund so created was utilised in future months to offset the levy of FAC on Consumers for September 2021 onwards arising out of higher power purchase cost due to increase in demand and higher power purchase price prevailing in the market, high fuel cost etc. Finally, after exhaust of all accumulated FAC fund, the Commission allowed levy of FAC to consumers from July 2022 onwards, i.e., after 2 years of MYT Order being passed by the Commission. Thus, such FAC Fund mechanism has ensured stable tariff for longer period and due to substantial increase in power purchase cost in last year and impact of Change in Law claims due to Court Order, FAC was required to levy to the Consumers. Considering the effectiveness of such mechanism, the Commission proposes to continue the similar mechanism for FY 2024-25. The Commission also notes that in present tariff Order, it has tried to incorporate realistic price of power purchase, however considering current volatility of power market, need of levying FAC cannot be ruled out completely.

6.12.4 Therefore, using its powers for Removal of Difficulties under Regulations 106 of MYT Regulations, 2019, the Commission is making following changes in FAC mechanism stipulated under Regulation 10 of MYT Regulations, 2019:

6.12.5 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, upon seeking prior approval from the Commission.

6.12.6 In order to maintain transparency in management and use of such FAC Fund, the Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders.

6.12.7 As the Commission has continued concept of FAC fund as stated above to stabilize the increase in fuel prices and power purchase costs, the Commission has modified the FAC mechanism such that the Distribution Licensees shall submit the FAC computations on a monthly basis for prior approval, irrespective of whether FAC is chargeable in a month or whether some amount is accruing to the Fund on account of negative FAC.

6.12.8 The details of the FAC as per the Regulations, shall be submitted by the 15th of every month prior to the month on which the FAC is proposed to be levied and the Commission will endeavour to decide on the same within 10 days so that the same can be levied from the 1st of the subsequent month.

6.13 REVISED TARIFF FOR FY 2024-25

6.13.1 The Commission has continued to determine the tariffs with an in-built incentive to consumers to reduce their consumption. The billing impact is designed to increase as the consumption increases on account of the higher telescopic tariffs applicable to higher consumption slabs, while at the same time ensuring that even consumers in the higher consumption slabs are charged at a lower rate to the extent of the consumption corresponding to lower slabs.

6.13.2 As mentioned previously, the Commission has attempted to bring the tariff of most of the categories in the ± 20% of ACoS range as prescribed by the Tariff Policy. Further, the Commission has also tried to ensure that the level cross-subsidy either remains constant or reduces in the subsequent year so as to steadily approach the

ACoS as envisaged in the Tariff Policy.

6.13.3 The approved category-wise tariffs for FY 2024-25 are given in the Tables below:

Table 6-23: Revised Tariffs Effective from 1 April, 2024 (FY 2024-25)

Sl. No	**Consumer Category & Consumption Slab**	**Fixed/ Demand Charge per month**	**Energy Charge (Rs/kWh)**	**Wheeling Charges (Rs / kWh)**
	LT Category			
1	LT I (A)- Below Poverty Line	Rs. 12	2.03	3.15
2	**LT -I (B) Residential**			
	0-100	Rs. 90 $$	2.18	3.15
	101-300	Rs. 135 $$	5.36	3.15
	301-500		11.62	3.15
	500 and above	Rs. 160 $$	12.56	3.15
3	**LT II - LT Commercial**			
(A)	≤ 20 kW load	Rs. 475	6.50	3.15
(B)	> 20 kW and ≤ 50 kW load	Rs. 400 per kVA	6.55	3.15
(C)	> 50 kW load		6.70	3.15
4	**LT III - LT Industry**			
(A)	Upto 20 kW load	Rs. 475	6.50	3.15
(B)	Above 20 kW	Rs. 400 per kVA	6.70	3.15
5	**LT IV – Public Services**			
(A)	Government Hospitals & Educational Institutions	Rs. 475	7.40	3.15
(B)	Others	Rs. 475	7.75	3.15
7	**LT V: Electric Vehicle Charging Stations (New Category)**	Rs. 80 per kVA	4.60	3.15
	TOD Tariffs (in addition to above base tariffs) – compulsory for LT II (B) and (C), LT III (B), and LT IV (A) and (B), and optional for LT II (A) and LT III (A) categories			
	0600 hours to 0900 hours			0.00
	0900 hours to 1200 hours			0.50
	1200 hours to 1800 hours			0.00
	1800 hours to 2200 hours			1.00
	2200 hours to 0600 hours			-0.75

Sl. No	**Consumer Category & Consumption Slab**	**Fixed/ Demand Charge per month**	**Energy Charge (Rs/kVAh)**	**Wheeling Charges (Rs / kVAh)**
	EHT Category			
1	EHT I: HT-Industry	Rs. 400 per kVA	7.70	0.08
2	EHT II: HT- Commercial	Rs. 400 per kVA	8.84	0.08
3	EHT III: HT-Group Housing Society	Rs. 400 per kVA	7.34	0.08
4	EHT IV - HT Railways, Metro & Monorail	Rs. 400 per kVA	7.37	0.08

Sl. No	Consumer Category & Consumption Slab	Fixed/ Demand Charge per month	Energy Charge (Rs/kVAh)	Wheeling Charges (Rs / kVAh)
5	EHT V (A): Public Service - Government Hospitals & Educational Institutions	Rs. 400 per kVA	6.40	0.08
6	EHT V (B): Public Service - Others	Rs. 400 per kVA	8.60	0.08
7	EHT VI: Electric Vehicle Charging Stations	Rs. 80 per kVA	6.60	0.08
	HT Category			
8	HT I: HT-Industry	Rs. 400 per kVA	7.70	1.40
9	HT II: HT- Commercial	Rs. 400 per kVA	8.84	1.40
10	HT III: HT-Group Housing Society	Rs. 400 per kVA	7.34	1.40
11	HT IV - HT Railways, Metro & Monorail	Rs. 400 per kVA	7.37	1.40
12	HT V (A): Public Service - Government Hospitals & Educational Institutions	Rs. 400 per kVA	6.40	1.40
13	HT V (B): Public Service - Others	Rs. 400 per kVA	8.60	1.40
14	HT VI: Electric Vehicle Charging Stations	Rs. 80 per kVA	6.60	1.40
	TOD Tariffs (in addition to above base tariffs) for all EHT Categories, and HT I, HT II, HT V (A) and (B), and HT VI categories			
	0600 hours to 0900 hours			0.00
	0900 hours to 1200 hours			0.50
	1200 hours to 1800 hours			0.00
	1800 hours to 2200 hours			1.00
	2200 hours to 0600 hours			-0.75

Notes:

1. Fuel Adjustment Cost will be applicable to all consumers and will be charged over the above tariffs, on the basis of the FAC formula specified by the Commission, and computed on a monthly basis.
2. $$: Fixed Charge of Rs. 160 per month will be levied on residential consumers availing 3 phase supply. Additional Fixed Charge of Rs. 160 per 10 kW load or part thereof above 10 kW load shall be payable.
3. $$$: Additional Fixed Charge of Rs. 250 per 10 kW load or part thereof above 10 kW load shall also be payable.

The detailed computation of category-wise revenue with revised tariffs for FY 2024-25 is set out at **Annexure I** of this Order.

