

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**CASE NO. 235 of 2022**

**In the matter of**

**Case of EON Kharadi Infrastructure Private Limited (EON SEZ Phase I) for Truing-up of FY 2020-21 and FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff determination for the Multi-Year Tariff period from FY 2023-24 and FY 2024-25**

**Coram**

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

**ORDER**

**Dated: 31 March 2023**

M/s. EON Kharadi Infrastructure Private Limited ('EON SEZ Phase I') ('EON I/ Petitioner') has filed its Petition on 29 November 2022 for the Truing-up of FY 2020-21 and FY 2021-22, Provisional Truing-up of FY 2022-23, and determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24 and FY 2024-25, for its Electricity Distribution Business. Said Petition has been submitted in accordance with the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019 ('MYT Regulations 2019') as amended thereof.

The Commission, in exercise of its powers vested under Sections 61, 62 and 86 of the Electricity Act, 2003 (EA, 2003) and all other powers enabling it in this behalf and after taking into consideration of all the submission made by EON I and in the public consultation process, and all other relevant material, has approved the Truing-up of ARR for FY 2020-21 and FY 2021-22, Provisional Truing-up of ARR for FY 2022-23 and determination of the ARR and Tariff for FY 2023-24 and FY 2024-25.

## **TABLE OF CONTENTS**

1.	BACKGROUND AND SALIENT FEATURES OF THE ORDER .....	13
1.1.	Background .....	13
1.2.	Technical Validation Session .....	14
1.3.	Admission of Petition and Public Consultation Process .....	15
1.4.	Organization of the Order.....	15
2.	TRUE-UP OF FY 2020-21 AND FY 2021-22.....	17
2.1.	Background .....	17
2.2.	Energy Sales for FY 2020-21 and FY 2021-22.....	17
2.3.	Distribution Loss .....	19
2.4.	Energy Balance .....	21
2.5.	Power Purchase Expenses .....	23
2.6.	Transmission Charges and MSLDC Charges.....	34
2.7.	Operation and Maintenance Expenses .....	36
2.8.	Capital Expenditure and Capitalisation.....	40
2.9.	Depreciation .....	43
2.10.	Interest on Long-Term Loan Capital.....	45
2.11.	Return on Equity .....	47
2.12.	Interest on Working Capital & on Consumer’s Security Deposit.....	52
2.13.	Provisioning of Bad Debts .....	56
2.14.	Contribution to Contingency Reserves .....	56
2.15.	Non-Tariff Income .....	56
2.16.	Sharing of Gains/(Losses) .....	57
2.17.	Revenue from Sale of Electricity .....	58
2.18.	Summary of ARR for FY 2020-21 and FY 2021-22 .....	58
2.19.	Revenue Gap/ (Surplus) .....	61
3.	PROVISIONAL TRUE-UP OF FY 2022-23 .....	63
3.1.	Energy Sales.....	63
3.2.	Distribution Loss .....	64
3.3.	Energy Balance .....	66
3.4.	Power Purchase Expenses .....	67
3.5.	Transmission Charges and SLDC Charges .....	73
3.6.	Operation and Maintenance Expenses .....	74
3.7.	Capital Expenditure and Capitalisation.....	77
3.8.	Depreciation .....	77

3.9. Interest on Long-Term Loan Capital.....	78
3.10. Return on Equity .....	80
3.11. Interest on Working Capital & on Consumer’s Security Deposit.....	82
3.12. Provisioning of Bad Debts .....	84
3.13. Contribution to Contingency Reserves .....	85
3.14. Non-Tariff Income .....	86
3.15. Revenue from Sale of Electricity .....	86
3.16. Summary of ARR for FY 2022-23.....	87
3.17. Revenue Gap/ (Surplus) for FY 2022-23 .....	89
<b>4. PROJECTION OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 AND FY 2024-25 .....</b>	<b>91</b>
4.1. Background .....	91
4.2. Energy Sales .....	91
4.3. Distribution Loss .....	94
4.4. Energy Balance .....	95
4.5. Power Purchase Expenses .....	96
4.6. Transmission Charges and MSLDC Charges.....	100
4.7. Operations and Maintenance Expenses.....	101
4.8. Capital Expenditure and Capitalisation.....	104
4.9. Depreciation .....	105
4.10. Interest on Long-Term Loan Capital.....	106
4.11. Return on Equity .....	109
4.12. Interest on Working Capital & on Consumer’s Security Deposit.....	111
4.13. Provisioning for Bad Debts .....	114
4.14. Contribution to Contingency Reserves .....	114
4.15. Non-Tariff Income .....	115
4.16. Summary of ARR for FY 2023-24 and FY 2024-25 .....	115
4.17. Computation of Carrying/ (Holding) Cost on Past Gaps/ (Surplus) .....	118
<b>5. TARIFF PHILOSOPHY, TARIFF DESIGN AND PROPOSED CATEGORY WISE TARIFF FOR FY 2023-24 AND FY 2024-25 .....</b>	<b>120</b>
5.1. Overall approach of Tariff Design .....	120
5.2. Tariff Recovery .....	120
5.3. Wheeling Charges .....	123
5.4. Tariff Philosophy .....	124
5.5. Tariff determined for FY 2023-24 and FY 2024-25 .....	132

5.6. Determination of Cross Subsidy Surcharge .....	133
5.7. Stabilising Variation in Consumer Bill on account of FAC.....	135
5.8. Green Tariff.....	137
5.9. Advance Payment.....	139
6. SCHEDULE OF CHARGES.....	141
7. SUMMARY OF DIRECTIVES: .....	142
8. APPLICABILITY OF ORDER.....	143
Annexure I: Category wise Revenue with revised Tariffs for FY 2023-24.....	144
Annexure II: Category wise Revenue with revised Tariffs for FY 2024-25 .....	145
Annexure III: Tariff Schedule.....	146
Annexure – IV: Approved Schedule of Charges .....	157
Appendix I .....	158
Appendix II.....	159

## **LIST OF TABLES**

Table 2-1: Category wise Energy Sales for FY 2020-21 and FY 2021-22 as submitted by EON I (MU).....	17
Table 2-2: Category wise Energy Sales for FY 2020-21 and FY 2021-22 as submitted by EON I (MkVAh).....	18
Table 2-3: Category-wise actual Energy Sales for FY 2020-21 and FY 2021-22 as approved by the Commission (MU).....	18
Table 2-4: Category-wise actual Energy Sales for FY 2020-21 and FY 2021-22 as approved by the Commission (MkVAh).....	19
Table 2-5: Actual Distribution Loss for FY 2020-21 and FY 2021-22 as submitted by EON I.....	20
Table 2-6: Actual Distribution Loss for FY 2020-21 and FY 2021-22 as approved by the Commission.....	21
Table 2-7: Energy Balance for FY 2020-21 and FY 2021-22 as submitted by EON I.....	22
Table 2-8: Energy Balance for FY 2020-21 and FY 2021-22 as approved by the Commission.....	22
Table 2-9: Details of Power Procurement of EON I as approved by the Commission.....	23
Table 2-10: Details of responses from various traders and generators received by EON I.....	25
Table 2-11: Details of RECs purchased by EON I to comply with RPO targets.....	26
Table 2-12: RECs Purchased for FY 2020-21 and FY 2021-22 (Rs. Crore) as submitted by EON I.....	27
Table 2-13: Power Purchase Cost for FY 2020-21 as submitted by EON I.....	27
Table 2-14: Power Purchase Cost for FY 2021-22 as submitted by EON I.....	28
Table 2-15: Summary of Latest IEX DAM Rates (Rs./kWh).....	29
Table 2-16: RPO Settlement for FY 2020-21 and FY 2021-22 as submitted by EON I.....	33
Table 2-17: Power Purchase Cost for FY 2020-21 approved by the Commission.....	34
Table 2-18: Power Purchase Cost for FY 2021-22 approved by the Commission.....	34
Table 2-19: InSTS and MSLDC charges for FY 2020-21 & FY 2021-22 submitted by EON I (Rs. Crore).....	35
Table 2-20: Details of MSLDC charges paid by EON I in FY 2021-22.....	35
Table 2-21: InSTS and MSLDC charges for FY 2020-21 & FY 2021-22 approved by the Commission.....	36
Table 2-22: Summary of O&M Expenses for FY 2020-21 and FY 2021-22 as submitted by EON I (Rs. Crore).....	36
Table 2-23: Comparison of O&M expenses of other SEZs as submitted by EON I.....	38
Table 2-24: Comparison of Approved O&M expenses of similar SEZs in the State.....	38
Table 2-25: O&M Expenses as submitted by EON I.....	39
Table 2-26: Summary of O&M Expenses for FY 2021-22 and FY 2021-22 approved by the Commission (Rs. Crore).....	40
Table 2-27: Capital expenditure and capitalisation for FY 2020-21 and FY 2021-22 as submitted by EON I (Rs. crores).....	41
Table 2-28: Capital expenditure and Capitalisation for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore).....	42
Table 2-29: Depreciation for FY 2020-21 and FY 2021-22 submitted by EON I (Rs. Crores).....	43

Table 2-30: Depreciation for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore) .....	44
Table 2-31: Interest on Long Term Loan for FY 2020-21 and FY 2021-22 as submitted by EON I – Wires Business (Rs. Crore) .....	45
Table 2-32: Interest on Long Term Loan for FY 2020-21 and FY 2021-22 as submitted by EON I - Retail Supply Business (Rs. Crore).....	45
Table 2-33: Interest on Loan for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore).....	46
Table 2-34: Base Return on Equity for FY 2020-21 and FY 2021-22 as submitted by EON I - Wires Business (Rs. Crore).....	48
Table 2-35: Base RoE for FY 2020-21 and FY 2021-22as submitted by EON I - Supply Business (Rs. Crore) .....	48
Table 2-36: Additional RoE for FY 2020-21 and FY 2021-22 as submitted by EON I - Wires Business (Rs. Crore) .....	48
Table 2-37: Additional RoE for FY 2020-21 and FY 2021-22as submitted by EON I - Supply Business (Rs. Crore) .....	49
Table 2-38: Base RoE for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore).....	50
Table 2-39: Additional ROE for FY 2020-21 and FY 2021-22 approved by the Commission – Wires Business (Rs. Crore).....	51
Table 2-40: Additional ROE for FY 2020-21 and FY 2021-22 approved by the Commission - Supply Business (Rs. Crore).....	51
Table 2-41: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 submitted by EON I – Wires Business (Rs. Crore).....	52
Table 2-42: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 as submitted by EON I – Supply Business (Rs. Crore) .....	53
Table 2-43: Details of additional Interest to be recovered from consumers as submitted by EON I.....	54
Table 2-44: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore) .....	55
Table 2-45: Sharing of efficiency gains/ (losses) of Interest on Working Capital for FY 2020-21 to FY 2021-22 approved by Commission (Rs. Crore).....	58
Table 2-46: ARR Summary Distribution Wires Business for FY 2020-21 and FY 2021-22 as submitted by EON I.....	59
Table 2-47: Summary Distribution Retail Supply Business for FY 2020-21 and FY 2021-22 as submitted by EON I.....	59
Table 2-48: ARR Summary for Distribution Wires Business of EON I for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore) .....	60
Table 2-49: ARR Summary for Retail Supply Business of EON I for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore) .....	60
Table 2-50: Revenue Gap/(Surplus) for FY 2020-21 and FY 2021-22 as submitted by EON I (Rs. Crore).....	61
Table 2-51: Revenue Gap/ (Surplus) for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore) .....	62
Table 3-1: Estimates Energy Sales for FY 2022-23 as submitted by EON I (MU).....	63
Table 3-2: Estimates Energy Sales for FY 2022-23 as submitted by EON I (MkVAh).....	63

Table 3-3: Category-wise Estimated Energy Sales provisionally approved by the Commission for FY 2022-23 (MU and MkVAh) .....	64
Table 3-4: Distribution Loss for FY 2022-23 approved by the Commission .....	66
Table 3-5: Energy Balance for FY 2022-23 as submitted by EON I.....	66
Table 3-6: Energy Balance for FY 2022-23 provisionally approved by the Commission (MU) .....	67
Table 3-7: Power Purchase Cost for FY 2022-23 as submitted by EON I (Rs. Crore) .....	69
Table 3-8: RPO Compliance Status for FY 2022-23 as submitted by EON I .....	72
Table 3-9: Power Purchase Quantum & Cost for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	72
Table 3-10: Transmission and MSLDC Charges as submitted by EON I for FY 2022-23 (Rs. Crore) .....	73
Table 3-11: Transmission and MSLDC Charges for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	74
Table 3-12: Annual Escalation Rate considered by EON I .....	74
Table 3-13: Number of Consumers as submitted by EON I.....	74
Table 3-14: O&M Expenses for FY 2022-23 as submitted by EON I (Rs. Crore).....	75
Table 3-15: O&M Expenses for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	76
Table 3-16: Depreciation for FY 2022-23 as submitted by EON I (Rs. Crore).....	77
Table 3-17: Depreciation for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	78
Table 3-18: Interest on Loan for FY 2022-23 as submitted by EON I (Rs. Crore).....	79
Table 3-19: Interest on normative loan for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	80
Table 3-20: RoE for FY 2022-23 as submitted by EON I (Rs. Crore) .....	81
Table 3-21: Return on Equity for Distribution Wires Business approved by the Commission for FY 2022-23 (Rs. Crore) .....	81
Table 3-22: Return on Equity for Distribution Retail Supply Business approved by the Commission for FY 2022-23 (Rs. Crore) .....	82
Table 3-23: IoWC and Interest on CSD for FY 2022-23 as submitted by EON I (– Wires Business (Rs. Crore) .....	82
Table 3-24: IoWC and Interest on CSD as submitted by EON I for FY 2022-23 – Retail Supply Business - (Rs. Crore).....	83
Table 3-25: IoWC and Interest on CSD for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	83
Table 3-26: Contribution to Contingency Reserves for FY 2022-23 as submitted by EON I (Rs. Crore).....	85
Table 3-27: Contribution to Contingency Reserve provisionally approved by the Commission for FY 2022-23 (Rs. Crore) .....	85
Table 3-28: Revenue from Sale of Electricity for FY 2022-23 as submitted by EON I (Rs. Crore) .....	86
Table 3-29: Revenue from Sales of Electricity for FY 2022-23 provisionally approved by the Commission (Rs. Crore) .....	86
Table 3-30: ARR Summary for Distribution Wires Business for FY 2022-23 as submitted by EON I (Rs. Crore).....	87

Table 3-31: ARR Summary for Distribution Retail Supply Business for FY 2022-23 as submitted by EON I (Rs. Crore) .....	87
Table 3-32: ARR provisionally approved for Distribution Wires Business for FY 2022-23 (Rs. Crore).....	88
Table 3-33: ARR provisionally approved for Retail Supply Business for FY 2022-23 (Rs. Crore) .....	89
Table 3-34: Revenue Gap (Surplus) for FY 2022-23 as submitted by EON I.....	89
Table 3-35: Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply Business for FY 2022-23 provisionally approved by Commission (Rs. Crore).....	90
Table 4-1: Energy Sales Projected by EON I for FY 2023-24 and FY 2024-25(MU).....	91
Table 4-2: Energy Sales Projected by EON I for FY 2023-24 and FY 2023-24 (MkVAh)....	92
Table 4-3: Projected Energy Sales for next 15 years by EON I (MU) .....	92
Table 4-4: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by the Commission (MU) .....	93
Table 4-5: Energy Sales for FY 2023-24 and FY 2024-25 approved by the Commission (MkVAh).....	94
Table 4-6: Projection of Distribution Loss by EON I for FY 2023-24 and FY 2024-25 .....	94
Table 4-7: Distribution Loss approved by the Commission for FY 2023-24 and FY 2024-25, .....	95
Table 4-8: Energy Balance as submitted by EON I for FY 2023-24 and FY 2024-25 (MU) .	95
Table 4-9: Energy Balance for FY 2023-24 and FY 2024-25 approved by the Commission .	96
Table 4-10: RPO Settlement projected for FY 2023-24 and FY 2024-25 as submitted by EON I.....	97
Table 4-11: Power Purchase Costs submitted by EON I for FY 2023-24 to FY 2024-25 (Rs. Crore) .....	98
Table 4-12: Monthly GDAM Weighted MCP from IEX.....	99
Table 4-13: Power Purchase Quantum and Cost for FY 2023-24 and FY 2024-25 as approved by the Commission (Rs. Crore).....	99
Table 4-14: Projected Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 as submitted by EON I.....	101
Table 4-15: Intra-state Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore) .....	101
Table 4-16: Projected Normative O&M Expenses for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs. Crore) .....	102
Table 4-17: Total O&M Expenses for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore) .....	103
Table 4-18: Capital Expenditure and Capitalisation for Wires Business for FY 2023-24 as submitted by EON I (Rs. Crore) .....	104
Table 4-19: Capitalisation for Distribution Wires Business approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore).....	104
Table 4-20: Depreciation for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) .....	105
Table 4-21: Depreciation for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore) .....	106
Table 4-22: Interest on Loan for Distribution Wires Business submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore) .....	107



Table 4-23: Interest on Loan for Distribution Retail Supply Business submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore) .....	107
Table 4-24: Interest on Loan for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore).....	108
Table 4-25: Return on Equity for Distribution Wires Business as submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore) .....	109
Table 4-26: Return on Equity for Distribution Retail Supply Business as submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore) .....	109
Table 4-27: RoE for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore) .....	110
Table 4-28: IoWC and Interest on CSD for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) – Wires Business .....	111
Table 4-29: IoWC and Interest on CSD for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) – Retail Supply Business .....	112
Table 4-30: IoWC for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore) .....	113
Table 4-31: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) .....	114
Table 4-32: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore) .....	115
Table 4-33: ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs. Crore) .....	115
Table 4-34: ARR for Distribution Retail Supply Business for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs. Crore).....	116
Table 4-35: ARR approved for Distribution Wires Business by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore) .....	116
Table 4-36: ARR approved for Retail Supply Business by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore).....	117
Table 4-37: Carrying/(Holding) Cost for Past Gaps/(Surplus) as submitted by EON I (Rs. Crore).....	118
Table 4-38: Carrying/(Holding) Cost approved by the Commission for FY 2020-21 and FY 2021-22 (Rs. Crore) .....	119
Table 5-1: Revenue Gap/ (Surplus) at existing Tariff for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) .....	120
Table 5-2: Projected Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 as submitted by EON I.....	121
Table 5-3: Revenue Gap/ (Surplus) at existing Tariff approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore).....	121
Table 5-4: Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 approved by the Commission .....	122
Table 5-5: Composite Wheeling Charges for FY 2023-24 and FY 2024-25 (Rs/kVAh) as submitted by EON I.....	123
Table 5-6: Composite Wheeling Charges for FY 2023-24 and FY 2024-25 as approved by the Commission .....	124
Table 5-7: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25 as submitted by EON I.....	126

Table 5-8: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25, approved by the Commission (Rs. Crore) .....	127
Table 5-9: Category-wise ABR and Tariff increase/ decrease for FY 2023-24 and FY 2024-25 approved by the Commission.....	129
Table 5-10: Cross Subsidy Trajectory for FY 2023-24 and FY 2024-25 approved by the Commission .....	130
Table 5-11: Tariffs for FY 2023-24 (effective from 1 April 2023) .....	132
Table 5-12: Tariffs for FY 2024-25 (effective from 1 April 2024) .....	132
Table 5-13: Cross Subsidy Surcharge for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs/kWh) .....	134
Table 5-14: Cross Subsidy Surcharge for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs./kVAh) .....	134

## LIST OF ABBREVIATIONS

<b>Abbreviation</b>	<b>Expansion</b>
ABR	Average Billing Rate
ABT	Availability Based Tariff
ACoS	Average Cost of Supply
A&G	Administration & General
ARR	Aggregate Revenue Requirement
ATE/APTEL	Appellate Tribunal for Electricity
Capex	Capital Expenditure
CPI	Consumer Price Index
CSD	Consumer Security Deposit
CSS	Cross-Subsidy Surcharge
DSM	Deviation Settlement Mechanism
EA 2003	Electricity Act, 2003
EON I	M/s. EON Kharadi Infrastructure Private Limited SEZ Phase I
EON II	M/s. EON Kharadi Infrastructure Private Limited SEZ Phase II
FAC	Fuel Adjustment Charge
FBSM	Final Balancing Settlement Mechanism
FY	Financial Year
GFA	Gross Fixed Assets
GIS	Gas Insulated Substation
GoI	Government of India
HT	High Tension
InSTS	Intra-State Transmission System
IoWC	Interest on Working Capital
IT & ITeS	Information Technology & Information Technology-enabled Services
kVAh	Kilo Volt Ampere Hour
LT	Low Tension
MCLR	Marginal Cost Lending Rate
MkVAh	Million kilo Volt Ampere hours
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSLDC	Maharashtra State Load Despatch Centre
MU	Million Units
MVA	Million Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operation & Maintenance
PBT	Profit Before Tax
PPA	Power Purchase Agreement
RBI	Reserve Bank of India
RE	Renewable Energy

<b>Abbreviation</b>	<b>Expansion</b>
REC	Renewable Energy Certificate
R&M	Repair & Maintenance
RoE	Return on Equity
RPO	Renewable Purchase Obligation
SBI	State Bank of India
SEZ	Special Economic Zone
SMS	Short Message Service
SOP	Standards of Performance
S/s	Substation
STOA	Short-Term Open Access
STU	State Transmission Utility
ToD	Time-of-Day
TSU	Transmission System User
TTSC	Total Transmission System Cost
TVS	Technical Validation Session
UI	Unscheduled Interchange
UPCL	Uttarakhand Power Corporation Limited
VCoS	Voltage-wise Cost of Supply
WPI	Wholesale Price Index

## **1. BACKGROUND AND SALIENT FEATURES OF THE ORDER**

### **1.1. Background**

- 1.1.1. EON I is a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Tech Park One, Tower E, Sr. No. 191/A/2A/1/2, Next to Don Bosco School, off Airport Road, Yerwada, Pune.
- 1.1.2. EON, I has been notified as the ‘Developer’ of the Special Economic Zone (SEZ) by the Ministry of Commerce & Industry (Department of Commerce), Government of India (GoI) under the SEZ Act, 2005 vide Notification No. S.O. 1631(E) dated 28 September 2006 for its Information Technology and Information Technology Enabled Services (IT & ITeS) SEZ located at MIDC Knowledge Park- Kharadi, Pune, Maharashtra, India.
- 1.1.3. The Ministry of Commerce & Industry (Department of Commerce), Government of India, vide its Notification under clause (b) of sub-section (1) of Section 49 of the Special Economic Zones Act, 2005 dated 3 March 2010, specified that the Developer of the SEZ is deemed to be a Distribution Licensee under the provisions of the Electricity Act, 2003 (EA 2003).
- 1.1.4. In view of the above, EON I is a deemed Distribution Licensee in its SEZ area at MIDC Knowledge Park- Kharadi, Pune, Maharashtra, India. The Commission vide combined Order dated 5 June 2020 in Case No. 67 & 68 of 2020, has taken on record the deemed Distribution Licensee status of EON SEZ I and subsequently notified the Specific Conditions of Distribution Licence by way of Regulations (‘Specific Conditions Regulations’) for EON SEZ I on 9 June 2021.
- 1.1.5. EON I was required to file its Multi-Year Tariff Petition within six months from the approval of PPA (in Case no. 171 & 172 of 2020 dated 15 September 2020), i.e., by 15 March 2021. However, vide letter Ref: No. 080 dated 17 December 2020, EON I requested the Commission for extension of the time limit for submission of the MYT Petition. The Commission had granted extension to EON I for submission of its MYT Petition vide Letter dated 24 December 2020. Subsequently, vide letter Ref: No. 187 dated 30 September 2021, EON I requested for further extension of the time limit for submission of the MYT Petition, same was granted by the Commission vide Letter Ref: MERC/MYT/Tariff/2021-22/550 dated 15 December 2021.
- 1.1.6. Vide its Order dated 5 June 2020 in Case No. 67 & 68 of 2020, taking on record the deemed Distribution Licensee status of EON I, the Commission directed EON I to charge the tariff approved for the Maharashtra State Electricity Distribution Company

Limited (MSEDCL) for the same category of consumers, till such time as the tariff for EON I is approved. Accordingly, till date, EON I has been levying the prevalent category-wise tariff of MSEDCL for its consumers, from the date of commencement of distribution operations.

1.1.7. Multi Year Tariff Regulations, 2019: On 1 August 2019, the Commission notified the applicable provisions for determination of ARR and Tariff for the 4<sup>th</sup> Control Period from FY 2020-21 to FY 2024-25.

1.1.8. EON I has filed the present Petition *for* True-up of FY 2020-21 and FY 2021-22, Provisional Truing-up for FY 2022-23, and determination of ARR and Tariff for FY 2023-24 and FY 2024-25: EON I as a Distribution Licensee commenced from 6 November 2020, i.e., in FY 2020-21. Petitioner has filed the present in accordance with provisions of the MYT Regulations, 2019.

1.1.9. EON I has prayed the Commission for approval of:

- a. Truing up for FY 2020-21 and FY 2021-22 in accordance with the provisions of MERC MYT Regulations, 2019.
- b. Provisional True up for FY 2022-23, in accordance with the provisions of the MERC MYT Regulations, 2019.
- c. ARR for FY 2023-24 and FY 2024-25, in accordance with MERC MYT Regulations, 2019.
- d. Revenue from sale of power at existing Tariffs and projected Revenue Gap/(Surplus) for FY 2023-24 and FY 2024-25, in accordance with MERC MYT Regulations, 2019; and
- e. Proposed category-wise Tariff for FY 2023-24 and FY 2024-25, in accordance with MERC MYT Regulations, 2019.

## **1.2. Technical Validation Session**

1.2.1. On 9 December 2022, the Commission raised preliminary data gaps and sought certain information. EON I submitted its reply on 17 December 2022.

1.2.2. The *Commission* held a Technical Validation Session (TVS) on 22 December 2022. The list of persons at the TVS is at **Appendix-I**.

1.2.3. Thereafter, the Commission raised further data gaps on 25 December 2022. EON I *submitted* its replies on 30 December 2022 and 2 January 2023. EON I made an additional submission on 16 January 2023.

### **1.3. Admission of Petition and Public Consultation Process**

1.3.1. EON I filed the *revised* Petition on 6 January 2023 after incorporating the replies to data gaps raised by the Commission.

1.3.2. The Commission admitted the MYT Petition on 11 January 2023. In accordance with Section 64 of the EA, 2003, it directed EON I to publish its Petition in the prescribed abridged form and manner, to ensure public participation. The Commission also directed it to reply expeditiously to the suggestions and objections received. EON I issued a Public Notice inviting suggestions and objections from the public on 16 January 2023 in the daily newspapers The Economics Times (English); The Financial Express (English) and in Loksatta (Marathi); Maharashtra Times (Marathi). EON I's Petition and its Executive Summary were made available for inspection or purchase at EON I's offices. The Petition was made available on EON I's website ([www.eonpower.in](http://www.eonpower.in)) free of cost in downloadable format. The Executive Summary of the Petition and Public Notice were also made available on the website of the Commission ([www.merc.gov.in](http://www.merc.gov.in)) in downloadable format.

1.3.3. The Commission did not receive any written or oral suggestions or objections on the Petition during the public consultation process in response to the Public Notice. A e-Public Hearing was held on 9 February 2023. The list of persons who participated in the e-Public Hearing is at **Appendix-II**.

1.3.4. The Commission has ensured that the due process contemplated under law to ensure transparency and *public* participation was followed at every stage and an adequate opportunity was given to all concerned to express their views. No written suggestion or objections were received by EON I nor were any raised during the Public Hearing. Therefore, the Commission has not recorded suggestions and objections as separate chapter in the Order.

### **1.4. Organization of the Order**

1.4.1. This Order is organized in the following Sections:

- **Section 1** provides a brief background of the quasi-judicial regulatory process undertaken by the Commission.

- **Section 2** deals with approval of Truing-up of ARR for FY 2020-21 & FY 2021-22.
- **Section 3** deals with approval of Provisional Truing-up of ARR for FY 2022-23.
- **Section 4** deals with the determination of MYT for remaining years of the 4<sup>th</sup> Control Period from FY 2023-24 to FY 2024-25.
- **Section 5** details the Commission's Tariff Philosophy and the category-wise Tariff applicable for the remaining years of the 4<sup>th</sup> Control Period from FY 2023-24 and FY 2024-25, including determination of Wheeling Charges, Cross-Subsidy Surcharge and Cross Subsidy Trajectory.
- **Section 6** details the Schedule of Charges
- **Section 7** summarizes the Directives of the Commission and
- **Section 8** details the Applicability of the Order followed by the approved Tariff Schedule in Annexure-I to Annexure-IV.



## 2. TRUE-UP OF FY 2020-21 AND FY 2021-22

### 2.1. Background

2.1.1. Petitioner has submitted that the Commission has not issued any Tariff Order for EON I till date, hence, there is no ‘approved’ ARR for EON I for the years for which true-up is being sought. Hence, EON I has sought the true-up based on audited/ actual values and normative values, wherever appropriate, in accordance with the MYT Regulations, 2019. In this Section, the Commission has analysed all the elements of actual expenditure and revenue of EON I for FY 2020-21 and FY 2021-22 and, after prudence check, has undertaken the Truing-up of expenses and revenue.

### 2.2. Energy Sales for FY 2020-21 and FY 2021-22

#### *EON I's Submission*

2.2.1. EON I has submitted actual month-wise and category-wise energy sales for FY 2020-21 and FY 2021-22 in kWh and kVAh terms, since the category-wise tariffs have been levied in kVAh for HT category and in kWh for the LT category, as per the tariff approved by the Commission for MSEDCL. The energy balance and power purchase are expressed in kWh

2.2.2. EON I further submitted that it commenced operations as a Distribution Licensee on 6 November 2020, i.e., during the COVID-19 pandemic period, where several restrictions were imposed by the Central and State Governments. The IT & ITeS were operating under work-from-home/ hybrid mode. The sales have grown over the period, however, not at the expected rate due to the impact of COVID -19 pandemic.

2.2.3. In this instant Petition EON I has considered the actual sales for the purpose of Truing-up for FY 2020-21 and FY 2021-22. The summary of the energy sales for the respective years is provided as under:

**Table 2-1: Category wise Energy Sales for FY 2020-21 and FY 2021-22 as submitted by EON I (MU)**

<b>Consumer Category</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>HT Category</b>		
HT I Industry	13.57	32.73
<b>Subtotal</b>	<b>13.57</b>	<b>32.73</b>
<b>LT Category</b>		
LT II A Commercial	0.13	0.03
LT II B Commercial	0.02	0.00

<b>Consumer Category</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
LT V A Industry	0.19	0.85
LT V B Industry	1.24	4.08
<b>Subtotal</b>	<b>1.58</b>	<b>4.96</b>
<b>Total</b>	<b>15.14</b>	<b>37.69</b>

**Table 2-2: Category wise Energy Sales for FY 2020-21 and FY 2021-22 as submitted by EON I (MkVAh)**

<b>Consumer Category</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>HT Category</b>		
HT I Industry	14.30	34.14
<b>Subtotal</b>	<b>14.30</b>	<b>34.14</b>
<b>LT Category</b>		
LT II A Commercial	0.13	0.03
LT II B Commercial	0.02	0.00
LT V A Industry	0.19	0.86
LT V B Industry	1.25	4.12
<b>Subtotal</b>	<b>1.59</b>	<b>5.01</b>
<b>Total</b>	<b>15.90</b>	<b>39.16</b>

### ***Commission's Analysis and Rulings***

- 2.2.4. In response to a query raised by the Commission regarding the energy sales before commencement of operations by EON I as a Deemed Distribution Licensee, EON I has submitted the overall energy sales for the past three years from FY 2017-18 to FY 2019-20. It is observed that the annual energy sales were ranging between 73.59 MU to 74.00 MU. However, the actual sales during FY 2020-21 and FY 2021-22 have drastically reduced to 15.14 MU (considering only 146 days of operations) and 37.69 MU respectively.
- 2.2.5. It is evident that, such reduction in sales is majorly due to the COVID-19 pandemic related restrictions, where EON I being an IT and ITeS SEZ experienced heavy impact due to the complete lockdowns as well as work from home/ hybrid mode adopted by most the of the IT/ ITeS companies operating out of the SEZ.
- 2.2.6. In view of above, the Commission accepts category-wise sales for FY 2020-21 and FY 2021-22 as submitted by EON I. The category wise sales approved by the Commission are given in the table below:

**Table 2-3: Category-wise actual Energy Sales for FY 2020-21 and FY 2021-22 as approved by the Commission (MU)**

Consumer Category	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>HT Category</b>				
HT I Industry	13.57	13.57	32.73	32.73
<b>Subtotal</b>	<b>13.57</b>	<b>13.57</b>	<b>32.73</b>	<b>32.73</b>
<b>LT Category</b>				
LT II A Commercial	0.13	0.13	0.03	0.03
LT II B Commercial	0.02	0.02	0.00	0.00
LT V A Industry	0.19	0.19	0.85	0.85
LT V B Industry	1.24	1.24	4.08	4.08
<b>Subtotal</b>	<b>1.58</b>	<b>1.58</b>	<b>4.96</b>	<b>4.96</b>
<b>Total</b>	<b>15.14</b>	<b>15.14</b>	<b>37.69</b>	<b>37.69</b>

**Table 2-4: Category-wise actual Energy Sales for FY 2020-21 and FY 2021-22 as approved by the Commission (MkVAh)**

Consumer Category	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>HT Category</b>				
HT I Industry	14.30	14.30	34.14	34.14
<b>Subtotal</b>	<b>14.30</b>	<b>14.30</b>	<b>34.14</b>	<b>34.14</b>
<b>LT Category</b>				
LT II A Commercial	0.13	0.13	0.03	0.03
LT II B Commercial	0.02	0.02	0.00	0.00
LT V A Industry	0.19	0.19	0.86	0.86
LT V B Industry	1.25	1.25	4.12	4.12
<b>Subtotal</b>	<b>1.59</b>	<b>1.59</b>	<b>5.01</b>	<b>5.01</b>
<b>Total</b>	<b>15.90</b>	<b>15.90</b>	<b>39.16</b>	<b>39.16</b>

### 2.3.Distribution Loss

#### *EON I's Submission*

2.3.1. EON I has submitted that, post considering the actual energy sales and the actual energy drawl at the interface point (T<>D Interface), the actual distribution loss for FY 2020-21 and FY 2021-22 works out to 4.03% and 2.98%, respectively. The same has been claimed for truing up for FY 2020-21 and FY 2021-22, respectively.

2.3.2. The energy input data has been considered as per the Deviation Settlement Mechanism (DSM) metering, as provided by MSLDC, for the period from October 2021 to March 2022, while the energy input for the period from November 2020 to September 2021 is based on Availability Based Metering (ABT) data, as per the interface meter reading.

2.3.3. EON I submitted that, it has established the distribution network primarily on the higher voltage level i.e., at 22 kV. Consequently, the Distribution Losses are very low on account of technical losses in the system. There are no commercial loss/theft of electricity in the system.

2.3.4. EON I further submitted that, the distribution losses are on the higher side, on account of the following reasons:

2.3.5. During the COVID-19 period, the load on the transformers was much lower, due to which the 'no-load' losses have been on higher side.