The approved Tariff Schedule for FY 2024-25 is given at **Annexure II** of this Order.

7 SCHEDULE OF CHARGES

This Chapter details the proposal of TPC-D for revision of Schedule of Charges and Commission's Analysis and ruling in this regard.

7.1 REVISION IN EXISTING SCHEDULE OF CHARGES

TPC-D's Submission

7.1.1 TPC-D has proposed the same schedule of Charges as approved by the Commission in its MTR Tariff Order in Case No 225 of 2022.

Commission's Analysis and Ruling

7.1.2 In accordance with the provisions of EA 2003, the Commission has notified MERC (Electricity Supply Code and Standards of Performance for Distribution Licensees, including Power Quality) Regulations, 2021. As per Regulation 19 of MERC (Electricity Supply Code and Standards of Performance for Distribution Licensees, including Power Quality) Regulations, 2021, Distribution Licensees are required to submit the proposal before the Commission for approval of Schedule of Charges (SoC) for such matters required by the Distribution Licensee to fulfil its obligation to supply electricity to consumers under the Electricity Act, 2003 and other relevant Regulations.

7.1.3 The Commission has approved the Schedule of Charges as per MTR Order which is similarly approved to AEML-D, as shown in the Table below:

Table 7-1: Approved Schedule of Charges

Sr. No.	Particulars	Approved Charges (Rs.)
A	**Application processing for New connections/ Reduction or addition of Load/Shifting of service/ Extension of service / Change of Tariff Category / Temporary Connection**	
	a) Single-phase	85
	b) Three-phase	135
	c) HT supply	350
B	**Change of Name**	
	a) Single-phase	85
	b) Three-phase	85
	c) HT supply	275

Sr. No.	Particulars	Approved Charges (Rs.)
C	**Service Connection Charges**	
1	**L.T. Supply**	
	Single Phase	
	For loads up to 5 kW	2,400
	For loads above 5 kW and upto 10 kW	2,400
	Three Phase	
	Motive power upto 27 HP or other loads upto 20 kW	3,650
	Motive power > 27 HP but <= 67 HP or other loads >20 kW but <= 50 kW	7,900
	Motive power > 67 HP but <= 134 HP or other loads >50 kW but <= 100 kW	14,500
	Motive power >134 HP but <= 201 HP or other loads >100 kW but <=160 kW	14,500
	Above 160 kW	3,00,000
	Alternate Fire Fighting Connection (Single phase or three phase)	At actual
	Provision for Dedicated Distribution Facility to LT consumer	At actual
2	**H.T. Supply**	
	If line extended from existing network	
	For loads upto 500 kVA	4,25,000
	For loads above 500 kVA	4,90,000
	Provision for Dedicated Distribution Facility to HT consumer	At actual
3	**Temporary Connection (LT or HT)**	At actual
4	**Extension of Load:** (a) charges will be applicable on the incremental load, in case no upgradation of network is required (b) If upgradation is required, charges will be applicable on total load (existing load + incremental demanded)	As proposed in Sr. No.1,2, 3 & 4 above
5	**Supervision Charges in case work is carried out by Licensed Electrical Contractor (LEC)**	
	For providing HT supply	18,750
	For providing LT supply to three phase Industrial/Commercial Consumers only	7,500
D	**Miscellaneous and General Charges**	
1	**Re-connection Charges**	

Sr. No.	Particulars	Approved Charges (Rs.)
	a) Re-installation of fuse cut-out	180
	b) Re-installation of meter	550
	c) HT Supply	900
	d) Re-connection of Service Cable	1,400
2	**Shifting of Meter, if carried out only on consumer's request**	
	Single-Phase	180
	Three-Phase	350
3	**Shifting of services, if carried out only on consumer's request**	
	Single-Phase	At Actual
	Three-Phase	At Actual
4	**Meter Testing on site on Consumer's request**	
	Single-Phase	180
	Three-Phase	630
5	**Meter Testing at Laboratory**	
	Single-Phase	350
	Three-Phase	900
	HT Tri-vector/TOD meter	1,800
	Meter testing at Government approved laboratory	At actual
6	**Cost of Meter (applicable when consumer opts to purchase the meter from AEML-D & in case of Lost or Burnt meter)**	
	Single-Phase meter	3,500
	Three Phase whole current meter	4,700
	Three Phase CT operated meter	7,050
	HT TOD meter	7,750
	ABT compliant meter	At actual
7	**First visit Charges** (Only for new connection or additional supply request)	135
8	**Charges for Additional copies of test reports** (Rs./page)	1
9	**Photocopying of Regulatory Orders etc.** (Rs./Page)	1
10	**Duplicate copy of each monthly bill** (Rs./Bill)	2
11	**Statement of Accounts** (Rs./Page)	3

Sr. No.	Particulars	Approved Charges (Rs.)
12	**Charges for Dishonored Cheques** (irrespective of cheque amounts) - for first instance	300
13	**Charges for Dishonored Cheques** (irrespective of cheque amounts) - for 2nd and subsequent instance	900
D	**Schedule of Charges related to Open Access**	
1	Open Access Processing fee per application	3,750
2	Open Access Operating Charges per month	3,750

8 APPLICABILITY

8.1 APPLICABILITY OF REVISED TARIFF

8.1.1 The Tariffs determined in this Order shall be applicable from 1 April, 2024. Where the billing cycle of a consumer is different with respect to the date of applicability of the revised Tariffs, they should be made applicable for the consumption on a pro rata basis. The bills for the respective periods as per the existing and revised Tariffs shall be calculated based on the pro-rata consumption (units consumed during the respective periods, computed on the basis of average unit consumption per day multiplied by the number of days in the respective periods covered in the billing cycle).

8.2 APPLICABILITY OF ORDER

8.2.1 This Tariff Order for FY 2024-25 shall come into force from 1 April, 2024.

Sd/-	**Sd/-**	**Sd/-**
(Surendra J. Biyani)	**(Anand M. Limaye)**	**(Sanjay Kumar)**
Member	**Member**	**Chairperson**