- a. The higher 'no-load' losses combined with the lower sales in the denominator for computation of distribution losses, is resulting in a higher computation of distribution losses, as a percentage of the energy input into the system.
- b. With the expected increase in loading in the future, the losses are expected to reduce.
- c. 22 kV cables laid are old (almost 12-13 years) and are far away from the current SEZ location, i.e., running from 220/22 kV Magarpatta S/s to EON SEZ I. Further, there is a stepdown at two voltage levels in case of SEZ I, i.e., from 22 kV to 11 kV and further 11 kV to 0.4 kV hence, the equipment/ transformation losses are higher.
- d. EON I has planned to shift the load from 220/22 kV Magarpatta S/s to the 132/22 kV EON Kharadi S/s located near to the load centre, which should help in reducing the distribution losses.
- e. The 132/22 kV EON Kharadi S/s is under commissioning stage and is expected to be commissioned by March 2023. The load of entire SEZ I shall be shifted from 220/22 kV Magarpatta S/s to 132/22 kV EON Kharadi S/s, after its commissioning.

2.3.6. The summary of the Distribution Loss for FY 2020-21 and FY 2021-22 is as shown below:

**Table 2-5: Actual Distribution Loss for FY 2020-21 and FY 2021-22 as submitted by EON I**

Particulars	FY 2020-21	FY 2021-22
Distribution Loss (%)	4.03%	2.98%

### ***Commission's Analysis and Rulings***

- 2.3.7. The Commission notes that EON I has computed its Distribution Loss for Truing-up of FY 2020-21 and FY 2021-22 considering its sales and energy input at T<>D interface. In response to the query of the Commission, EON I has submitted the actual drawl at T<>D interface duly certified by MSLDC, where minor variation during FY 2021-22 was observed, which was rectified by EON I while submitting the revised Petition.
- 2.3.8. In response to the additional queries dated 18 February 2023, EON I has stated that it has started its operations as a Deemed Distribution Licensee in FY 2020-21 during the COVID-19 pandemic, which led to restrictions with low levels of occupancy levels (merely 7%). This has also resulted in creation of on-load losses, which further led to higher percentage of distribution losses during FY 2020-21.
- 2.3.9. The Commission notes that, due to the increased occupancy from 7% to 31% annually in FY 2020-21 and 2021-22 respectively, EON I has managed to reduce its distribution loss levels from 4.03% to 2.98%, this also signifies that, the increased distribution losses are attributable to technical losses due to the consistent under loading of its assets.
- 2.3.10. Thus, EON I being at the initial phase of the operation as a Distribution licensee and considering the lower quantum of sales resulting in under loading of transformer, the Commission at present has allowed Distribution Losses based on the actual sales and energy input at T<>D interface, for the respective years. Accordingly, the Commission allows the distribution loss of 4.03% and 2.98% for FY 2020-21 and FY 2021-22, respectively.

**Table 2-6: Actual Distribution Loss for FY 2020-21 and FY 2021-22 as approved by the Commission**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Loss (%)	4.03%	4.03%	2.98%	2.98%

## **2.4. Energy Balance**

### ***EON I's Submission***

- 2.4.1. The Energy Balance for FY 2020-21 and FY 2021-22 is worked out after considering the actual energy sales, distribution loss and actual energy purchased. EON I further submitted that, there is no impact of the InSTS loss for the respective years since the Commission is yet to approve the share of Transmission and SLDC charges applicable

to EON I. Further, all the power transactions are based on the delivery at the Distribution periphery. The summary of the Energy Balance for FY 2020-21 and FY 2021-22 is as shown under:

**Table 2-7: Energy Balance for FY 2020-21 and FY 2021-22 as submitted by EON I**

Particulars	FY 2020-21	FY 2021-22
Energy Sales	15.14	37.69
Distribution loss (%)	4.03%	2.98%
Energy Requirement at T<>D	15.78	38.83
Intra-State Transmission Loss (%)	-	-
<b>Energy Requirement at G&lt;&gt;T</b>	<b>15.78</b>	<b>38.83</b>
Total Purchase at State Periphery	16.03	39.91
Less: Surplus Energy Traded	-	-
Imbalance Pool	(0.25)	(1.08)
<b>Total Energy Purchased</b>	<b>15.78</b>	<b>38.83</b>

**Commission’s Analysis and Rulings**

2.4.2. In response to a query raised by the Commission, EON I has submitted that, since the entire power purchase is contracted at the Distribution Licensee Periphery, there is no incidence of Inter-State as well as Intra-State Transmission losses for EON I.

2.4.3. The Commission notes that purpose of scrutinizing Energy Balance is to establish quantum of energy for which the expenses are to be allowed. The Commission has scrutinized the invoices towards power purchase for FY 2020-21 and FY 2021-22 and has accordingly considered the power purchase quantum as per the invoice. It is observed that InSTS loss was not applicable for the said period as the power was delivered at the Distribution Licensee Periphery as per the PPA. In view of the same, the Commission has not considered any InSTS loss for Energy Balance for Truing-up of FY 2020-21 and FY 2021-22.

2.4.4. Accordingly, based on the above analysis, the Commission approves the Energy Balance for the period FY 2020-21 and FY 2021-22 as summarized in the table below:

**Table 2-8: Energy Balance for FY 2020-21 and FY 2021-22 as approved by the Commission**

Particulars	Unit	FY 2020-21		FY 2021-22	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
Energy Sales	MU	15.14	15.14	37.69	37.69

Particulars	Unit	FY 2020-21		FY 2021-22	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution loss	%	4.03%	4.03%	2.98%	2.98%
Energy Requirement at T<D	MU	15.78	15.78	38.85	38.85
Intra-State Transmission Loss	%	0.00%	0.00%	0.00%	0.00%
<b>Energy Requirement at G&lt;T</b>	<b>MU</b>	<b>15.78</b>	<b>15.78</b>	<b>38.85</b>	<b>38.85</b>
<b>Total Power Purchase at State Periphery</b>	<b>MU</b>	<b>16.03</b>	<b>16.03</b>	<b>39.91</b>	<b>39.91</b>
Imbalance Pool	MU	(0.25)	(0.25)	(1.08)	(1.08)
Less: Surplus Energy Traded	MU	0.00	0.00	0.00	0.00
<b>Total Power Available at G&lt;T (MU)</b>	<b>MU</b>	<b>15.78</b>	<b>15.78</b>	<b>38.83</b>	<b>38.83</b>

## 2.5. Power Purchase Expenses

### *EON I's Submission*

2.5.1. EON I has submitted that, the power purchase quantum and cost include the purchase from conventional sources for meeting its Base Load and Peak Load requirement, Renewable Purchase Obligation (RPO), net purchase from Imbalance Pool, and sale of surplus power, if any, during the year.

2.5.2. EON I has referred to the combined Order dated 15 September 2020 in Case No. 171 and 172 of 2020, where the Commission had approved the Power Procurement Plan for the period of 2 years, viz., FY 2020-21 and FY 2021-22. The Commission in the same Order had approved the power purchase rate for the procurement of short-term power for a period of 1 year from 1st October 2020 to 30th September 2021 as shown in the following table:

**Table 2-9: Details of Power Procurement of EON I as approved by the Commission**

Type of Load	Bidder Name	Rate (Rs./ kWh)
Base Load 7 MW	Kreate Energy	3.97
Peak Load 9 MW	GMR Energy Trading Limited	4.34

2.5.3. Since EON I commenced its operations as a Distribution Licensee from 6 November 2020, EON I and M/s. Kreate Energy (generator) had mutually agreed to commence the procurement of power for the period of 1 year from 6 November 2020 to

31 October 2021. As the demand never picked up beyond 7 MW, the PPA for Peak Load was never brought into force based on the mutual agreement, which was also informed to the Commission.

- 2.5.4. Upon the expiry of the Base Load PPA on 31 October 2021, EON I had again undertaken the short-term power procurement process through competitive bidding in accordance with the Guidelines notified by the Ministry of Power, Government of India, to procure short-term Base Load of 7 MW. Post completion of the competitive bidding process including the e-Reverse Auction (e-RA) process, M/s. Kreate Energy (I) Pvt Ltd. (Kreate Energy), a Trading Licensee, emerged as the lowest bidder, with a rate of Rs. 3.97/ kWh.
- 2.5.5. The Commission vide its Order dated 13 October 2021 in Case No. 105 of 2021 adopted the above-discovered tariff and approved the PPA between EON I and Kreate Energy, where the validity of the PPA was for a period of 1 year, from 1 November 2021 to 30 October 2022. For Truing up for FY 2020-21 and FY 2021-22, EON I has considered the actual power purchase quantum and cost from Kreate Energy.
- 2.5.6. The details of month-wise and source-wise power purchase quantum and cost for FY 2020-21 and FY 2021-22 are provided in the respective Formats of Form 2, Form 2.1 prescribed by the Commission, submitted along with this Petition.

#### **Additional Power Purchase Cost**

- 2.5.7. EON I received a letter from Kreate Energy on dated 8 October 2021 regarding stoppage of power supply from 11 October 2021 to 31 October 2021 due to constraints related to non-availability of coal in the coal market. On the same day, EON I replied to Kreate Energy referring to the PPA while stating the following facts:
- a. Non-availability of coal is not supported by any documentary proof from the generator, i.e., Lloyds Metal.
  - b. As per PPA clause 10.6; non-availability of coal cannot be considered as force majeure event.
  - c. EON I highlighted that it is the obligation of Kreate Energy to supply to EON I under Clause 3.5 (supply from alternate sources) and requested Kreate Energy to arrange alternate source if primary source i.e., Lloyds Metal is unable to supply power.



d. EON I further highlighted that “EON has no option to claim the remedies under the PPA & this event can be treated as non-performance / default as per Clause 8.4 of the PPA”

2.5.8. Kreate Energy replied to EON I’s letter dated 8 October 2021 on 11 October 2021 stating that in case power is not arranged, then Kreate Energy has no objections to pay Liquidated damages as per Clause 9 of the PPA.

2.5.9. Meanwhile EON I requested various traders and generators in the market for supply of power starting from 14 October 2021 to 31 October 2021. The details of the same are provided in the table:

**Table 2-10: Details of responses from various traders and generators received by EON I**

Sr. No.	Generator Name	Remarks	Rate quoted at DL Periphery (Rs. / unit)
1	JSW Energy Ltd.	Email dated 12 Oct 2021	16.00
2	Adani Power Ltd.	Denied	
3	Jindal Power Limited	Regretted	
4	Tripura State electricity Corp Ltd	Regretted	
5	Manikaran	Not replied	
6	Arunachal Pradesh Power Corporation Ltd.	Not replied	

2.5.10. Kreate Energy, vide email dated 13 October 2021, addressed to EON I asked for a price increase of Rs. 1.49/kWh as the additional compensation. Considering the approved rate of Rs. 3.97/kWh, the effective rate for the period of 17 days from 14 October 2021 to 31 October 2021 works out to Rs. 5.46/kWh, at an additional power purchase cost of around Rs. 27 lakhs.

2.5.11. EON I further submitted that, the rate of power purchase from the Power Exchange at that time was very high and supply of power was also highly unreliable due to market conditions and the rate of power on the Power Exchange had even reached ceiling rate of Rs. 19-20/kWh.

2.5.12. Since EON I did not have access to any alternative source of power at reasonable rates, and to protect the interest of its consumers by providing continuous electricity supply at reasonable rates, EON I was compelled to agree to the demands of Kreate Energy and thus, consented to purchase power at the higher rate as mentioned above.

2.5.13. EON I vide email dated 17 October 2021 to Kreate Energy requested to inform immediately about “any gaming” observed by Kreate Energy with respect to the Generator, i.e., M/s. Lloyds Metals and further instructed Kreate Energy to resume power supply at the existing PPA rate of Rs. 3.97/unit. However, on 21 October 2021 Kreate Energy informed that, no gaming has happened, and it will inform EON I in case there is any such gaming. EON I also informed Kreate Energy to file a Petition before the Commission in case there is any gaming observed as per the Guidelines of the Ministry of Power.

2.5.14. EON I submitted that, only intention of purchasing power from Kreate Energy at the inflated rate was to protect the interest of its consumers. Had EON I not purchased the power from Kreate Energy and instead purchased power from the Power Exchanges, the cost of power purchase would have been on a much higher side and with unreliable supply of power. In its submissions EON I has accepted that, the power purchase at rate higher than that approved by the Commission/ is not in accordance with the regulatory principles.

2.5.15. EON I has therefore requested the Commission to take a holistic view on the transaction by keeping in view the efforts made by EON I with the prevalent circumstances and come to an appropriate decision in this regard. EON I has submitted the copies of all the correspondence with Kreate Energy along with its Petition.

### **Renewable Purchase Obligation**

2.5.16. EON I has considered the RPO targets for FY 2020-21 and FY 2021-22 as specified under the MERC RPO Regulations, 2019, where the RPO targets for FY 2020-21 are 4.50% for Solar and 11.50% for Non-Solar, while for FY 2021-22 it is 6.00% for Solar and 11.50% for Non-Solar.

2.5.17. For meeting the RPO target for FY 2020-21, and FY 2021-22 EON I has purchased RECs. The summary of the quantum and cost towards the purchase of RECs for meeting RPO for FY 2020-21 and FY 2021-22 is provided as under:

**Table 2-11: Details of RECs purchased by EON I to comply with RPO targets**

<b>Quantum and cost of RECs</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
No. of Solar RECs	711	2355
No. of Non-Solar RECs	1816	4512
<b>Total Amount in Rs. Crore</b>	<b>0.35</b>	<b>1.00</b>

2.5.18. EON I purchased the RECs for meeting RPO of FY 2020-21 in the month of January 2022, and hence, EON I has booked the cost of such purchased RECs in the power

purchase cost of FY 2021-22. The RECs for meeting RPO for FY 2020-21 were purchased in month of January 2022 due to the stay on sale of RECs through Power Exchange as per Hon'ble APTEL's Judgement dated 24 July 2020. From the accounting perspective, EON I has booked the cost of the RECs in FY 2021-22 and has also claimed the same in the true-up for FY 2021-22. EON I purchased the RECs for meeting RPO of FY 2021-22 in the month of March 2022, and hence, the cost of the REC purchase is included in the power purchase cost of FY 2021-22.

2.5.19. The cost booked towards purchase of RECs in EON I's Audited Accounts is as under:

**Table 2-12: RECs Purchased for FY 2020-21 and FY 2021-22 (Rs. Crore) as submitted by EON I**

Obligation	FY 2020-21	FY 2021-22
Total Amount spent in Rs. Crore	0.35	1.00
Booked amount in Rs. Crore	0.00	0.26

2.5.20. Accordingly, EON I has claimed an amount of Rs. 0.26 Crore as booked in the Audited Accounts of FY 2021-22 in the true-up for FY 2021-22. EON I has claimed balance of Rs. 1.09 Crore in the provisional true up for FY 2022-23 as the same is booked in FY 2022-23.

### **Imbalance Pool**

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

### **Sale of Surplus Power**

2.5.22. For FY 2020-21 and FY 2021-22, EON I has not sold any surplus power.

2.5.23. The effective average power purchase rate works out to Rs. 3.93/kWh for FY 2020-21. The source-wise actual power purchase quantum and cost for FY 2020-21 is shown in the following Table:

**Table 2-13: Power Purchase Cost for FY 2020-21 as submitted by EON I**

Source of Power (Station wise)	Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Kreate Energy	16.03	6.25	3.90

Source of Power (Station wise)	Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Imbalance Pool	(0.25)	(0.06)	
<b>Total</b>	<b>15.78</b>	<b>6.19</b>	<b>3.93</b>

2.5.24. The effective average power purchase rate works out to Rs. 4.10/kWh for FY 2021-22. The source-wise actual power purchase quantum and cost for FY 2021-22 is shown in the following table:

**Table 2-14: Power Purchase Cost for FY 2021-22 as submitted by EON I**

Source of Power (Station wise)	Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Kreate Energy	39.91	15.78	3.95
Imbalance Pool	(1.08)	(0.11)	
Solar / Non-Solar REC's		0.26	
<b>Total</b>	<b>38.83</b>	<b>15.93</b>	<b>4.10</b>

### *Commission's Analysis and Rulings*

#### **Power Procurement – M/s. Kreate Energy (6 November 2020 to 13 October 2021)**

2.5.25. The Commission observes that EON I as part of its original Petition had submitted its monthly invoices towards the power purchase from Kreate Energy. The Commission had sought the reconciliation statement towards the power purchase expenses for FY 2020-21 and FY 2021-22, as minor discrepancy was observed with respect to EON I's claim and power purchase expenses booked in the Audited accounts of the respective years. EON I submitted the reconciliation statement as required in response to the data gaps. EON I in response to information sought by the Commission submitted the monthly T<>D interface drawl data for FY 2020-21 and FY 2021-22 duly certified by MSLDC. The Commission has verified the monthly T<>D draws with the monthly power purchase invoices submitted by EON I, which were found to be correct in respect of the quantum and approved rate of Rs. 3.97/ kWh. The overall power purchase transaction during FY 2020-21 and FY 2021-22 was from a single generating source i.e., Kreate Energy.

#### **Additional Power Purchase Cost – M/s Kreate Energy (14 October 2021 to 31 October 2021)**

2.5.26. As submitted in para 2.5.10 above for the period from 14 October 2021 to 31 October 2021, EON I procured power from Kreate Energy at higher rate than the approved PPA

rate of Rs. 3.97/ kWh. This led to additional power purchase cost burden of Rs. 27 lakhs, which was incurred by EON I due to the procurement of power at a rate of Rs. 5.46/ kWh (Rs. 3.97/ kWh + Rs. 1.49/ kWh) which is higher than the approved rate of Rs. 3.97/ kWh.

2.5.27. The Commission notes the submission of EON I, where EON I has submitted all the correspondence with Kreate Energy in this regard and has requested the Commission to take a holistic view on the issue related to additional power cost of Rs. 27 Lakh and approve the same. EON I has submitted that since there was no power available nearer to the rate as per PPA (Rs. 3.97/ kWh), it was compelled at that point of time to purchase power at the inflated rate of Rs. 5.46/ kWh. only in the interest of its consumers.

**EON I failed to investigate possibility of gaming and reporting it to the appropriate authority:**

2.5.28. EON I received a letter from Kreate Energy on 8 October 2021 informing regarding stoppage of power supply from 11 October 2021 to 31 October 2021 due to constraints in availability of coal from the market. The Commission analysed the prevailing market price of power traded at the Power Exchanges during the period from 1 October 2021 to 8 October 2021 i.e., 1 week period prior to receipt of letter by EON I. The results of the analysis are provided below:

**Table 2-15: Summary of Latest IEX DAM Rates (Rs./kWh)**

<b>Date</b>	<b>Market Clearing Price (Rs./ unit) (Source: IEX)</b>
01-10-2021	7.21
02-10-2021	7.70
03-10-2021	6.26
04-10-2021	9.26
05-10-2021	11.83
06-10-2021	13.95
07-10-2021	12.91
08-10-2021	14.78
<b>Summary for the Period</b>	
RTC	10.49
Evening	14.51
Day	7.83
Night	10.58
Morning	8.95

2.5.29. It was observed that, the Market Clearing Price (MCP) ranged between Rs. 6.26/ kWh to Rs. 14.78/ kWh during this duration which was much higher than the approved rate as per the PPA i.e., Rs. 3.97/ kWh (1.58 times to 3.72 times of Rs. 3.97/ kWh). Further,

a consistently increasing trend is observed in the MCP from 3 October 2021 to 8 October 2021. Thus, the generators and traders selling power under short term contracts had an incentive to game the system by defaulting on their commitments under the PPAs and selling the power in the open market/ power exchanges at the prevailing high rates for a quick profit. The PPA between Kreate Energy and EON I was valid only up to 31 October 2021. As per the clause 9 of the PPA between Kreate Energy and EON I, Kreate Energy was liable to pay Liquidated Damages for default during the period from 11 October 2021 to 31 October 2021. In response to EON I's letter dated 8 October 2021 informing Kreate Energy about the default and consequences of the default, Kreate Energy replied vide its letter dated 11 October 2021 stating that in case power is not arranged, Kreate Energy has no objection in paying the Liquidated Damages as per clause 9 of the PPA. Thus, it seems that, by observing the consistent increasing trend of MCP over the period from 3 October 2021 to 8 October 2021 Kreate Energy/ Generator (Lloyds Energy) had every incentive to default on its obligations under the PPA to supply power and instead route the power to the open market/ power exchanges for making a quick profit. The Liquidated Damages (of Rs. 3.02 crore) were paltry when compared to the supernormal profits it could make by routing and selling power in the open market/ Power Exchange and hence the Liquidated Damages did not act as deterrence to Kreate Energy from defaulting on the obligation to supply power. Kreate Energy never supported its claim of non-availability of coal with any documentary evidence. Further vide email dated 13 October 2021 Kreate Energy offered to supply whole quantum to EON I at an increased price of Rs. 1.49/ unit over and above the PPA approved rate of Rs. 3.97/ unit. This shows that, the coal shortage situation as claimed by Kreate Energy was either not present or it was temporary as Kreate Energy was in a position to supply power to EON I from 13 October 2021 albeit at higher rate. Thus, it seems that Kreate Energy behaved opportunistically by claiming coal shortage which was either not present or that lasted for a short period.

2.5.30. EON I vide email dated 17 October 2021 enquired with Kreate Energy requesting it to inform immediately about 'any gaming' observed by Kreate Energy w.r.t. the Generator i.e., Lloyds, it also informed Kreate Energy to file a Petition before the Commission if it observes any gaming as per the Guidelines of Ministry of Power. Kreate Energy vide email dated 21 October 2021 informed EON I that there is no gaming happening and it will inform EON I if there is any such gaming. From the above, it seems that EON I sensed that there is possibly gaming happening where Kreate Energy (Trader) and Lloyd Energy (Generator) may have been 'hand-in-glove'. Despite this, EON I did not investigate the matter thoroughly i.e., verifying actual coal shortages/ stock levels etc. and instead carried out the formality of asking Kreate Energy about possibility of 'gaming' and advising Kreate Energy to approach Commission to report the same if it

is observed. Thus, EON I failed to act in probing the possibility of gaming and taking the matters with the appropriate authority in case it suspected ‘gaming’.

**Failure of EON I to initiate action against Kreate Energy:**

2.5.31. The Commission enquired from EON I whether any punitive actions were initiated by EON I against Kreate Energy in light of the default committed by Kreate Energy in supplying power to EON I as per the PPA. In response EON I submitted that since October 2021 was the last month of the PPA between EON I and Kreate Energy, therefore EON I did not initiate any other action against Kreate in this regard. In response to an additional query sought by the Commission EON I submitted that vide letter dated 17 February 2023 (i.e., after Commission’s query in this regard) it reprimanded Kreate Energy by asking it to refrain from participating in prospective power purchase bids organised by EON I. The Commission reviewed the letter issued by EON I to Kreate Energy and noticed that the letter is advisory in nature asking Kreate Energy to refrain from participation in future bids. EON I should have initiated a stern action against Kreate Energy immediately after the default to prevent repeating such events in the future. It is observed that EON I filed Petition in Case No. 205 of 2022 for approval of Power Procurement Plan, approval of PPA and adoption of tariff for the period from 1 November 2022 to 31 October 2023. From the proceedings of the case, it is observed that, in the bid process conducted by EON I for procurement of short-term power for the period from 1 November 2022 to 31 October 2023, Kreate Energy participated and EON I signed a PPA with Kreate Energy on 7 November 2022. This shows that, despite the default in supply of power by Kreate Energy, EON I continued to engage with Kreate Energy and signed a new PPA with Kreate Energy. Thus, despite default by Kreate Energy, EON I failed to initiate timely and stern action against Kreate Energy.

**Failure of EON I to inform the Commission about the issue in a timely manner:**

2.5.32. Regulation 22.2, 22.5 read with Regulation 22.6 of the MYT Regulations 2019 deal with specific case of additional power procurement on account of shortfall or failure in the supply of electricity and Distribution Licensee’s obligation. The relevant extracts of the Regulations are as follows:

*“22.2 Where there has been an unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply during the Year or when the sourcing of power from existing tied-up sources becomes costlier than other available alternative sources, the Distribution Licensee may enter into additional agreement or arrangement for procurement of power.*

.....  
“22.5 *The Distribution Licensee may enter into a short-term arrangement or agreement for procurement of power without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system, or when directed to do so by the MSLDC to prevent grid failure.*”

22.6 *Within fifteen days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the Distribution Licensee shall submit to the Commission its details, including the quantum, Tariff computations, duration, supplier particulars, method of supplier selection and such other details as the Commission may require so to assess that the conditions specified in this Regulation have been complied with.*” **{Emphasis added}**

2.5.33. The Commission observes that EON I experienced failure in supply of electricity from the approved source (Kreate Energy) and it was compelled to enter into additional arrangement (beyond PPA) with the same supplier to serve its consumers. The arrangement entered into by EON I with Kreate Energy was not with prior approval of the Commission. However, as per the Regulations EON I was required to approach the Commission informing about the event of default and the arrangement it had entered into with Kreate Energy within 15 days of entering into such agreement (i.e., within 15 days from 13 October 2021 when it consented to Kreate Energy’s demands of increased rate). However, EON I failed to adhere to this timeline and failed in fulfilling its obligation to inform the Commission in a timely manner.

**Decision on approval of additional power purchase cost of Rs. 27 lakhs:**

2.5.34. This issue was first discussed before the Commission vide Order dated 8 November 2022 in Case No. 1 of 2022, where the Commission had decided to deliberate on this matter separately in EON I’s Tariff Petition. The relevant extract of the Order is provided as under:

“...*The Commission also notes that during this proceeding LMEL has filed a submission to state that EON Kharadi, other distribution licensee not related to EON Is, have agreed to upward revision in tariff and hence it continued supplying power to EON Kharadi. The Commission notes that EON Kharadi is not party in this proceeding and hence it is not correct to make any comment on such submission. However, the Commission would like to note that as per regulatory provisions, any generation tariff which is not approved by the Commission is not allowed to be passed on to the consumers. The Commission will scrutinize this aspect in upcoming tariff Petition of EON Kharadi.*” **{Emphasis Added}**



2.5.35. Regulation 22.7 of the MYT Regulations 2019 deals with Commission’s power to disallow any increase in the total cost of power procurement over and above the approved level. The relevant extracts of the Regulations are as follows:

*“22.7 Where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the Distribution Licensee does not meet the criteria specified in Regulations 22.2 to 22.5, it may disallow any increase in the total cost of power procurement over the approved level arising therefrom or any loss incurred by the Distribution Licensee as a result, from being passed through to consumers.”*

2.5.36. As deliberated in the above paragraphs, EON I failed to investigate possibility of gaming and reporting it to the appropriate authority, failed to initiate timely and stern action against Kreate Energy, and failed in timely informing Commission about the issue as per the Regulatory provisions. Thus, the Commission believes that the arrangement entered into by EON I with Kreate Energy to purchase power at rate higher than the PPA agreed rate does not meet the criteria as laid down the Regulations. Therefore, the Commission is not inclined to burden the consumers by approving additional power purchase cost of Rs. 27 lakhs as claimed by EON I during FY 2020-21. **Thus, the Commission disallows the additional power purchase cost of Rs. 27 lakhs as claimed by EON I for the period from 14 October 2021 to 31 October 2021.**

#### **RPO compliance in FY 2020-21 and FY 2021-22**

2.5.37. With regards to the RPO target fulfilment, EON I has submitted its RPO compliance status, where for both the years i.e., FY 2020-21 and FY 2021-22, RPO targets were met by EON I by procuring the RECs (both Solar and Non-solar). EON I has submitted the REC certificates along with the invoice as a supporting document. The same was found to be in order and hence approved by the Commission.

2.5.38. In response to the additional query sought by the Commission, EON I has also provided the details of Solar and Non-Solar RPO targets compliance, which provided in the table below:

**Table 2-16: RPO Settlement for FY 2020-21 and FY 2021-22 as submitted by EON I**

<b>RPO Targets &amp; Achievement</b>	<b>Units</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Total Energy Requirement</b>	<b>MU</b>	<b>15.78</b>	39.22
Solar RPO target	%	4.50%	6.00%
Solar RPO target	MU	0.71	2.35
<b>Solar RPO Achievement</b>	<b>MU</b>	<b>0.71</b>	<b>2.35</b>

RPO Targets & Achievement	Units	FY 2020-21	FY 2021-22
Solar RPO Shortfall/ (Surplus)	MU	(0.001)	(0.001)
Non-Solar RPO target	%	11.50%	11.50%
Non-Solar RPO target	MU	1.81	4.51
<b>Non-Solar RPO Achievement</b>	<b>MU</b>	<b>1.81</b>	4.51
Non-Solar RPO Shortfall/(Surplus)	MU	(0.001)	(0.000)

2.5.39. The Commission post verification of the REC certificates submitted by EON I, observes the RPO compliance submitted by EON I for FY 2020-21 and FY 2021-22 the same is found to be in order. No RPO shortfall was observed during FY 2020-21 and FY 2021-22.

2.5.40. Thus, with this background, the Commission approves the Power Purchase cost of Rs. 6.19 Crore and Rs. 15.68 Crore for FY 2020-21 and FY 2021-22, respectively. The summary of power purchase cost approved by the Commission for FY 2020-21 and FY 2021-22 is provided as under:

**Table 2-17: Power Purchase Cost for FY 2020-21 approved by the Commission**

Source of Power (Station wise)	Petitioned			Approved in this Order		
	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)
Kreate Energy	16.03	6.25	3.90	16.03	6.25	3.90
Imbalance Pool	(0.25)	(0.06)		(0.25)	(0.06)	
<b>Total</b>	<b>15.78</b>	<b>6.1950</b>	<b>3.93</b>	<b>15.78</b>	<b>6.1950</b>	<b>3.93</b>

**Table 2-18: Power Purchase Cost for FY 2021-22 approved by the Commission**

Source of Power (Station wise)	Petitioned			Approved in this Order		
	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)
Kreate Energy	39.91	15.78		39.91	15.51	3.89
Imbalance Pool	(1.08)	(0.11)		(1.08)	(0.11)	
Solar / Non-Solar REC's		0.26			0.26	
<b>Total</b>	<b>38.83</b>	<b>15.9303</b>	<b>4.10</b>	<b>38.83</b>	<b>15.6647</b>	<b>4.03</b>

## 2.6. Transmission Charges and MSLDC Charges

### *EON I's Submission*

2.6.1. The Commission is yet to approve EON I's share in the Intra-State Transmission Charges (InSTS) and MSLDC Charges. Hence, there is no incidence of InSTS Transmission Charges for EON I during FY 2020-21 and FY 2021-22. However, a marginal amount of MSLDC Charges have been incurred towards Open Access charges, which have been considered in the true-up for FY 2020-21 and FY 2021-22, respectively.

2.6.2. The summary of the InSTS and MSLDC Charges claimed by EON I for FY 2020-21 and FY 2021-22 are shown in the Table below:

**Table 2-19: InSTS and MSLDC charges for FY 2020-21 & FY 2021-22 submitted by EON I (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Intra-State Transmission Charges	0.00	0.00
MSLDC Charges	0.00	0.0045

### ***Commission's Analysis and Rulings***

2.6.3. It is observed that in FY 2020-21 and FY 2021-22, EON I has not paid any Transmission Charges since these charges are included in the power purchase cost payable as per the PPA. Hence, the Commission has not considered any Transmission Charges separately for FY 2020-21 and FY 2021-22 as submitted by EON I.

2.6.4. It is observed EON I has claimed MSLDC charges of Rs. 0.0045 crore in FY 2021-22. In response to a query of the Commission EON I has submitted the details of Rs. 0.0045 Crore incurred towards the same. EON has submitted that, EON being a Distribution Licensee needs the No Objection Certificate (NOC) from the SLDC for sale of excess power or any such purchase of power from the Exchange. EON submitted following details towards the charges incurred.

**Table 2-20: Details of MSLDC charges paid by EON I in FY 2021-22**

Sr. No.	FY	Month	Amount in Rs.
1.	2021-22	Jun-21	7500
2.	2021-22	Jun-21	7500
3.	2021-22	Oct-21	7500
4.	2021-22	Oct-21	7500
5.	2021-22	Jan-22	7500
6.	2021-22	Feb-22	7500
7.	<b>Total</b>		<b>45000</b>

2.6.5. EON I further submitted that, in certain situations in case of short supply of power by the supplier or in case of excess power supplied in order to buy/ sell power through the Exchange, EON I needs No Objection Certificate (NOC) from SLDC for sale of excess power or purchase of power from the Power Exchange. The above table provides the expenses incurred by EON I towards receiving NOC from MSLDC. In context of the above explanation the Commission approves MSLDC charges incurred by EON I for FY 2021-22.

**Table 2-21: InSTS and MSLDC charges for FY 2020-21 & FY 2021-22 approved by the Commission**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Intra-State Transmission Charges	0.0000	0.0000	0.0000	0.0000
MSLDC Charges	0.0000	0.0000	0.0045	0.0045

## 2.7.Operation and Maintenance Expenses

### *EON I's Submission*

2.7.1. EON I has outsourced its Operation & Maintenance (O&M) services and Repair & Maintenance (R&M) through third-party agencies, in lieu of appointing employees directly for this purpose. EON I has appointed the third-party agencies based on competitive bidding. EON I appointed agencies on a combined basis for EON SEZ I and EON SEZ II, to get benefit from the economies of scale. EON I submitted the Evaluation Report for appointment of O&M agency and R&M agencies.

2.7.2. EON I has claimed Administration and General (A&G) Expenses on actual basis as reported in the Audited Accounts.

2.7.3. Further, the A&G expenses, and R&M expenses have been allocated between the Wires Business and Supply Business in accordance with the allocation matrix specified by the Commission in the MYT Regulations 2019.

2.7.4. The summary of actual O&M expenses claimed by EON I for FY 2020-21 and FY 2021-22 is as shown in the following Table:

**Table 2-22: Summary of O&M Expenses for FY 2020-21 and FY 2021-22 as submitted by EON I (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Wires Business		

Particulars	FY 2020-21	FY 2021-22
O&M/Employee Expenses	0.00	0.00
A&G Expenses	1.10	2.80
R&M Expenses	0.38	1.49
<b>Total O&amp;M Expenses</b>	<b>1.48</b>	<b>4.29</b>
<b>Supply Business</b>		
O&M/Employee Expenses	0.00	0.00
A&G Expenses	0.59	1.51
R&M Expenses	0.21	0.80
<b>Total O&amp;M Expenses</b>	<b>0.80</b>	<b>2.31</b>

**Commission’s Analysis and Rulings**

- 2.7.5. In response to a query raised by the Commission regarding appointment of third-party agency, EON I submitted that it followed transparent competitive bidding process for selection of third-party agency/ vendor for conducting O&M and R&M activities. In support of its claim EON I submitted the schedule of activities undertaken for selection of the third-party agency/ vendor, notice inviting tender published in the newspapers, the Tender Documents and report of the tender evaluation committee. EON I further submitted that EON has selected different vendors for EON I and EON II. For EON I (cluster A, D& E) Logicon Facility management Pvt limited was selected while for EON I (cluster B & C) Asian Power was selected as third-party agency/ vendor for carrying out the activities of O&M and R&M.
- 2.7.6. EON I has not claimed any expenses towards the Employee Expenses during FY 2020-21 and FY 2021-22. In response to the queries sought by the Commission, EON I submitted that, EON I has calculated the employee cost required to run the power distribution business, which was relatively higher than the outsourced cost. EON I has therefore decided to outsource the services required to run the power distribution licensee after conducting commercial comparison of recruiting in-house employees with the cost of outsourced contract. Hence, no Employee Cost is considered in the respective years of Truing up.
- 2.7.7. For A&G expenses booked for FY 2020-21 and FY 2021-22, the Commission sought the reconciliation with the Audited Accounts for the respective years. EON I has submitted the reconciliation statement for the respective year, which was found to be in order post prudence check by the Commission.
- 2.7.8. For R&M Expenses, EON I has outsourced the agency to operate and maintain EON I’s area of license. The Commission in the preliminary data gaps sought the clarity from

EON I, whether a common vendor has been appointed for performing the R&M activities for EON SEZ I and II. In response to the query, EON I clarified that, different agencies are appointed for performing the R&M activities in each of the SEZ. Hence, separate expenses are booked in the respective SEZ's books of account. In addition, EON I has also demonstrated that, the outsourced agencies are appointed through transparent bidding process, for which all stagewise bidding documents were submitted in response to data gaps.