(Dr. Rajendra G. Ambekar)
Secretary

ANNEXURE I: Revenue with Revised Tariffs for FY 2024-25

Consumer Categories	Consumers	Components of tariff						Contract Demand	Sales	Full year revenue excluding Government subsidy (Rs. Crore)															Average Billing Rate
	Total	Fixed Charges	Demand Charges	Wheeling Charge	Wheeling Charge	Energy Charges	Energy Charges	Total	Total	Revenue from Fixed / Demand Charges (Rs. Crore)	Revenue from Fixed / Demand Charges (Rs. Crore)	Revenue from Energy Charges Direct	Revenue from Energy Charges CO	Revenue from ToD Charges Direct	Revenue from ToD Charges CO	PF Penalty/ Rebate Direct	PF Penalty/ Rebate CO	LFI Incentive Direct	LFI Incentive CO	Revenue from Wheeling charge (Direct)	Revenue from wheeling AEML CO Consumers on Tata Power-D Wires	Revenue from Green Power Tariff	Revenue from Green Power Tariff	Total Revenue	
										Direct	CO	Direct	CO	Direct	CO	Direct	CO	Direct	CO	Direct	CO	Direct	CO		
	Nos	Rs/Connection /month	Rs/KVA/Month	Rs./kWh	Rs./kVAh	Rs./kWh	Rs./kVAh	MVA	MU	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs Crore	Rs./kWh
HT Category																									
EHV - Industry	3	0	400	0.00	0.00	7.86	7.70	108.98	761.44	52.31	-	598.27	-	(1.52)	-			(31.57)	-	-	-	-	-	617.49	8.11
HT I - Industry	119	0	400	1.47	1.40	7.86	7.70	265.65	1113.23	127.51	-	874.68	-	1.18	-			(13.19)	-	163.49	-	4.57	-	1,158.24	10.40
EHV- Commercial	1	0	400	0.00	0.00	8.93	8.84	21.33	105.50	10.24	-	94.21	-	0.15	-			-	-	-	-	-	-	104.59	9.91
HT II - Commercial	184	0	400	1.47	1.40	8.93	8.84	126.86	408.07	60.84	0.06	364.12	0.25	4.31	(0.00)			(0.19)	-	59.89	-	2.63	-	491.90	12.05
HT III - Group Housing Society (Residential)	19	0	400	1.47	1.40	7.49	7.34	10.73	49.59	5.15	-	37.14	-	-	-			-	-	7.28	-	0.16	-	49.74	10.03
HT IV: HT - Mono/Metro/Railways	**41**							**51.77**	**146.70**	**24.85**	**0.00**	**117.52**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**18.20**	**0.00**	**0.00**	**0.00**	**160.57**	
HT IV - Railways (22/33 KV)	30	0	400	1.47	1.40	8.01	7.37	37.51	123.95	18.00	-	99.30	-	-	-			-	-	18.20	-	-	-	135.51	10.93
EHV IV - Railways (Metro & Monorail)	11	0	400	0.00	0.00	8.01	7.37	14.26	22.74	6.84	-	18.22	-	-	-			-	-	-	-	-	-	25.06	11.02
HT V - Public Services	**53**							**20.31**	**85.68**	**9.75**	**0.00**	**71.34**	**0.00**	**0.45**	**0.00**	**0.00**	**0.00**	**-2.07**	**0.00**	**12.58**	**0.00**	**0.66**	**0.00**	**92.71**	
a) Govt. Edu. Inst. & Hospitals	20	0	400	1.47	1.40	6.81	6.40	11.74	19.56	5.63	-	13.32	-	0.10	-			-	-	2.87	-	-	-	21.93	11.21
b) Others	33	0	400	1.47	1.40	8.78	8.60	8.57	66.12	4.11	-	58.02	-	0.35	-			(2.07)	-	9.71	-	0.66	-	70.78	10.71
EHV - Public Services Others	1	0	400	0.00	0.00	8.78	8.60	**22.76**	**58.68**	10.93	-	51.50	-	(0.20)	-			-	-	-	-	-	-	62.22	**10.60**
HT VI - EV Charging Stations	2	0	80	1.47	1.40	6.74	6.60	6.34	17.31	0.61	-	11.67	-	(0.34)	-			-	-	2.54	-	-	-	14.48	8.37
HT subtotal	**423**							**635**	**2,746.21**	**302.17**	**0.06**	**2,220.45**	**0.25**	**4.04**	**(0.00)**	**-**	**-**	**(47.03)**	**-**	**264.00**	**-**	**8.01**	**-**	**2,751.95**	10.02
LT Category																									
LT I (A) - Residential (BPL)																									
LT I (B) - Residential	**7,60,357**							**-**	**2,218.43**	**29.87**	**84.60**	**572.17**	**764.95**	**-**	**-**	**-**	**-**	**-**	**-**	**243.20**	**0.52**	**0.88**	**2.87**	**1,699.07**	**7.66**
- S1 (0-100 units)	190326	90	0	3.15		2.18		0.00	793.59	7.13	13.42	46.03	126.97	-	-					66.56	0.00	-	-	260.11	3.28
- S2 (101-300 units)	395961	135	0	3.15		5.36		0.00	835.36	13.47	50.68	125.69	322.07	-	-					73.92	0.00	-	-	585.82	7.01
- S3 (> 301-500 Units)	121709	135	0	3.15		11.62		0.00	255.67	5.03	14.69	109.40	187.68	-	-					29.68	0.00	-	-	346.49	13.55
- S4 (Above 500 units (balance units)	52361	160	0	3.15		12.56		0.00	333.82	4.24	5.82	291.05	128.22	-	-					73.05	0.52	0.88	2.87	506.65	15.18
LT II - Commercial	**44,740**							**177**	**718.39**	**96.16**	**11.48**	**419.32**	**56.37**	**6.65**	**0.25**	**(2.69)**	**0.10**	**-**	**-**	**199.23**	**0.02**	**1.69**	**0.05**	**788.64**	**10.98**
(A) - Upto 20 kW	39633	475	0	3.15		6.50		0.00	201.08	14.57	8.02	85.95	44.75	-	-	0.00	0.00			41.68	0.02	0.12	0.02	195.14	9.70
(B) - > 20 kW & < 50kW	2700	0	400	3.15		6.55		33.48	106.91	14.84	1.23	64.71	5.32	1.44	0.12	0.29	0.10			31.14	-	0.21	0.01	119.40	11.17
(C) - > 50kW	2407	0	400	3.15		6.70		143.71	410.40	66.75	2.23	268.67	6.30	5.22	0.13	(2.98)	0.01			126.41	-	1.35	0.02	474.09	11.55
LT III (A) - Industry < 20 kW	2604	475	0	3.15		6.50		0.00	37.50	0.78	0.70	16.39	7.99	-	-	0.00	0.00			7.95	-	0.02	0.00	33.83	9.02
LT III (B) - Industry > 20kW	1119	0	400	3.15		6.70		59.63	242.86	27.44	1.19	160.65	2.06	1.77	0.04	(3.24)	0.07			75.59	-	2.48	0.00	268.06	11.04
LT IV - Public Services	**711**							**0**	**41.01**	**0.32**	**0.08**	**28.93**	**2.68**	**0.37**	**0.05**	**(0.43)**	**0.02**	**-**	**-**	**11.81**	**-**	**0.03**	**0.00**	**43.86**	**10.70**
a) Govt. Edu. Inst. & Hospitals	147	475	0	3.15		7.40		0.00	4.76	0.07	0.02	2.07	1.45	0.03	0.02	0.01	0.03			0.88	-	-	-	4.58	9.62
b) Others	564	475	0	3.15		7.75		0.00	36.25	0.26	0.07	26.86	1.23	0.34	0.02	(0.44)	(0.01)			10.93	-	0.03	0.00	39.28	10.84
LT V - EV Charging Stations	774	0	80	3.15		4.60		14.73	12.19	1.37	0.04	5.53	0.08	(0.10)	0.00	(0.18)	0.00			3.79		0.04	-	10.57	8.67
LT subtotal	**810305**							**252**	**3270.38**	**155.95**	**98.09**	**1203.00**	**834.13**	**8.70**	**0.34**	**(6.53)**	**0.19**	**0.00**	**0.00**	**541.57**	**0.54**	**5.14**	**2.92**	**2844.03**	8.70
Cash Discount																								**-54.67**	
Total	**810728**							**886**	**6016.59**	**458.12**	**98.15**	**3423.45**	**834.38**	**12.74**	**0.34**	**(6.53)**	**0.19**	**-47.03**	**0.00**	**805.57**	**0.54**	**13.15**	**2.92**	**5541.32**	**9.21**

ANNEXURE II: Tariff Schedule for FY 2024-25

THE TATA POWER COMPANY LIMITED – DISTRIBUTION BUSINESS
SCHEDULE OF ELECTRICITY TARIFFS
(With effect from 1 April, 2024)

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 Tariff Order dated 06 March**,** 2024 in Case No. 237 of 2023, the Tariff for supply of electricity by the Distribution Licensee, The Tata Power Company Limited – Distribution Business (TPC-D) to various classes of consumers as applicable from **1 April, 2024**.