2.7.9. The Commission notes the submissions of EON I. Since EON I has newly started the operation, the total O&M expenses booked for the respective years appears to be on higher side as compared to the present asset loading for the respective years. Hence, EON I was directed to submit the comparison of O&M cost with similar SEZ, s operating in the state of Maharashtra. EON I has submitted such comparison and it was observed that, the per unit O&M Cost of EON I was the highest amongst the similar SEZs.

**Table 2-23: Comparison of O&M expenses of other SEZs as submitted by EON I**

#	KRC Mindspace			KRC Gigaplex			KRC GERA Pune			EON SEZ I Pune			EON SEZ II Pune			
	FY	MUS	O&M Cost	Rs/ KWH	MUS	O&M Cost	Rs/ KWH	MUS	O&M Cost	Rs/ KWH	MUS	O&M Cost	Rs/ KWH	MUS	O&M Cost	Rs/ KWH
18-19	83.06	4.90	0.59	27.41	2.06	0.75	-	-	-	-	-	-	-	-	-	-
19-20	78.18	5.29	0.68	34.48	2.52	0.73	3.17	1.04	3.28	-	-	-	-	-	-	-
20-21	83.59	5.27	0.63	44.82	1.96	0.44	26.17	1.15	0.44	77.6	2.28	0.29	23.6	0.19	0.08	
21-22	88.81	5.47	0.62	58.74	2.03	0.35	40.22	1.18	0.29	77.6	6.60	0.85	23.6	1.84	0.78	
22-23	88.81	5.68	0.64	60.39	2.11	0.35	51.17	1.21	0.24	77.6	6.93	0.89	23.6	1.93	0.82	
23-24	88.81	5.90	0.66	60.39	2.19	0.36	53.75	1.25	0.23	77.6	7.28	0.94	23.6	2.03	0.86	
24-25	88.81	6.13	0.69	60.39	2.27	0.38	56.32	1.28	0.23	77.6	7.65	0.99	23.6	2.13	0.90	

2.7.10. EON I in justification of the higher O&M costs, submitted that, generic comparison was made with other SEZs operational in Maharashtra while awarding the contract to O&M as well as R&M Agencies, which contributes to the overall O&M Cost. The EON SEZ I was under less occupancy even during pre-Covid situation, where the sales have potential to reach around 120 MU/annum at its full capacity.

2.7.11. EON I started its commercial operation being a Deemed Distribution Licensee from 6 November 2020 i.e., 146 days in FY 2020-21 and in the absence of historical trend, it is difficult to derive norms for O&M expenses in case of EON I, based on its own performance. For evaluating the O&M norms, an attempt to compare the O&M expenses with that of other SEZs in the State was undertaken. The results of the exercise are provided in following table:

**Table 2-24: Comparison of Approved O&M expenses of similar SEZs in the State**

Licensee	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	<b>O&amp;M Cost - Rs. Crore</b>			
GEPL	1.25	1.72	2.06	
KRC				1.04
MBPPL		5.05	4.9	
<b>Total</b>	<b>1.25</b>	<b>6.77</b>	<b>6.96</b>	<b>1.04</b>
	<b>16.02</b>			
<b>Sales - MUs</b>				
GEPL	11.62	20.51	27.41	
KRC				3.17
MBPPL		83.41	83.06	
<b>Total</b>	<b>11.62</b>	<b>103.92</b>	<b>110.47</b>	<b>3.17</b>
	<b>229.18</b>			
<b>O&amp;M Cost - Rs./kWh</b>				
GEPL	1.08	0.84	0.75	-
KRC	-	-	-	3.28
MBPPL	-	0.61	0.59	-
<b>Total</b>	<b>1.08</b>	<b>0.65</b>	<b>0.63</b>	<b>3.28</b>
	<b>0.70</b>			

2.7.12. From the above table it is clear that on an average, considering 4-year period, the average O&M expenses is around 70 paise per unit. The O&M expenses as submitted by EON I and its impact on O&M cost per unit is also calculated for comparison purpose and is outlined as below:

**Table 2-25: O&M Expenses as submitted by EON I**

Operation and Maintenance Cost	Units	FY 2020-21	FY 2021-22
Employee Cost	Rs. Crore	0.00	0.00
Administration & General Expenses	Rs. Crore	1.69	4.31
Repair & Maintenance Expenses	Rs. Crore	0.59	2.29
<b>Total O&amp;M Cost</b>	Rs. Crore	<b>2.28</b>	<b>6.60</b>
	MUs	<b>15.14</b>	<b>37.69</b>
	Rs./kWh	<b>1.51</b>	<b>1.75</b>

2.7.13. In FY 2020-21 and FY 2021-22, the per unit O&M expenses of EON I as derived are 1.51/ kWh and Rs. 1.75/ kWh but they are still on a higher side as compared to the average O&M expenses of around 70 paise/ unit for other SEZs in the State. Further, it can be outlined from the above table, the energy sales of EON I are too low as compared to the sales quantum of other SEZs. It is pertinent to note that, the higher O&M cost are expected for any licensee who is at its initial stage of operations, due to lower sales. Further, EON I being IT and ITeS type SEZ is mandated to supply reliable power with

a redundant infrastructure. Hence the Commission thinks it fit that it would not be prudent to compare the O&M cost with other SEZs due to various factors as outlined above. Therefore, it is difficult to derive the O&M norms for EON I based on its own performance. Hence, the Commission has dealt with only actual O&M expenses of EON I. The approval of these expenses cannot form the basis of any normative amounts that may be worked out in future and this approval will not act as a precedence for future period.

2.7.14. The Commission verified the O&M expenses booked by EON I in its Audited Accounts. For FY 2020-21 the expenses claimed by EON I and as reflected in the Audited Accounts were found to be in order however, for FY 2021-22 it was observed that, EON I had booked expenses amounting to Rs. 6.84 crore and claimed Rs. 6.60 crore in the Petition. In reply to a query in this regard, EON I submitted that, it had inadvertently booked an expense of Rs. 0.24 crore towards REC purchase in the O&M costs, therefore it has claimed O&M expenses deducting this expense. It has claimed the REC purchase cost in the Power purchase expenses. In this background, the Commission accepts the submissions of EON I and approves the actual O&M expenses booked under A&G and R&M expenses for FY 2020-21 and FY 2021-22, respectively. The summary of the O&M expenses approved by the Commission for FY 2020-21 and FY 2021-22 is provided in the table below:

**Table 2-26: Summary of O&M Expenses for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Wires Business</b>				
O&M/Employee Expenses	0.0000	0.0000	0.0000	0.0000
A&G Expenses	1.0997	1.0997	2.7993	2.7993
R&M Expenses	0.3829	0.3829	1.4884	1.4884
<b>Total O&amp;M Expenses</b>	<b>1.4827</b>	<b>1.4827</b>	<b>4.2877</b>	<b>4.2877</b>
<b>Supply Business</b>				
O&M/Employee Expenses	0.0000	0.0000	0.0000	0.0000
A&G Expenses	0.5922	0.5922	1.5073	1.5073
R&M Expenses	0.2062	0.2062	0.8014	0.8014
<b>Total O&amp;M Expenses</b>	<b>0.7984</b>	<b>0.7984</b>	<b>2.3087</b>	<b>2.3087</b>

## 2.8.Capital Expenditure and Capitalisation

### *EON I's Submission*



- 2.8.1. EON I submitted that, the Commission vide its in-principle Approval Letter Ref: MERC/CAPEX/2022-23/058 dated 17 February 2022 has given its post-facto approval for the capital expenditure already undertaken by EON I and prior approval for the capital expenditure proposed by EON I towards capital expenditure of Rs. 129.97 Crore.
- 2.8.2. EON I submitted that; the assets put to use for the Distribution Business during November 2020 were installed in earlier years. In accordance with regulatory principles and the provisions of the MYT Regulations 2019, EON I has claimed the depreciated value (Net Fixed Assets) of such assets as on November 2020, as the Gross Fixed Assets (GFA), which works out to Rs. 78.19 Crore for FY 2020-21.
- 2.8.3. Further, there was Nil capital expenditure and capitalisation in the Wires Business for FY 2020-21 and FY 2021-22. However, on account of the commencement of the Distribution Business in November 2020, the depreciated value of addition to GFA has been considered as addition to the GFA in FY 2020-21 under the Wires Business. For the Supply Business, there was a capital expenditure and capitalisation of Rs. 0.06 Crore in FY 2021-22, against energy meters and ABT meters.
- 2.8.4. EON I has also submitted that; it has not claimed any capitalisation under Non-DPR Schemes.
- 2.8.5. The summary of Capital Expenditure and Capitalisation as claimed by EON I in the true-up for FY 2020-21 and FY 2021-22 are summarized in the following Table:

**Table 2-27: Capital expenditure and capitalisation for FY 2020-21 and FY 2021-22 as submitted by EON I (Rs. crores)**

<b>Particulars</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Wires Business</b>		
Capital Expenditure	0.00	0.00
Capitalisation	78.19	0.00
<b>Supply Business</b>		
Capital Expenditure	0.00	0.06
Capitalisation	0.00	0.06

***Commission’s Analysis and Rulings***

- 2.8.6. The Commission has given the post facto approval to EON I towards the Capital Expenditure of Rs. 129.97 Crore, which was already undertaken by EON I vide in-principle approval letter no MERC/CAPEX/2022-23/058 dated 17 February 2022.

2.8.7. In response to the query of the Commission, EON I has submitted the reconciliation of the assets capitalised in its audited accounts for the respective years up to operationalization of the Distribution Licensee. Out of the total in-principally approved Capital Expenditure of Rs. 129.97 Crore, EON I has capitalised Rs. 111.95 Crore, whereas EON I has claimed the depreciated cost of Rs. 78.19 Crore as the opening GFA during FY 2020-21.

2.8.8. The Commission notes that Regulation 24.4 of the MERC MYT Regulations 2019 mandates deduction of accumulated depreciation computed for the period between date of commissioning and asset put to use in regulated business. Relevant provision of Regulation is reproduced below:

*“24.4 The capital cost of the concerned asset/s shall be considered after deducting the amount of accumulated depreciation computed till the period of asset utilisation for unregulated business or for the period the assets remain unutilised, for the purpose of tariff determination, in the following instances:*

*a) The asset/s have been used for a period of time for unregulated business or the asset/s have become part of the asset base of the regulated business after lapse of time with respect to the COD of the asset;*

*b) If the asset has not been put to use for the regulated business after COD.”*

2.8.9. The Commission has verified computation of depreciated value of the assets (Rs. 78.19 Crore) as on the start of the operations of EON I with the depreciation statement submitted by EON I duly reconciled with the Audited Accounts. Based on the prudence check the Commission approves the Capitalisation for FY 2020-21.

2.8.10. Further, in response to the query by the Commission, EON I submitted the details regarding Capitalisation of Rs. 0.06 Crore in FY 2021-22 towards ABT metering under the Retail Supply Business. Upon verification of the details submitted by Petitioner and based on the prudence check, it is observed that, the said claim is within the original scope of the in-principally approved Capital Expenditure of Rs. 129.97 Crore. Thus, the Commission approves the capitalisation of Rs. 0.06 Crore for FY 2021-22.

2.8.11. The summary of the Capitalisation approved by the Commission for FY 2020-21 and FY 2021-22 is provided in the table below:

**Table 2-28: Capital expenditure and Capitalisation for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Wires Business</b>				
Capital Expenditure	0.00	0.00	0.00	0.00
Capitalisation	78.19	78.19	0.00	0.00
<b>Supply Business</b>				
Capital Expenditure	0.00	0.00	0.06	0.06
Capitalisation	0.00	0.00	0.06	0.06

## 2.9. Depreciation

### *EON I's Submission*

2.9.1. EON I has computed the depreciation for FY 2020-21 and FY 2021-22 in accordance with Regulation 28 of the MYT Regulations, 2019, by applying the asset class-wise depreciation rate specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the respective years.

2.9.2. The asset-class wise depreciation has been submitted in the respective Formats submitted along with this Petition. The summary of depreciation claimed by EON I for FY 2020-21 and FY 2021-22 is shown in the following Table:

**Table 2-29: Depreciation for FY 2020-21 and FY 2021-22 submitted by EON I (Rs. Crores)**

Particulars	FY 2020-21	FY 2021-22
<b>Wires Business</b>		
Opening GFA	0.00	78.19
Additions during the Year	78.19	0.00
Retirement during the year	0.00	0.00
Closing GFA	78.19	78.19
<b>Depreciation</b>	<b>1.62</b>	<b>3.24</b>
<b>Supply Business</b>		
Opening GFA	0.00	0.00
Additions during the Year	0.00	0.06
Retirement during the year	0.00	0.00
Closing GFA	0.00	0.06
<b>Depreciation</b>	<b>0.00</b>	<b>0.003</b>

### *Commission's Analysis and Rulings*

2.9.3. The Commission has computed the depreciation for FY 2020-21 and FY 2021-22 in accordance with Regulation 28 of the MYT Regulations 2019. The Commission has considered the approved Capitalisation for FY 2020-21 and FY 2021-22 as the addition of assets during the year. The Commission has calculated the depreciation by applying the asset class wise depreciation rate as specified in the MYT Regulations 2019 on the average asset class wise GFA during the year.

2.9.4. The Commission observed that, EON I has claimed the depreciation booked for the entire year instead of pro-rating with the number of days EON I was operational during FY 2020-21. The Commission notes that the approach adopted by EON I is contrary to Regulation 28.5 of MYT Regulations 2019, which clearly states that depreciation has to be allowed proportionately from the date of capitalisation. The relevant extract of the MYT Regulation, 2019 is as given below:

*“28.5 Depreciation shall be re-computed for assets capitalised at the time of Truing-up along with the Mid-term Review or at the end of the Control Period, based on documentary evidence of assets capitalised by EON I, subject to the prudence check of the Commission, such that the depreciation is allowed proportionately from the date of capitalisation.” (Emphasis Added)*

2.9.5. Since EON I has started its operation from 6 November 2020, the said date is required to be considered as date of Capitalisation and proportionate depreciation linked to actual date of Capitalisation, as specified in Regulation 28.5 of MYT Regulations, 2019 for FY 2020-21 needs to be computed.

2.9.6. The Commission has computed the Depreciation for FY 2020-21 and FY 2021-22 in accordance with Regulation 28 of MYT Regulations, 2019. It has taken the approved Capitalisation for FY 2020-21 and FY 2021-22 for addition of assets during the year

2.9.7. Accordingly, the Commission approves the Depreciation for FY 2020-21 and FY 2021-22 as shown in the table below:

**Table 2-30: Depreciation for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
Opening GFA	0.00	78.19	78.19	78.19
Additions during the Year	78.19	0.00	0.00	0.00
Retirement during the year	0.00	0.00	0.00	0.00
Closing GFA	78.19	78.19	78.19	78.19

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
<b>Depreciation**</b>	<b>1.6179</b>	<b>1.2943</b>	<b>3.2359</b>	<b>3.2359</b>
<b>Retail Supply Business</b>				
Opening GFA	0.00	0.00	0.00	0.00
Additions during the Year	0.00	0.00	0.06	0.06
Retirement during the year	0.00	0.00	0.00	0.00
Closing GFA	0.00	0.00	0.06	0.06
<b>Depreciation**</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0027</b>	<b>0.0027</b>

\*FY 2020-21 means period from 6 November 2020 to 31 March 2021.

\*\*For FY 2020-21, pro-rated for 146 days.

## 2.10. Interest on Long-Term Loan Capital

### *EON I's Submission*

2.10.1. EON I has computed the Interest on Long-Term Loan Capital in accordance with Regulation 30 of the MYT Regulations 2019 for FY 2020-21 and FY 2021-22. The normative loan has been considered as 70% of the addition to GFA during the year. The depreciation has been considered as normative repayment of loan during the year. The interest on loan had been calculated on the average normative loan for the year by applying the actual weighted average rate of interest for FY 2020-21 and FY 2021-22, in accordance with Regulation 30.5 of the MYT Regulations 2019.

2.10.2. The summary of Interest on Long Term Loan Capital claimed by EON I for FY 2020-21 and FY 2021-22 is shown in the following Table:

**Table 2-31: Interest on Long Term Loan for FY 2020-21 and FY 2021-22 as submitted by EON I – Wires Business (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Opening Balance of Net Normative Loan	0.00	53.12
Addition of Normative Loan during the year	54.73	0.00
Repayment of Normative loan during the year	1.62	3.24
Closing Balance of Net Normative Loan	53.12	49.88
Average Balance of Net Normative Loan	26.56	51.50
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
<b>Interest Charges</b>	<b>1.98</b>	<b>3.85</b>

**Table 2-32: Interest on Long Term Loan for FY 2020-21 and FY 2021-22 as submitted by EON I - Retail Supply Business (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Opening Balance of Net Normative Loan	0.00	0.00
Addition of Normative Loan during the year	0.00	0.04
Repayment of Normative loan during the year	0.00	0.003
Closing Balance of Net Normative Loan	0.00	0.04
Average Balance of Net Normative Loan	0.00	0.02
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
<b>Interest Charges</b>	<b>0.00</b>	<b>0.001</b>

### Commission's Analysis and Rulings

2.10.3. The opening balance for the net normative loan for FY 2020-21 is considered as the debt component of approved capitalisation for FY 2020-21. The debt: equity ratio of 70:30 is applied to the Capitalisation approved in this Order.

2.10.4. In reply to data gap query raised by the Commission, EON I has submitted documentary evidence in support of the weighted average rate of interest of 7.47%. Since EON I's Distribution business (regulated business) does not have actual loan, the rate of interest for the normative loan has been considered based on the weighted average rate of interest on the actual loan portfolio of EON Kharadi Infrastructure Private Limited (entity as a whole) as on 1 April 2022, in accordance with the 4th proviso of Regulation 30.5 of the MYT Regulations, 2019. Accordingly, the rate of interest has been considered as 7.47% based on the prevalent weighted average rate of interest as on 1 April 2022, in accordance with the Regulation 30.5 of MYT Regulations, 2019.

2.10.5. The repayment of loan is considered equal to the Depreciation allowed during the year in accordance with Regulation 30.3 of MYT Regulations, 2019.

2.10.6. The Interest on Loan provisionally approved by the Commission for FY 2020-21 and FY 2021-22 is summarized in the table below:

**Table 2-33: Interest on Loan for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
Opening Normative Loan	0.00	54.73	53.12	53.44
Addition of Normative Loan during the year	54.73	0.00	0.00	0.00
Less: Repayment during the year	1.62	1.29	3.24	3.24

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
Closing Normative Loan	53.12	53.44	49.88	50.20
Average Normative Loan	26.56	54.09	51.50	51.82
Rate of Interest (per annum)	7.47%	7.47%	7.47%	7.47%
Pro-rated rate of interest		2.99%		
<b>Interest on Loan for Wires Business**</b>	<b>1.9832</b>	<b>1.6156</b>	<b>3.8456</b>	<b>3.8698</b>
<b>Retail Supply Business</b>				
Opening Normative Loan	0.00	0.00	0.00	0.00
Addition of Normative Loan during the year	0.00	0.00	0.04	0.04
Less: Repayment during the year	0.00	0.00	0.003	0.00
Closing Normative Loan	0.00	0.00	0.04	0.04
Average Normative Loan	0.00	0.00	0.02	0.02
Rate of Interest	7.47%	7.47%	7.47%	7.47%
Pro-rated rate of interest		2.99%		
<b>Interest on Loan for Supply Business**</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0015</b>	<b>0.0015</b>

\*FY 2020-21 means period from 6 November 2020 to 31 March 2021.

\*\*For FY 2020-21, pro-rated for 146 days.

## 2.11. Return on Equity

### *EON I's Submission*

2.11.1. EON I has computed the Return on Equity (RoE) for FY 2020-21 and FY 2021-22, in accordance with Regulation 29 of the MYT Regulations, 2019. The equity contribution has been considered at normative 30% of the addition to assets during each year.

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

2.11.3. For FY 2020-21 and FY 2021-22, EON I has computed the Base RoE for the Wires Business at 14.00%. EON I has claimed Wires Availability for FY 2020-21 and FY 2021-22 at 100% and accordingly has claimed Additional RoE at 1.5%.

2.11.4. For FY 2020-21, EON I has computed the Base RoE for the Retail supply Business at 15.50% and Additional RoE at 1.00% on account of actual 0% of assessed bills with respect to total bills issued during the year. For FY 2021-22, the additional RoE has been considered at 1.25%, with 1% eligible on account of actual zero percent of

assessed bills with respect to total bills issued during the year and another 0.25% for achieving improvement in collection efficiency in that year. EON I has grossed up the rate for RoE with the applicable Tax rate.

2.11.5. The summary of RoE claimed for FY 2020-21 and FY 2021-22 for both Wires and Retail supply Business is shown in the following tables:

**Base RoE for FY 2020-21 and FY 2021-22**

**Table 2-34: Base Return on Equity for FY 2020-21 and FY 2021-22 as submitted by EON I - Wires Business (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Regulatory Equity at the beginning of the year	0.00	23.46
Equity portion of capitalisation during the year	23.46	0.00
Regulatory Equity at the end of the year	23.46	23.46
<b>Return on Equity Computation</b>		
Base Rate of Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.21%	14.17%
Return on Regulatory Equity at the beginning of the year	0.00	3.32
Return on Regulatory Equity addition during the year	1.67	0.00
<b>Total Return on Equity</b>	<b>1.67</b>	<b>3.32</b>

**Table 2-35: Base RoE for FY 2020-21 and FY 2021-22 as submitted by EON I - Supply Business (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
Regulatory Equity at the beginning of the year	0.00	0.00
Equity portion of capitalisation during the year	0.00	0.02
Regulatory Equity at the end of the year	0.00	0.02
<b>Return on Equity Computation</b>		
Base Rate of Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.74%	15.68%
Return on Regulatory Equity at the beginning of the year	0.00	0.00
Return on Regulatory Equity addition during the year	0.00	0.001
<b>Total Return on Equity</b>	<b>0.00</b>	<b>0.001</b>

**Additional RoE for FY 2020-21 and FY 2021-22**

**Table 2-36: Additional RoE for FY 2020-21 and FY 2021-22 as submitted by EON I - Wires Business (Rs. Crore)**



Particulars	Unit	FY 2020-21	FY 2021-22
Wires Availability above 98%	%	100%	100%
Additional Rate of Return on Equity for Wire availability	%	1.50%	1.50%
<b>Additional Return on Equity Computation</b>			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.00	0.36
Return on Regulatory Equity addition during the year	Rs. Crore	0.18	0.00
<b>Total Additional Return on Equity</b>	<b>Rs. Crore</b>	<b>0.18</b>	<b>0.36</b>

**Table 2-37: Additional RoE for FY 2020-21 and FY 2021-22as submitted by EON I - Supply Business (Rs. Crore)**

Particulars	Unit	FY 2020-21	FY 2021-22
% Of Assessed bills with respect to total bills issued during the year	%	0%	0%
Additional Rate of Return on Equity for assessment of bills	%	1%	1%
Collection Efficiency for the year	%	97.72%	99.34%
Additional Rate of Return for collection efficiency	%	0.00%	0.25%
Total Additional Return on Equity	%	1.00%	1.25%
<b>Additional Return on Equity Computation</b>			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.00	0.00
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.0001
<b>Total Additional Return on Equity</b>	<b>Rs. Crore</b>	<b>0.00</b>	<b>0.0001</b>

### **Commission's Analysis and Rulings**

2.11.6. The Commission has computed Base RoE at 14.00% and 15.5% for the Wires Business and Supply Business, respectively, in accordance with the MYT Regulations, 2019. In response to the query raised by the Commission, EON I has submitted that EON I's power distribution business is a part of EON Kharadi Infrastructure Private Limited and hence, Income Tax is paid on Company as whole basis rather than for the electricity business separately. EON I also submitted the ITR Acknowledgement for the tax paid during FY 2020-21 and FY 2021-22.. As per the ITR acknowledgement provided by EON I it is observed that for FY 2020-21 and FY 2021-22, the effective Income Tax Rate is 17.47% and 17.49% respectively i.e., MAT Rate. Therefore, the Commission has considered effective Income Tax Rate of 17.47% and 17.49% for FY 2020-21 and FY 2021-22 respectively. Accordingly, the pre-tax RoE after considering effective Tax rate is computed by grossing up the Base RoE as per the Regulation 34 of the MYT Regulations 2019.

2.11.7. The Commission has considered opening balance of equity for FY 2020-21 as 30% of the approved capitalisation for FY 2020-21 and closing equity of 2020-21 is considered as the opening equity for FY 2021-22. For FY 2020-21 RoE is approved on pro-rata basis. Thus, summary of the Base RoE approved for FY 2020-21 and FY 2021-22 is provided as under:

**Table 2-38: Base RoE for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
Regulatory Equity at beginning of the year	0.00	23.46	23.46	23.46
Equity portion of capitalisation during the year	23.46	0.00	0.00	0.00
Regulatory Equity at the end of the year	23.46	23.46	23.46	23.46
Base Return on Equity (per annum)	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate (per annum)	14.21%	16.96%	14.17%	16.97%
Pro-rated Pre-tax Return on Equity after considering effective Tax rate		6.79%		
<b>Return on Equity for Wires Business**</b>	<b>1.6658</b>	<b>1.5917</b>	<b>3.3240</b>	<b>3.9802</b>
<b>Retail Supply Business</b>				
Regulatory Equity at beginning of the year	0.00	0.00	0.00	0.00
Equity portion of capitalisation during the year	0.00	0.00	0.02	0.02
Regulatory Equity at the end of the year	0.00	0.00	0.02	0.02
Base Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.74%	18.78%	15.68%	18.79%
<b>Return on Equity for Supply Business**</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0014</b>	<b>0.0017</b>

\*FY 2020-21 means period from 6 November 2020 to 31 March 2021.

\*\*For FY 2020-21, pro-rated for 146 days.

2.11.8. With regards to additional RoE for Wires Business, EON I in response to the query raised by the Commission has submitted its reliability indices report, which is found to be in order, where the wire availability is 100% for FY 2020-21 and FY 2021-22. Thus, the Additional ROE of 1.5% is allowed for FY 2020-21 and FY 2021-22.

2.11.9. With regards to the additional RoE for Supply Business, EON I in response to the query sought by the Commission, EON I has submitted details of the Collection efficiency, which is 97.20% achieved during FY 2020-21 and 99.34% achieved during FY 2021-

22. Thus, 0.25% of the additional RoE is allowed during FY 2021-22 for achieving the collection efficiency of 99.34%.

2.11.10. The summary of Additional RoE approved for FY 2020-21 and FY 2021-22 for both Wires and Supply business is provided in the table below:

**Table 2-39: Additional ROE for FY 2020-21 and FY 2021-22 approved by the Commission – Wires Business (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
Wires Availability above 98%	100%	100%	100%	100%
Additional Rate of Return on Equity for Wire availability	1.50%	1.50%	1.50%	1.50%
Pre-tax Return on Equity after considering effective Tax rate		1.82%		1.82%
<b>Additional Return on Equity Computation</b>				
Return on Regulatory Equity on the opening balance (Rs. Crore)	0.00	0.43	0.36	0.43
Return on Regulatory Equity addition during the year (Rs. Crore)	0.18	0.00	0.00	0.00
<b>Total Additional Return on Equity (Rs. Crore)**</b>	<b>0.1785</b>	<b>0.1705</b>	<b>0.3519</b>	<b>0.4265</b>

\*FY 2020-21 means period from 6 November 2020 to 31 March 2021.

\*\*For FY 2020-21, pro-rated for 146 days.

**Table 2-40: Additional ROE for FY 2020-21 and FY 2021-22 approved by the Commission - Supply Business (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
% Of Assessed bills with respect to total bills issued during the year	0.00%	0.00%	0.00%	0.00%
Additional Rate of Return on Equity for assessment of bills	1.00%	1.00%	1.00%	1.00%
Collection Efficiency for the year	97.72%	97.72%	99.34%	99.34%
Additional Rate of Return for collection efficiency	0.00%	0.00%	0.25%	0.25%
Total Additional Return on Equity	1.00%	1.00%	1.25%	1.25%
Pre-tax Return on Equity after considering effective Tax rate		1.21%		1.51%
<b>Additional Return on Equity Computation</b>				

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
Return on Regulatory Equity at the beginning of the year (Rs. Crore)	0.0000	0.0000	0.0000	0.0000
Return on Regulatory Equity addition during the year (Rs. Crore)	0.0000	0.0000	0.0001	0.0001
<b>Total Additional Return on Equity (Rs. Crore)*</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0001</b>	<b>0.0001</b>

\*FY 2020-21 means period from 6 November 2020 to 31 March 2021.

\*\*For FY 2020-21, pro-rated for 146 days.

## 2.12. Interest on Working Capital & on Consumer's Security Deposit

### *EON I's Submission*

2.12.1. EON I has computed the normative working capital requirement for FY 2020-21 and FY 2021-22 in accordance with the MYT Regulations, 2019. For computation of Interest on Working Capital (IoWC), EON I has considered the rate of interest equal to the weighted average one-year MCLR during the year plus 150 basis points. The rate of IoWC considered by EON I is 8.57% and 8.50% for FY 2020-21 and 2021-22, respectively.

2.12.2. EON I submitted that it has paid the interest on Consumer Security Deposit (CSD) at the applicable rate of RBI Bank Rate. The interest on CSD has been claimed as per the audited accounts for FY 2020-21 and FY 2021-22. The actual amount of CSD and the actual interest on CSD have been considered in the ratio of 10:90 between the Wires Business and Supply Business, in accordance with the Allocation Matrix specified in the applicable MYT Regulations 2019.

2.12.3. The IoWC and Interest on CSD for Wires Business for FY 2020-21 and FY 2021-22 as claimed by EON I is shown in the following Table:

**Table 2-41: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 submitted by EON I – Wires Business (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
O&M expenses for one month	0.30	0.36
Maintenance Spares at 1% of Opening GFA	0.00	0.78
One and half months' equivalent of revenue from Wheeling Charges	0.31	0.32

Particulars	FY 2020-21	FY 2021-22
Less: Amount held as Security Deposit from Distribution System Users	0.53	0.49
<b>Total Working Capital Requirement</b>	<b>0.08</b>	<b>0.97</b>
<b>Computation of Working Capital Interest</b>		
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.50%
<b>Interest on Working Capital</b>	<b>0.003</b>	<b>0.08</b>
<b>Interest on Consumers' Security Deposit</b>	<b>0.02</b>	<b>0.05</b>

2.12.4. The IoWC and interest on CSD for Retail Supply Business for FY 2020-21 and FY 2021-22 as claimed by EON I is shown in the following Table:

**Table 2-42: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 as submitted by EON I – Supply Business (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
O&M expenses for one month	0.16	0.07
Maintenance Spares at 1% of Opening GFA	0.00	0.00
One and half months' equivalent of revenue from Wheeling Charges	3.59	3.64
Less: Amount held as Security Deposit from Distribution System Users	4.78	4.44
Less: One month of power purchase cost	1.24	1.33
<b>Total Working Capital Requirement</b>	<b>(2.26)</b>	<b>(2.06)</b>
<b>Computation of Working Capital Interest</b>		
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.50%
<b>Interest on Working Capital</b>	<b>0.00</b>	<b>0.00</b>
<b>Interest on Consumers' Security Deposit</b>	<b>0.16</b>	<b>0.42</b>

### **Commission's Analysis and Rulings**

2.12.5. The Commission has worked out the working capital requirement on a normative basis, as per Regulation 32 of the MYT Regulations 2019.

2.12.6. In reply to a query raised by the Commission, regarding CSD, EON I submitted that, MERC Supply Code, 2021 was notified on 24 February 2021, i.e., at the end of the FY 2020-21. EON I commenced its operations as a Distribution Licensee on 6 November 2020, i.e., during FY 2020-21, however, prior to the notification of the MERC Supply Code, 2021, the Security Deposit was collected in accordance with MERC Supply Code 2005. For FY 2021-22 EON I inadvertently continued to collect CSD in accordance with the provisions of MERC Supply Code 2005. However, EON I has collected CSD

based on the Contract Demand as it was difficult to estimate 2-month sales. Accordingly, in the first year of operation i.e., FY 2020-21 EON I collected CSD of Rs. 5.31 crore. Further as the sales have not picked up due to COVID-19, the CSD collected by EON I is more than required under the regulations.

2.12.7. The Commission notes the submissions of EON I. EON I has submitted that, the CSD based on the prevailing Regulations for FY 2021-22 works out to Rs. 5.28 Crore based on the Contract Demand of its consumers as against this EON I has collected CSD of Rs. 4.94 Crore. For the purpose of working out the Working Capital requirement for FY 2021-22, EON I has considered actual CSD of Rs. 5.31 Crore and 4.94 Crore for FY 2020-21 and FY 2021-22 respectively. The Commission notes that being first year of its operation, EON I has collected CSD based on Contract Demand as it was difficult to estimate 2-month sales at the start of its operations. This has led to EON collecting CSD over and above the mandated requirement under the MERC Supply Code 2021. Actual CSD collected in FY 2021-22 (Rs. 4.94 crore) is equivalent to 4.55 months and 1.87 months revenue for FY 2020-21 and FY 2021-22, respectively. For complying with mandate of 2 months' billing average as Security Deposit, EON I should have collected Rs. 5.28 crore from consumers in FY 2021-22.

2.12.8. In response to a data gap query raised by the Commission EON I submitted that, it had inadvertently considered rate of interest for CSD as per the MYT Regulations, 2015 instead of as per MYT Regulations 2019. The following table shows the difference in the interest on CSD, which EON I needs to recover from its consumers.

**Table 2-43: Details of additional Interest to be recovered from consumers as submitted by EON I**

<b>Year</b>	<b>Actual Interest on CSD paid (Rs. Lakhs)</b>	<b>Interest as per MERC Supply Code 2021 (Rs. Lakh)</b>	<b>Difference to be adjusted (Rs. Lakh)</b>
<b>FY 2020-21</b>	18.26	9.18	9.08
<b>FY 2021-22</b>	46.67	21.76	24.91

2.12.9. The Commission has considered interest on CSD at Bank Rate as per MERC Supply Code Regulations 2021. EON I shall recovered excess paid interest from its consumers by way of bill adjustment.

2.12.10. The Commission has computed the total working capital requirement in accordance with the MERC MYT Regulations, 2019. The IoWC has been computed for full year and pro-rated for FY 2020-21. The Commission has also considered CSD as reflected in the Audited Accounts. For calculation of the interest on CSD the Commission has considered RBI Bank rate prevailing as on 1<sup>st</sup> April of FY 2020-21 and FY 2021-22.

Further the interest on CSD has been calculated for the full year and pro-rated for FY 2020-21.

2.12.11. The IoWC and interest on CSD approved by the Commission are shown in the table below:

**Table 2-44: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
O&M expenses for a month	0.30	0.31	0.36	0.36
Maintenance Spares at 1% of Opening GFA	0.00	0.78	0.78	0.78
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.31	0.33	0.32	0.32
Less: Amount held as Security Deposit from Distribution System Users	0.53	0.53	0.49	0.49
<b>Total Working Capital Requirement</b>	<b>0.08</b>	<b>0.89</b>	<b>0.97</b>	<b>0.97</b>
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.57%	8.50%	8.50%
<b>Interest on Working Capital**</b>	<b>0.0028</b>	<b>0.0304</b>	<b>0.0824</b>	<b>0.0824</b>
<b>Interest on Security Deposit</b>	<b>0.0183</b>	<b>0.0099</b>	<b>0.0467</b>	<b>0.0210</b>
<b>Retail Supply Business</b>				
O&M expenses for a month	0.16	0.17	0.07	0.19
Maintenance Spares at 1% of Opening GFA	0.00	0.00	0.00	0.00
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	3.59	3.74	3.64	3.64
Less: Amount held as security deposit	4.78	4.78	4.44	4.44
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.24	1.29	1.33	1.31
<b>Total Working Capital Requirement</b>	<b>(2.26)</b>	<b>(2.16)</b>	<b>(2.06)</b>	<b>(1.92)</b>
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.57%	8.50%	8.50%

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
<b>Interest on Working Capital**</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Interest on Security Deposit</b>	<b>0.1643</b>	<b>0.0888</b>	<b>0.4200</b>	<b>0.1888</b>

\*FY 2020-21 means period from 6 November 2020 to 31 March 2021.

\*\*For FY 2020-21, pro-rated for 146 days.

### 2.13. Provisioning of Bad Debts

#### *EON I's Submission*

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

#### *Commission's Rulings*

2.13.2. Since EON I has not envisaged any provisioning for bad debts, the Commission has also not approved any amount towards provision for Bad and doubtful debts for FY 2020-21 and FY 2021-22.

### 2.14. Contribution to Contingency Reserves

#### *EON I's Submission*

2.14.1. EON I has submitted that, in accordance with the MYT Regulations 2019, EON I is entitled to invest up to 0.5% of its Opening GFA for each year as Contribution to Contingency Reserves. However, since the Commission is yet to issue its first Tariff Order for EON I, no such investment towards Contribution to Contingency Reserves was made by EON I in FY 2020-21 and FY 2021-22.

#### *Commission's Rulings*

2.14.2. Since EON I has not made any investment towards the Contribution to Contingency Reserves in FY 2020-21 and FY 2021-22, the Commission has also not considered any amount towards Contribution to Contingency Reserves for FY 2020-21 and FY 2021-22.

### 2.15. Non-Tariff Income

#### *EON I's Submission*



2.15.1. EON I has not earned any Non-Tariff Income other than the Delayed Payment Surcharge (DPS). However, as per the MYT Regulations 2019, DPS is not considered as part of the Non-Tariff Income.

### ***Commission's Rulings***

2.15.2. In response to a query sought by the Commission, EON I has clarified that, Rs. 0.054 Crore and Rs. 0.033 Crore booked under 'miscellaneous income' in the audited accounts of FY 2020-21 and FY 2021-22, respectively is towards the Delayed Payment Surcharge. The same is not considered towards the non-Tariff income in accordance with MYT Regulations, 2019.

2.15.3. The Commission on basis of the prudence check of the audited accounts for FY 2020-21 and FY 2021-22 has verified that, there are no incomes to be considered as part of the Non-Tariff Income for FY 2020-21 and FY 2021-22, respectively.

### **2.16. Sharing of Gains/(Losses)**

#### ***EON I's Submission***

2.16.1. EON I has submitted that, no sharing of gains/(losses) have been computed, since the Commission is yet to issue the Tariff Order.

#### ***Commission's Analysis and Rulings***

2.16.2. The Commission notes the submission made by EON I. Since this is the first tariff Order of EON I, there is no normative O&M expenses and hence no sharing has been considered in relation to any gains or loss related to O&M expenses.

2.16.3. Regulation 32 of MYT Regulations 2019 provides the detailed methodology for calculation of the normative interest on working capital. The Commission has computed normative IoWC separately for Distribution Wires Business and Retail Supply Business in para 2.12.11 of this order. EON I has not provided any details towards actual interest paid on working capital in the Petition and has only claimed the normative amount. Accordingly, for the present proceedings, the actual IoWC is considered as zero and the difference between the normative and the actual IoWC shall be subject to sharing of efficiency gains / losses on account of IoWC.

2.16.4. Regulations 11 of MERC MYT Regulations 2019 provides the mechanism for sharing of gains/ losses on account of controllable factors. Accordingly, the sharing of gains on account of IoWC are shown below:

**Table 2-45: Sharing of efficiency gains/ (losses) of Interest on Working Capital for FY 2020-21 to FY 2021-22 approved by Commission (Rs. Crore)**

Particulars	FY 2020-21			FY 2021-22		
	Distribution Wires	Retail Supply	Total	Distribution Wires	Retail Supply	Total
Normative IoWC	0.0304	0.0000	0.0304	0.0824	0.0000	0.0824
Actual IoWC	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Efficiency Gains/(Losses)	0.0304	0.0000	0.0304	0.0824	0.0000	0.0824
Efficiency Gains/(losses) to be passed on to the consumers	0.0202	0.0000	0.0202	0.0549	0.0000	0.0549
Efficiency Gains/(losses) to be retained	0.0101	0.0000	0.0101	0.0275	0.0000	0.0275
<b>Net Entitlement of IoWC</b>	<b>0.0101</b>	<b>0.0000</b>	<b>0.0101</b>	<b>0.0275</b>	<b>0.0000</b>	<b>0.0275</b>

## 2.17. Revenue from Sale of Electricity

### *EON I's Submission*

2.17.1. EON I has submitted that; it has been levying the category-wise tariffs approved by the Commission for MSEDCL for the respective years.

2.17.2. EON I has considered the actual revenue from sale of electricity for FY 2020-21 and FY 2021-22 as per the Audited Accounts, for the respective years. EON I has also provided consumer category-wise break-up of revenue from Fixed Charges, Demand Charges, Energy Charges, etc., for FY 2020-21 and FY 2021-22.

2.17.3. EON I has claimed Rs. 13.02 crore and Rs. 31.70 crore towards revenue from sale of electricity for FY 2020-21 and FY 2021-22 respectively

### *Commission's Analysis and Rulings*

2.17.4. EON I in response to the query sought by the Commission, has submitted the reconciliation of category wise sales and revenue released for the respective years duly certified with the audited accounts, which is found to be in order. The Commission based on the above approved sales for the respective years approves the Revenue from Sales of electricity of Rs. 13.02 Crore for FY 2020-21 and Rs. 31.70 Crore for FY 2021-22, which is same as submitted by EON I.

## 2.18. Summary of ARR for FY 2020-21 and FY 2021-22

### *EON I's Submission*

2.18.1. The summary of the ARR claimed by EON I for the Distribution Wires Business for FY 2020-21 and FY 2021-22, is as shown in the table below:

**Table 2-46: ARR Summary Distribution Wires Business for FY 2020-21 and FY 2021-22 as submitted by EON I**

Particulars	FY 2020-21	FY 2021-22
O&M Expenses	1.48	4.29
Depreciation	1.62	3.24
Interest on Loan Capital	1.98	3.85
Interest on Working Capital	0.00	0.08
Interest on CSD	0.16	0.42
Provision for bad and doubtful debts	0.00	0.00
Contribution to Contingency Reserves	0.00	0.00
<b>Total Revenue Expenditure</b>	<b>5.25</b>	<b>11.87</b>
Add: Return on Equity Capital	1.67	3.32
<b>Aggregate Revenue Requirement</b>	<b>6.92</b>	<b>15.19</b>
Less: Non-Tariff Income	0.00	0.00
<b>Total ARR</b>	<b>6.92</b>	<b>15.19</b>

2.18.2. The summary of the ARR claimed by EON I for the Retail Supply Business for FY 2020-21 and FY 2021-22, is as shown in the Table below:

**Table 2-47: Summary Distribution Retail Supply Business for FY 2020-21 and FY 2021-22 as submitted by EON I**

Particulars	FY 2020-21	FY 2021-22
Power Purchase Expenses	6.19	15.93
O&M Expenses	0.80	2.31
Depreciation	0.00	0.00
Interest on Loan Capital	0.00	0.00
Interest on Working Capital	0.00	0.00
Interest on CSD	0.16	0.42
Provision for bad and doubtful debts	0.00	0.00
Contribution to Contingency Reserves	0.00	0.00
Intra-State Transmission Charges	0.00	0.00
MSLDC Fees & Charges	0.00	0.00
<b>Total Revenue Expenditure</b>	<b>7.16</b>	<b>18.67</b>
Add: Return on Equity Capital	0.00	0.00

Particulars	FY 2020-21	FY 2021-22
<b>Aggregate Revenue Requirement</b>	<b>7.16</b>	<b>18.67</b>
Less: Non-Tariff Income	0.00	0.00
<b>Total ARR</b>	<b>7.16</b>	<b>18.67</b>

**Commission's Analysis and Rulings**

2.18.3. The summary of ARR for Wires and Supply Business for FY 2020-21 and FY 2021-22 is provided in the table below:

**Table 2-48: ARR Summary for Distribution Wires Business of EON I for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Operation & Maintenance Expenses	1.4827	1.4827	4.2877	4.2877
Depreciation	1.6179	1.2943	3.2359	3.2359
Interest on Loan Capital	1.9832	1.6156	3.8456	3.8698
Interest on Working Capital	0.0028	0.0304	0.0824	0.0824
Interest on deposit from Consumers and Distribution System Users	0.0183	0.0099	0.0467	0.0210
Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.0000	0.0000	0.0000	0.0000
Sharing of gains/(losses)	0.0000	0.0101	0.0000	0.0275
<b>Total Revenue Expenditure</b>	<b>5.1049</b>	<b>4.4429</b>	<b>11.4982</b>	<b>11.5241</b>
Add: Return on Equity Capital	1.8443	1.7623	3.6758	4.4067
<b>Aggregate Revenue Requirement</b>	<b>6.9492</b>	<b>6.2052</b>	<b>15.1740</b>	<b>15.9308</b>
Less: Non-Tariff Income	0.0000	0.0000	0.0000	0.0000
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>6.9492</b>	<b>6.2052</b>	<b>15.1740</b>	<b>15.9308</b>

**Table 2-49: ARR Summary for Retail Supply Business of EON I for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	6.1950	6.1950	15.9303	15.6647
Operation & Maintenance Expenses	0.7984	0.7984	2.3087	2.3087

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Depreciation	0.0000	0.0000	0.0027	0.0027
Interest on Loan Capital	0.0000	0.0000	0.0015	0.0015
Interest on Working Capital	0.0000	0.0000	0.0000	0.0000
Interest on Consumer Security Deposit	0.1643	0.0888	0.4200	0.1888
Write-off of Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.0000	0.0000	0.0000	0.0000
Intra-State Transmission Charges	0.0000	0.0000	0.0000	0.0000
MSLDC Fees & Charges	0.0000	0.0000	0.0045	0.0045
Sharing of gains/(losses)	0.0000	0.0000	0.0000	0.0000
<b>Total Revenue Expenditure</b>	<b>7.1576</b>	<b>7.0821</b>	<b>18.6677</b>	<b>18.1709</b>
Add: Return on Equity Capital	0.0000	0.0000	0.0014	0.0018
<b>Aggregate Revenue Requirement</b>	<b>7.1576</b>	<b>7.0821</b>	<b>18.6691</b>	<b>18.1727</b>
Less: Non-Tariff Income	0.0000	0.0000	0.0000	0.0000
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
Less: Receipts on account of Cross-Subsidy Surcharge	0.0000	0.0000	0.0000	0.0000
Less: Receipts on account of Additional Surcharge if any	0.0000	0.0000	0.0000	0.0000
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>7.1576</b>	<b>7.0821</b>	<b>18.6691</b>	<b>18.1727</b>

## 2.19. Revenue Gap/ (Surplus)

### *EON I's Submission*

2.19.1. EON I has computed the combined Revenue Gap/(Surplus) for the Wires Business and Retail Supply Business for FY 2020-21 and FY 2021-22, as shown in the following Table:

**Table 2-50: Revenue Gap/(Surplus) for FY 2020-21 and FY 2021-22 as submitted by EON I (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22
ARR for Distribution Wires Business	6.92	15.19
ARR for Retail Supply Business	7.16	18.67
<b>Combined ARR for Wires and Retail Supply Business</b>	<b>14.08</b>	<b>33.87</b>
Revenue from Wheeling Charges	1.04	2.59

Particulars	FY 2020-21	FY 2021-22
Revenue from sale of electricity	11.98	29.11
<b>Total Revenue</b>	<b>13.02</b>	<b>31.70</b>
Gap/(Surplus) of Wires Business	5.88	12.61
Gap/(Surplus) of Supply Business	(4.82)	(10.44)
<b>Combined Revenue Gap/(Surplus)</b>	<b>1.06</b>	<b>2.17</b>

**Commission's Analysis and Rulings**

2.19.2. The Commission carried out computation of the combined Revenue Gap/ (Surplus) for FY 2020-21 and FY 2021-22. The conclusion is as shown in the following table:

**Table 2-51: Revenue Gap/ (Surplus) for FY 2020-21 and FY 2021-22 approved by the Commission (Rs. Crore)**

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
ARR for Wires Business	6.9492	6.2052	15.1740	15.9308
ARR for Retail Supply Business	7.1576	7.0821	18.6691	18.1727
<b>Combined ARR for Wires and Retail Supply Business</b>	<b>14.1068</b>	<b>13.2873</b>	<b>33.8431</b>	<b>34.1035</b>
Less: Revenue at Existing Tariff	13.0208	13.0208	31.6951	31.6951
<b>Revenue Gap/ (Surplus)</b>	<b>1.0860</b>	<b>0.2665</b>	<b>2.1480</b>	<b>2.4084</b>

2.19.3. Accordingly, the Commission approves the Revenue Gap of Rs. 0.27 Crore for FY 2020-21 and Revenue Gap of Rs. 2.41 Crore for FY 2021-22. This has been taken for adjustments against the cumulative ARR of FY 2024-25 for the purpose of Tariff determination.

### 3. PROVISIONAL TRUE-UP OF FY 2022-23

#### 3.1. Energy Sales

##### *EON I's Submission*

3.1.1. EON I has submitted that, the actual energy sales during H1 of FY 2022-23 were 22.79 MU. For estimating the energy sales for the period of six-months from October 2022 to March 2023, EON I has projected monthly sales based on past trend of energy sales during for the same period, as compared to overall energy sales during the year. The summary of Energy Sales (actual and estimated) for FY 2022-23 by EON I is shown in the Table below:

**Table 3-1: Estimates Energy Sales for FY 2022-23 as submitted by EON I (MU)**

Consumer Category	FY 2022-23		
	Apr – Sep (Actual)	Oct – Mar (Estimated)	Provisional Truing up
<b>HT Category</b>			
HT I	19.65	20.13	39.78
<b>Sub-total HT</b>	<b>19.65</b>	<b>20.13</b>	<b>39.78</b>
<b>LT Category</b>			
LT II (A)	0.01	0.11	0.12
LT II (B)	0.04	0.02	0.06
LT V (A)	0.44	0.40	0.84
LT V (B)	2.63	2.17	4.80
<b>Sub-total LT</b>	<b>3.13</b>	<b>2.69</b>	<b>5.83</b>
<b>Total</b>	<b>22.79</b>	<b>22.82</b>	<b>45.61</b>

**Table 3-2: Estimates Energy Sales for FY 2022-23 as submitted by EON I (MkVAh)**

Consumer Category	FY 2022-23
<b>HT Category</b>	
HT I Industry	41.42
<b>Subtotal</b>	<b>41.42</b>
<b>LT Category</b>	
LT II A Commercial	0.12
LT II B Commercial	0.06
LT V A Industry	0.85
LT V B Industry	4.85
<b>Subtotal</b>	<b>5.88</b>
<b>Total</b>	<b>47.31</b>

##### *Commission's Analysis and Rulings*

- 3.1.2. EON I has estimated the energy sales for the period of six-months i.e., from October 2022 to March 2023, based on past trend in energy sales during the same period. In response to a query sought by the Commission, EON I has submitted actual and estimated annual occupancy of its SEZ. Since the SEZ was also operational as a consumer to the incumbent licensee viz. MSEDCL, the Commission also sought the details of annual energy sales prior to its operationalization as a distribution licensee. The Commission has observed that, the overall sales prior to the operationalization as a deemed distribution licensee ranged in the level of 73 MU to 74 MU.
- 3.1.3. The Commission has further analysed the annual occupancy of EON I along with the estimated load and sales of FY 2022-23 (H1) based on the details submitted by EON I. Considering the impact of COVID-19 pandemic outbreak during the initial years of operations, the Commission provisionally accepts the category wise energy sales as projected by EON I, subject to prudence check at time of true-up.
- 3.1.4. The category wise energy sales (MU as well as MkVAh) as projected by EON I and provisionally approved by the Commission are summarized in the table below:

**Table 3-3: Category-wise Estimated Energy Sales provisionally approved by the Commission for FY 2022-23 (MU and MkVAh)**

Consumer Category	Approved Energy Sales (MU)		Approved Energy Sales (MkVAh)	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>HT Category</b>				
HT I Industry	39.78	39.78	41.42	41.42
<b>Subtotal</b>	<b>39.78</b>	<b>39.78</b>	<b>41.42</b>	<b>41.42</b>
<b>LT Category</b>				
LT II A Commercial	0.12	0.12	0.12	0.12
LT II B Commercial	0.06	0.06	0.06	0.06
LT V A Industry	0.84	0.84	0.85	0.85
LT V B Industry	4.80	4.80	4.85	4.85
<b>Subtotal</b>	<b>5.83</b>	<b>5.83</b>	<b>5.88</b>	<b>5.88</b>
<b>Total</b>	<b>45.61</b>	<b>45.61</b>	<b>47.31</b>	<b>47.31</b>

- 3.1.5. Thus, the Commission provisionally approves the Energy sales of 45.61 MU or 47.31 MkVAh for FY 2022-23.

### 3.2. Distribution Loss

#### *EON I's Submission*



- 3.2.1. EON I has submitted that, post considering the actual energy sales and the actual energy drawl at the interface point (T<>D Interface) during the first half of FY 2022-23 the distribution loss works out to be 5.84% while considering the T<> D Interface consumption as per the DSM meters. Hence, for the provisional true-up of FY 2022-23, EON I has considered the distribution loss of 5.84% for estimating the distribution loss for second half of the FY 2022-23.
- 3.2.2. EON I submitted that it has established the distribution network primarily on the higher voltage level of 22 kV. Consequently, the Distribution Losses are on account of only technical loss in the system. EON I has further elaborated the reasons as covered under para 3.3.4 towards the higher distribution losses. In this background, EON I has provisionally estimated the distribution loss of 5.84% for FY 2022-23.

### ***Commission's Analysis and Rulings***

- 3.2.3. In response to a query raised by the Commission, EON I has submitted that the energy sales have increased during FY 2022-23 (H1) due to higher occupancy of existing consumers. However, there is reduction in overall number of consumers due to COVID-19 pandemic impact, and effectively there is an increase in distribution losses.
- 3.2.4. EON I further submitted that, higher 'no-load' losses combined with the lower sales in the denominator for computation of distribution losses, is resulting in a higher computation of distribution losses, as a percentage of the energy input into the system. With the expected increase in loading in the future, the losses are expected to reduce. EON I has planned to shift the load from 220/22 kV Magarpatta S/s to the 132/22 kV EON Kharadi S/s. which is located near the load centre, which should help to reduce the distribution losses.
- 3.2.5. In addition, EON I has appointed a third-party energy audit agency, to identify the areas of losses and remedies thereof. However, such study shall take some time to be completed and the Report may be available only after 3-4 months.
- 3.2.6. The Commission notes the submission of EON I wherein it has submitted that it has established the distribution network primarily on the higher voltage level at 22 kV. Consequently, the Distribution Losses are only on account of technical losses in the system. There is no commercial loss/ theft of electricity in the system. However, the level of distribution losses as estimated by EON I for FY 2022-23 are much higher as against the actual previous year's distribution loss level of 2.98%. EON I tried to justify it based on no load losses due to lower loading. But the Commission cannot accept such justification, as EON I itself has accepted that sales in FY 2022-23 has been increasing and hence loading of asset would also improve. Hence, distribution loss cannot be

higher than actual distribution loss achieved in FY 2022-23. Hence, for FY 2022-23 the Commission has provisionally assumed, the loss levels at 2.98% same as that of FY 2021-22. The same is subject to prudence check at the time of truing-up. Further, such Distribution Loss post prudence check at the time of Truing-up will not be subject to any sharing of gains/ losses, whereas in the event of actual loss being higher than approved by the Commission in this Order, the Commission may take appropriate decision at the time of Truing up based on the justification given by EON I.

3.2.7. In view of above, the Commission provisionally approves the distribution loss as follows:

**Table 3-4: Distribution Loss for FY 2022-23 approved by the Commission**

Particulars	Petitioned	Approved in this Order
Distribution Loss	5.84%	2.98%

### 3.3. Energy Balance

#### *EON I's Submission*

3.3.1. EON I has submitted the Energy Balance for FY 2022-23 based on the estimated energy sales, Distribution Loss and energy purchased during FY 2022-23. EON I has submitted that it has not incurred any InSTS loss during FY 2022-23. The Energy Balance estimated for FY 2022-23 is shown in the following table:

**Table 3-5: Energy Balance for FY 2022-23 as submitted by EON I**

Particulars	FY 2022-23
Energy Sales (MU)	45.61
Distribution loss (%)	5.84%
Energy Requirement at T<>D (MU)	48.43
Intra-State Transmission Loss (%)	-
<b>Energy Requirement at G&lt;&gt;T (MU)</b>	<b>48.43</b>
Total Power Purchase at State Periphery (MU)	46.17
Imbalance Pool (MU)	2.26
Less: Surplus Energy Traded (MU)	0.00
<b>Total Power Available at G&lt;&gt;T (MU)</b>	<b>48.43</b>

#### *Commission's Analysis and Rulings*

- 3.3.2. In response to a query by the Commission, EON I has submitted that, since the entire power purchase is contracted at the Distribution Licensee Periphery, there is no incidence of Inter-State as well as Intra-State Transmission losses for EON I. Hence, for provisional truing-up and while considering the prevailing power purchase arrangement, the Commission has not considered InSTS losses for Energy Balance for FY 2022-23.
- 3.3.3. Accordingly, based on the above analysis and considering the distribution loss at 2.98% as approved for FY 2022-23, the Commission approves the Energy Balance for the period FY 2022-23, which is summarized in the table below:

**Table 3-6: Energy Balance for FY 2022-23 provisionally approved by the Commission (MU)**

Particulars	Petitioned	Approved in this Order
Energy Sales (MU)	45.61	45.61
Distribution loss	5.84%	2.98%
Energy Requirement at T<>D (MU)	48.43	47.01
Intra-State Transmission Loss	0.00%	0.00%
<b>Energy Requirement at G&lt;&gt;T (MU)</b>	<b>48.43</b>	<b>47.01</b>
Total Power Purchase at State Periphery (MU)	46.17	46.08
Imbalance Pool (MU)	2.26	0.93
Less: Surplus Energy Traded (MU)	0.00	0.00
<b>Total Power Available at G&lt;&gt;T (MU)</b>	<b>48.43</b>	<b>47.01</b>

### 3.4. Power Purchase Expenses

#### *EON I's Submission*

- 3.4.1. EON I has submitted that the power purchase quantum and cost include the purchase from conventional sources for meeting its Base Load and Peak Load requirement, RPO and net purchase from Imbalance Pool during the year.

#### **Power Purchase from April 2022 to October-2022**

- 3.4.2. EON I undertook the short-term power procurement process through competitive bidding in accordance with the Guidelines notified by the Ministry of Power, Government of India, to cater its load of 7 MW. Post completion of the competitive bidding process including the e-Reverse Auction (e-RA) process, Kreate Energy,

emerged as the lowest bidder, with a rate of Rs. 3.95/ kWh. The Commission adopted the above discovered tariff and approved the PPA between EON I and Kreate Energy, vide its Order dated 13 October 2021 in Case No. 105 of 2021. The PPA between EON I and Kreate Energy was valid for a period of 1 year, from 1 November 2021 to 30 October 2022.

3.4.3. From November 2021 to March 2022 Kreate Energy supplied power to EON I from another generating source (thermal) not mentioned in the PPA. EON I had enquired with Kreate Energy to justify the reason for changing the generating source however, Kreate Energy did not respond to any of EON I's correspondence. Further, Kreate Energy vide its email dated 9 March 2022 communicated to EON I that from April 2022 onwards it will supply quantum of 1 MW only instead of Contracted Capacity of 7 MW. EON I submitted all the related correspondences in this regard along with its Petition.

3.4.4. Due to non-performance of Kreate Energy in supplying agreed quantum of energy as per PPA from April 2022 to October 2022, EON I decided to deduct the differential costs from Kreate Energy borne by it for purchasing balance quantum of energy.

#### **November 2022 to February 2023**

3.4.5. For the period from 1 November 2022 to 28 February 2023, EON I had already filed Petition for approval of Power Purchase Agreement in Case No. 205 of 2022, which is reserved for Order by the Commission.

#### **March 2023 to February 2024**

3.4.6. For the period from March 2023 to February 2024, EON I has informed that it shall float combined power purchase tender for EON SEZ I and EON SEZ II as per Ministry of Power Guidelines dated 30 March 2016 with the subsequent amendment dated 21 February 2022.

#### **Renewable Purchase Obligations**

3.4.7. EON I has considered the RPO targets for FY 2022-23 as specified in the MERC RPO Regulations, 2019. The RPO targets are 8% for Solar and 11.50% for Non-Solar for FY 2022-23.

#### **Imbalance Pool**

3.4.8. EON I has considered the actual quantum and cost of power purchase from Imbalance Pool for first half of FY 2022-23.

3.4.9. The summary of the estimated power purchase quantum and cost by EON I for FY 2022-23 is shown in the following Table:

**Table 3-7: Power Purchase Cost for FY 2022-23 as submitted by EON I (Rs. Crore)**

Source	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Kreate Energy	6.24	2.46	3.95
EON SEZ II	5.48	2.77	5.05
Nov-2022 to March-2023 (New Short-Term source)	13.27	6.63	5.00
Purchase from Power Exchange	5.16	2.67	5.17
Imbalance Pool	2.26	0.07	-
Non-Solar Purchase	16.03	7.62	4.75
Recovery from Kreate	0.00	(3.02)	0.00
RECs	0.00	1.09	0.00
<b>Total</b>	<b>48.43</b>	<b>20.29</b>	<b>4.19</b>

**Commission’s Analysis and Rulings**

3.4.10. The Commission has noted the submissions of EON I. It is observed that, power delivery related issues persist even in the new PPA signed with the same entity viz. Kreate Energy. As regards to the recovery of Rs. 3.02 Crore from Kreate Energy as claimed by EON I, in response to a query sought by the Commission, EON I stated that, it has retained the Contract Performance Guarantee (CPG) of Kreate Energy and reconciliation of the amounts is under process from April 2022 to October 2022. Post reconciliation exercise EON I shall deduct the differential cost from Kreate Energy’s bills. The Commission directs EON I to submit the detailed reconciliation statement of the CPG amount retained and adjusted with the total power purchase quantum of FY 2022-23, duly reconciled with the Audited Accounts at the time of true-up.

3.4.11. Further, EON I had filed Petition in Case No. 205 of 2022 for approval of the Commission for the following:

- a) Power procurement for the month of November 2022 with Kreate Energy @ Rs. 4.77 per unit.
- b) Adoption of Short-term power of 2 MW (bidding on DEEP Portal) for the Period of 1 Dec 2022 to 28 Feb 2023 @ Rs. 5.20 per unit.
- c) Adoption of Short Term RE power procurement (bidding on DEEP Portal) for following quantum & rate:
  - i. 11.65 MW wind power without REC at tariff of Rs. 3.29 per unit.

ii. 10.10 MW wind power with REC at tariff of Rs. 4.09 per unit.

3.4.12. The Commission vide its Order in Case No. 205 of 2022 and I. A. No. 265 of 2022 dated 26 December 2022 ruled as follows on the matter regarding procurement of power by EON I.

3.4.13. On the matter regarding power procurement for the month of November 2022 the Commission declined to adopt the tariff of Rs. 4.77/ unit. The relevant extract of the Order is reproduced below:

*“14.4. In view of above circumstances, the **Commission cannot adopt such tariff mutually decided by the parties.** However, as EON Phase-I has already executed and operationalized such contract for meeting consumer demand and claimed that such contracting has helped to reduce power purchase cost as compared to its SEZ Phase-II, the **Commission will consider prudence of such contract in Tariff proceeding while allowing power purchase expense. Thus, EON SEZ Phase-I may decide on continuing such mutual contract on its risk and cost.**” {Emphasis Added}*

3.4.14. In the matter regarding adoption of Short-term power of 2 MW for the Period of 1 Dec 2022 to 28 Feb 2023 the Commission declined to adopt the tariff of Rs. 5.20/ unit for 2 MW quantum for the duration from 1 December 2022 to 28 February 2023. The relevant extract of the Order is reproduced below:

*“15.7. As post bidding negotiations have vitiated the transparency of the bidding process, it does not fulfill mandatory condition of transparent bidding process required under Section 63 of the Electricity Act, 2003. **Therefore, the Commission cannot adopt such tariff under Section 63 of the Act.**” {Emphasis Added}*

3.4.15. In the matter regarding adoption of Short-term RE power for the Period of 1 Dec 2022 to 30 Nov 2023 the Commission noted the non-transparency in bidding process and rejected EON I's proposal for adoption of tariff. The relevant extract of the Order is reproduced below:

*“16.5. The Commission notes that while submitting revised Offer, Kreate Energy split its original offer of 20 MW Wind Power without REC (Requisition No. 4) into 11.65 MW Wind Power without REC (Requisition No. 4) and 10.10 MW Wind Power with REC (Requisition No. 3). It is important to note that in revised Offer, Kreate Energy has offered power under Requisition No. 3 which it had never submitted in original bidding process. Accepting such revised, even if the same appears to be a good rate in the present market scenario, the offer results in non-transparency in bidding process.*

*16.6. As post bidding negotiations is against the principle of maintaining transparency of the bidding process, it does not fulfill mandatory condition of transparent bidding process required under Section 63 of the Electricity Act, 2003. Therefore, the Commission cannot adopt such tariff under Section 63 of the Act.” {Emphasis Added}*

3.4.16. The Commission directed EON I to immediately initiate fresh bidding process for meeting its power requirement and ensure that transparency is maintained in all stages of the bidding process. In the meanwhile, for meeting the consumer demand the Commission allowed EON I to procure power from Power Exchanges and other permissible routes. The Commission shall scrutinize the prudence of such power purchase expenses during the next tariff proceedings.

3.4.17. In response to a query raised by the Commission regarding power procurement from EON II, EON I submitted that EON I has purchased power from EON II in FY 2022-23. EON II had additional power available and hence has sold the power to EON I. EON II has procured such power at the tariff already approved by the Commission and has sold the same to EON I at the same tariff. Due to this transaction EON I has not suffered any loss, as at the time of such procurement the rates on the Power Exchange were very high. EON I has procured power from SEZ II in order to ensure optimum utilisation of power and avoid unnecessary burden on its consumers. The Commission has noted the submission of EON I and directs it to submit the details of actual power procurement by EON I from EON II in FY 2022-23 at the time of filing its truing up petition.

3.4.18. In this context, the Commission provisionally approves the power purchase quantum and cost for FY 2022-23 as submitted by EON I, subject to prudence check at the time of true-up. The Commission further directs EON I to submit the details of all the invoices towards power purchase for FY 2022-23 duly reconciled with its audited accounts along with its True up Petition for FY 2022-23.

### **Renewable Purchase Obligation**

3.4.19. EON I in response to query sought by the Commission, has submitted that, it has not purchased any RECs yet to fulfil its Solar and Non-Solar RPO targets. EON I has proposed to purchase non-Solar power at Rs. 4.74/kWh during FY 2022-23. In response to a query sought by the Commission, EON I submitted its RPO compliance strategy for FY 2022-23, where it has planned to meet only its non-Solar targets and ‘nil’ achievement of Solar RPO Targets. EON I further submitted that, as per MERC RPO Regulations, 2019, the Distribution Licensees with Load of up to 10 MW can achieve their combined RPO either through purchase of Solar or Non-Solar power. Hence,

though there is a shortfall in meeting Solar RPO, the excess achievement w.r.t. Non-Solar RPO more than offsets the shortfall in meeting Solar RPO. The details of RPO compliance submitted by EON I are provided in the following table:

**Table 3-8: RPO Compliance Status for FY 2022-23 as submitted by EON I**

RPO Targets & Achievement	Units	FY 2022-23
<b>Total Energy Requirement</b>	<b>MU</b>	<b>46.16</b>
Solar RPO target	%	8.00%
Solar RPO target	MU	3.69
<b>Solar RPO Achievement</b>	<b>MU</b>	<b>0.00</b>
Solar RPO Shortfall/ (Surplus)	MU	3.69
Non-Solar RPO target	%	11.50%
Non-Solar RPO target	MU	5.31
<b>Non-Solar RPO Achievement</b>	<b>MU</b>	<b>11.03</b>
Non-Solar RPO Shortfall/ (Surplus)	MU	(5.72)

3.4.20. The Commission has noted the submissions made by EON I. The Commission provisionally considered EON I's proposal of meeting its combined Solar and Non-Solar RPO by procuring Non-Solar RE at Rs. 4.74/ kWh. However, EOI is directed to procure such power through transparent process of Competitive Bidding under Section 63 of EA 2003.

3.4.21. As detailed above at Table 3-6 the Commission has approved Energy Balance considering approved Distribution loss of 2.98% as against EON I proposal of 5.84% leading to approval for procurement of 47.01 MU as against EON I proposed 48.43 MU. The Commission has worked out the power procurement from the various sources as proposed by EON I.