General

1. These Tariffs will 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 of maximum / 15 minutes use, subject to conformity with the Commission's Electricity Supply Code Regulations, 2021 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 (kWh or kVAh as case may be) 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.

LOW TENSION (LT) TARIFF

LT I (A): LT – Residential (BPL)

Applicability:

This Below Poverty Line (BPL) Tariff category is applicable to Residential consumers who have a Sanctioned Load upto 0.25 kW and who have consumed upto 360 units per annum in the previous financial year. The eligibility of such consumers will be reassessed at the end of each financial year. If more than 360 units have been consumed in the previous financial year, the LT I (B) - Residential Tariff shall thereafter be applicable, and such consumer cannot revert thereafter to the BPL category irrespective of his future consumption level.

The categorisation of BPL consumers will be reassessed at the end of the financial year on a pro-rata basis if there has been consumption for only a part of the year. The categorisation of BPL consumers who have been added during the previous year would be assessed on a pro rata basis, i.e., 30 units per month.

This BPL category will also be applicable to all new consumers subsequently added in any month with a Sanctioned Load of upto 0.25 kW and consumption between 1 to 30 units (on pro rata basis of 1 unit/day) in the first billing month.

The BPL Tariff is applicable only to individuals and not to institutions.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed Charge (Rs./Connection/ Month)	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
BPL Category	12	2.03	3.15

LT I (B): LT – Residential

Applicability:

This Tariff category is applicable for electricity used at Low/Medium Voltage for operating various appliances used for purposes such as lighting, heating, cooling, cooking, washing/cleaning, entertainment/leisure, water pumping in the following premises:

a) Private residential premises, Government / semi-Government residential quarters; Private Corporate bodies staff quarters / Hostels / Rest Houses;

b) Premises used exclusively for worship, such as temples, gurudwaras, churches, mosques, etc.; provided that halls, gardens or any other part of such premises that may be let out for a consideration or used for commercial activities would be charged at the applicable LT-II Tariff, unless specified in other category;

c) Government / Private / Co-operative Housing Societies / Colonies / Complexes (where electricity is used exclusively for domestic purposes) only for common facilities such as Water Pumping / Street and other common area Lighting / Lifts /Parking Lots/ Fire-fighting Pumps and other equipment, etc.;

d) Sports Clubs or facilities / Health Clubs or facilities / Gymnasium / Swimming Pool / Community Hall of Government / Private / Co-operative Housing Colonies/complexes - provided that they are situated in the same premises, and are for the exclusive use of the members and employees of such Housing Colonies/complexes;

e) Telephone booths owned/operated by Persons with Disabilities/Handicapped persons;

f) Residential premises used by professionals like Lawyers, Doctors, Engineers, Chartered Accountants, etc., in furtherance of their professional activities, but not including Nursing Homes and Surgical Wards or Hospitals;

g) Single-phase household Flour Mills (Ghar-ghanti) used only for captive purposes;

h) A residential LT consumer with consumption upto 500 units per month (current month of supply) who undertakes construction or renovation activity in his existing premises: such consumer shall not require a separate temporary connection, and would be billed at this Residential Tariff rate;

i) Home-stay facilities at tourist destinations and religious places.

j) Consumers undertaking business or commercial / industrial / non-residential activities from a part of their residence, whose monthly consumption is upto 300 units a month and annual consumption in the previous financial year was upto 3600 units. The applicability of this Tariff to such consumers will be assessed at the end of each financial year. In case consumption has exceeded 3600 units in the previous financial year, the consumer will thereafter not be eligible for the Tariff under this category but be charged at the Tariff otherwise applicable for such consumption, with prior intimation to him.

k) Entities supplied electricity at a single point at Low/Medium Voltage for residential purposes, in accordance with the Electricity (Removal of Difficulties) Eighth Order, 2005, in the following cases:
   (i) a Co-operative Group Housing Society which owns the premises, for making electricity available to the members of such Society residing in the same premises for residential purposes; and
   (ii) a person, for making electricity available to its employees residing in the same premises for residential purposes.

l) Crematoriums and Burial Grounds for all purposes, including area lighting, Electric Kiln, Water Pumps, etc

m) Temporary purposes for public religious functions / festivals like Ganesh Utsav, Navaratri, Eid, Moharrum, Ram Lila, Diwali, Christmas, Guru Nanak Jayanti, Gopalkala Utsav, Dashera etc., and for areas where community prayers are held; and for functions to commemorate anniversaries of personalities and National or State events for which Public Holidays have been declared, such as Gandhi Jayanti, Ambedkar Jayanti, Chhatrapati Shivaji Maharaj Jayanti, Republic Day, Independence Day, Maharashtra Day, etc.:

Provided that such temporary connection shall be subjected to 1.5 times of Fixed Charges.

<u>Note:</u>

This Tariff category shall also be applicable to consumers who are supplied power at High Voltage for any of the purposes above other than (i) to (j) above.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed Charge / Demand Charge[$$]	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
0-100 units	90	2.18	3.15
100-300 units	135	5.36	3.15
301-500 units	135	11.62	3.15
Above 500 units	160	12.56	3.15

Note:

a) *$$: The above Fixed Charges are for single-phase connections. A Fixed Charge of Rs. 160 per month will be levied on Residential consumers availing 3-phase supply. An Additional Fixed Charge of Rs.160 per 10 kW load or part thereof above 10 kW load.*
b) *Professionals like Lawyers, Doctors, Professional Engineers, Chartered Accountants, etc., occupying premises exclusively for conducting their profession, shall not be eligible for this Tariff, and will be charged at the Tariff applicable to the respective categories.*

LT II: LT – Non-Residential or Commercial

A. 0 – 20 KW

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, 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, Exhibition Centres;
b) Warehouse / Godowns
c) 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;
d) Offices, including Commercial Establishments;
e) Marriage Halls, Resorts, Hotels / Restaurants / Canteens / Cafeterias, Ice-cream parlours, Coffee / Tea Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths not covered under the LT I category, and Fax / Photocopy shops;
f) 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;
g) Toll Collection Plazas;
h) Tailoring Shops, Computer Training Institutes, Private Training Centres, Typing Institutes, Photo Laboratories, Laundries, Beauty Parlours and Saloons, Mobile Shops;
i) Banks and ATM centres, Telephone Exchanges, TV Stations, Microwave Stations, Radio Stations;
j) Common facilities, like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting, etc., in Commercial Complexes;
k) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
l) External illumination of monuments/ historical/ heritage buildings approved by Maharashtra Tourism Development Corporation (MTDC) or the concerned Local Authority;

m) Construction of all types of structures/ infrastructure such as buildings, bridges, fly-overs, dams, Power Stations, roads, Aerodromes, tunnels for laying of pipelines for all purposes;