3.4.22. The summary of the provisionally approved Power Purchase Cost for FY 2022-23 is provided as under:

**Table 3-9: Power Purchase Quantum & Cost for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Source	Petitioned			Approved in this Order		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./ kWh)
Kreate Energy	6.24	2.46	3.95	6.24	2.46	3.95
EON SEZ II	5.48	2.77	5.05	5.48	2.77	5.05



Source	Petitioned			Approved in this Order		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./ kWh)
Nov-2022 to March-2023 (New Short-Term source)	13.27	6.64	5.00	14.34	7.17	5.00
Purchase from Power Exchange	5.16	2.67	5.17	5.16	2.67	5.17
Imbalance Pool	2.26	0.07	0.30	0.93	0.07	0.42
Non-Solar Purchase	16.03	7.62	4.75	14.86	7.07	4.75
Recovery from Kreate Energy		(3.02)			(3.02)	
RECs		1.09			1.09	
<b>Total</b>	<b>48.43</b>	<b>20.2925</b>	<b>4.19</b>	<b>47.01</b>	<b>20.2738</b>	<b>4.31</b>

### 3.5. Transmission Charges and SLDC Charges

#### *EON I's Submission*

3.5.1. EON I submitted that, there is no incidence of Intra-State Transmission during FY 2022-23. The MSLDC Charges have been estimated for the entire year based on the actual expenses on this account during H1 of the year.

3.5.2. The Intra-State Transmission Charges and MSLDC Charges considered by EON I for FY 2022-23 are shown in the table below:

**Table 3-10: Transmission and MSLDC Charges as submitted by EON I for FY 2022-23 (Rs. Crore)**

Particulars	FY 2022-23
Intra-State Transmission Charges	0.00
MSLDC Charges	0.01

3.5.3. EON I has therefore requested the Commission to provisionally approve the InSTS Transmission Charges and MSLDC Charges for FY 2022-23.

#### *Commission's Analysis and Rulings*

3.5.4. The Commission notes that, presently the delivery point of power supply as per the PPA is at the distribution periphery level, hence, there is no incidence of InSTS loss for FY 2022-23. The Commission provisionally accepts the actual MSLDC charges incurred by EON I towards obtaining NOC from MSLDC for buying/ selling power on the Power Exchange as accounted up to H1 of FY 2022-23.

3.5.5. Thus, in view of above, the Commission provisionally approves the Rs. 0.011 Crore towards MSLDC charges for FY 2022-23.

**Table 3-11: Transmission and MSLDC Charges for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
Intra-State Transmission Charges	0.0000	0.0000
MSLDC Charges	0.0105	0.0105

### 3.6.Operation and Maintenance Expenses

#### *EON I's Submission*

3.6.1. Regulation 75.3 of the MYT Regulations 2019 specifies that, the O&M expenses are to be computed based on normative O&M expenses escalated by WPI and CPI indices of the last 5 years in the ratio 70:30 respectively, including the year of Truing-up. Similar provisions are applicable for Retail Supply Business as well. EON I has worked out its normative O&M expenses for FY 2022-23 in lines with the referred Regulations, where EON I has considered the actual O&M expenses of FY 2021-22 and escalated the same with WPI and CPI indices of last 5 years in the ratio 70:30 respectively.

3.6.2. The escalation rate considered by EON I is provided in the table below:

**Table 3-12: Annual Escalation Rate considered by EON I**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23
CPI (%)	5.04%	5.24%	5.24%
WPI (%)	2.38%	4.63%	4.63%
<b>CPI: WPI: 70:30</b>	<b>4.24%</b>	<b>5.06%</b>	<b>5.06%</b>
<i>Less: Efficiency Factor</i>	-	-	-
<b>Escalation factor</b>	<b>4.24%</b>	<b>5.06%</b>	<b>5.06%</b>

3.6.3. EON I further submitted that, MYT Regulations 2019 specifies that, the escalation factor must be reduced by an efficiency factor of 1.00%, unless there is an increase in the number of consumers including Open Access consumers connected to the Distribution Wires of at least 2.00% annually over the last 3 years. However, in case of EON I, the number of consumers has reduced slightly over the last 3 years, as shown in the Table below, even though the sales have increased for the respective years.

**Table 3-13: Number of Consumers as submitted by EON I**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23 (H1)
Number of consumers	124	120	121

3.6.4. Hence, EON I has submitted that, the escalation factor should not be reduced by the efficiency factor of 1.00% and therefore EON I has requested the Commission to exercise its Powers to Remove Difficulties under the MYT Regulations 2019 and consider the escalation factor based on the composite WPI: CPI index. The reduction in number of consumers is primarily on account of the force-majeure event of COVID-19. For estimating the normative O&M expenses for FY 2022-23, EON I has not considered the efficiency factor of 1.00%.

3.6.5. EON I has claimed following normative O&M expenses for FY 2022-23:

**Table 3-14: O&M Expenses for FY 2022-23 as submitted by EON I (Rs. Crore)**

Particulars	FY 2022-23
O&M Expenses for Wires Business	4.50
O&M Expenses for Retail Supply Business	2.43
<b>Total O&amp;M Expenses</b>	<b>6.93</b>

#### ***Commission's Analysis and Rulings***

3.6.6. Regulations 75.8 and 84.8 of the MYT Regulations, 2019 specifies that:

*“75.8 In case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of coming into effect of these Regulations, the Commission may determine the O&M expenses on case-to-case basis.”*

*“84.8 In case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of coming into effect of these Regulations, the Commission may determine the O&M expenses on case-to-case basis.”*

3.6.7. As elaborated at para. 3.7.9 of this Order, the Commission has determined the base O&M expenses for the Distribution Wires Business and Retail Supply Business, respectively, for FY 2021-22.

3.6.8. Regulations 75.3 and 84.3 of the MYT Regulations, 2019 specifies as follows:

*“75.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 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 past five financial years as per the Labor Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:*

*84.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 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 past five financial years as per the Labor Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period.”*

3.6.9. The escalation factor for the O&M Expenses from FY 2020-21 is calculated considering 30% and 70 % weightage for actual point to point WPI and CPI, respectively, for past five financial years, reduced by an efficiency factor of 1%. The Commission has analysed the WPI and CPI data for the previous five years. By applying 30% weightage to WPI and 70% weightage to CPI, the inflation factor works out to 5.06%. After applying the efficiency factor of 1%, the escalation factor to be considered for projecting O&M expenses from FY 2020-21 works out to 4.06%.

3.6.10. EON I has relied upon 2<sup>nd</sup> proviso to Regulation 75.3 and 84.3 of the MYT Regulations, 2019 to urge before the Commission to not to consider the efficiency factor of 1% in the escalation factor. The said proviso relied upon by EON I clearly states that efficiency factor is not to be applied if there is increase of consumer of at least 2% annually over the last 3 years. However, the number of consumers during the past three years have reduced from 124 Nos. during FY 2020-21 to 120 Nos. during FY 2022-23. Accordingly, the Commission does not find any merit in the submissions of EON I towards non consideration of the efficiency factor. Therefore, the Commission has applied the 1.00% efficiency factor on the escalation for projecting the O&M expenses for FY 2022-23. The Commission provisionally approves following O&M Expenses for FY 2022-23:

**Table 3-15: O&M Expenses for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
O&M Expenses for Wires Business	4.5046	4.4617
O&M Expenses for Retail Supply Business	2.4255	2.4024

Particulars	Petitioned	Approved in this Order
<b>Total O&amp;M Expenses</b>	<b>6.9301</b>	<b>6.8641</b>

### 3.7.Capital Expenditure and Capitalisation

#### *EON I's Submission*

3.7.1. EON I has not claimed any Capital Expenditure and Capitalisation during FY 2022-23.

#### *Commission's Analysis and Rulings*

3.7.2. Since EON I has not proposed any capital expenditure and capitalisation for the Distribution Wires Business and Retail Supply Business. The Commission has approved 'Nil' capital expenditure and capitalisation for FY 2022-23.

### 3.8.Depreciation

#### *EON I's Submission*

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

3.8.2. The summary of depreciation claimed by EON I for FY 2022-23 is as shown in the following Table:

**Table 3-16: Depreciation for FY 2022-23 as submitted by EON I (Rs. Crore)**

Particulars	FY 2022-23
<b>Distribution Wires Business</b>	
Opening GFA	78.19
Additions during the Year	0.00
Retirement during the year	0.00
Closing GFA	78.19
<b>Depreciation</b>	<b>3.24</b>
<b>Retail Supply Business</b>	
Opening GFA	0.06
Additions during the Year	0.00
Retirement during the year	0.00

Particulars	FY 2022-23
Closing GFA	0.06
<b>Depreciation</b>	<b>0.01</b>

### *Commission's Analysis and Rulings*

3.8.3. The Commission has worked out the Depreciation for FY 2022-23 in accordance with Regulation 28 of MYT Regulations, 2019 with no addition towards capitalisation during the year. The Commission has calculated the Depreciation by applying the asset class-wise Depreciation rate as specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the year.

3.8.4. In view of the above, the Commission has provisionally approved Depreciation for FY 2022-23 as shown in the table below:

**Table 3-17: Depreciation for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>		
Opening GFA	78.19	78.19
Additions during the Year	0.00	0.00
Retirement during the year	0.00	0.00
Closing GFA	78.19	78.19
<b>Depreciation</b>	<b>3.2359</b>	<b>3.2359</b>
<b>Retail Supply Business</b>		
Opening GFA	0.06	0.06
Additions during the Year	0.00	0.00
Retirement during the year	0.00	0.00
Closing GFA	0.06	0.06
<b>Depreciation</b>	<b>0.0053</b>	<b>0.0053</b>

### **3.9. Interest on Long-Term Loan Capital**

#### *EON I's Submission*

3.9.1. EON I has computed the Interest on Long-Term Loan Capital in accordance with Regulation 30 of the MYT Regulations 2019. EON I has considered Closing Balance of net normative loan considered in the Truing-up for FY 2021-22 as the Opening Balance of net normative loan for FY 2022-23. For arriving at the addition of debt component during the year, EON I has considered normative debt: equity ratio of 70:30 on the addition to GFA. EON I has considered Depreciation as normative repayment of

loan during the year. EON I has calculated Interest on Loan on the average normative loan for the year by applying the weighted average rate of loan portfolio of 7.47% applicable for FY 2021-22. EON I has submitted that it shall consider the actual weighted average rate of interest during the year at the time of true-up for FY 2022-23.

3.9.2. The Interest on Long Term Loan capital as claimed by EON I for FY 2022-23 is shown in the following table:

**Table 3-18: Interest on Loan for FY 2022-23 as submitted by EON I (Rs. Crore)**

<b>Particulars</b>	<b>Distribution Wires Business</b>	<b>Retail Supply Business</b>
Opening Balance of Net Normative Loan	49.88	0.04
Addition of Normative Loan due to capitalisation during the year	0.00	0.00
Repayment of Normative loan during the year	3.24	0.01
Closing Balance of Net Normative Loan	46.64	0.03
Average Balance of Net Normative Loan	48.26	0.04
Weighted average Rate of Interest on actual Loans	7.47%	7.47%
<b>Interest Expenses</b>	<b>3.60</b>	<b>0.003</b>

***Commission's Analysis and Rulings***

3.9.3. The Commission has considered closing balance of normative loan as on FY 2021-22 as the opening balance of normative loan for FY 2022-23. Since no capitalization is approved for FY 2022-23 there is no addition of debt component of the capitalization.

3.9.4. In reply to data gap query raised by the Commission, EON I has submitted documentary evidence in support of the weighted average rate of interest of 7.47%. Since EON I's Distribution business (regulated business) does not have actual loan, the rate of interest for the normative loan has been considered based on the weighted average rate of interest on the actual loan portfolio of EON Kharadi Infrastructure Private Limited (entity as a whole) as on 1 April 2022, in accordance with the 4th proviso of Regulation 30.5 of the MYT Regulations, 2019. Accordingly, the rate of interest has been considered as 7.47% based on the prevalent weighted average rate of interest as on 1 April 2022, in accordance with the Regulation 30.5 of MYT Regulations, 2019.

3.9.5. The repayment of loan is considered equal to the Depreciation allowed during the year in accordance with Regulation 30.3 of MYT Regulations, 2019.

3.9.6. The Interest on Loan provisionally approved by the Commission for FY 2022-23 is summarized in the table below:

**Table 3-19: Interest on normative loan for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>		
Opening Normative Loan	49.88	50.20
Addition of Normative Loan during the year	0.00	0.00
Less: Repayment during the year	3.24	3.24
Closing Normative Loan	46.64	46.97
Average Normative Loan	48.26	48.59
Rate of Interest	7.47%	7.47%
<b>Interest on Loan for Wires Business</b>	<b>3.6040</b>	<b>3.6282</b>
<b>Retail Supply Business</b>		
Opening Normative Loan	0.04	0.04
Addition of Normative Loan during the year	0.00	0.00
Less: Repayment during the year	0.01	0.01
Closing Normative Loan	0.03	0.03
Average Normative Loan	0.04	0.04
Rate of Interest	7.47%	7.47%
<b>Interest on Loan for Supply Business</b>	<b>0.0027</b>	<b>0.0027</b>

### 3.10. Return on Equity

#### *EON I's Submission*

3.10.1. EON I has computed RoE for FY 2022-23 in accordance with Regulation 29 of the MYT Regulations 2019. EON I has considered the Closing Equity as considered in the Truing-up of FY 2021-22, as the Opening Equity for FY 2022-23. RoE has been computed on the Opening Equity for FY 2022-23. EON I has considered zero equity addition during FY 2022-23 for both Wires Business and Retail supply Business due to nil claimed capitalization during FY 2022-23.

3.10.2. EON I has computed RoE based on base return on equity for FY 2022-23. EON I has submitted that it shall claim additional RoE at the time of True-up based on the actual performance at the end of the year.

3.10.3. For FY 2022-23, EON I has computed the Base RoE for the Wires Business at 14.00% and for the Retail Supply business at 15.50%. EON I has calculated, Pre-tax rate of Return on Equity after considering effective Tax rate at 14.17% for the Distribution Wires Business and at 15.68% for the Retail Supply Business.



3.10.4. The summary of RoE claimed by EON I for FY 2022-23 is shown in the following table:

**Table 3-20: RoE for FY 2022-23 as submitted by EON I (Rs. Crore)**

Particulars	Distribution Wires Business	Retail Supply Business
Regulatory Equity at the beginning of the year	23.46	0.02
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	23.46	0.02
<b>Return on Equity Computation</b>		
Rate of Return on Equity	14.00%	15.50%
Pre-tax Rate of Return	14.17%	15.68%
Return on Regulatory Equity at the beginning of the year	3.32	0.003
Return on Regulatory Equity addition during the year	0.00	0.00
<b>Total Return on Equity</b>	<b>3.32</b>	<b>0.003</b>

**Commission's Analysis and Rulings**

3.10.5. The Commission has considered closing balance of equity as on FY 2021-22 as the opening balance of equity for FY 2022-23. Regulation 34.4 of the MERC MYT Regulations 2019 provides that the effective tax rate shall be estimated for future year based on actual tax paid as per the latest available Audited Accounts. Accordingly, as elaborated at para 2.11.6 above, the Commission has considered the effective tax rate of 17.49% (MAT) applicable for FY 2021-22 for the purpose of projecting pre-tax RoE on the Base rate of 14% for Wires Business and 15.50% for the Retail Supply Business, in accordance with the MYT Regulations, 2019.

3.10.6. The RoE provisionally approved by the Commission for the Wires Business and Supply Business is summarized in the following table:

**Table 3-21: Return on Equity for Distribution Wires Business approved by the Commission for FY 2022-23 (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
Regulatory Equity at beginning of the year	23.46	23.46
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	23.46	23.46
Base Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.17%	16.97%
<b>Return on Equity for Wires Business</b>	<b>3.3240</b>	<b>3.9802</b>

**Table 3-22: Return on Equity for Distribution Retail Supply Business approved by the Commission for FY 2022-23 (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
Regulatory Equity at beginning of the year	0.02	0.02
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	0.02	0.02
Base Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.68%	18.79%
<b>Return on Equity for Supply Business</b>	<b>0.0028</b>	<b>0.0033</b>

### 3.11. Interest on Working Capital & on Consumer's Security Deposit

#### *EON I's Submission*

3.11.1. EON I has computed the normative working capital requirement in accordance with Regulation 32 of the MYT Regulations, 2019. EON I has considered the rate of interest on working capital as 9.55% for FY 2022-23, in accordance with the MYT Regulations, 2019. EON I has considered Consumer Security Deposit (CSD) during FY 2022-23 at the same levels as actuals of FY 2021-22. The rate of interest for CSD has been considered as the RBI Bank Rate as on 1st April 2022, i.e., 4.25%.

3.11.2. The computation of IoWC and interest on CSD as claimed by EON I for FY 2022-23 is shown in the following tables:

**Table 3-23: IoWC and Interest on CSD for FY 2022-23 as submitted by EON I (– Wires Business (Rs. Crore)**

Particulars	FY 2022-23
O&M expenses for one month	0.38
Maintenance Spares at 1% of Opening GFA	0.78
One and half months' equivalent of the expected revenue from charges for use of Distribution Wires	0.38
Less: Amount held as Security Deposit from Distribution System Users	0.49
<b>Total Working Capital Requirement</b>	<b>1.05</b>
<b>Computation of Working Capital Interest</b>	
Interest Rate (%) – SBI MCLR +150 basis points	9.55%
<b>Interest on Working Capital</b>	<b>0.10</b>
<b>Interest on Consumers' Security Deposit</b>	
Interest Rate (%) – RBI Bank Rate	4.25%

Particulars	FY 2022-23
Interest on CSD	0.02

**Table 3-24: IoWC and Interest on CSD as submitted by EON I for FY 2022-23 – Retail Supply Business - (Rs. Crore)**

Particulars	FY 2022-23
O&M expenses for one month	0.20
Maintenance Spares at 1% of Opening GFA	0.00
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	4.41
Less: Amount held as Security Deposit from consumers	4.44
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.69
<b>Total Working Capital Requirement</b>	<b>(1.52)</b>
<b>Computation of Working Capital Interest</b>	
Interest Rate (%) – SBI MCLR +150 basis points	9.55%
<b>Interest on Working Capital</b>	<b>0.00</b>
<b>Interest on Consumers' Security Deposit</b>	
Interest Rate (%) – RBI Bank Rate	4.25%
<b>Interest on CSD</b>	<b>0.19</b>

### *Commission's Analysis and Rulings*

3.11.3. The Commission has worked out the normative IoWC in accordance with the MYT Regulations, 2019. The Commission has considered SBI MCLR Rate as on the date of filing Petition (8.05%) plus 150 basis points as the rate applicable for calculation of IoWC.

3.11.4. The Commission has considered CSD at the same level as that proposed by EON I, for the purpose of estimating working capital requirement of FY 2022-23.

3.11.5. The Commission has considered interest rate on CSD equal to the prevailing Bank Rate of Reserve Bank of India (RBI), in accordance with the MYT Regulations, 2019.

3.11.6. The Interest on Working Capital and Consumer's Security Deposit as approved by the Commission for the Wires Business and the Retail Supply Business is as shown in the table below:

**Table 3-25: IoWC and Interest on CSD for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>		
O&M expenses for a month	0.38	0.37
Maintenance Spares at 1% of Opening GFA	0.78	0.78
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.38	0.38
Less: Amount held as Security Deposit from Distribution System Users	0.49	0.49
<b>Total Working Capital Requirement</b>	<b>1.05</b>	<b>1.04</b>
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.1000</b>	<b>0.0996</b>
Interest Rate (%) - Bank Rate	4.25%	4.25%
<b>Interest on CSD</b>	<b>0.0210</b>	<b>0.0210</b>
<b>Retail Supply Business</b>		
O&M expenses for a month	0.20	0.20
Maintenance Spares at 1% of Opening GFA	0.00	0.00
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	4.41	4.41
Less: Amount held as security deposit	4.44	4.44
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.69	1.69
<b>Total Working Capital Requirement</b>	<b>(1.52)</b>	<b>(1.52)</b>
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.0000</b>	<b>0.0000</b>
Interest Rate (%) - Bank Rate	4.25%	4.25%
<b>Interest on CSD</b>	<b>0.1888</b>	<b>0.1888</b>

### 3.12. Provisioning of Bad Debts

#### *EON I's Submission*

3.12.1. EON I has not estimated any provision towards bad debts for FY 2022-23. In case any such provisioning is done, the same shall be claimed at the time of truing up based on actuals and in accordance with the MYT Regulations 2019.

#### *Commission's Rulings*

3.12.2. Since EON I has not envisaged any non-tariff income. The Commission has also not considered any Provisioning for Bad Debts for FY 2022-23.

### 3.13. Contribution to Contingency Reserves

#### *EON I's Submission*

3.13.1. In accordance with the MYT Regulations 2019, EON I has worked out the Contribution to Contingency Reserve at 0.50% of Opening GFA for FY 2022-23, as shown in the following table:

**Table 3-26: Contribution to Contingency Reserves for FY 2022-23 as submitted by EON I (Rs. Crore)**

Sr No.	Particulars	FY 2022-23
<b>A</b>	<b>Wires Business</b>	
1	Opening GFA of Wire Business	78.19
<b>2</b>	<b>Contribution to Contingency Reserves</b>	<b>0.39</b>
<b>B</b>	<b>Retail Supply Business</b>	
3	Opening GFA of Retail Supply Business	0.06
<b>4</b>	<b>Contribution to Contingency Reserves</b>	<b>0.0003</b>

#### *Commission's Analysis and Rulings*

3.13.2. The Commission approves the Contribution to Contingency Reserves for FY 2022-23 at 0.25% of the original cost of fixed assets approved for FY 2022-23. The Commission directs EON I to invest such contribution as per Regulation 35.1 of MYT Regulations, 2019.

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

**Table 3-27: Contribution to Contingency Reserve provisionally approved by the Commission for FY 2022-23 (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
<b>Wires Business</b>		
Opening GFA of Wire Business	78.19	78.19
<b>Contribution to Contingency Reserves</b>	<b>0.3910</b>	<b>0.1955</b>
<b>Retail Supply Business</b>		
Opening GFA of Retail Supply Business	0.06	0.06
<b>Contribution to Contingency Reserves</b>	<b>0.0003</b>	<b>0.0001</b>

### **3.14. Non-Tariff Income**

#### ***EON I's Submission***

3.14.1. EON I has considered nil non-Tariff income for the Wires Business and the Retail Supply Business for FY 2022-23.

#### ***Commission's Rulings***

3.14.2. Since EON I has not envisaged any non-tariff income. The Commission has also not considered any Non-Tariff Income for FY 2022-23.

### **3.15. Revenue from Sale of Electricity**

#### ***EON I's Submission***

3.15.1. EON I is presently levying the category-wise tariffs approved in the MYT Order for MSEDCL for FY 2022-23, in accordance with the Commission's directions.

3.15.2. For estimating the revenue for FY 2022-23, EON I has considered the tariff approved by the Commission for FY 2022-23 and the estimated energy sales for FY 2022-23.

3.15.3. The summary of estimated revenue from sale of electricity for FY 2022-23 submitted by EON I in the present Petition is shown in the following table:

**Table 3-28: Revenue from Sale of Electricity for FY 2022-23 as submitted by EON I (Rs. Crore)**

<b>Particulars</b>	<b>FY 2022-23</b>
Revenue from Sale of Electricity	38.33

#### ***Commission's Analysis and Rulings***

3.15.4. The Commission accepts EON I's submission regarding estimated revenue for FY 2022-23, which shall be reviewed at the time of Truing-up.

3.15.5. For provisional truing-up, the Commission has estimated the Revenue from sale of electricity based on the approved sales for the respective consumer categories for FY 2022-23.

3.15.6. In view of above the Commission has estimated Rs. 38.33 as the provisional revenue sale of electricity for FY 2022-23, which is same as estimated by EON I.

**Table 3-29: Revenue from Sales of Electricity for FY 2022-23 provisionally approved by the Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
Revenue from Sale of Electricity	38.3279	38.3279

### 3.16. Summary of ARR for FY 2022-23

#### *EON I's Submission*

3.16.1. The summary of the ARR claimed by EON I for the provisional true-up towards Distribution Wires Business is as shown in the table below:

**Table 3-30: ARR Summary for Distribution Wires Business for FY 2022-23 as submitted by EON I (Rs. Crore)**

Sr. No.	Particulars	FY 2022-23
1	Operation & Maintenance Expenses	4.50
2	Depreciation	3.24
3	Interest on Loan Capital	3.60
4	Interest on Working Capital	0.10
5	Interest on deposit from Distribution System Users	0.02
6	Provision for bad and doubtful debts	0.00
7	Contribution to Contingency Reserves	0.39
<b>9</b>	<b>Total Revenue Expenditure</b>	<b>11.86</b>
10	Add: Return on Equity Capital	3.32
<b>11</b>	<b>Aggregate Revenue Requirement</b>	<b>15.18</b>
12	Less: Non-Tariff Income	0.00
<b>13</b>	<b>Total Aggregate Revenue Requirement</b>	<b>15.18</b>

3.16.2. The summary of the ARR claimed by EON I for the provisional true-up towards Retail Supply Business is shown in the following Table:

**Table 3-31: ARR Summary for Distribution Retail Supply Business for FY 2022-23 as submitted by EON I (Rs. Crore)**

Sr. No.	Particulars	FY 2022-23
1	Power Purchase Expenses	20.29
2	Operation & Maintenance Expenses	2.43
3	Depreciation	0.01
4	Interest on Loan Capital	0.00
5	Interest on Working Capital	0.02
6	Interest on deposit from Distribution System Users	0.19

Sr. No.	Particulars	FY 2022-23
7	Provision for bad and doubtful debts	0.00
8	Contribution to Contingency Reserves	0.00
9	Intra-State Transmission Charges	0.00
10	MSLDC Fees & Charges	0.01
11	Income Tax	0.00
<b>12</b>	<b>Total Revenue Expenditure</b>	<b>22.92</b>
13	Add: Return on Equity Capital	0.00
<b>14</b>	<b>Aggregate Revenue Requirement</b>	<b>22.93</b>
15	Less: Non-Tariff Income	0.03
<b>16</b>	<b>Total Aggregate Revenue Requirement</b>	<b>22.93</b>

### Commission's Analysis and Rulings

3.16.3. Based on the analysis in the previous paragraphs, the Commission has provisionally approved the ARR for FY 2022-23, as summarized in the table below:

**Table 3-32: ARR provisionally approved for Distribution Wires Business for FY 2022-23 (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
Operation & Maintenance Expenses	4.5046	4.4617
Depreciation	3.2359	3.2359
Interest on Loan Capital	3.6040	3.6282
Interest on Working Capital	0.1000	0.0996
Interest on deposit from Consumers and Distribution System Users	0.0210	0.0210
Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.3910	0.1955
Sharing of gains/(losses)	0.0000	0.0000
<b>Total Revenue Expenditure</b>	<b>11.8563</b>	<b>11.6418</b>
Add: Return on Equity Capital	3.3240	3.9802
<b>Aggregate Revenue Requirement</b>	<b>15.1803</b>	<b>15.6220</b>
Less: Non-Tariff Income	0.0000	0.0000
Less: Income from other business	0.0000	0.0000
<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>15.1803</b>	<b>15.6220</b>
Revenue from existing tariff	3.0648	3.0648
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>12.1155</b>	<b>12.5572</b>



**Table 3-33: ARR provisionally approved for Retail Supply Business for FY 2022-23 (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	20.2925	20.2738
Operation & Maintenance Expenses	2.4255	2.4024
Depreciation	0.0053	0.0053
Interest on Loan Capital	0.0027	0.0027
Interest on Working Capital	0.0000	0.0000
Interest on Consumer Security Deposit	0.1888	0.1888
Write-off of Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0003	0.0001
Intra-State Transmission Charges	0.0000	0.0000
MSLDC Fees & Charges	0.0105	0.0105
Sharing of gains/(losses)	0.0000	0.0000
<b>Total Revenue Expenditure</b>	<b>22.9257</b>	<b>22.8837</b>
Add: Return on Equity Capital	0.0028	0.0033
<b>Aggregate Revenue Requirement</b>	<b>22.9285</b>	<b>22.8871</b>
Less: Non-Tariff Income	0.0000	0.0000
Less: Income from other business	0.0000	0.0000
Less: Receipts on account of Cross-Subsidy Surcharge	0.0000	0.0000
Less: Receipts on account of Additional Surcharge if any	0.0000	0.0000
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>22.9285</b>	<b>22.8871</b>
Revenue from existing tariff	35.2631	35.2631
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>(12.3346)</b>	<b>(12.3761)</b>

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

#### *EON I's Submission*

3.17.1. EON I has computed the combined Revenue Gap/ (Surplus) for the Wires Business and Retail Supply Business for FY 2022-23, as shown in the following table:

**Table 3-34: Revenue Gap (Surplus) for FY 2022-23 as submitted by EON I**

Particulars	FY 2022-23
ARR for Distribution Wires Business	15.18

Particulars	FY 2022-23
ARR for Retail Supply Business	22.93
<b>Combined ARR for Wires and Retail Supply Business</b>	<b>38.11</b>
Revenue from sale of electricity	38.33
<b>Revenue Gap/(Surplus)</b>	<b>(0.22)</b>

*Commission's Analysis and Rulings*

3.17.2. Based on the above analysis the combined Revenue Gap/ (Surplus) for the Wires Business and Retail Supply Business provisionally approved for FY 2022-23, as shown in the following table:

**Table 3-35: Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply Business for FY 2022-23 provisionally approved by Commission (Rs. Crore)**

Particulars	Petitioned	Approved in this Order
ARR for Distribution Wires Business	15.1803	15.6220
ARR for Retail Supply Business	22.9285	22.8871
<b>Combined ARR for Wires and Retail Supply Business</b>	<b>38.1088</b>	<b>38.5091</b>
Revenue from sale of electricity	38.3279	38.3279
<b>Revenue Gap/(Surplus)</b>	<b>(0.2291)</b>	<b>0.1811</b>

#### 4. PROJECTION OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 AND FY 2024-25

##### 4.1. Background

- 4.1.1. EON I has sought the approval for the projection of ARR for FY 2023-24 and FY 2024-25 in accordance with the MYT Regulations, 2019.
- 4.1.2. The Commission’s analysis and approval of various ARR components for FY 2023-24 and FY 2024-25 are set out in the following Sections.

##### 4.2. Energy Sales

###### *EON I’s Submission*

- 4.2.1. EON I has submitted that due to the COVID-19 pandemic and the associated practice of Work-from-Home, especially in the IT & ITeS sector, has resulted in suppressing the energy sales of EON I for the period from FY 2020-21 to FY 2022-23. During FY 2022-23, with the ease of COVID-19 restrictions, which is almost being lifted, the sales in FY 2022-23 are estimated to be higher by around 21% over the levels in FY 2021-22. Considering the 21% growth in consumption, which is likely to be achieved in FY 2022-23 over FY 2021-22 levels, despite several consumers operating under Work-from-Home model, EON I is of the view that it would be reasonable to assume a 30% annual increase in energy sales in FY 2023-24 and FY 2024-25, with more and more consumers opting for work from office and hybrid approach, as compared to Work-from-Home approach.
- 4.2.2. EON I has projected month-wise energy sales based on the contribution of each category in the overall energy sales and the energy sales pattern in each month of the year. The summary of the projected category-wise energy sales for FY 2023-24 and FY 2024-25 is provided in the table below:

**Table 4-1: Energy Sales Projected by EON I for FY 2023-24 and FY 2024-25(MU)**

Consumer Category	FY 2023-24	FY 2024-25
<b>HT Category</b>		
HT I	52.30	67.99
<b>Sub-total HT</b>	<b>52.30</b>	<b>67.99</b>
<b>LT Category</b>		
LT II (A)	0.28	0.37
LT II (B)	0.05	0.06

Consumer Category	FY 2023-24	FY 2024-25
LT III (A)	1.03	1.35
LT III (B)	5.63	7.31
<b>Sub-total LT</b>	<b>6.99</b>	<b>9.09</b>
<b>Total</b>	<b>59.29</b>	<b>77.08</b>

4.2.3. EON I further submitted that, it has proposed kVAh tariff for all categories in accordance with the Commission’s stated approach in this regard, since EON I has all the necessary metering arrangements in place for implementing kVAh tariff for all categories. The projected category-wise sales in Million kVAh (MkVAh) for FY 2023-24 and FY 2024-25 is presented in the table below:

**Table 4-2: Energy Sales Projected by EON I for FY 2023-24 and FY 2023-24 (MkVAh)**

Consumer Category	FY 2023-24	FY 2024-25
	Projected	Projected
<b>HT Category</b>		
HT I	54.72	71.13
<b>Sub-total HT</b>	<b>54.72</b>	<b>71.13</b>
<b>LT Category</b>		
LT II (A)	0.29	0.37
LT II (B)	0.05	0.06
LT III (A)	1.05	1.36
LT III (B)	5.68	7.39
<b>Sub-total LT</b>	<b>7.06</b>	<b>9.18</b>
<b>Total</b>	<b>61.78</b>	<b>80.32</b>

4.2.4. Further, as directed by the Commission, EON I has submitted demand projections for the next 15 years as shown in the table below:

**Table 4-3: Projected Energy Sales for next 15 years by EON I (MU)**

Year (F.Y.)	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	36-37	37-38	38-39	29-40	40-41
<b>HT Category</b>																
HT I	71.13	71.84	72.56	73.29	74.02	74.76	75.51	76.26	77.02	77.79	78.57	79.36	80.15	80.95	81.76	82.58
<b>Sub-total HT (I)</b>	<b>71.13</b>	<b>71.84</b>	<b>72.56</b>	<b>73.29</b>	<b>74.02</b>	<b>74.76</b>	<b>75.51</b>	<b>76.26</b>	<b>77.02</b>	<b>77.79</b>	<b>78.57</b>	<b>79.36</b>	<b>80.15</b>	<b>80.95</b>	<b>81.76</b>	<b>82.58</b>
<b>LT Category</b>																
LT II (A)	0.37	0.37	0.38	0.38	0.39	0.39	0.39	0.40	0.40	0.40	0.41	0.41	0.42	0.42	0.43	0.43
LT II (B)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07	0.07	0.07
LT III (A)	1.36	1.37	1.39	1.40	1.42	1.43	1.44	1.46	1.47	1.49	1.50	1.52	1.53	1.55	1.56	1.58
LT III (B)	7.39	7.46	7.54	7.61	7.69	7.77	7.84	7.92	8.00	8.08	8.16	8.24	8.33	8.41	8.49	8.58
<b>Sub-total LT (II)</b>	<b>9.18</b>	<b>9.27</b>	<b>9.36</b>	<b>9.46</b>	<b>9.55</b>	<b>9.65</b>	<b>9.74</b>	<b>9.84</b>	<b>9.94</b>	<b>10.04</b>	<b>10.14</b>	<b>10.24</b>	<b>10.34</b>	<b>10.45</b>	<b>10.55</b>	<b>10.66</b>
<b>Total (I+II)</b>	<b>80.32</b>	<b>81.12</b>	<b>81.93</b>	<b>82.75</b>	<b>83.58</b>	<b>84.42</b>	<b>85.26</b>	<b>86.11</b>	<b>86.98</b>	<b>87.84</b>	<b>88.72</b>	<b>89.61</b>	<b>90.51</b>	<b>91.41</b>	<b>92.33</b>	<b>93.25</b>

**Commission’s Analysis and Rulings**

- 4.2.5. In response to a query raised by the Commission regarding consideration of the 30% annual increase in energy sales over the next 2 years, EON I submitted that from existing occupancy level of 48% in FY 2022-23 it envisages the occupancy levels will reach 75% and 100% in FY 2023-24 and FY 2024-25 respectively. EON I further submitted that, it expects new tenants in FY 2023-24 and FY 2024-25. Further, EON I submitted that, even in terms of physical occupancy, while some premises may be shown as physically occupied, due to the hybrid work culture, the office premises may be occupied only for 1-2 days a week or 1 week a month. Therefore, it is no longer appropriate to assess the sales based on the occupancy (lease occupancy or physical occupancy). In absence of any past trend and given the nature of the load, i.e., IT/ ITeS activities, Energy Sales are difficult to predict given that the SEZ is still under the developmental stage.
- 4.2.6. Thus, the Commission is of the view that, the Licensee is in the best position to judge the energy sales growth. Accordingly, the Commission accepts the proposed sales for FY 2023-24 and FY 2024-25 as submitted by EON I.
- 4.2.7. The Commission also notes that, EON I has proposed kVAh based tariff across all its consumer categories. Since EON I is a SEZ mainly catering to high end consumers and EON I itself has expressed its readiness for kVAh based billing for all its consumer categories, the Commission accepts the proposal of kVAh based billing across all consumer categories and accordingly approves the sales in kVAh as well.
- 4.2.8. The summary of the energy sales approved for FY 2023-24 and FY 2024-25 both in terms of MU and MkVAh is provided in the following table:

**Table 4-4: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by the Commission (MU)**

Consumer Category	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>HT Category</b>				
HT I Industry	52.30	52.30	67.99	67.99
<b>Subtotal</b>	<b>52.30</b>	<b>52.30</b>	<b>67.99</b>	<b>67.99</b>
<b>LT Category</b>				
LT II A Commercial	0.28	0.28	0.37	0.37
LT II B Commercial	0.05	0.05	0.06	0.06
LT V A Industry	1.03	1.03	1.35	1.35
LT V B Industry	5.63	5.63	7.31	7.31
<b>Subtotal</b>	<b>6.99</b>	<b>6.99</b>	<b>9.09</b>	<b>9.09</b>
<b>Total</b>	<b>59.29</b>	<b>59.29</b>	<b>77.08</b>	<b>77.08</b>

**Table 4-5: Energy Sales for FY 2023-24 and FY 2024-25 approved by the Commission (MkVAh)**

Consumer Category	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>HT Category</b>				
HT I Industry	54.72	54.72	71.13	71.13
<b>Subtotal</b>	<b>54.72</b>	<b>54.72</b>	<b>71.13</b>	<b>71.13</b>
<b>LT Category</b>				
LT II A Commercial	0.29	0.29	0.37	0.37
LT II B Commercial	0.05	0.05	0.06	0.06
LT V A Industry	1.05	1.05	1.36	1.36
LT V B Industry	5.68	5.68	7.39	7.39
<b>Subtotal</b>	<b>7.06</b>	<b>7.06</b>	<b>9.18</b>	<b>9.18</b>
<b>Total</b>	<b>61.78</b>	<b>61.78</b>	<b>80.32</b>	<b>80.32</b>

#### 4.3. Distribution Loss

##### *EON I's Submission*

- 4.3.1. EON I has projected Distribution Loss of 2.98% for the Control Period viz. FY 2023-24 and FY 2024-25 in line with the actual distribution loss level for FY 2021-22.
- 4.3.2. EON I has submitted that, there is no scope for reducing the distribution losses further, considering the lower level of sales due to Work from Home/ hybrid practice adopted by the IT & ITeS consumers. EON I has expressed that the distribution loss levels may reduce further only in case the energy sales levels increase, the loading levels reach optimum levels, and the supply is received from the nearby sub-station. The projected Distribution Losses for FY 2023-24 and FY 2024-25 are as follows:

**Table 4-6: Projection of Distribution Loss by EON I for FY 2023-24 and FY 2024-25**

Particulars	FY 2023-24	FY 2024-25
Distribution Loss (%)	2.98%	2.98%

##### *Commission's Analysis and Rulings*

- 4.3.3. The Commission observes that, EON I has proposed to maintain the same loss levels as of FY 2021-22 for FY 2023-24 and FY 2024-25 even when EON I has proposed to increase its sales with a y-o-y growth rate of 30.00%. In response to the query sought by the Commission, EON I submitted that the current loss levels are higher because of under-loading of the infrastructure. While EON I expects the Distribution Losses to reduce with improvement in occupancy and hence, loading of the distribution network,

however, it is not possible to assess the probable reduction in losses. Further, the occupancy and loading are also estimated at present, and they may also undergo a change, hence, the consequent losses would also vary to that extent. Further, the distribution network of EON I is at 22 kV, and the losses reported are only technical losses with zero commercial losses including theft of electricity in the Licence area.

- 4.3.4. Since, the distribution network of EON I is at primarily 22 kV, it can be safely assumed that losses would be mainly on account of transformers. These losses vary as per distribution network’s demand characteristics i.e., likely ratio of peak load and base load. Further, during off-peak period, EON I is expected to minimize the no load losses by maintaining optimal loading of transformers by configuring its network in such a manner that reliability of supply is also not compromised.
- 4.3.5. Accordingly, in the absence of any longer-term trends, the Commission has considered 2.75% as Distribution Loss for FY 2023-24 with reduction of 0.25% for FY 2024-25. The actual Distribution loss for each year shall be considered at the time of Truing-up subject to necessary prudence check.
- 4.3.6. The Distribution Loss approved by the Commission for FY 2023-24 and FY 2024-25 is shown the following table:

**Table 4-7: Distribution Loss approved by the Commission for FY 2023-24 and FY 2024-25,**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Distribution Loss (%)	2.98%	2.75%	2.98%	2.50%

#### 4.4. Energy Balance

##### *EON I’s Submission*

- 4.4.1. EON I has projected the Energy Balance for FY 2023-24 and FY 2024-25 based on the projected sales, Distribution Losses, and InSTS Losses approved by the Commission in the MYT Order of MSEDCL.
- 4.4.2. Accordingly, EON I has projected the energy requirement for FY 2023-24 and FY 2024-25, as under:

**Table 4-8: Energy Balance as submitted by EON I for FY 2023-24 and FY 2024-25 (MU)**

Particulars	FY 2023-24	FY 2024-25
Energy Sales	59.29	77.08
Distribution Loss (%)	2.98%	2.98%
Energy Requirement at T<>D	61.11	79.45
Intra-State Transmission Loss (%)	3.18%	3.18%
Energy Requirement at G<>T (MU)		
Total Power Purchase at Maharashtra State Periphery	63.12	82.06
<b>Total Energy Required</b>	<b>63.12</b>	<b>82.06</b>

### Commission's Analysis and Rulings

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

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

**Table 4-9: Energy Balance for FY 2023-24 and FY 2024-25 approved by the Commission**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Energy Sales	59.29	59.29	77.08	77.08
Distribution loss	2.98%	2.75%	2.98%	2.50%
Energy Requirement at T<>D	61.11	60.97	79.45	79.06
Intra-State Transmission Loss	3.18%	3.18%	3.18%	3.18%
<b>Energy Requirement at G&lt;&gt;T</b>	<b>63.12</b>	<b>62.97</b>	<b>82.06</b>	<b>81.65</b>
Total Power Purchase at State Periphery	63.12	62.97	82.06	81.65
Imbalance Pool	0.00	0.00	0.00	0.00
Less: Surplus Energy Traded	0.00	0.00	0.00	0.00
<b>Total Power Available at G&lt;&gt;T (MU)</b>	<b>63.12</b>	<b>62.97</b>	<b>82.06</b>	<b>81.65</b>

### 4.5. Power Purchase Expenses

#### EON I's Submission

4.5.1. EON I has submitted that; it intends to tie-up with a new short-term source of power for FY 2023-24 and FY 2024-25. EON I hopes to procure short-term power for



FY 2023-24 and FY 2024-25 through new short-term sources at power purchase rate of Rs. 5/kWh, considering that the present inflated rates of power are not sustainable in the long-term. EON I has submitted that, any variation in power purchase rates shall be recovered/ adjusted through the FAC mechanism. EON I shall also purchase additional power requirement through the Power Exchanges through available market products, as per requirement.

- 4.5.2. For FY 2023-24 and FY 2024-25, EON I has considered the RPO targets specified in the MERC (Renewable Purchase Obligation, its Compliance, and Implementation of Renewable Energy Certificate Framework) Regulations, 2019, as shown in the table below:

**Table 4-10: RPO Settlement projected for FY 2023-24 and FY 2024-25 as submitted by EON I**

<b>RPO Targets &amp; Achievement</b>	<b>Units</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
<b>Total Energy Requirement</b>	<b>MU</b>	<b>59.29</b>	<b>77.08</b>
Solar RPO target	%	10.50%	13.50%
Solar RPO target	MU	6.23	10.41
<b>Solar RPO Achievement (projected)</b>	<b>MU</b>	<b>1.00</b>	<b>1.91</b>
<b>Solar RPO Shortfall/ (Surplus)</b>	<b>MU</b>	<b>(5.23)</b>	<b>(8.50)</b>
Non-Solar RPO target	%	11.50%	11.50%
Non-Solar RPO target	MU	6.82	8.86
<b>Non-Solar RPO Achievement (projected)</b>	<b>MU</b>	<b>16.03</b>	<b>1.63</b>
<b>Non-Solar RPO Shortfall/(Surplus)</b>	<b>MU</b>	<b>9.21</b>	<b>(7.23)</b>

- 4.5.3. EON I is presently catering to the specific demand of IT & ITeS consumers within its notified SEZ area. These consumers are multinational Companies having their commitments to achieve net zero emission at global level as a part of green initiative and to reduce their dependency on the fossil fuels.
- 4.5.4. Thus, to increase the purchase of renewable energy and to meet the requirements of green power consumption of consumers desirous of doing so, over and above the RPO requirement, EON I has proposed to procure renewable energy to the extent of 25% and 65% of its total power requirement in FY 2023-24 and FY 2024-25, respectively. The higher renewable energy purchase quantum will cater to the requirements of exclusive Green Power for its clients as well as help to fulfil the RPO targets. The procurement of actual green power will also eliminate the necessity to procure RECs to fulfil RPO targets, which would result in an additional burden on consumers.

4.5.5. EON I has projected the source-wise power purchase quantum and cost from FY 2023-24 to FY 2024-25 as under:

**Table 4-11: Power Purchase Costs submitted by EON I for FY 2023-24 to FY 2024-25 (Rs. Crore)**

Particulars	Source	FY 2023-24	FY 2024-25
<b>Power Purchase Quantum (MU)</b>	New Short-term Source	47.09	28.72
	Solar Purchase	8.01	26.67
	Non-Solar Purchase	8.01	26.67
	<b>Total</b>	<b>63.12</b>	<b>82.06</b>
<b>Power Purchase Cost (Rs. Crore)</b>	New Short-term Source	23.55	14.36
	Solar Purchase	4.01	9.33
	Non-Solar Purchase	4.01	9.33
	<b>Total</b>	<b>31.56</b>	<b>33.03</b>
<b>Power Purchase Rate (Rs/kWh)</b>	New Short-term Source	5.00	5.00
	Solar Purchase	5.00	3.50
	Non-Solar Purchase	5.00	3.50
	<b>Total</b>	<b>5.00</b>	<b>4.03</b>

**Commission’s Analysis and Rulings**

4.5.6. EON I has proposed to procure power from the new short-term sources for FY 2023-24 and FY 2024-25 at a rate of Rs. 5/kWh. Recently, the Commission has approved a PPA of similar SEZ at power procurement rate of Rs. 5.40/ kWh. Thus, the assumption considered by EON I for the procurement of conventional power at the rate of Rs. 5/kWh through short-term sources is fairly in line with the recently approved rate for power purchase from conventional source. EON I has further submitted that, in case of any variation in actual power purchase rate the same shall be recovered from its consumers through FAC mechanism.

4.5.7. The Commission is of the view that, the underestimations of power purchase would significantly affect the recovery of the ARR approved for the respective years, which may ultimately result in creation of revenue gaps followed by carrying cost burden on to the consumers in the next ensuing control period. The average Market Clearing Price (MCP) for the FY 2019-20 was Rs. 3.005/ kWh, for FY 2020-21 it was Rs. 2.818/ kWh, for FY 2021-22 it was 4.399/ kWh while for the current financial year it is around Rs. 6.017/ kWh. Thus, it is observed that in the prevalent market conditions, the rates discovered for the short-term power procurement are in the range of Rs. 5/ kWh to Rs. 6/ kWh. Thus, for the purpose of estimating the power purchase expense towards the procurement of short-term conventional power, the Commission has decided to consider the latest approved rate of Rs. 5.40/ kWh for FY 2023-24 and FY 2024-25.

4.5.8. With regards to RPO, EON I has proposed to procure ~25% of the total energy requirement through Renewable energy sources for FY 2023-24 and ~65% of the total energy requirement through Renewable energy source. During the TVS, EON I has submitted that, it is in discussions with the SECI for the procurement of long term RE procurement. EON I expects to procure such renewable power at a rate in the range of Rs. 3.00/kWh to Rs. 3.50/kWh. The Commission appreciates EON I's efforts of meeting its maximum energy requirements majorly through Renewable Energy sources, these efforts are fairly evident based on the power procurement plan submitted by EON I for respective years. However, it is also important to note that the entire process of supply of physical RE power would take a minimum of 18 months after the successful RE bidding. Thus, meeting the 65% of the total energy requirement through RE sources during FY 2024-25 would be a challenge. Considering this, for the purpose of estimating the cost of procurement of RE power, the Commission has considered RE power procurement to the extent of RPO targets defined under the MERC (RPO) Regulations, 2019 i.e., 22% (10.50% Solar + 11.50% Non-solar) for FY 2023-24 and 25% (13.50% Solar + 11.50% Non-Solar) for FY 2024-25. Further, for the purpose of estimating the rate of procurement of RE power the Commission considered the weighted average of GDAM MCP over the period from July 2022 to December 2022. The details are provided in the table below:

**Table 4-12: Monthly GDAM Weighted MCP from IEX**

Month	GDAM Weighted MCP (Rs./ kWh)
Jul-22	4.631
Aug-22	5.202
Sep-22	5.422
Oct-22	4.019
Nov-22	4.913
Dec-22	5.235
<b>Average</b>	<b>4.904</b>

4.5.9. From the above table it is observed that, the average of the monthly GDAM weighted MCP for the months from July 2022 to December 2022 is Rs. 4.904/ kWh. Considering this, the Commission has approved per unit rate of Rs. 4.90/ kWh for RE purchase (solar as well as non-solar) in FY 2023-24 and FY 2024-25.

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

**Table 4-13: Power Purchase Quantum and Cost for FY 2023-24 and FY 2024-25 as approved by the Commission (Rs. Crore)**

Particulars	Details	FY 2023-24		FY 2024-25	
		Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Power Purchase Quantum (MU)</b>	New Short-term Source	47.09	49.12	28.72	61.24
	Solar Purchase	8.01	6.61	26.67	11.02
	Non-Solar Purchase	8.01	7.24	26.67	9.39
	<b>Total</b>	<b>63.12</b>	<b>62.97</b>	<b>82.06</b>	<b>81.65</b>
<b>Power Purchase Cost (Rs. Crore)</b>	New Short-term Source	23.55	26.52	14.36	33.07
	Solar Purchase	4.01	3.24	9.33	5.41
	Non-Solar Purchase	4.01	3.55	9.33	4.60
	<b>Total</b>	<b>31.5606</b>	<b>33.3172</b>	<b>33.0282</b>	<b>43.0797</b>
<b>Power Purchase Rate (Rs/kWh)</b>	New Short-term Source	5.00	5.40	5.00	5.40
	Solar Purchase	5.00	4.90	3.50	4.90
	Non-Solar Purchase	5.00	4.90	3.50	4.90
	<b>Total</b>	<b>5.00</b>	<b>5.29</b>	<b>4.03</b>	<b>5.28</b>

#### 4.6. Transmission Charges and MSLDC Charges

##### *EON I's Submission*

- 4.6.1. EON I being a deemed distribution licensee is a Transmission System User (TSU) in accordance with Regulation 2 (87) of the MYT Regulations, 2019 for the purpose of intra-state transmission tariff determination. Further, Regulations 64 and 65 of the MYT Regulations, 2019 specify the mechanism for sharing of Total Transmission System Cost (TTSC) amongst the Transmission System Users. In a similar manner, Regulation 99 of the MYT Regulations, 2019 also specifies the mechanism for sharing of MSLDC charges amongst Transmission System Users.
- 4.6.2. Being a Distribution Licensee, EON I is entitled to share the TTSC and MSLDC Charges in accordance with the MYT Regulations, 2019. At present, there is no approved share of EON I of Intra-State Transmission Charges and MSLDC charges for FY 2023-24 and FY 2024-25. EON I has estimated these costs based on the projected load and per kW/MW rate approved by the Commission for InSTS Charges and MSLDC Charges for FY 2023-24 and FY 2024-25, in the respective MYT Orders for InSTS and MSLDC, as shown in the table below:

**Table 4-14: Projected Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 as submitted by EON I**

Particulars	FY 2023-24			FY 2024-25		
	Load (MW)	Approved Charges	Estimated Charges	Load (MW)	Approved Charges	Estimated Charges
Transmission Charges	9.00	Rs. 256/kW/month	2.76	10.00	Rs. 250/kW/month	3.00
MSLDC Charges	9.00	Rs. 1354.36/MW/month	0.01	10.00	Rs. 1355.30/MW/month	0.02

### **Commission Analysis and Rulings**

4.6.3. The Commission notes the submissions of EON I. Vide Order dated 31 March 2023 in Case No. Case No. 239 of 2022, the Commission has determined the InSTS Tariff. In the present Order, the Commission has considered those approved Transmission Charges. The Commission has taken the MSLDC Charges for FY 2023-24 and FY 2024-25 as approved in its Order dated 31 March 2023 in Case No. Case No. 233 of 2022.

4.6.4. The Transmission and MSLDC Charges for FY 2023-24 and FY 2024-25 as approved by the Commission are shown in the table below:

**Table 4-15: Intra-state Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Transmission Charges	2.7648	3.3800	3.0000	3.7300
MSLDC Charges	0.0146	1.0700	0.0163	1.2320

### **4.7. Operations and Maintenance Expenses**

#### ***EON I's Submission***

4.7.1. EON I has estimated the normative O&M Expenses in accordance with the Regulation 75 and 84 of the MYT Regulations, 2019. The escalation rate as worked out by EON I in accordance with the MYT Regulations 2019 is summarized in the table below: /

4.7.2. EON I has submitted that as described in para 3.6.3 there has been an increase in the number of consumers of EON I in FY 2022-23 over FY 2021-22. Hence, in accordance

with Regulations 75.3 of the MYT Regulations, 2019, the escalation rate should not be reduced on account of the efficiency factor.

4.7.3. The following Table shows the normative O&M expenses for FY 2023-24 and FY 2024-25 proposed by EON I:

**Table 4-16: Projected Normative O&M Expenses for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
O&M Expenses for Wires Business	4.73	4.97
O&M Expenses for Supply Business	2.55	2.68
Total O&M Expenses	7.28	7.65
Escalation Rate (WPI: CPI) (70:30)	5.06%	5.06%

#### ***Commission's Analysis and Rulings***

4.7.4. Regulations 75.8 and 84.8 of the MYT Regulations, 2019 specify that:

*“75.8 In case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of coming into effect of these Regulations, the Commission may determine the O&M expenses on case-to-case basis.”*

*“84.8 In case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of coming into effect of these Regulations, the Commission may determine the O&M expenses on case-to-case basis.”*

4.7.5. As elaborated at para. 0 of this Order, the Commission has determined the base O&M expenses for the Distribution Wires Business and Retail Supply Business, respectively, for FY 2021-22.

4.7.6. Regulations 75.3 and 84.3 of the MYT Regulations, 2019 specify as follows:

*“75.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 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 past five financial years as per the Labor Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:*

84.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 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 past five financial years as per the Labor Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period.”

4.7.7. The escalation factor for the O&M Expenses from FY 2020-21 is calculated considering 30% and 70 % weightage for actual point to point WPI and CPI, respectively, for past five financial years, reduced by an efficiency factor of 1%. The Commission has analysed the WPI and CPI data for the previous five years. By applying 30% weightage to WPI and 70% weightage to CPI, the inflation factor works out to 5.06%. After applying the efficiency factor of 1%, the escalation factor to be considered for projecting O&M expenses from FY 2020-21 works out to 4.06%.

4.7.8. EON I has relied on 2nd proviso to Regulation 75.3 and 84.3 of the MYT Regulations 2019 and requested the Commission to not reduce the efficiency factor of 1% from the escalation factor. The said proviso relied upon by EON I clearly states that efficiency factor is not to be applied if there is increase in no. of consumers of at least 2% annually over the last 3 years. However, the number of consumers during the past three years have reduced from 124 Nos. during FY 2020-21 to 120 Nos. during FY 2022-23. Accordingly, the Commission has applied the 1.00% efficiency factor on the escalation factor for projecting the O&M expenses for FY 2023-24 and FY 2024-25.

4.7.9. The O&M Expenses approved for FY 2023-24 and FY 2024-25 are as follows:

**Table 4-17: Total O&M Expenses for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
O&M Expenses for Wires Business	4.7324	4.6428	4.9718	4.8312
O&M Expenses for Supply Business	2.5482	2.4999	2.6771	2.6014
<b>Total O&amp;M Expenses</b>	<b>7.2806</b>	<b>7.1427</b>	<b>7.6489</b>	<b>7.4326</b>

#### 4.8.Capital Expenditure and Capitalisation

##### *EON I's Submission*

- 4.8.1. EON I has projected the capitalisation towards the Gas Insulated Switchgear (GIS) S/s in FY 2023-24 under the Wires Business. The Capital Expenditure towards the GIS S/s has already been in-principally approved by the Commission as part of the approval given to EON SEZ I and EON SEZ II.
- 4.8.2. The capital expenditure and capitalization proposed to be incurred in FY 2023-24 for the Wires Business is summarized in the Table below:

**Table 4-18: Capital Expenditure and Capitalisation for Wires Business for FY 2023-24 as submitted by EON I (Rs. Crore)**

Particulars	Capital Expenditure	Capitalisation
GIS Installation	18.01	18.01

- 4.8.3. EON I further submitted that, it has not proposed any Capital Expenditure and Capitalisation for the Wires Business during FY 2024-25 and has also not proposed any Capital Expenditure and Capitalisation for the Retail supply Business during FY 2023-24 and FY 2024-25.

##### *Commission's Analysis and Rulings*

- 4.8.4. EON I has proposed Capital Expenditure as per DPR approved by the Commission. Accordingly, the Commission approves the Capital Expenditure and Capitalisation towards GIS S/s for FY 2023-24 under the Wires Business.
- 4.8.5. Out of the total projected Capitalisation of Rs. 18.01 Crore, Rs. 14.25 Crore was in principle approved by the Commission towards the GIS Installation, the remaining Rs. 3.76 Crore was approved towards the Metering and software. It was observed that, EON I had not provided the head-wise break-up of Rs. 3.76 Crore, which is apportioned to Metering and software. In response to the query sought by the Commission EON I has provided the requisite break-up of Rs. 3.76 Crore.
- 4.8.6. Accordingly, the Capitalisation approved by the Commission for FY 2023-24 and FY 2024-25 under Wires Business is as shown in the following table:

**Table 4-19: Capitalisation for Distribution Wires Business approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)**



Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
GIS Installation	18.01	18.01	0.00	0.00

#### 4.9. Depreciation

##### *EON I's Submission*

- 4.9.1. EON I has calculated depreciation in accordance with Regulation 28 of the MYT Regulations, 2019 for the Distribution Wires Business and Retail Supply Business, separately. EON I has computed asset-wise depreciation on each asset class based on the depreciation rates as specified in Annexure I of the MYT Regulations, 2019.
- 4.9.2. Further, the Closing GFA of FY 2022-23 considered in Provisional Truing-up is taken as Opening GFA for FY 2023-24 and onwards. Further, addition to GFA is considered same as capitalization proposed in the previous section.
- 4.9.3. The following table shows the Depreciation computed for FY 2023-24 and FY 2024-25, based on Opening GFA and addition to GFA during the respective years:

**Table 4-20: Depreciation for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
<b>Distribution Wires Business</b>		
Opening GFA	78.19	96.20
Additions during the Year	18.01	0.00
Closing GFA	96.20	96.20
<b>Depreciation</b>	<b>3.71</b>	<b>4.19</b>
<b>Retail Supply Business</b>		
Opening GFA	0.06	0.06
Additions during the Year	0.00	0.00
Closing GFA	0.06	0.06
<b>Depreciation</b>	<b>0.01</b>	<b>0.01</b>

##### *Commission's Analysis and Rulings*

- 4.9.4. The Commission has computed the Depreciation in accordance with Regulation 28 of MYT Regulations 2019 for the Distribution Wires and Retail Supply Business separately.
- 4.9.5. It was observed that, EON I had considered the entire proposed capitalisation of Rs. 18.01 crore under Plant & Machinery and had not considered different asset class wise

capitalisation. In response to a query sought by the Commission EON I provided the head-wise break-up of Capitalisation of Rs. 18.01 crore. It was observed that out of the total claimed capitalisation of Rs. 18.01 crore EON I has claimed capitalisation of Rs. 14.25 Crore towards the GIS Installation, , Rs. 2.70 crore of capitalization is claimed towards Metering and the remaining Rs. 1.06 crore of capitalization is claimed towards Software. Accordingly, the Commission has considered the asset class wise addition of capitalisation.

- 4.9.6. The Commission has considered the approved Capitalisation for FY 2023-24 to FY 2024-25 towards addition of assets during the year. The Commission has calculated the Depreciation by applying the asset class-wise depreciation rate as specified in the MYT Regulations 2019 on the average asset class-wise GFA during the year.
- 4.9.7. The depreciation has been computed limited to 90% of the value of GFA resulting in decrease in average depreciation rate for latter period of FY 2023-24 and FY 2024-25 and accordingly the same is being approved by the Commission.
- 4.9.8. The Depreciation approved for FY 2023-24 and FY 2024-25 for the Distribution Wires and Retail Supply Businesses is as shown in the table below:

**Table 4-21: Depreciation for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
Opening GFA	78.19	78.19	96.20	96.20
Additions during the Year	18.01	18.01	0.00	0.00
Retirement during the year	0.00	0.00	0.00	0.00
Closing GFA	96.20	96.20	96.20	96.20
<b>Depreciation</b>	<b>3.7113</b>	<b>4.0648</b>	<b>4.1868</b>	<b>4.8937</b>
<b>Retail Supply Business</b>				
Opening GFA	0.06	0.06	0.06	0.06
Additions during the Year	0.00	0.00	0.00	0.00
Retirement during the year	0.00	0.00	0.00	0.00
Closing GFA	0.06	0.06	0.06	0.06
<b>Depreciation</b>	<b>0.0053</b>	<b>0.0053</b>	<b>0.0053</b>	<b>0.0053</b>

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

##### *EON I's Submission*

4.10.1. EON I has computed the Interest on Long-term Loan in accordance with Regulation 30 of the MYT Regulations, 2019. The Closing net normative loan of FY 2022-23 is considered as Opening net normative loan for FY 2023-24 and onwards. The normative repayment of loan has been considered equal to the projected depreciation for the respective year.

4.10.2. For arriving at the debt component, EON I has considered debt: equity ratio of 70:30 on the proposed capitalisation for the respective years. The interest rate has been considered as weighted average rate of interest of the actual loan portfolio of EON I for FY 2021-22. The Interest on long-term loan capital projected for FY 2023-24 and FY 2024-25 is shown in the following table:

**Table 4-22: Interest on Loan for Distribution Wires Business submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Opening Balance of Net Normative Loan	46.64	55.54
Addition of Normative Loan due to capitalisation during the year	12.61	0.00
Repayment of Normative loan during the year	3.71	4.19
Closing Balance of Net Normative Loan	55.54	51.35
Average Balance of Net Normative Loan	51.09	53.45
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
<b>Interest Expenses</b>	<b>3.82</b>	<b>3.99</b>

**Table 4-23: Interest on Loan for Distribution Retail Supply Business submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Opening Balance of Net Normative Loan	0.03	0.03
Addition of Normative Loan due to capitalisation during the year	0.00	0.00
Repayment of Normative loan during the year	0.01	0.01
Closing Balance of Net Normative Loan	0.03	0.02
Average Balance of Net Normative Loan	0.03	0.03
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
<b>Interest Expenses</b>	<b>0.002</b>	<b>0.002</b>

### *Commission's Analysis and Rulings*

4.10.3. The Commission has considered closing balance of normative loans as on FY 2022-23 as the opening balance of the normative loan in FY 2023-24. For arriving at the debt portion of the approved capitalization for each year, the Commission has considered normative Debt: Equity ratio of 70:30 as proposed by EON I to the approved

Capitalisation for the respective years. The loan repayment is equal to the Depreciation allowed during the year.

4.10.4. Since EON I does not have actual loans, the rate of interest for calculating interest on normative loan capital has been considered based on the weighted average rate of interest of the actual loan portfolio of EON Kharadi Infrastructure Private Limited as a whole as on 1 April 2023, in accordance with the 4th proviso of Regulation 30.5 of the MYT Regulations 2019.

4.10.5. EON I has considered the weighted average rate of interest of 7.47% for FY 2023-24 for which EON I has submitted documentary evidence. Accordingly, the Rate of Interest has been considered as 7.47% based on the prevalent weighted average interest rate as on 1 April 2023, in accordance with the Regulations 30.5 of MYT Regulations, 2019.

4.10.6. The interest on loan has been calculated on the normative loan for each year by applying the weighted average rate of interest, in accordance with Regulation 30.6 of MYT Regulations, 2019.

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

**Table 4-24: Interest on Loan for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
Opening Normative Loan	46.64	46.97	55.54	55.51
Addition of Normative Loan during the year	12.61	12.61	0.00	0.00
Less: Repayment during the year	3.71	4.06	4.19	4.89
Closing Normative Loan	55.54	55.51	51.35	50.62
Average Normative Loan	51.09	51.24	53.45	53.06
Rate of Interest	7.47%	7.47%	7.47%	7.47%
<b>Interest on Loan for Wires Business</b>	<b>3.8153</b>	<b>3.8263</b>	<b>3.9912</b>	<b>3.9625</b>
<b>Retail Supply Business</b>				
Opening Normative Loan	0.03	0.03	0.03	0.03
Addition of Normative Loan during the year	0.00	0.00	0.00	0.00
Less: Repayment during the year	0.01	0.01	0.01	0.01
Closing Normative Loan	0.03	0.03	0.02	0.02
Average Normative Loan	0.03	0.03	0.03	0.03
Rate of Interest	7.47%	7.47%	7.47%	7.47%
<b>Interest on Loan for Supply Business</b>	<b>0.00231</b>	<b>0.00231</b>	<b>0.00191</b>	<b>0.00191</b>

#### 4.11. Return on Equity

##### *EON I's Submission*

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

4.11.2. EON I has considered the Closing Equity of FY 2022-23 as Opening Equity of FY 2023-24 and onwards. Addition to equity is considered equal to 30% of the capitalization proposed for respective year of the Control Period as specified in the MYT Regulations, 2019. Further, MYT Regulations, 2019 provides for pre-tax RoE to be computed for the Control Period. In line with Regulation 34 of MYT Regulations, 2019, EON I has claimed pre-tax RoE for FY 2023-24 and FY 2024-25, at the same rate as claimed for FY 2022-23. The calculation of pre-tax RoE rate is based on the Tax liability computed by EON I for FY 2021-22.

4.11.3. The following Table shows the RoE computed and claimed for Wires Business and Retail Supply Business:

**Table 4-25: Return on Equity for Distribution Wires Business as submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Regulatory Equity at the beginning of the year	23.46	28.86
Equity portion of capitalisation during the year	5.40	0.00
Regulatory Equity at the end of the year	28.86	28.86
Return on Equity Computation		
Base Rate of Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.17%	14.17%
Return on Regulatory Equity at the beginning of the year	3.32	4.09
Return on Regulatory Equity addition during the year	0.38	0.00
<b>Total Return on Equity</b>	<b>3.71</b>	<b>4.09</b>

**Table 4-26: Return on Equity for Distribution Retail Supply Business as submitted by EON I for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Regulatory Equity at the beginning of the year	0.02	0.02
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	0.02	0.02
Return on Equity Computation		
Base Rate of Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.68%	15.68%

Particulars	FY 2023-24	FY 2024-25
Return on Regulatory Equity at the beginning of the year	0.003	0.003
Return on Regulatory Equity addition during the year	0.000	0.000
<b>Total Return on Equity</b>	<b>0.003</b>	<b>0.003</b>

### *Commission's Analysis and Rulings*

4.11.4. The Commission has considered the closing balance of equity at the end of FY 2022-23 as the opening balance of regulatory equity at the beginning of the year for FY 2023-24.

4.11.5. Regulation 34.4 of the MERC MYT Regulations 2019 provides that the effective tax rate shall be estimated for future year based on actual tax paid as per the latest available Audited Accounts. Accordingly, as elaborated at para 2.11.6 above the Commission has considered the effective tax rate of 17.49% (MAT) applicable for FY 2021-22 for the purpose of projecting pre-tax RoE on the Base rate of 14.00% for Wires Business and 15.50% for the Retail Supply Business, in accordance with the MYT Regulations, 2019.

4.11.6. The Commission has considered normative Debt: Equity ratio of 70:30 and has accordingly considered 30% of the approved capitalization towards addition of equity for the respective years. The RoE computed on the opening equity of the year and on 50% of the projected asset capitalisation during each year.

4.11.7. The RoE approved by the Commission for the Wires Business and Supply Business is summarized in the following table:

**Table 4-27: RoE for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
Regulatory Equity at beginning of the year	23.46	23.46	28.86	28.86
Equity portion of capitalisation during the year	5.40	5.40	0.00	0.00
Regulatory Equity at the end of the year	28.86	28.86	28.86	28.86
Base Return on Equity	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.17%	14.17%	14.17%	14.17%
<b>Return on Equity for Wires Business</b>	<b>3.7068</b>	<b>4.4386</b>	<b>4.0896</b>	<b>4.8970</b>

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Retail Supply Business</b>				
Regulatory Equity at beginning of the year	0.02	0.02	0.02	0.02
Equity portion of capitalisation during the year	0.00	0.00	0.00	0.00
Regulatory Equity at the end of the year	0.02	0.02	0.02	0.02
Base Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.68%	15.68%	15.68%	15.68%
<b>Return on Equity for Supply Business</b>	<b>0.0028</b>	<b>0.0033</b>	<b>0.0028</b>	<b>0.0033</b>

#### 4.12. Interest on Working Capital & on Consumer's Security Deposit

##### *EON I's Submission*

4.12.1. EON I has computed the normative Interest on Working Capital in accordance with the Regulation 32 of the MYT Regulations, 2019. EON I has projected increase in CSD in proportion to the increase in revenue in FY 2023-24 over FY 2022-23 levels and so on, for FY 2024-25.