Note:

Residential LT consumers with consumption above 500 units per month (current month of supply) and who undertake construction or renovation activity in their existing premises shall not require a separate Temporary category connection, and shall be billed at the LT-II Commercial Tariff rate;

n) Milk Collection Centres, Standalone milk refrigeration, storage centres;

o) Sewage Treatment Plants/ Common Effluent Treatment Plants for Commercial Complexes not covered under the LT – Public Services or LT – Industry categories;

p) Advertisements, hoardings (including hoardings fixed on lamp posts/installed along roadsides), and other commercial illumination such as external flood-lights, displays, neon signs at departmental stores, malls, multiplexes, theatres, clubs, hotels and other such establishments

q) Temporary supply for any of the activity not covered under Residential category:

Provided that Temporary supply consumer shall pay 1.5 times applicable Fixed/Demand Charges and applicable 1.25 times Energy Charges:

Provided further that temporary supply for operating Fire-Fighting pumps and equipment in residential or other premises shall be charged as per the Tariff category applicable to such premises.

B. 20kW and ≤ 50 kW and (C) > 50kW

Applicability:

As per the applicability described in LT II (A) and for the Sanctioned Load in the range applicable in this sub-category., i.e., LT II (B) and LT II (C)

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed/ Demand Charge	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
(A) 0-20 kW	Rs. 475 per month	6.50	3.15
(B) >20 kW and ≤ 50 kW	Rs. 400 per kVA	6.55	3.15
(C) > 50 kW	Rs. 400 per kVA	6.70	3.15

Consumption Slab (kWh)	Fixed/ Demand Charge	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

Note:

The ToD Tariff is applicable to the LT-II (B) and (C) categories, and optionally available to LT- II (A) category consumers having ToD meter installed.

<u>LT III: LT- Industry:</u>

LT III (A): LT - Industry upto 20 kW load

LT III (B): LT - Industry, above 20 kW load

<u>Applicability:</u>

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; lifts, water pumps, fire-fighting pumps and equipment, street and common area lighting; Research and Development units, 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/ITeS Policy of Government of Maharashtra.

This category shall be also applicable to integrated logistics parks under Government of Maharashtra Policy, 2018

It shall also be applicable for use of electricity / power supply for (but not limited to) the following purposes:

a) Dhobi / Laundry activities
b) Flour Mill, Dal Mill, Rice Mill, Poha Mill, Masala Mill, Saw Mill, , Cattle / Poultry Feed Manufacturing Plants;
c) Ice Factory, Ice-cream manufacturing units, Milk Processing and Chilling Plants (Dairy);
d) Engineering Workshops, Engineering Goods Manufacturing units; Printing Presses; Transformer Repair Workshops; Tyre Remoulding / Rethreading units; and Vulcanizing units, Rubber product manufacturing, Packaging material manufacturing;
e) Ordinance / Ammunition Factories of Defence Establishments;
f) Mining, Quarrying and Stone Crushing units;
g) Garment Manufacturing units;

h) Soap and cosmetics, Deodorant manufacturing, etc
i) LPG/CNG bottling plants, and associated retail gas filing station, etc.;
j) Sewage Treatment Plant/ Common Effluent Treatment Plant for industries, and not covered under the LT – Public Service category;
k) Start-up power for Generating Plants, i.e., the power required for trial run of a Power Plant during Commissioning of the Unit and its Auxiliaries, and for its start-up after planned or forced outage (but not for construction);
l) Brick Kiln (Bhatti), Biomass Pellet;
m) Biotechnology Industries covered under the Biotechnology Policy of Government of Maharashtra;
n) Cold Storages, Packaged Drinking water plant;
o) Food (including seafood and meat) Processing units, Khandsari / Jaggery Manufacturing Units;
p) Stand-alone Research and Development units;
q) Telecommunications Towers and associated telecom infrastructure but does not cover offices / outlets etc;
r) Powerlooms including other allied activities like, Warping, Doubling, Twisting, etc., connected at Low/Medium Tension only;
s) Auxiliary Power Supply to EHV / Distribution Substations (but not for construction);
t) Ready-mix Concrete or hot mix plants.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed/ Demand Charge	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
LT III(A): 0-20 kW	Rs. 475 per month	6.50	3.15
LT III(B): Above 20kW	Rs. 400 per kVA	6.70	3.15
TOD Tariffs (Optional - in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

Note:

a) *The ToD Tariff is compulsorily applicable to LT III (B) (i.e., above 20 kW), and optionally available to LT- III (A) (i.e., up to 20 kW) having ToD meter installed.*

LT IV: Public Services

LT IV (A): LT - Government Educational Institutions and Hospitals

Applicability:

This Tariff category is applicable for electricity supply at Low/Medium Voltage for Educational Institutions, such as Schools and Colleges; Health Care facilities, such as Hospitals, Dispensaries, Clinics, Primary Health Care Centres, Diagnostic Centres, Blood Bank and Pathology Laboratories; Libraries and public reading rooms - of the State or Central Government or Local Self-Government bodies such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats, etc.;

It shall also be applicable for electricity used for Hostels / Sports Clubs and facilities / Health Clubs and facilities / Gymnasium / Swimming Pools attached to such Educational Institutions / Hospitals, provided that they are situated in the same premises and are meant primarily for their students / faculty/ employees/ patients.

This Tariff is also applicable for electricity supply at Public Sanitary Conveniences.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed/ Demand Charge	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
All Units	Rs. 475 per month	7.40	3.15
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

Note:

a) *The ToD Tariff is compulsorily applicable to the LT IV (A) category with Contract Demand/Sanctioned Load above 20 kW; and optionally available to the LT IV (A) category with Contract Demand/Sanctioned Load up to 20 kW having ToD meter installed.*

LT IV (B): LT - Public Services - Others

Applicability:

This Tariff category is applicable for electricity supply at Low/Medium Voltage for:

a) Educational Institutions, such as Schools and Colleges; Health Care facilities, such as Hospitals, Dispensaries, Clinics, Primary Health Care Centres, Diagnostic Centres, Blood Bank, Laboratories; Libraries and public reading rooms - other than those of the State or Central Government or Local Self-Government bodies such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats, etc.

b) Sports Clubs and facilities / Health Clubs and facilities / Gymnasium / Swimming Pools attached to such Educational Institutions /Health Care facilities, provided that they are situated in the same premises and are meant primarily for their students / faculty/ employees/ patients;

c) All offices of Government and Municipal/ Local Authorities/ Local Self Government bodies, such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats, Polices Stations and Police Chowkies, Post Offices, Armed Forces / Defence and Para Military establishments;

d) Service-oriented Spiritual Organisations;

e) Accommodation facilities provided by religious trusts registered under Maharashtra Public Trust Act for devotees;

f) State or Municipal/Local Authority Transport establishments, including their Workshops;

g) Fire Service Stations; Jails, Prisons; Courts;

h) Airports;

i) Ports and Jetties and provisions for Shore Power Supply;

j) Railway/Metro/Monorail Stations, including Shops, Workshops, Yards, etc., if the supply is at Low/ Medium Voltage.