4.12.2. EON I has considered one-year SBI MCLR prevalent as on 30 November 2022, i.e., 8.05% as the Base Rate. Accordingly, as per Regulation 32.3 (b) and 34.3 (b) of the MYT Regulations 2019 for computation of IoWC, EON I has considered the rate of interest of 9.55% for FY 2023-24 and FY 2024-25, in accordance with the MYT Regulations, 2019.

4.12.3. The rate of interest for computation of interest on CSD has been considered equal to the prevalent Bank Rate of RBI, in accordance with the MYT Regulations, 2019, i.e., 6.15% prevalent as on 30 November 2022, as the closest proxy for the RBI Bank Rate that may exist as on 1 April 2023.

4.12.4. The projected IoWC and interest on CSD for the Control Period is shown in the tables below:

**Table 4-28: IoWC and Interest on CSD for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) – Wires Business**

Particulars	FY 2023-24	FY 2024-25
O&M expenses for a month	0.38	0.41

Particulars	FY 2023-24	FY 2024-25
Maintenance Spares at 1% of Opening GFA	0.78	0.96
One and half months' equivalent of the expected revenue from Wheeling Charges	2.07	2.25
Less: Amount held as Security Deposit from Distribution System Users	2.67	2.89
<b>Total Working Capital Requirement</b>	<b>0.56</b>	<b>0.73</b>
<b>Computation of Working Capital Interest</b>		
Interest Rate (%) - SBI MCLR +150 basis points	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.05</b>	<b>0.07</b>
<b>Interest on CSD</b>		
Interest Rate (%) - Bank Rate	6.15%	6.15%
<b>Interest on CSD</b>	<b>0.16</b>	<b>0.18</b>

**Table 4-29: IoWC and Interest on CSD for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore) – Retail Supply Business**

Particulars	FY 2023-24	FY 2024-25
O&M expenses for a month	0.21	0.22
Maintenance Spares at 1% of Opening GFA	0.00	0.00
One and half months' equivalent of the expected revenue from Wheeling Charges	4.65	4.88
Less: Amount held as Security Deposit from Distribution System Users	4.68	4.92
Less: One month of power purchase cost	2.86	3.00
<b>Total Working Capital Requirement</b>	<b>(2.68)</b>	<b>(2.82)</b>
<b>Computation of Working Capital Interest</b>		
Interest Rate (%) - SBI MCLR +150 basis points	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.00</b>	<b>0.00</b>
<b>Interest on CSD</b>		
Interest Rate (%) - Bank Rate	6.15%	6.15%
<b>Interest on CSD</b>	<b>0.29</b>	<b>0.30</b>

### **Commission's Analysis and Rulings**

- 4.12.5. The Commission has computed the normative IoWC in accordance with the MYT Regulations, 2019. The rate of IoWC is the SBI MCLR Rate as on the date of filing the Petition (8.05%) plus 150 basis points.
- 4.12.6. The Commission has considered CSD as submitted by EON I. The Commission directs EON I to collect and maintain CSD equivalent to twice the average billing of the billing cycle period in line with the provisions of the MERC Supply Code 2021.



4.12.7. The Commission has considered interest rate on Working Capital as SBI MCLR Rate as on the date of the Petition (8.05%) plus 150 basis points and interest rate on CSD equal to the prevailing Bank Rate of Reserve Bank of India (RBI), in accordance with the MYT Regulations, 2019.

4.12.8. The Interest on Working Capital and on CSD as approved by the Commission for the Wires Business and the Retail Supply Business is as shown in the table below:

**Table 4-30: IoWC for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Distribution Wires Business</b>				
O&M expenses for a month	0.38	0.39	0.41	0.40
Maintenance Spares at 1% of Opening GFA	0.78	0.78	0.96	0.96
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	2.07	2.17	2.25	2.39
Less: Amount held as Security Deposit from Distribution System Users	2.67	2.67	2.89	2.89
<b>Total Working Capital Requirement</b>	<b>0.56</b>	<b>0.67</b>	<b>0.73</b>	<b>0.86</b>
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.0535</b>	<b>0.0644</b>	<b>0.0696</b>	<b>0.0818</b>
Interest Rate (%) - Bank Rate	6.15%	6.15%	6.15%	6.15%
<b>Interest on Security Deposit</b>	<b>0.1642</b>	<b>0.1642</b>	<b>0.1780</b>	<b>0.1780</b>
<b>Retail Supply Business</b>				
O&M expenses for a month	0.21	0.21	0.22	0.22
Maintenance Spares at 1% of Opening GFA	0.00	0.00	0.00	0.00
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	4.65	5.61	4.88	7.14
Less: Amount held as security deposit	4.68	4.68	4.92	4.92
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	2.86	3.15	3.00	4.00
<b>Total Working Capital Requirement</b>	<b>(2.68)</b>	<b>(2.01)</b>	<b>(2.82)</b>	<b>(1.56)</b>
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%	9.55%	9.55%
<b>Interest on Working Capital</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>
Interest Rate (%) - Bank Rate	6.15%	6.15%	6.15%	6.15%

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Interest on Security Deposit	0.2881	0.2881	0.3024	0.3024

#### 4.13. Provisioning for Bad Debts

##### *EON I's Submission*

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

##### *Commission's Rulings*

4.13.2. Since EON I has not envisaged any non-tariff income. The Commission has also not considered any Provisioning for Bad Debts for FY 2023-24 and FY 2024-25.

#### 4.14. Contribution to Contingency Reserves

##### *EON I's Submission*

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

**Table 4-31: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Opening GFA of Wire Business	78.19	96.20
Contribution to Contingency Reserves for Wires Business	0.39	0.48
Opening GFA of Retail Supply Business	0.06	0.06
<b>Contribution to Contingency Reserves for Retail Supply Business</b>	<b>0.0003</b>	<b>0.0003</b>

##### *Commission's Analysis and Rulings*

4.14.2. The Commission approves the Contribution to Contingency Reserves for each year of the Control Period as 0.25% of the original cost of fixed assets approved for the respective years. The Commission directs EON I to invest such contribution as per Regulation 35.1 of MYT Regulations, 2019./

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

**Table 4-32: Contribution to Contingency Reserves for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Opening GFA of Wire Business	78.19	78.19	96.20	96.20
<b>Contribution to Contingency Reserves for Wires Business</b>	<b>0.3910</b>	<b>0.1955</b>	<b>0.4810</b>	<b>0.2405</b>
Opening GFA of Retail Supply Business	0.06	0.06	0.06	0.06
<b>Contribution to Contingency Reserves for Retail Supply Business</b>	<b>0.0003</b>	<b>0.0001</b>	<b>0.0003</b>	<b>0.0001</b>

#### 4.15. Non-Tariff Income

##### *EON I's Submission*

4.15.1. EON I has projected 'nil' Non-Tariff Income for FY 2023-24 and FY 2024-25.

##### *Commission's Analysis and Rulings*

4.15.2. Since EON I has not envisaged any non-tariff income. The Commission has also considered 'nil' non-Tariff income for FY 2023-24 and FY 2024-25.

#### 4.16. Summary of ARR for FY 2023-24 and FY 2024-25

##### *EON I's Submission*

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

**Table 4-33: ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Operation & Maintenance Expenses	4.73	4.97
2.	Depreciation	3.71	4.19
3.	Interest on Loan Capital	3.82	3.99
4.	Interest on Working Capital	0.05	0.07

Sr. No.	Particulars	FY 2023-24	FY 2024-25
5.	Interest on Security Deposit	0.16	0.18
6.	Contribution to contingency reserves	0.39	0.48
<b>7.</b>	<b>Total Revenue Expenditure</b>	<b>12.87</b>	<b>13.88</b>
8.	Add: Return on Equity Capital	3.71	4.09
<b>9.</b>	<b>Aggregate Revenue Requirement</b>	<b>16.57</b>	<b>17.97</b>
10.	Less: Non-Tariff Income	0.00	0.00
<b>11.</b>	<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>16.57</b>	<b>17.97</b>

4.16.2. The projected ARR for the Retail Supply Business for the Control Period is summarized in the table below:

**Table 4-34: ARR for Distribution Retail Supply Business for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
Power Purchase Expenses	31.56	33.03
Operation & Maintenance Expenses	2.55	2.68
Depreciation	0.01	0.01
Interest on Loan Capital	0.00	0.00
Interest on Working Capital	0.00	0.00
Interest on Consumer Security Deposit	0.29	0.30
Write-off of bad and doubtful debts	0.00	0.00
Contribution to contingency reserves	0.00	0.00
Intra-State Transmission Charges	2.76	3.00
MSLDC Fees & Charges	0.01	0.02
<b>Total Revenue Expenditure</b>	<b>37.18</b>	<b>39.03</b>
Add: Return on Equity Capital	0.00	0.00
<b>Aggregate Revenue Requirement</b>	<b>37.19</b>	<b>39.03</b>
Less: Non-Tariff Income	0.00	0.00
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>37.19</b>	<b>39.03</b>

### *Commission Analysis and Rulings*

4.16.3. Based on the analysis in the previous paragraphs, the Commission has approved the ARR for FY 2023-24 and FY 2024-25, as summarized in the Table below:

**Table 4-35: ARR approved for Distribution Wires Business by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Operation & Maintenance Expenses	4.7324	4.6428	4.9718	4.8312
Depreciation	3.7113	4.0648	4.1868	4.8937
Interest on Loan Capital	3.8153	3.8263	3.9912	3.9625
Interest on Working Capital	0.0535	0.0644	0.0696	0.0818
Interest on deposit from Consumers and Distribution System Users	0.1642	0.1642	0.1780	0.1780
Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.3910	0.1955	0.4810	0.2405
Sharing of gains/(losses)	0.0000	0.0000	0.0000	0.0000
<b>Total Revenue Expenditure</b>	<b>12.8677</b>	<b>12.9578</b>	<b>13.8783</b>	<b>14.1876</b>
Add: Return on Equity Capital	3.7068	4.4386	4.0896	4.8970
<b>Aggregate Revenue Requirement</b>	<b>16.5744</b>	<b>17.3964</b>	<b>17.9679</b>	<b>19.0846</b>
Less: Non-Tariff Income	0.0000	0.0000	0.0000	0.0000
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
<b>Aggregate Revenue Requirement from Distribution Wires</b>	<b>16.5744</b>	<b>17.3964</b>	<b>17.9679</b>	<b>19.0846</b>
Revenue from existing tariff	3.9536	3.9536	5.1397	5.1397
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>12.6209</b>	<b>13.4429</b>	<b>12.8282</b>	<b>13.9450</b>

**Table 4-36: ARR approved for Retail Supply Business by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	31.5606	33.3172	33.0282	43.0797
Operation & Maintenance Expenses	2.5482	2.4999	2.6771	2.6014
Depreciation	0.0053	0.0053	0.0053	0.0053
Interest on Loan Capital	0.0023	0.0023	0.0019	0.0019
Interest on Working Capital	0.0000	0.0000	0.0000	0.0000
Interest on Consumer Security Deposit	0.2881	0.2881	0.3024	0.3024
Write-off of Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.0003	0.0001	0.0003	0.0001
Intra-State Transmission Charges	2.7648	3.3800	3.0000	3.7300
MSLDC Fees & Charges	0.0146	1.0700	0.0163	1.2320
Sharing of gains/(losses)	0.0000	0.0000	0.0000	0.0000

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
<b>Total Revenue Expenditure</b>	<b>37.1843</b>	<b>40.5630</b>	<b>39.0316</b>	<b>50.9529</b>
Add: Return on Equity Capital	0.0028	0.0033	0.0028	0.0033
<b>Aggregate Revenue Requirement</b>	<b>37.1871</b>	<b>40.5664</b>	<b>39.0343</b>	<b>50.9563</b>
Less: Non-Tariff Income	0.0000	0.0000	0.0000	0.0000
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
Less: Receipts on account of Cross-Subsidy Surcharge	0.0000	0.0000	0.0000	0.0000
Less: Receipts on account of Additional Surcharge if any	0.0000	0.0000	0.0000	0.0000
<b>Aggregate Revenue Requirement from Retail Supply</b>	<b>37.1871</b>	<b>40.5664</b>	<b>39.0343</b>	<b>50.9563</b>
Revenue from existing tariff	44.8764	44.8764	57.1277	57.1277
<b>Revenue Gap/(Surplus) of Licensed Business</b>	<b>(7.6893)</b>	<b>(4.3100)</b>	<b>(18.0934)</b>	<b>(6.1714)</b>

#### 4.17. Computation of Carrying/ (Holding) Cost on Past Gaps/ (Surplus)

##### *EON I's Submission*

4.17.1. EON I has computed carrying/ (holding cost) on Revenue Gap/ (Surplus) of FY 2020-21 and FY 2021-22 to be passed on in the tariff of FY 2023-24 and FY 2024-25. The interest rate considered for computation of carrying/(holding) cost is same as the rate of interest on working capital for the respective year.

4.17.2. The following Table shows the computation of carrying/(holding) cost on the Revenue Gap/ (Surplus) of FY 2020-21 and FY 2021-22 as claimed by EON I:

**Table 4-37: Carrying/(Holding) Cost for Past Gaps/(Surplus) as submitted by EON I (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening Gap/ (Surplus)	0.00	1.06	3.23	3.23	3.23
Gap/(Surplus) during the year	1.06	2.17			(3.23)
Closing Gap/ (Surplus)	1.06	3.23	3.23	3.23	0.00
Average Gap/ (Surplus)	0.53	2.14	3.23	3.23	1.61
Interest Rate for Carrying/ (Holding) Cost	8.57%	8.50%	9.55%	9.55%	9.55%
<b>Carrying/ (Holding) Cost for the Year</b>	<b>0.05</b>	<b>0.18</b>	<b>0.31</b>	<b>0.31</b>	<b>0.15</b>

#### *Commission Analysis and Rulings*

4.17.3. The following Table shows the computation of carrying/ (holding) cost on the Revenue Gap/ (Surplus) of FY 2020-21 and FY 2021-22 as approved by the Commission:

**Table 4-38: Carrying/(Holding) Cost approved by the Commission for FY 2020-21 and FY 2021-22 (Rs. Crore)**

Particulars	FY 2020-21	FY 2021-22	FY 2022-23*	FY 2023-24	Total
<b>Carrying / (Holding) Cost</b>					
Opening Gap/(Surplus)	0.00	0.27	2.67	2.67	
Gap/(Surplus) during the year	0.27	2.41			
Closing Gap/(Surplus)	0.27	2.67	2.67	2.67	
Average Gap/(Surplus)	0.13	1.47	2.67	2.67	
Interest Rate for Carrying/(Holding) Cost	8.57%	8.50%	9.55%	9.55%	
<b>Carrying Cost for the Year</b>	<b>0.01</b>	<b>0.13</b>	<b>0.26</b>	<b>0.13</b>	<b>0.52</b>

\*No carrying/ (Holding) cost for FY 2022-23 is considered as it is provisionally trued-up.

## 5. TARIFF PHILOSOPHY, TARIFF DESIGN AND PROPOSED CATEGORY WISE TARIFF FOR FY 2023-24 AND FY 2024-25

### 5.1.Overall approach of Tariff Design

5.1.1. In this Order, the Commission has determined the Retail Supply Tariff and Wheeling Charges for EON I for the first time, The Commission has kept in view the principles of tariff determination set out under Section 61 and 62 of the Electricity Act, 2003, the Tariff Policy and the MYT Regulations, 2019 and taken into consideration of EON I's submissions.

### 5.2.Tariff Recovery

#### *EON I's Submission*

5.2.1. Based on the above computations of Revenue Gap/ (Surplus) after true-up of previous years, and the projected Revenue Gap/ (Surplus) for FY 2023-24 and FY 2024-25, if the entire Revenue Gap is recovered in FY 2023-24, then there would arise a situation where EON I's tariffs would increase steeply in FY 2023-24 and must be reduced in FY 2024-25. Hence, to smoothen the tariff increase, EON I has deferred the recovery of 75% of the Revenue Gap after true-up for FY 2020-21, FY 2021-22 as well as the provisional Revenue Gap after provisional true-up of FY 2022-23 within this Control Period, i.e., to FY 2024-25, and has computed the carrying cost due to such shifting of revenue gap.

#### **Overall Revenue Gap/(Surplus) projected for FY 2023-24 and FY 2024-25**

5.2.2. The overall projected Revenue Gap/ (Surplus) based on projected ARR and Revenue from existing tariff for FY 2023-24 and FY 2024-25 as proposed by EON I is summarized in the Table below:

**Table 5-1: Revenue Gap/ (Surplus) at existing Tariff for FY 2023-24 and FY 2024-25 submitted by EON I (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
ARR for Distribution Wires Business	16.57	17.97
ARR for Retail Supply Business	37.19	39.03
ARR for Combined Wires Business & Retail Supply Business	<b>53.76</b>	<b>57.00</b>
Add: Revenue Gap/(Surplus) for FY 2020-21	1.06	
Add: Revenue Gap/(Surplus) for FY 2021-22		2.17



Particulars	FY 2023-24	FY 2024-25
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2020-21 and FY 2021-22	0.84	0.15
Add: Revenue Gap/(Surplus) for FY 2022-23		(0.22)
<b>Total Revenue Requirement</b>	<b>55.66</b>	<b>59.10</b>
Revenue Requirement deferred to FY 2024-25	(5.12)	5.12
<b>Net ARR of Licensed Business</b>	<b>50.54</b>	<b>64.22</b>
<b>Revenue from existing tariff</b>	<b>48.83</b>	<b>62.27</b>
<b>Revenue Gap of Licensed Business</b>	<b>1.71</b>	<b>1.96</b>

5.2.3. EON I has proposed category-wise tariffs for FY 2023-24 and FY 2024-25, to realize the Net ARR as proposed in the table above. The following table shows the Projected Revenue Requirement considered for recovery and Average Cost of Supply for FY 2023-24 and FY 2024-25:

**Table 5-2: Projected Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 as submitted by EON I**

Particulars	FY 2023-24	FY 2024-25
Net ARR of Licensed Business (Rs. Crore)	50.54	64.22
Energy Sales (MkWh)	59.29	77.08
Energy Sales (MkVAh)	61.78	80.32
<b>Average Cost of Supply (Rs. /kWh)</b>	<b>8.52</b>	<b>8.33</b>
<b>Average Cost of Supply (Rs. /kVAh)</b>	<b>8.18</b>	<b>8.00</b>

### *Commission's Analysis and Rulings*

5.2.4. For estimating the revenue from sale of electricity at the existing tariff, the Commission has considered the approved sales for FY 2023-24 and FY 2024-25 and the existing applicable tariff as per MSEDCL tariff approved vide Order dated 30 March 2020 in Case No. 322 of 2019.

5.2.5. The Commission has computed the Revenue Gap/(Surplus) at the existing tariff based on the approved ARR of the Distribution Wires and Retail Supply Business, and the revenue estimated by it from the sale of electricity at the existing tariff.

**Table 5-3: Revenue Gap/ (Surplus) at existing Tariff approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25
ARR for Distribution Wires Business	17.40	19.08
ARR for Retail Supply Business	40.57	50.96

Particulars	FY 2023-24	FY 2024-25
<b>ARR for Combined Wires Business &amp; Retail Supply Business</b>	<b>57.96</b>	<b>70.04</b>
Add: Revenue Gap/ (Surplus) for FY 2020-21	0.27	
Add: Revenue Gap/ (Surplus) for FY 2021-22	2.41	
Add: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) of FY 2020-21 and FY 2021-22	0.52	
Add: Revenue Gap/ (Surplus) for FY 2022-23	0.18	
Revenue Requirement deferred to future years - Wires + Supply	(4.23)	4.23
Carrying Cost due to Revenue Deferment	0.20	0.20
<b>Total Revenue Requirement</b>	<b>57.31</b>	<b>74.48</b>
Revenue from existing tariff	48.83	62.27
<b>Revenue Gap of Licensed Business</b>	<b>8.48</b>	<b>12.21</b>

5.2.6. It is observed that there is a Revenue Gap in both FY 2023-24 and FY 2024-25. Therefore, the tariff must be increased to adjust such gap. Accordingly, the revenue requirement to be recovered from the tariff for FY 2023-24 and FY 2024-25 is determined as under:

**Table 5-4: Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 approved by the Commission**

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Net ARR of Licensed Business (Rs. crore)	50.53	57.30	64.22	74.48
Sales (Mn. kWh)	59.29	59.29	77.08	77.08
Sales (Mn. kVAh)	61.78	61.78	80.32	80.32
<b>ACoS (Rs./ kWh)</b>	<b>8.52</b>	<b>9.66</b>	<b>8.33</b>	<b>9.66</b>
<b>ACoS (Rs./ kVAh)</b>	<b>8.18</b>	<b>9.27</b>	<b>8.00</b>	<b>9.27</b>
<b>Effective year on year Tariff Hike (%)</b>	<b>3.74%</b>	<b>12.54%</b>	<b>-1.78%</b>	<b>0.07%</b>

5.2.7. It is pertinent to mention that EON I has projected ACoS for the two years in the range of Rs. 8.18/ kVAh and Rs. 8.00/ kVAh based on procurement of conventional power at Rs. 5/ kWh for FY 2023-24 and FY 2024-25 and RE power procurement at Rs. 5/ kWh for FY 2023-24 and Rs. 3.5/ kWh for FY 2024-25. As against this the Commission has considered realistic rates for procurement of conventional power at Rs. 5.40/ kWh and RE power at Rs. 4.90/ kWh. This has led to comparatively higher ACoS of Rs. 9.27/ kVAh for FY 2023-24 and FY 2024-25. This has necessitated comparatively higher effective tariff hike as against the EON I's submission.

### 5.3. Wheeling Charges

#### *EON I's Submission*

5.3.1. EON I has proposed Wheeling Charges such that the entire Wires ARR is recovered from the Wheeling Charges. The Retail Supply Tariff, i.e., Fixed/Demand Charges and Energy Charges, have been proposed accordingly, to recover the balance part of the composite ARR projected for the Control Period.

5.3.2. EON I has computed the Wheeling Charges separately for HT and LT voltage, as shown in the table below:

**Table 5-5: Composite Wheeling Charges for FY 2023-24 and FY 2024-25 (Rs/kVAh) as submitted by EON I**

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Wires ARR (Rs. Crore)	16.57	17.97
2.	GFA attributable to HT Network (%)	48.03%	48.03%
3.	GFA attributable to LT Network (%)	51.97%	51.97%
4.	Charge recoverable from HT consumers (Rs. Crore)	7.96	8.63
5.	Charge recoverable from LT consumers (Rs. Crore)	8.61	9.34
6.	Total HT Sales (MkVAh)	54.72	71.13
7.	Total LT Sales (MkVAh)	7.06	9.18
8.	Charge recoverable from HT consumers (Rs. Crore)	7.05	7.64
9.	Charge recoverable from LT consumers (Rs. Crore)	9.52	10.32
<b>10.</b>	<b>HT Wheeling Charge (Rs. /kVAh)</b>	<b>1.29</b>	<b>1.07</b>
<b>11.</b>	<b>LT Wheeling Charge (Rs. /kVAh)</b>	<b>13.48</b>	<b>11.24</b>
<b>12.</b>	<b>Composite Wheeling Charges (Rs/kVAh)</b>	<b>2.68</b>	<b>2.24</b>

5.3.3. EON I has submitted that, based on the above computation, the LT Wheeling Charges, computed are very high, on account of the very low share of sales (11%) as against share of 52% of the Wires ARR. Hence, EON I has requested the Commission to consider the composite (HT and LT combined) Wheeling Charges.

#### *Commission's Analysis and Rulings*

5.3.4. The Commission has approved the Distribution Loss levels for FY 2023-24 and FY 2024-25 as elaborated at para 4.3.6 of this Order. Given the low loss level, for the time being the Commission has not considered apportionment of the Distribution Loss between HT and LT levels. However, EON I is directed to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of filing MYT for the 5<sup>th</sup> Control Period. EON I should also provide the segregated voltage-wise

(HT:LT) capitalised value (Opening GFA) for each asset class at the time of the filing MYT for the 5<sup>th</sup> Control Period.

- 5.3.5. The Commission has computed wheeling charges as well as bifurcated the same at HT & LT Level based on the GFA ratio, in line with the Regulation 73.2 of the MYT Regulations, 2019.
- 5.3.6. The Commission notes that, the share of LT energy sales is significantly low as against the share in terms of GFA for LT Network. Hence, the LT wheeling charges arrived at are on higher side. Therefore, the Commission accepts the proposal of EON I for determining the composite wheeling charges for FY 2023-24 and FY 2024-25 based on the estimated revenue from Wheeling Charges and approved sales. This is consistent approach adopted in all SEZs in Maharashtra. Since, Petitioner has proposed for kVAh billing for all categories, the Commission has therefore determined the Wheeling Charges in Rs./ kVAh by considering the approved energy sales in kVAh and ARR of Distribution Wires Business. The summary of the approved Wheeling Charges for FY 2023-24 and FY 2024-25 is provided in the table below:

**Table 5-6: Composite Wheeling Charges for FY 2023-24 and FY 2024-25 as approved by the Commission**

Particulars	FY 2023-24	FY 2024-25
Standalone ARR of Distribution Wires Business (Rs. Crore)	17.40	19.08
GFA attributable to HT Network (%)	48.03%	48.03%
GFA attributable to LT Network (%)	51.97%	51.97%
Charge recoverable from HT consumers (Rs. crore)	8.36	9.17
Charge recoverable from LT consumers (Rs. crore)	9.04	9.92
Total HT Sales (MkVAh)	54.72	71.13
Total LT Sales (MkVAh)	7.06	9.18
Charge recoverable from HT consumers (Rs. crore)	7.40	8.12
Charge recoverable from LT consumers (Rs. crore)	10.00	10.97
<b>Composite Wheeling Charge (Rs./ kVAh)</b>	<b>2.82</b>	<b>2.38</b>

#### 5.4. Tariff Philosophy

- 5.4.1. The Commission is guided by the provisions of the EA 2003, the draft National Tariff Policy and other Orders by APTEL in the matter of Tariff design. The Commission has considered the main objectives of the EA 2003 including the protection of the interest of consumers, the supply of electricity to all areas and rationalization of tariffs. Apart from the above, the Commission has also taken into consideration EON I's submissions as well as the public responses in these MYT proceedings

- 5.4.2. Apart from tariff levels, the complexity of the tariff structure plays an important role in building transparency and limiting the discretionary power of Distribution Licensees (Discoms). A simpler tariff structure helps easy understanding by consumers and on the other hand, creation of many different categories gives discretionary power to Discoms while charging tariffs.
- 5.4.3. In case of EON I, considering that it is an SEZ, the number of consumer categories are already limited considering the type of consumers operating in the SEZ premises.
- 5.4.4. Further, the Commission is well within its power to make required changes in the tariff structure even if the Licensee has not proposed such changes or no indication has been given to the public regarding the intended changes. In this context, the Hon'ble Appellate Tribunal of Electricity (APTEL), vide its Order in Appeal No. 106 of 2008, has ruled that the Commission has the power to design the tariff as per its own wisdom. It also mentions that the Commission does not need to seek public comments before announcement of the tariff. The relevant part of the APTEL Order in Appeal No. 106 of 2008 is reproduced below:.

“ ...

*14) It is not the case of the appellant that the Commission had no power to create a tariff design different from the one proposed by the licensee. The Commission has the power to design the tariff as per its own wisdom. The Commission need not, before issuing the actual order, publicly announce the tariff it proposed and call for public comments. In fact, this is not even the appellant's contention.*

*15) The rule of natural justice requires the Commission to issue a public notice about the ARR and Tariff petition of the licensee and to allow the public to make its submissions on the ARR and Tariff proposals. The Commission has, thereafter, to design the scheme for recovery of the ARR keeping in view various relevant factors. If the classification of the consumers can be supported on any of the grounds mentioned in section 62(3) it would not be proper to say that the tariff fixing was violative of principles of natural justice because the Commission did not issue a public notice of the tariff categories which the Commission had intended to create.”*

- 5.4.5. In line with the intentions of the Commission expressed in the last MTR Orders of various Distribution Licensees and as proposed by EON I, the Commission allows implementation of the kVAh based billing for all the Consumers of EON I.
- 5.4.6. The subsequent paragraphs deal with the submissions of EON I regarding the Tariff Philosophy and the changes approved by the Commission in the existing tariff structure.

## ***EON I's Submission***

### **Fixed/Demand Charges**

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

**Table 5-7: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25 as submitted by EON I**

<b>Particulars</b>	<b>Units</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Fixed Costs	Rs. Crore	17.82	23.97
Revenue from Fixed/ Demand Charges - Existing Tariff	Rs. Crore	4.04	4.04
Revenue from Fixed/ Demand Charges - Proposed Tariff	Rs. Crore	4.11	4.11
Recovery of Fixed Costs through Existing Tariff	%	23%	23%
Recovery of Fixed Costs through Proposed Tariff	%	23%	23%

5.4.8. EON I has not proposed any increase in the recovery of Fixed Costs through Fixed/Demand Charges from the present level of 21% in FY 2023-24 and FY 2024-25, respectively.

### **Cross Subsidy**

5.4.9. EON I supplies electricity primarily to consumers of IT & ITeS industry in its area of supply. Being an IT & ITeS SEZ and with the specific mandate from the Ministry of Commerce, Govt. of India, it is the responsibility of EON I to provide reliable, economical, and quality power supply to the consumers in the SEZ.

5.4.10. EON I has proposed the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories. EON I has requested the Commission to continue to approve the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories.

### **Time-of-Day (ToD) Tariff**

5.4.11. EON I has submitted that ToD tariffs are not relevant for EON I as there is no great swing in consumption between different hours of the day. In terms of revenue, there is a net loss to EON I on account of ToD tariffs. Further, EON I has contracted for the power in accordance with its load curve, and hence, there is no benefit of continuing with the ToD tariffs, with the intention of shifting the load. Hence, EON I has not provided ToD tariffs.

### **kVAh Billing**

5.4.12. EON I has proposed kVAh based billing for all categories, in line with the approach adopted by the Commission in the MYT Order for other Distribution Licensees.

### **Discount on Digital Payment**

5.4.13. MYT Regulations, 2019 provides for discount to be given to LT category of consumers for payment of electricity bills through various modes of digital payment.

5.4.14. EON I therefore proposes to retain the existing discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, for all LT category consumers.

### ***Commission's Analysis and Rulings***

#### **Fixed/ Demand Charges**

5.4.15. The Commission observes that EON I has proposed to increase the Fixed/Demand Charges from the existing level (levied as per MSEDCL's tariff Order as ceiling rate). Further, it has proposed Fixed and Demand Charges keeping in view the consumption pattern of its consumers, such that there is no cross-subsidy and the ABR for all categories is equal to the ACoS.

5.4.16. Accordingly, the Commission has approved Fixed Charges/ Demand Charges for FY 2023-24 and FY 2024-25 to enable recovery of around 19% of its fixed expenses/cost from Fixed/Demand Charges from the Consumers. While doing so, the Commission has analysed the impact of the higher Fixed/Demand Charges on low Load Factor and non-demand-based consumers and considered Fixed / Demand Charges such that their aggregate impact is minimal.

5.4.17. The category wise Fixed/Demand Charges approved for FY 2023-24 and FY 2024-25 have been mentioned in the Tariff Schedule in the following sections of this Order.

**Table 5-8: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25, approved by the Commission (Rs. Crore)**

Particulars	Units	Approved in this Order	
		FY 2023-24	FY 2024-25
Fixed Costs*	Rs. Crore	24.65	26.96
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	4.04	4.04
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	4.79	5.02

Particulars	Units	Approved in this Order	
		FY 2023-24	FY 2024-25
Recovery of Fixed Costs through Existing Tariff	%	16.39%	14.98%
Recovery of Fixed Costs through Proposed Tariff	%	19.45%	18.63%

*\*Fixed cost of Retail supply business excluding Power Purchase cost*

5.4.18. As can be observed from the above table, at the given fixed charges as proposed by EON I, there has not been much increase in the recovery of fixed cost through Fixed / Demand Charges in FY 2023-24 and FY 2024-25. As a licensee, it is necessary to have the distribution capacity and contracted power to the extent of the contract demand so as to meet any surge in demand in future. This necessitates the recovery of the fixed charges to enable proper maintenance of the infrastructure so as to provide the quality supply of power. However, at this point, when the operation of the EON I as a distribution business has completed just two years as on FY 2021-22 (latest year of truing up) and the sales demand is yet to achieve the required operational level, the Commission feels that the Fixed Charges need to cover around 20% of the fixed costs (excluding power purchase related fixed costs) accordingly, the Commission has determined the recovery of fixed cost from Fixed / Demand Charges.

### **Cross Subsidy**

5.4.19. EON I has proposed category-wise tariffs such that the ABR for each consumer category is equal to the ACoS, to reduce and then eliminate the cross-subsidy.

5.4.20. During the transitory period, the Commission allowed EON I to charge the MSEDCL tariff as its ceiling tariff as an interim arrangement. EON I has completed ~2 years of its operations and its tariff is being determined for the first time. In this context, the MYT Regulations, 2019 specify as follows:

*“91.3 The retail supply tariff for different consumer categories shall be determined on the basis of the Average Cost of Supply, computed as the ratio of the Aggregate Revenue Requirement of the Distribution Licensee for the Year determined in accordance with Regulation 81, and including unrecovered Revenue Gaps of previous years to the extent proposed to be recovered, to the total sales of the Distribution Licensee for the respective Year.*

*91.4 The Commission shall endeavour to gradually reduce the cross-subsidy between consumer categories with respect to the Average Cost of Supply in accordance with the provisions of the Act.*



91.5 While determining the tariff, the Commission shall also keep in view the cost of supply at different voltage levels and the need to minimize tariff shock to consumers.”

5.4.21. The tariff design entails careful consideration of determination of Fixed Charge/Demand Charge, Energy Charge and Wheeling Charge and assessment of the likely impact of such tariff components across consumer categories. The ABR for a consumer category and its cross-subsidy level would also depend upon the number of consumers, consumer mix, and consumption mix. Thus, while the tariff design exercise may strive to bring the ABR for each consumer category close to ACoS, some degree of cross-subsidy across consumer categories may not be avoidable.

5.4.22. In this background, the Commission notes that, considering the profile of EON I’s area and its consumers and its nature as an IT & ITeS - specific SEZ, the extent of consumers requiring cross-subsidization is negligible. Hence, in the tariff design of EON I for FY 2023-24 and FY 2024-25, the Commission has not introduced any element of cross-subsidy. The Commission could revisit this if the need arises in future, depending on the category-wise consumer profile and numbers. The detailed Tariffs are set out in the Tariff Schedule.

5.4.23. Based on the approved ARR for the 4<sup>th</sup> Control Period and the approach for tariff design stated earlier, the revised ABR and the category-wise tariff increase, or reduction approved by the Commission for the 4<sup>th</sup> Control Period for the categories for which sales are projected are given in the Table below:

**Table 5-9: Category-wise ABR and Tariff increase/ decrease for FY 2023-24 and FY 2024-25 approved by the Commission**

Consumer Category	Average Billing Rate (Rs./ kVAh )			Approved Tariff Year on Year Increase (%)	
	Existing Tariff	Approved Tariff		Approved Tariff	
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
<b>HT Category</b>					
HT I Industry	7.95	9.27	9.27	16.55%	0.07%
<b>LT Category</b>					
LT II (A) Commercial up to 20 kW	8.51	9.27	9.27	8.93%	0.00%
LT II (B) Commercial above 20 kW	13.77	9.27	9.27	-32.73%	0.04%
LT V (A) Industry up to 20 kW	6.62	9.27	9.27	40.02%	-0.02%
LT V (B) Industry above 20 kW	7.68	9.27	9.27	20.62%	0.05%

5.4.24. Given the very low loss level expected in EON I’s area and the Capitalisation considered in this Order, the Commission has undertaken the determination of tariff based on ACoS as per the provisions of the MYT Regulations, 2019. EON I should nevertheless also submit, at the time of Truing-up, relevant details and computation of VCoS in line with the framework stipulated by APTEL.

5.4.25. With this background, the Commission based on the approved ARR for the FY 2023-24 and FY 2024-25 and the approach for tariff design stated above, the ABR and the category-wise tariff increase, or reduction approved by the Commission for FY 2023-24 and FY 2024-25 for the consumer categories for which sales are projected are given in the Table below:

5.4.26. The category-wise cross-subsidy reduction trajectory approved by the Commission for the for FY 2023-24 and FY 2024-25 is given in the table below:

**Table 5-10: Cross Subsidy Trajectory for FY 2023-24 and FY 2024-25 approved by the Commission**

Consumer Category	FY 2023-24		FY 2024-25	
	Existing Tariff	Approved in this Order	Existing Tariff	Approved in this Order
<b>HT Category</b>				
HT I Industry	90%	100%	104%	100%
<b>LT Category</b>				
LT II (A) Commercial up to 20 kW	93%	100%	109%	100%
LT II (B) Commercial above 20 kW	150%	100%	172%	100%
LT V (A) Industry up to 20 kW	72%	100%	84%	100%
LT V (B) Industry above 20 kW	84%	100%	97%	100%

### **Time-of-Day (ToD) Tariff**

5.4.27. The Commission in the Data Gaps queries had directed EON I to submit the detailed estimation of ToD rates for FY 2023-24 and FY 2024-25 based on the recommendations provided for EON SEZ under the “REPORT ON STUDY OF TIME OF DAY (TOD) TARIFF STRUCTURE IN ELECTRICITY TARIFF IN MAHARASHTRA” published in September 2022. In response to the query sought by the Commission, EON I has submitted that, the said Report published by the Commission on ToD tariff is advisory in nature, and the Commission has left it to the Licensees to propose appropriate ToD tariff in their MYT/MTR Petitions. In case of EON I, it is seen that ToD tariff is not helping in terms of any shift of load, and there is only a net revenue

loss to EON I, which must be made up by increasing the energy charges, and hence, does not serve any purpose. Hence, EON I has not proposed any ToD tariff for FY 2023-24 and FY 2024-25.

5.4.28. Since EON I has not envisaged any ToD rates for FY 2023-24 and FY 2024-25, the Commission has not approved any ToD rates for FY 2023-24 and FY 2024-25. However, the Commission directs EON I to submit the details analysis on TOD supported with the graphical interpretation at the time of filing MYT Petition for the 5<sup>th</sup> Control Period.

### **kVAh Billing**

5.4.29. The Commission notes the submissions of EON I, where EON I has indicated its readiness of the proposing the kVAh based billing both at HT and LT levels. EON I has also submitted that, it already the necessary metering infrastructure to implement such kVAh based billing across all consumer categories.

5.4.30. Thus, in view of the above submissions made by EON I, the Commission accepts the proposal of EON I allow applicability of kVAh based billing for both LT and HT consumer categories of EON I.

### **Discount on Digital Payment**

5.4.31. The Government of India has been encouraging digitization across various areas including monetary transactions. To support the initiatives of the Government, a discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

### **New Tariff Category**

5.4.32. In order to promote Electric Vehicles, the Commission has already created separate tariff category for EV Charging Stations for other Distribution Licensees and proposed to do the same for EON I. As a promotional measure, the Commission has fixed slightly lower Fixed Cost for this category and ensured that resultant tariff is close to ACoS. Detail of applicability of tariff for this Category is given in Tariff Schedule. It is further clarified that consumers are allowed to charge their own Electric Vehicle at their premises with tariff applicable to such premises.

## 5.5. Tariff determined for FY 2023-24 and FY 2024-25

5.5.1. In the light of the above discussions, the approved Tariffs for FY 2023-24 and FY 2024-25 are as set out in the tables below.

**Table 5-11: Tariffs for FY 2023-24 (effective from 1 April 2023)**

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges	Energy Charges
				(Rs. /kVAh)	(Rs/kVAh)
<b>HIGH TENSION CATEGORY</b>					
1	<b>HT I: HT – Industry</b>	Rs./ kVA/ month	525.00	2.82	5.66
2	<b>HT II: HT – Commercial</b>	Rs./ kVA/ month	525.00	2.82	5.66
3	<b>HT III: HT Electric Vehicle Charging Station</b>	Rs./ kVA/ month	70.00	2.82	3.68
<b>LOW TENSION CATEGORY</b>					
4	<b>LT II: LT Commercial</b>				
(A)	0-20 kW	Rs./ connection/ month	500.00	2.82	6.35
(B)	Above 20 kW	Rs./ kVA/ month	525.00	2.82	4.46
5	<b>LT V: LT Industry</b>				
(A)	0-20 kW	Rs./ connection/ month	500.00	2.82	6.29
(B)	Above 20 kW	Rs./ kVA/ month	525.00	2.82	5.70
6	<b>LT VI: LT Electric Vehicle Charging Station</b>	Rs./ kVA/ month	70.00	2.82	3.68

**Table 5-12: Tariffs for FY 2024-25 (effective from 1 April 2024)**

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges	Energy Charges
				(Rs. /kVAh)	(Rs/kVAh)
<b>HIGH TENSION CATEGORY</b>					
1	<b>HT I: HT – Industry</b>	Rs./ kVA/ month	550.00	2.38	6.26
2	<b>HT II: HT – Commercial</b>	Rs./ kVA/ month	550.00	2.38	6.26
3	<b>HT III: HT Electric Vehicle Charging Station</b>	Rs./ kVA/ month	80.00	2.38	4.12
<b>LOW TENSION CATEGORY</b>					
4	<b>LT II: LT Commercial</b>				
(A)	0-20 kW	Rs./ connection/ month	525.00	2.38	6.81
(B)	Above 20 kW	Rs./ kVA/ month	550.00	2.38	5.29
5	<b>LT V: LT Industry</b>				

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges	Energy Charges
				(Rs. /kVAh)	(Rs/kVAh)
(A)	0-20 kW	Rs./ connection/ month	525.00	2.38	6.76
(B)	Above 20 kW	Rs./ kVA/ month	550.00	2.38	6.29
6	<b>LT VI: LT Electric Vehicle Charging Station</b>	Rs./ kVA/ month	80.00	2.38	4.12

## 5.6.Determination of Cross Subsidy Surcharge

### *EON I's Submission*

- 5.6.1. Section 2(47) of the Electricity Act, 2003 defines 'Open Access', while Section 42 of the Act inter-alia mandates the Distribution Licensee to provide Open Access to eligible consumers, subject to payment of Cross-Subsidy Surcharge, Additional Surcharge, and other applicable charges.
- 5.6.2. Section 86(1) of the Act inter-alia mandates the Commission to determine Cross-Subsidy Surcharge (CSS), Additional Surcharge and other applicable charges payable by the consumers opting for Open Access.
- 5.6.3. Further, the Commission in the MYT Order for other Distribution Licensees has determined the CSS based on the Formula stipulated in the revised Tariff Policy notified by Ministry of Power on January 28, 2016, as reproduced below:

*“SERCs may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the Renewable Purchase Obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable.*

*Surcharge formula:*

$$S = T - [C/(1-L/100) + D + R]$$

*Where,*

*S is the surcharge*

*T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation*

*C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation*

*D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level*

*L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level R is the per unit cost of carrying regulatory assets.*

*Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee*

*Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of consumers seeking open access.”*

5.6.4. Accordingly, EON I has computed the category-wise CSS for HT I Category, i.e., the category eligible for Open Access in accordance with the above formula, for FY 2023-24 and FY 2024-25, as shown in the following table:

**Table 5-13: Cross Subsidy Surcharge for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs/kWh)**

Year	T (ABR)	C	WL	TL	L	C/(1-L%)	D	CSS
	Rs. /kWh	Rs. /kWh	%	%	%	Rs. /kWh	Rs. /kWh	Rs. /kWh
<b>FY 2023-24</b>	8.21	5.00	2.98%	3.18%	6.16%	5.33	2.58	0.31
<b>FY 2024-25</b>	8.06	4.03	2.98%	3.18%	6.16%	4.29	2.15	1.61

5.6.5. EON I has therefore requested the Commission to approve the category-wise Cross Subsidy Surcharge for FY 2023-24 and FY 2024-25 as proposed in the table above.

5.6.6. Further, the CSS is presented in terms of Rs./ kVAh as shown in the table below:

**Table 5-14: Cross Subsidy Surcharge for FY 2023-24 and FY 2024-25 as submitted by EON I (Rs./kVAh)**

Year	Rs. /kVAh
FY 2023-24	0.30
FY 2024-25	1.55

### **Commission's Analysis and Rulings**

- 5.6.7. Section 2(47) of the EA, 2003, mandates a licensee to provide non-discriminatory Open Access to the consumers wishing to avail power from Open Access market. Section 86 (1) read with Section 42(2) allows the State Commission to introduce Open Access with determination of surcharge considering the factors such as Cross-subsidies and other operational constraints. Further second proviso of Section 42(2) specifically provides that, such 'surcharge' shall be utilized to meet the requirements of current level of cross subsidies within the area of supply of the licensee.
- 5.6.8. The basic intent of the levy of Cross Subsidy Surcharge as per the Electricity Act, 2003, is to compensate the Distribution Licensee (DL) for the loss of cross subsidy due to migration of its (cross subsidizing) consumers to open access. Further the Act also mandates that such Surcharge and cross subsidy is required to be progressively reduced by the State Commission.
- 5.6.9. Being a first tariff order of EON I, the Commission has determined the tariff of the consumers in such a manner that there is no cross-subsidy between the consumer categories. As the Cross subsidy between the consumer categories does not prevail and the consumers are paying the tariff equivalent to ACoS, hence the question of loss of cross subsidy does not arise. Therefore, as the tariff determined being 100% of the average cost of supply, the Commission feels that there is no need to determine the Cross subsidy Surcharge, as there will be no loss of cross subsidy in case of any migration of consumers to open access.
- 5.6.10. Thus, in view of the above provisions, the Commission has not determined any CSS for the HT consumers.

### **5.7. Stabilising Variation in Consumer Bill on account of FAC**

- 5.7.1. 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:*

*.....”*

- 5.7.2. Similar arrangement for passing on the variation in fuel and power purchase cost existed in all previous Tariff Regulations of the Commission. Such mechanism is in line with the provision of the EA, 2003 which mandates recovery of the fuel cost in timely manner so that the Distribution Licensees are able to recover their legitimate power purchase cost variation. This has helped regular recovery of power purchase variations without accumulating it till next tariff revision. This provision also addresses the financial/cash flow issue of Distribution Licensee wherein the payment for power purchase is required to be made in timely manner at prevailing cost. At the same time, it also helps in reducing carrying cost burden on consumer which otherwise would have to be borne if such monthly levy accumulates and the gap is recovered through tariff revision in MYT or MTR as the case may be. Although, consumers are now well aware of this mechanism, there is general and reasonable expectation that once the tariff is approved by the Commission, to the extent possible, it should remain constant during the year and there should not be large variations due to FAC. The unknown variation in the tariff on account of FAC has adverse financial implications on all the categories especially Industrial and Commercial categories where the impact of FAC is generally higher. Variation in tariff is magnified when there is negative FAC leading to reduction in tariff during a particular month and positive FAC in the immediate next month thereby increasing the tariff.
- 5.7.3. Variation in FAC is either on account of change in fuel related costs or mix of power procurement. During the Public hearings in case of other Distribution Licensees, many suggestions were received on this issue and the consumers requested that an appropriate revised mechanism should be put in place wherein there is a minimum impact of FAC felt by the consumers. The Commission opines that this is a very reasonable expectation of the Consumers. The Commission is fully aware that in spite of approving this tariff, the possibility of FAC cannot be ruled out due to uncontrollable event occurring globally affecting the power purchase cost of the licensee. To ensure stabilisation of tariffs to the extent possible, and to minimise the variation in FAC, the Commission thinks it fit to approve constitution of a FAC Fund with Distribution Licensee which can be built up over a period of time to be used for payment of FAC bills of Generating companies without immediately loading it on consumers.



5.7.4. Therefore, using its powers for Removing Difficulty under Regulations 106 of MYT Regulations, 2019, the Commission is making following changes in FAC mechanism stipulated under Regulation 10 of MYT Regulations, 2019.

- a) Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:
  - i. Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.
  - ii. Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.
  - iii. Such carry forward of negative FAC shall be continued till next tariff determination process.
  - iv. In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism.

5.7.5. In order to maintain transparency in management and use of such FAC Fund, Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Such details shall also be submitted to the Commission on quarterly basis along with proposal for post facto vetting of FAC.

## **5.8.Green Tariff**

5.8.1. 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 March 2021, which is stipulated as Rs 0.66 per kWh as per the conditions and methodology specified under said Order.

5.8.2. On 6 June, 2022, Ministry of Power, GoI has notified Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said rules mandate the State Commission to determine Green Power Tariff. The Commission has already determined the same vide its Order dated 22 March 2021 as mentioned above.

5.8.3. Such Green Power Tariff would be in addition to regular tariff approved in MYT Order. The Commission observes that the concept of Green Tariff has been well appreciated by many stakeholders across state as it provides opportunity for consumers willing to meet their power requirement through green energy sources, however, the concept is still at nascent stage with limited participation.

- 5.8.4. Besides, there have been several developments since introduction of concept including COVID pandemic situation, which also has bearing on renewable energy development in the country. Other market related developments such as introduction of GDAM/ GTAM and REC multiplier etc. are still evolving. Under the circumstance, the Commission is of the considered view that any change in mechanism of Green Tariff is not desirable at this stage and the same should continue for remaining period of the 4th Control Period. Thus, the Commission hereby approves the Green Tariff of Rs 0.66/kWh to be applicable during remaining period of 4th Control Period (i.e., FY 2023-24 and FY 2024-25).
- 5.8.5. 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:

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

## **5.9.Advance Payment**

5.9.1. 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.

5.9.2. 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.

5.9.3. 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 following manner:

<b>Advance Payment Amount maintained with Utility as on date of monthly bill</b>	<b>Discount in monthly bill applicable at the rate of</b>	<b>Illustration discount* (%)</b>
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>9 to 12 months</b> ]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{150}$ <b>basis points</b>	$(1/12) \times 8.5\% = 0.708\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>6 to 9 months</b> ]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{120}$ <b>basis points</b>	$(1/12) \times 8.2\% = 0.683\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>3 to 6 months</b> ]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{90}$ <b>basis points</b>	$(1/12) \times 7.9\% = 0.658\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, <b>up to 3 months</b> ]	Percent Discount in monthly Bill Amount = $1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + \mathbf{60}$ <b>basis points</b>	$(1/12) \times 7.6\% = 0.633\%$ (monthly bill discount)

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

## **6. SCHEDULE OF CHARGES**

### ***EON I's Submission***

6.1.1. EON I has proposed 'nil' Schedule of Charges for FY 2023-24 and FY 2024-25.

### ***Commission's Analysis and Rulings***

In response to a query sought by the Commission, EON I has submitted that, it is not incurring any additional cost towards providing its services. Since the SEZ offers 'plug and play' model to its consumers within the enclosed area comprising limited number of buildings. Further, since all the payments facilities are being made online/ digitally, hence charges pertaining to cheque bouncing events are also not relevant. Hence, EON I has not proposed any Schedule of Charges for FY 2023-24 and FY 2024-25. In view of the of the above submissions, the Commission has not approved any Schedule of Charges for FY 2023-24 and FY 2024-25 except the Administrative Charges for cheque bouncing. When a cheque is dishonoured, it is considered to be a serious offence under Section 138 of the Negotiable Instruments Act. Therefore, the Commission approves charges of Rs. 500/- per instance towards compensation for Administrative Charges (Bank Charges and other costs) for dishonouring of cheques, applicable to all consumer categories.

## **7. SUMMARY OF DIRECTIVES:**

- 7.1.1. The Commission directs EON I to submit its third-party energy audit report to assess the reduction of Distribution Losses at the time of the filing MYT for the 5th Control Period.
- 7.1.2. The Commission directs EON I to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of the filing MYT for the 5th Control Period.
- 7.1.3. The Commission directs EON I to adjust in the monthly bills the excess interest on CSD recoverable only from those Consumers to whom the excess interest on CSD was credited in the past years.
- 7.1.4. Commission directs EON I to submit the details analysis on TOD supported with the graphical interpretation at the time of filing MYT Petition for the 5th Control Period
- 7.1.5. EON I is required to submit 'Cost Audit Report' in accordance with Regulation 23.4 of the MYT Regulations 2019. The Licensee shall submit the 'Cost Audit Report' at the time of submission of the next True up petition.
- 7.1.6. EON I to invest Contribution to Contingency Reserve for FY 2022-23 to FY 2024-25 as per Regulation 35.1 of MYT Regulations, 2019.

## **8. APPLICABILITY OF ORDER**

- 8.1.1. The Tariffs determined in this Order shall be applicable from 1 April 2023. Where the billing cycle of a consumer is different with respect to the date of applicability of the revised tariffs, they should be made applicable for the consumption on a pro rata basis. The bills for the respective periods as per the existing and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during the respective periods, arrived at on the basis of average unit consumption per day multiplied by the number of days in the respective periods covered in the billing cycle).
- 8.1.2. The Commission has determined the revenue from the proposed tariffs as if they were applicable for the entire year. Any shortfall or surplus in the actual revenue against the approved ARR will be trued-up at the end of the Control Period.
- 8.1.3. The Petition of M/s. EON Kharadi Infrastructure Private Limited ('EON SEZ Phase I') in Case No. 235 of 2022 stands disposed of accordingly.

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

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

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

  
**(Abhijit Deshpande)**  
**Secretary**



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

Consumer Category	No. of consumers	Components of tariff					Relevant sales & load/demand data for revenue				Full year revenue excluding Government subsidy (Rs. Crore)							Government subsidy (Rs. Crore)	Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVAh for HT)/(Rs/kWh for LT)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (Rs/conn./month)	Demand Charges (Rs/kVA/mth)	Energy Charges (Rs/kVAh for HT) (Rs/kWh for LT)	Wheeling Charges (Rs/kVAh for HT) (Rs/kWh for LT)	Fuel surcharge (Rs/kVAh)	Sanctioned Load in kW	Billing Demand in kVA	Sales in Mn. kWh	Sales in Mn. kVAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Revenue from ToD Tariff	Revenue from fuel surcharge	Total				
<b>HT Category</b>	<b>56</b>								<b>54.72</b>		<b>-</b>	<b>4.34</b>	<b>30.97</b>	<b>15.41</b>		<b>50.71</b>	<b>-</b>	<b>50.71</b>	<b>9.27</b>		
HT I Industry	56	-	525.00	5.66	2.82		6,883.60		54.72		4.34	30.97	15.41			50.71	-	50.71	9.27	100%	
<b>LT Category</b>	<b>64</b>															<b>6.55</b>	<b>-</b>	<b>6.55</b>	<b>9.27</b>		
LT II (A) Commercial upto 20 kW	5	500.00	-	6.35	2.82				0.29	0.00		0.18	0.08			0.26	-	0.26	9.27	100%	
LT II (B) Commercial above 20 kW	1	-	525.00	4.46	2.82		15.75		0.05		0.01	0.02	0.01			0.05	-	0.05	9.27	100%	
LT V (A) Industry up to 20 kW	29	500.00	-	6.29	2.82				1.05	0.02		0.66	0.29			0.97	-	0.97	9.27	100%	
LT V (B) Industry above 20 kW	29	-	525.00	5.70	2.82		677.65		5.68		0.43	3.24	1.60			5.27	-	5.27	9.27	100%	
<b>Total</b>	<b>120</b>								<b>-</b>	<b>61.78</b>	<b>0.02</b>	<b>4.77</b>	<b>35.07</b>	<b>17.40</b>		<b>57.26</b>	<b>-</b>	<b>57.26</b>	<b>9.27</b>		



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

Consumer Category	No. of consumers	Components of tariff					Relevant sales & load/demand data for revenue				Full year revenue excluding Government subsidy (Rs. Crore)							Government subsidy (Rs. Crore)	Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVAh for HT)(Rs/kWh for LT)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (Rs/conn./month)	Demand Charges (Rs/kVA/mth)	Energy Charges (Rs/kVAh for HT) (Rs/kWh for LT)	Wheeling Charges (Rs/kVAh for HT) (Rs/kWh for LT)	Fuel surcharge (Rs/kVAh)	Sanctioned Load in kW	Billing Demand in kVA	Sales in Mn. kWh	Sales in Mn. kVAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Revenue from ToD Tariff	Revenue from fuel surcharge	Total				
<b>HT Category</b>	<b>56.00</b>								71.13	-	4.54	44.53	16.90			65.98	-	65.98	9.27		
HT I Industry	56.00		550.00	6.26	2.38			6,883.60	71.13		4.54	44.53	16.90			65.98	-	65.98	9.27	100%	
<b>LT Category</b>	<b>64.00</b>								9.18	0.02	0.46	5.85	2.18			8.51	-	8.51	9.27		
LT II (A) Commercial upto 20 kW	5.00	525.00		6.81	2.38				0.37	0.00		0.25	0.09			0.34	-	0.34	9.27	100%	
LT II (B) Commercial above 20 kW	1.00		550.00	5.29	2.38			15.75	0.06		0.01	0.03	0.02			0.06	-	0.06	9.27	100%	
LT V (A) Industry up to 20 kW	29.00	525.00		6.76	2.38				1.36	0.02		0.92	0.32			1.26	-	1.26	9.27	100%	
LT V (B) Industry above 20 kW	29.00		550.00	6.29	2.38			677.65	7.39		0.45	4.65	1.76			6.85	-	6.85	9.27	100%	
<b>Total</b>	<b>120.00</b>								<b>80.32</b>	<b>0.02</b>	<b>5.00</b>	<b>50.38</b>	<b>19.08</b>			<b>74.49</b>	<b>-</b>	<b>74.49</b>	<b>9.27</b>		

### **Annexure III: Tariff Schedule**

**M/S. EON KHARADI INFRASTRUCTURE PRIVATE LIMITED ('EON SEZ PHASE I')**

#### **SCHEDULE OF ELECTRICITY TARIFFS**

**(Effective from 1 April 2023)**

The Maharashtra Electricity Regulatory Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act, 2003 and all other powers enabling it in this behalf, has determined, by its Multi Year Tariff Order dated **31 March, 2023 in Case No.235 of 2022**, the tariffs for supply of electricity by the Distribution Licensee, M/s. EON Kharadi Infrastructure Private Limited (EON SEZ Phase I) to various categories of consumers as applicable from **1 April, 2023 to 31 March, 2025**.

#### **GENERAL:**

1. These tariffs supersede all tariffs so far in force.
2. The tariffs are subject to revision and/or surcharge that may be levied by the Distribution Licensee from time to time as per the directives of the Commission.
3. The tariffs are exclusive of the separate Electricity Duty, Tax on Sale of Electricity and other levies by the Government or other competent authorities, which will be payable by consumers over and above the tariffs.
4. The tariffs are applicable for supply at one point only.
5. The Distribution Licensee may measure the Maximum Demand for any period shorter than 30 minutes / 15 minutes of maximum use, subject to conformity with the Commission's Electricity Supply Code Regulations, where it considers that there are considerable loadfluctuations in operation.
6. The tariffs are subject to the provisions of the applicable Regulations and any directions that may be issued by the Commission from time to time.
7. Unless specifically stated to the contrary, the figures of Energy Charge and Wheeling Charge are denominated in Rupees per unit (kVAh) for the energy consumed during the month.
8. Fuel Adjustment Charge (FAC) computed in accordance with provisions of MYT Regulations, 2019 and Commission's directions in this regard from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.

## **HIGH TENSION (HT) – TARIFF**

### **HT I: HT - Industry**

#### Applicability:

This tariff category is applicable for electricity for Industrial use at High Voltage for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteen, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; water pumps, fire-fighting pumps and equipment, street, and common area lighting; Research and Development units, Telecommunications Tower etc. -

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply.

This tariff category shall be applicable for use of electricity / power supply by an Information Technology (IT), or IT-enabled Services (ITeS) Unit as defined in the applicable IT/ITes Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/ SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/ Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time. (In case the Government of Maharashtra revisits the present dispensation given under the IT and ITeS Policy, 2015, such use will be billed under the Commercial tariff category unless otherwise stipulated in the revised Policy.)

### **Rate Schedule**

#### **Tariff w.e.f. 1 April 2023 to March 2024**

<b>Consumer Category</b>	<b>Demand Charge (Rs./ kVA/ month)</b>	<b>Wheeling Charge (Rs./ kVAh)</b>	<b>Energy Charge (Rs./ kVAh)</b>
HT I Industry	525.00	2.82	5.66

**Tariff w.e.f. 1 April 2024 to March 2025**

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT I Industry	550.00	2.38	6.26

**HT-II – HT Commercial**

Applicability:

This tariff category is applicable for electricity used at High Voltage in non-residential, non-industrial and/ or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises;
- b) Combined lighting and power services for facilities relating to Entertainment;
- c) Offices, including Commercial Establishments;
- d) Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths, and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing, and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps & Service Stations, including Garages;
- f) Banks and ATM centres, Telephone Exchanges, TV Stations, Radio Stations;
- g) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes, and not covered under the HT I – Industry category;
- h) Construction of all types of structures/ infrastructure for any purposes;
- i) Stand-alone Research and Development units not covered under any other category;

Any other class of consumers not defined under HT I and HT III consumer category of this tariff order.

**Rate Schedule**

**Tariff w.e.f. 1 April 2023 to March 2024**

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT II: HT – Commercial	525.00	2.82	5.66

**Tariff w.e.f. 1 April 2024 to March 2025**

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT II: HT – Commercial	550.00	2.38	6.26

**HT III: HT Electric Vehicle Charging Stations**

Applicability

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping stations for Electric Vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

**Rate Schedule**

**Tariff w.e.f. 1 April 2023 to March 2024**

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT III: HT Electric Vehicle Charging Station	70.00	2.82	3.68

**Tariff w.e.f. 1 April 2024 to March 2025**

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT III: HT Electric Vehicle Charging Station	80.00	2.38	4.12

**LOW TENSION (LT) – TARIFF**

**LT II (A): LT- Commercial (0-20 kW)**

**LT II (B): LT- Commercial (Above 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, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises, including shopping malls and

Show rooms;

- b) Combined lighting and power supply for facilities relating to Entertainment, including filmstudios, cinemas, and theatres (including multiplexes), Hospitality, Leisure, Meeting/TownHalls, and places of Recreation and Public Entertainment;
- c) Offices, including Commercial Establishments;
- d) Marriage Halls, Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths, and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing, and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps and Service Stations, including Garages;
- f) Tailoring Shops, Computer Training Institutes, Typing Institutes, Photo Laboratories, Laundries, Beauty Parlours and Saloons;
- g) Banks and ATM centres, Telephone Exchanges, TV Stations, Microwave Stations, Radio Stations;
- h) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
- i) Construction of all types of structures/ infrastructure for any purposes;
- j) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes and not covered under the LT III – Industry category;
- k) Stand-alone Research and Development Units not covered under any other category;

### Rate Schedule

#### **Tariff w.e.f. 1 April 2023 to March 2024**

<b>Consumer Category</b>	<b>Fixed Charge (Rs./ month)</b>	<b>Wheeling Charge (Rs./ kVAh)</b>	<b>Energy Charge (Rs./ kVAh)</b>
LT II (A) Commercial up to 20 kW	500.00	2.82	6.35
<b>Consumer Category</b>	<b>Fixed Charge (Rs./ kVA/ month)</b>	<b>Wheeling Charge (Rs./ kVAh)</b>	<b>Energy Charge (Rs./ kVAh)</b>
LT II (B) Commercial above 20 kW	525.00	2.82	4.46

#### **Tariff w.e.f. 1 April 2024 to March 2025**

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT II (A) Commercial up to 20 kW	525.00	2.38	6.81
Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT II (B) Commercial above 20 kW	550.00	2.38	5.29

**LT V (A): LT- Industry (0-20 kW)**

**LT V (B): LT- Industry (Above 20 kW)**

Applicability

This tariff category is applicable for electricity for Industrial use, at Low/Medium Voltage, for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteens, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; Research and Development units, Telecommunications Tower etc.

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply;

This tariff category shall also be applicable for use of electricity / power supply by an Information Technology (IT), or IT-enabled Services (ITeS) Unit as defined in the applicable IT and ITeS Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time.

**Rate Schedule**

**Tariff w.e.f. 1 April 2023 to March 2024**

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT V (A) Industry up to 20 kW	500.00	2.82	6.29
Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT V (B) Industry above 20 kW	525.00	2.82	5.70

**Tariff w.e.f. 1 April 2024 to March 2025**

Consumer Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT V (A) Industry up to 20 kW	525.00	2.38	6.76
Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT V (B) Industry above 20 kW	550.00	2.38	6.29

**LT VI - LT Electric Vehicle Charging Stations**

Applicability

This tariff category is applicable for electricity used at Low/Medium Voltage for supplying to Electric Vehicle Charging Stations including battery swapping stations for electric vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

**Tariff w.e.f. 1 April 2023 to March 2024**

Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT VI: LT Electric Vehicle Charging Station	70.00	2.82	3.68

**Tariff w.e.f. 1 April 2024 to March 2025**

Consumer Category	Fixed Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
LT VI: LT Electric Vehicle Charging Station	80.00	2.38	4.12

**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



Licensees shall pass on the adjustments through the FAC component of the Z-factor Charge accordingly. The details of applicable ZFAC for each month shall be available on the Website of the Distribution Licensee.

### **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 Website of Distribution Licensee.

### **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 working days from the date of their issue.

### **Delayed Payment Charge**

In case the electricity bill is not paid within the due date mentioned on the bill, 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.

### **Digital Payment Discount**

Digital payment discount of 0.25% of the monthly bill (excluding Taxes and Duties), subject to a cap of Rs. 500/- shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

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

The rate of interest chargeable on the arrears of payment of billed dues shall be as given below:

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

### **Load Factor Incentive**

Consumers having a Load Factor above 75% and up to 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase

in Load Factor from 75% to 85%. Consumers having a Load Factor above 85 % will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.

This incentive is applicable only to consumers in the tariff categories HT I: Industry and HT II: Commercial.

Additionally, the Load Factor Incentive shall not be applicable for the month if the consumer exceeds its Contract Demand in that month. Consumers exceeding Contract demand during the off-peak hours (2200 hrs to 0600 hrs) would also not be eligible for Load factor Incentive for that month.

The Load Factor incentive will be available only if the consumer has no arrears with the Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled. The Distribution Licensee shall take a commercial decision on the issue of how to determine the time frame for which the payments should have been made as scheduled, in order to be eligible for the Load Factor Incentive.

The Load Factor is to be computed as follows:

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

Maximum consumption possible = Contract Demand (kVA) x Unity Power Factor  
x (total no. of hours during the month, less actual interruptions hours recorded in meter for billing period)

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

A consumer (availing Demand-based Tariff) exceeding his Contract Demand will be billed at the applicable Demand Charge rate for the Demand actually recorded, and also be charged an additional amount at the rate of 150% of the applicable Demand Charge (only for the Demand in excess of the Contract Demand).

In case a LT consumer with a sanction demand/ contract demand less than 20 kW records actual contract demand above 20 kW, he will be billed at the tariff applicable for the respective load slab approved by the Commission, in which recorded demand falls for that billing cycle only and also be charged an additional amount at the rate of 150% of the applicable charge for the Demand in excess of the Contract Demand.

Further Distribution licensee can enhance the Contract Demand of the consumer when the consumers exceeds the Contract Demand on more than three occasions during a calendar year, irrespective whether the Consumer submits an application for the same or otherwise. However, before such revision of Contact Demand, Distribution Licensee must give 15 days' notice to such consumer. Also, the Consumer is liable to pay necessary charges as may be stipulated in the approved Schedule of Charges for the revised Contract Demand.

Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.

### **Consumers' Security Deposit**

As specified under Regulations 13 of the MERC (Supply Code Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, Consumer shall pay Security Deposit and will be entitled for interest on such Security Deposit.

### **Definitions**

#### **Maximum Demand**

Maximum Demand in kilowatts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty-minute blocks in that period.

#### **Contract Demand**

Contract Demand means the demand in kilowatt (kW) or kilo-Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the consumer as entered into in the agreement or agreed through other written communication. (For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)

#### **Sanctioned Load**

Sanctioned Load means the load in kW mutually agreed between the Distribution Licensee and the consumer.

In case the meter is installed on the LV (Low voltage)/MV (Medium Voltage) side, the methodology to be followed for billing purpose is as follows:

2% to be added to MV demand reading, to determine the kW or kVA billing demand, and 'X' units to the MVA reading to determine the total energy compensation to compensate the transformation losses, which is calculated as follows

'X' =  $(730 * \text{kVA rating of transformer}) / 500$  Units/month, to compensate for the iron

losses, plus one percent of units registered on the LT side for copper losses.

### **Billing Demand - LT tariff categories**

Monthly Billing Demand will be the higher of the following:

- 65% of the actual Maximum Demand recorded in the month during 0600hours to 2200 hours;
- 40% of the Contract Demand.

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change in Contract Demand is affected.

### **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) 70% of the Contract Demand\*.

\* For FY 2024-25: 75%

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change of Contract Demand is affected.

**Annexure – IV: Approved Schedule of Charges**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Proposed Charges</b>	<b>Approved in this Order</b>
1	Service Connection Charges	Nil	Nil
2	Cost of meter and meter box	Nil	Nil
3	Installation testing fees	Nil	Nil
4	Reconnection charges	Nil	Nil
5	Changing location of the meters within the same premise at consumer's request	Nil	Nil
6	Testing of meters	Nil	Nil
7	Administrative charges for cheque bouncing	Nil	500/-
8	Application registration and processing charges	Nil	Nil
9	Processing Fees for Open Access	Nil	Nil
10	Operating charges for Open Access	Nil	Nil

## Appendix I

### List of Persons at the Technical Validation Session held on 22 December 2022

Sr. No.	Name	Organisation
1.	Mr. Vikram Yermalkar	EON I
2.	Mrs. Vandana Yermalkar	EON I
3.	Ms. Shruti Radkar	EON I
4.	Mr. M. Palaniappan	EON I
5.	Mr. Tushar Kothavale	PwC
6.	Mr. Swapnil Kolwadkar	PwC

## Appendix II

### List of Persons at the Public Hearing on 9 February 2023

Sr. No.	Name	Organisation
1.	Mr. Vikram Yermalkar	EON I
2.	Mrs. Vandana Yermalkar	EON I
3.	Ms. Shruti Radkar	EON I
4.	Mr. M. Palaniappan	EON I
5.	Mr. Tushar Kothavale	PwC
6.	Mr. Swapnil Kolwadkar	PwC