k) All Students Hostels affiliated to Educational Institutions not covered under LT Public Service – Government;

l) All other Students’ or Working Men/Women’s Hostels;

m) Other types of Homes/Hostels, such as (i) Homes / Hostels for Destitutes, Disabled Persons (physically or mentally handicapped persons, etc) and mentally ill persons (ii) Remand Homes (iii) Dharamshalas, (iv) Rescue Homes, (v) Orphanages – subject to verification and confirmation by the Distribution Licensee’s concerned Zonal Chief Engineer or equivalent;

n) Dam operation including Lighting and other activities, etc;

o) pumping of water, purification of water and allied activities relating to Public Water Supply Schemes, Sewage Treatment Plants and waste processing units
p) lighting of public streets/ thorough fares which are open for use by the general public Provided that Street lights in residential complexes, commercial complexes, industrial premises, etc. will be billed at the Tariff of the respective applicable categories.
q) Lighting in Public Gardens (i.e. which are open to the general public free of charge);
r) Traffic Signals and Traffic Islands;
s) Public Water Fountains;

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed/ Demand Charge	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
All Units	Rs. 475 per month	7.75	3.15
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

Note:

a) *The ToD Tariff is compulsorily applicable to the LT IV (B) category with Contract Demand/Sanctioned Load above 20 kW; and optionally available to the LT IV (B) category with Contract Demand/Sanctioned Load up to 20 kW having ToD meter installed.*

LT V: LT – Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping station for electric vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises. The Consumer has an option to seek a separate connection for EV charging under this category.

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. 1 April, 2024 to 31 March, 2025

Consumption Slab (kWh)	Fixed/ Demand Charge	Energy Charge (Rs./kWh)	Wheeling Charge (Rs./kWh)
All Units	Rs. 80 per month	4.60	3.15
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

EXTRA HIGH TENSION (EHT) and HIGH TENSION (HT) TARIFF

EHT I and HT I: HT – Industry

Applicability:

This Tariff category is applicable for electricity for Industrial use at Extra High Voltage (220 kV/132 kV/110 kV) and High Voltage (33 kV/22kV/11 kV) 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; lifts, water pumps, fire-fighting pumps and equipment, street and common area lighting; Research and Development units, 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.

This Tariff Category shall be also applicable to integrated logistics park under Government of Maharashtra Policy, 2018.

It shall also be applicable for use of electricity / power supply for (but not limited to) the following purposes:

a) Dhobi and Laundry activities
b) Flour Mills, Dal Mills, Rice Mills, Poha Mills, Masala Mills, Saw Mills, Cattle / Poultry feed manufacturing plants;
c) Ice Factories, Ice-cream manufacturing units, Milk Processing and Chilling Plants (Dairy);
d) Engineering Workshops, Engineering Goods manufacturing units; Printing Presses; Transformer Repair Workshops; Tyre Remoulding / Rethreading units, and Vulcanizing units, Rubber product manufacturing, Packaging material manufacturing;
e) Ordinance / Ammunition Factories of Defence Establishments;
f) Mining, Quarrying and Stone Crushing units;

g) Garment Manufacturing units;
h) Soap and cosmetics, Deodorant manufacturing, etc;
i) LPG/CNG bottling plants and associated retail filling stations;
j) Sewage Treatment Plant/ Common Effluent Treatment Plant for industries, and not covered under the HT – Public Services (Others);
k) Start-up power for Generating Plants, i.e., the power required for trial run of a Power Plant during Commissioning of the Unit and its Auxiliaries, and for its start-up after planned or forced outage (but not for construction);
l) Brick Kiln (Bhatti) /Biomass Pellet;
m) Biotechnology Industries covered under the Biotechnology Policy of Government of Maharashtra;
n) Cold Storages;
o) Food (including Seafood and meat) Processing units.
p) Stand-alone Research and Development units,
q) Seed manufacturing
r) Dedicated Water Supply Schemes to Power Plants
s) Auxiliary Power Supply to EHV/Distribution Substation (but not for construction)
t) Telecommunications Towers and associated telecom infrastructure but does not cover offices / outlets etc.
u) Ready-mix Concrete or hot mix plants.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed/ Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 400 per kVA	7.70	0.08
HV	Rs. 400 per kVA	7.70	1.40
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

Note:

a) Demand Charge shall be applicable at the rate of 25% of the above rates on the start-up demand contracted by the Power Plant (as referred to at (h) above) with the Distribution Licensee.

EHT II and HT II: HT- Commercial

Applicability:

This Tariff category is applicable for electricity used at Extra High Voltage (220 kV/132 kV/110 kV) and High Voltage (33 kV/22 kV/11 kV) 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, 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) Warehouse / Godowns;
c) 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;
d) Offices, including Commercial Establishments;
e) Marriage Halls, Resorts, Hotels / Restaurants / Canteens / Cafeterias, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths and Fax / Photocopy shops;
f) 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 Toll Collection plazas;
g) Tailoring Shops, Computer Training Institutes, Typing Institutes, Private Training Centers, Photo Laboratories, Beauty Parlours and Saloons;
h) Banks and ATM centres, Telephone Exchanges, TV Stations, Micro Wave Stations, Radio Stations;
i) Common facilities, like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting, etc., in Commercial Complexes;
j) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
k) External illumination of monuments/ historical/heritage buildings approved by Maharashtra Tourism Development Corporation (MTDC) or the concerned Local Authority;
l) Construction of all types of structures/ infrastructure such as buildings, bridges, fly-overs, dams, Power Stations, roads, Aerodromes, tunnels for laying of pipelines for all purposes;

Note:

Residential HT consumers with consumption above 500 units per month (current month of supply) and who undertake construction or renovation activity in their existing premises shall not require a separate Temporary category connection but be billed at the HT-II Commercial Tariff;

m) Milk Collection Centres, standalone milk refrigeration and storage centres;

n) Sewage Treatment Plant/ Common Effluent Treatment Plant for Commercial Complexes, not covered under the Public Services or Industrial category;

o) Advertisements, hoardings (including hoardings fixed on lamp posts/installed along roadsides), and other commercial illumination such as external flood-lights, displays, neon signs at departmental stores, malls, multiplexes, theatres, clubs, hotels and other such establishments;

p) Temporary supply for any of the activity not covered under any other HT category:

Provided that Temporary supply consumer shall pay 1.5 times applicable Fixed/Demand Charges and 1.25 times applicable Energy Charges.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed Charge / Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 400 per kVA	8.84	0.08
HV	Rs. 400 per kVA	8.84	1.40
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

Note:

a) A consumer in the HT II category requiring single-point supply for the purpose of downstream consumption by separately identifiable entities shall have to operate as a Franchisee authorised as such by the Distribution Licensee; or such downstream entities shall be required to take separate individual connections and be charged under the Tariff category applicable to them.

EHT III and HT III: HT - Group Housing Society (Residential)

Applicability:

Entities supplied electricity at a single point at High Voltage (33 kV / 22 kV / 11 kV) for residential purposes in accordance with the Electricity (Removal of Difficulties) Eighth Order, 2005, in the following cases:

a) a Co-operative Group Housing Society which owns the premises, for making electricity available to the members of such Society residing in the same premises for residential purposes;
b) a person, for making electricity available to its employees residing in the same premises for residential purposes.
c) Serving Armed Forces / Paramilitary forces residential establishments. These consumers shall be eligible for 20% discount on energy charges including FAC. This 20% discount is also applicable to defence.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed Charge / Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 400 per kVA	7.34	0.08
HV	Rs. 400 per kVA	7.34	1.40

EHT IV and HT IV- Railways/Metro/Monorail

Applicability:

This Tariff category is applicable to power supply at Extra High Voltage (220 kV/132 kV/110 kV) and High Voltage (33 kV/22 kV/11 kV) for Railways, Metro and Monorail, including Stations and Shops, Workshops, Yards, etc.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed Charge / Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 400 per kVA	7.37	0.08
HV	Rs. 400 per kVA	7.37	1.40

EHT V and HT V - Public Services

EHT V- (A) and HT V – (A): HT - Government Educational Institutions and Hospitals

Applicability:

This Tariff category is applicable for electricity supply at Extra High Voltage (220 kV/132 kV/110 kV) and High Voltage (33 kV/22 kV/11 kV) for Educational Institutions, such as Schools and Colleges; Health Care facilities, such as Hospitals, Dispensaries, Clinics, Primary Health Care Centres, Diagnostic Centres, Blood Banks and Pathology Laboratories; Libraries and public reading rooms - of the State or Central Government, Local Self-Government bodies such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats, etc.;

It shall also be applicable for electricity used for Hostels, Sports Clubs and facilities / Health Clubs and facilities / Gymnasium / Swimming Pools attached to such Educational Institutions / Health Care facilities, provided that they are situated in the same premises and are meant primarily for the students / faculty/ employees/ patients of such Educational Institutions and Hospitals.

This tariff is also applicable for electricity supply at Public Sanitary Conveniences.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed Charge / Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 400 per kVA	6.40	0.08
HV	Rs. 400 per kVA	6.40	1.40
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

EHT V – (B) and HT V - (B): Public Service - Others

Applicability:

This Tariff category is applicable for electricity supply at Extra High Voltage (220 kV/132 kV/110 kV) and High Voltage (33 kV/22 kV/11 kV) for:

a) Educational Institutions, such as Schools and Colleges; Health Care facilities, such as Hospitals, Dispensaries, Clinics, Primary Health Care Centres, Diagnostic Centres, Blood Banks and Pathology Laboratories; Libraries and public reading rooms - other than those of the State or Central Government, Local Self-Government bodies such as Municipalities, Zilla Parishads, Panchayat Samities, Gram Panchayats, etc.
b) Sports Clubs and facilities / Health Clubs, Students / Working Men / Women hostel and facilities / Gymnasium / Swimming Pools attached to such Educational Institutions / Health Care facilities, provided that they are situated in the same premises and are meant primarily for their students / faculty/ employees/ patients;
c) All offices of Government and Municipal/ Local Authorities/ Local Self-Government bodies, such as Municipalities, Zilla Parishads, Panchayat Samitis, Gram Panchayats; Police Stations and Police Chowkies; Post Offices; Armed Forces/Defence and Para-Military establishments;
d) Service-oriented Spiritual Organisations;
e) Accommodation facilities provided by religious trusts registered under Maharashtra Public Trust Act for devotees. State or Municipal/Local Authority Transport establishments, including their Workshops;
f) Fire Service Stations; Jails, Prisons; Courts;
g) Airports;
h) Ports and Jetties and provision for Shore Power Supply.
i) Pumping of water, purification of water and allied activities relating to Public Water Supply Schemes and Sewage Treatment Plants
j) Waste Processing units and Water ATM not covered under HT IV category;
k) Dam operation including Lighting and other activities, etc;
l) Lighting of public streets/thorough fares which are open for use by the general public;

   Provided that Street lights in residential complexes, commercial complexes, industrial premises, etc. will be billed at the Tariff of the respective applicable categories.

Tariff w.e.f. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed Charge / Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 400 per kVA	8.60	0.08
HV	Rs. 400 per kVA	8.60	1.40
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

EHT VI and HT VI: HT – Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Supply at High Voltage (33 kV / 22 kV / 11 kV) for Electric Vehicle Charging Station including battery swapping station for Electric Vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises. The Consumer has an option to seek a separate connection for EV Charging under this category.

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. 1 April, 2024 to 31 March, 2025

Consumption Slab (kVAh)	Fixed/ Demand Charge	Energy Charge (Rs./kVAh)	Wheeling Charge (Rs./kVAh)
EHV	Rs. 80 per kVA	6.60	0.08
HV	Rs. 80 per kVA	6.60	1.40
TOD Tariffs (in addition to above base Tariff)			
0600 to 0900 hours			0.00
0900 to 1200 hours			0.50
1200 to 1800 hours			0.00
1800 to 2200 hours			1.00
2200 to 0600 hours			-0.75

MISCELLANEOUS AND GENERAL CHARGES

Fuel Adjustment Charge (FAC) Component of Z-factor Charge

The Fuel Adjustment Charge (FAC) component of the Z-factor Charge will be determined in accordance with the formula specified in the relevant Multi Year Tariff Regulations and any directions that may be given by the Commission from time to time, and will be applicable to all consumer categories for their entire consumption.

In case of any variation in the fuel prices and power purchase prices, the Distribution Licensee shall pass on the adjustments through the FAC component of the Z-factor Charge accordingly.

The details of the applicable ZFAC for each month shall be available on the Distribution Licensee's website www.tatapower.com

Electricity Duty and Tax on Sale of Electricity

Electricity Duty and Tax on Sale of Electricity shall be levied in addition to the Tariffs approved by the Commission, and in accordance with the Government of Maharashtra stipulations from time to time. The rate and the reference number of the Government Resolution/ Order under which the Electricity Duty and Tax on Sale of Electricity are applied shall be stated in the consumers' energy bills. A copy of such Resolution / Order shall be provided on the Distribution Licensee's website www.tatapower.com

Power Factor Computation

Where the average Power Factor measurement is not possible through the installed meter, the following formula for calculating the average Power Factor during the billing period shall be applied:

$$\textit{Average Power Factor} = \frac{\textit{Total (kWh)}}{\textit{Total (kVAh)}}$$

Wherein the kVAh is = $\sqrt{\sum(\mathrm{KWh})^2 + \sum(\mathrm{RkVAh\ Lag} + \mathrm{RkVAh\ Lead})^2}$

Further, average PF so computed can be considered as leading or lagging based on the following test:

If "RkVAh lead" > "RkVAh lag" then "Average P.F." is to be treated as "Lead P.F."

If "RkVAh lead" = < "RkVAh lag" then "Average P.F." is to be treated as "Lag P.F."

Power Factor Incentive

Applicable for LT II: Non-Residential/Commercial [LT II (B), LT II (C)] (for Contract Demand/Sanctioned Load above 20 kW), LT III (B): Industry above 20 kW, LT IV: Public Service [LT IV (A) and LT IV (B)], and LT VI – Electric Vehicle (EV) Charging Stations having contract demand/sanctioned load above 20 kW.

Whenever the average Power Factor is more than 0.95 (lag or lead) and upto 1, an incentive shall be given at the rate of the following percentages of the amount of the monthly electricity bill, excluding Taxes and Duties:

Sl.	Range of Power Factor	Power Factor Level	Incentive
1	0.951 to 0.954	0.95	0.0%
2	0.955 to 0.964	0.96	0.5%
3	0.965 to 0.974	0.97	1.0%
4	0.975 to 0.984	0.98	1.5%
5	0.985 to 0.994	0.99	2.5%
6	0.995 to 1.000	1.00	3.5%

Note: *Power Factor shall be measured/computed upto 3 decimals, after universal rounding off.*

Power Factor Penalty

Applicable for LT II: Non-Residential/Commercial [LT II (B), LT II (C)] (for Contract Demand/Sanctioned Load above 20 kW), LT III (B): Industry above 20 kW, LT IV: Public Service [LT IV (A) and LT IV (B)], and LT VI – Electric Vehicle (EV) Charging Stations having contract demand/sanctioned load above 20 kW.

Whenever the average PF is less than 0.9 (lag or lead), penal charges shall be levied at the rate of the following percentages of the amount of the monthly electricity bill, excluding Taxes and Duties:

Sl.	Range of Power Factor	Power Factor Level	Penalty
1	0.895 to 0.900	0.90	0.0%
2	0.885 to 0.894	0.89	1.0%
3	0.875 to 0.884	0.88	1.5%
4	0.865 to 0.874	0.87	2.0%
5	0.855 to 0.864	0.86	2.5%

Sl.	Range of Power Factor	Power Factor Level	Penalty
6	0.845 to 0.854	0.85	3.0%
7	0.835 to 0.844	0.84	3.5%
8	0.825 to 0.834	0.83	4.0%
9	0.815 to 0.824	0.82	4.5%
10	0.805 to 0.814	0.81	5.0%
...	...	...	...

Note: *Power Factor shall be measured/computed upto 3 decimals, after universal rounding off.*

Prompt Payment Discount

A prompt payment discount of one percent of the monthly bill (excluding Taxes and Duties) shall be provided to consumers for payment of electricity bills within 7 days from the date of their issue.

Delayed Payment Charges

In case the electricity bill is not paid within the due date mentioned on the bill, delayed payment charges on the billed amount, including the taxes, cess, duties, etc., shall be levied on simple interest basis at the rate of 1.25% on the billed amount for the first month of delay.

Discount for digital payment

A 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.

Discount for E-Bill

A discount of Rs. 10 per consumer per bill shall be provided for those opting for E-bills through written/email confirmation. No hard copy of the bills shall be generated for such consumers.

Rate of Interest on Arrears

The rate of interest chargeable on the arrears of payment of billed dues shall be as given below:

Sr. No.	Delay in Payment (months)	Interest Rate per annum (%)
1	Payment made after 60 days and before 90 days from the date of billing	12%
2	Payment made after 90 days from the date of billing	15%

Rebate for consumers with Prepaid connections

Consumers with prepaid metered connections shall be entitled for rebate of 2% in the Energy Charge Rate (incl FAC) applicable for the consumer category.

Load Factor Incentive

Consumers having Load Factor above 75% and upto 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85 % will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.

This incentive is applicable only to consumers in the Tariff categories EHT I and HT I: Industry, EHT II and HT II: Commercial and EHT V and HT V: Public Services - (A) and (B) only.

The Load Factor incentive will be available only if the consumer has no arrears with the Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled. The Distribution Licensee shall take a commercial decision on the schedule for such payments.

The Load Factor is to be computed as follows:

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

Maximum consumption possible = Contract Demand (kVA) × Unity Power Factor × (Total no. of hours during the month, less actual interruptions hours recorded on meter for billing period)

In case the consumer exceeds its Contract Demand (including during the non-peak hours, i.e., 22:00 hrs to 06:00 hrs.) in any particular month, the Load Factor Incentive will not be payable to the consumer in that month.

Penalty for exceeding Contract Demand

In case a consumer (availing Demand-based Tariff) exceeds his Contract Demand, he will be billed at the applicable Demand Charge rate for the Demand actually recorded, and also be charged an additional amount at the rate of 150% of the applicable Demand Charge (only for the Demand in excess of the Contract Demand).

Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.

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 consumers having a Captive Power Plant, additional Demand Charges at the rate of Rs. 20/kVA/month shall be payable only on the extent of the Stand-by demand component and not on the entire Contract Demand. The additional Demand Charges will be levied on the Stand-by component only if the consumer's demand exceeds his Contract Demand.

Consumers' Security Deposit

As specified under Regulations 13 of the MERC (Supply Code Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, Consumer shall pay Security Deposit and will be entitled for interest on such Security Deposit.

Definitions

Maximum Demand:

Maximum Demand in kilo-Watts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty-minute blocks in that period.

Contract Demand:

Contract Demand means the demand in kilo-Watt (kW) or kilo–Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the consumer as entered into in the agreement or agreed through other written communication. (For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)

Sanctioned Load:

Sanctioned Load means the load in kW mutually agreed between the Distribution Licensee and the consumer.

Billing Demand - LT Tariff categories:

Monthly Billing Demand will be the higher of the following:

a) 65% of the actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
b) 40% of the Contract Demand.

Note:

- *Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.*
- *In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change in Contract Demand is effected.*

Billing Demand - HT Tariff categories:

Monthly Billing Demand will be the higher of the following:

a) Actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
b) 75% of the highest Billing Demand recorded during the preceding eleven months, subject to the limit of Contract Demand;
c) 75% of the Contract Demand.

Note:

- *Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.*
- *In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change of Contract Demand is effected.*

APPENDIX – 1 - LIST OF PERSONS WHO ATTENDED THE PRE-ADMISSION DISCUSSION (TVS) HELD ON 4 JANUARY, 2024

Sr. No.	Name of individuals	Institution/Individual
1	Shri Pankaj Prakash	TPC-D
2	Shri Rahul Ranade	TPC-D
3	Smt. Hawaa Inamdar	TPC-D

APPENDIX – 2 - LIST OF PERSONS AT THE PUBLIC HEARING ON 27 FEBRUARY, 2024

Sr. No.	Name of individuals	Institution/Individual
1	Shri. Nilesh Kane	TPC-D
2	Shri. Rahul Ranade	TPC-D
3	Ms. Hawwa Inamdar	TPC-D
4	Adv. Deepa Chawan	AEML-D
5	Adv. Hemant Singh	AEML-D
6	Shri. Vivek Mishra	AEML-D
7	Shri. S.N. Bhinge	BEST Undertaking
8	Smt. Manisha Ashok Chaudhari, MLA	Individual
9	Mr. Yusuf Memon, North Central District Congress Committee	Individual
10	Mr. Blase Martin D’souza	Individual
11	Mr. Mohamed Sikander Azam	Individual
12	Mr. Ubaidurrahman Siddiqui	Individual
13	Mr. Juzer Barnagarwala	Individual
14	Mr. Ganesh Khankar	Individual
15	Mr. Mohammed Yakub Shaikh	Individual
16	Mr. Mahendra Bhosale	Individual