Before the
MAHARASHTRA ELELCTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No. 1, 13th Floor, Cuffe Parade, Mumbai – 400 005
Tel. No. 022 22163964/65/69 – Fax 022 22163976
Email: mercindia@merc.gov.in

Website: www.merc.gov.in

CASE NO. 236 of 2022

In the matter of

Case of EON Kharadi Infrastructure Private Limited (EON SEZ Phase II) 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 II') ('EON II/ 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 MERC (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 II 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

LIST OF TABLES

LIST OF ABBREVIATIONS

Abbreviation	Expansion
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

Abbreviation	Expansion
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
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 II 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 II 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. 1036(E) dated 31 March 2017 for its Information Technology and Information Technology Enabled Services (IT & ITeS) SEZ located at Survey No. 72, Village - 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 II 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 II and subsequently notified the Specific Conditions of Distribution Licence by way of Regulations ('Specific Conditions Regulations') for EON SEZ II on 9 June 2021.

1.1.5. EON II 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 II requested the Commission for extension of the time limit for submission of the MYT Petition. The Commission had granted extension to EON II for submission of its MYT Petition vide Letter dated 24 December 2020. Subsequently, vide letter Ref: No. 187 dated 30 September 2021, EON II 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. 68 of 2020, taking on record the deemed Distribution Licensee status of EON II, the Commission directed EON II 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 II is approved. Accordingly, till date, EON II 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 4th Control Period from FY 2020-21 to FY 2024-25.

1.1.8. EON II 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 II as a Distribution Licensee commenced from 5 March 2021, i.e., in FY 2020-21. Petitioner has filed the present Petition in accordance with provisions of the MYT Regulations, 2019.

1.1.9. EON II 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 II 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 II submitted its replies on 30 December 2022 and 2 January 2023. The Commission raised further data gap queries on 16 January 2023. EON II submitted its replies on 18 January 2023. Further, EON II made additional submission on 15 March 2023.

1.3.Admission of Petition and Public Consultation Process

1.3.1. EON II 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 II 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 II 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 II's Petition and its Executive Summary were made available for inspection or purchase at EON II's offices. The Petition was made available on EON II's website (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) 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 II, 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 remining years of the 4th 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 4th 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 II till date, hence, there is no 'approved' ARR for EON II for the years for which true-up is being sought. Hence, EON II 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 II 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 II's Submission

2.2.1. EON II 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 II further submitted that it commenced operations as a Distribution Licensee on 5 March 2021, 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.

2.2.3. In this instant Petition, EON II 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 II (MU)

Consumer Category	FY 2020-21	FY 2021-22
HT Category		
HT I Industry	0.87	12.02
Subtotal	**0.87**	**12.02**
LT Category		
LT II A Commercial	0.00	0.01
LT II B Commercial	0.00	0.01

Consumer Category	FY 2020-21	FY 2021-22
LT II C Commercial	0.000	0.005
LT V A Industry	0.01	0.11
LT V B Industry	0.02	0.46
Subtotal	**0.03**	**0.60**
Total	**0.90**	**12.62**

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

Consumer Category	FY 2020-21	FY 2021-22
HT Category		
HT I Industry	0.89	12.30
Subtotal	**0.89**	**12.30**
LT Category		
LT II A Commercial	0.00	0.01
LT II B Commercial	0.00	0.01
LT II C Commercial	0.00	0.00
LT V A Industry	0.01	0.11
LT V B Industry	0.02	0.47
Subtotal	**0.03**	**0.60**
Total	**0.92**	**12.91**

2.2.4. EON II has requested the Commission to approve the actual energy sales for FY 2020-21 and FY 2021-22 as submitted in the table above.

Commission's Analysis and Rulings

2.2.5. In response to a query raised by the Commission regarding the energy sales before commencement of operations by EON II as a Deemed Distribution Licensee, EON II has submitted the overall energy sales for 2019-20. It is observed that the annual energy sales were available only for FY 2019-20 which were 23.22 MU, whereas for the previous two years, SEZ was under-construction. The actual sales during FY 2020-21 and FY 2021-22 have drastically reduced to 0.90 MU (considering only 27 days of operations) and 12.62 MU respectively.

2.2.6. It is evident that, such reduction in sales is majorly due to the COVID-19 pandemic related restrictions, where EON II 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.

2.2.7. In view of above, the Commission accepts category-wise sales for FY 2020-21 and FY 2021-22 as submitted by EON II. 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
HT Category				
HT I Industry	0.87	0.87	12.02	12.02
Subtotal	**0.87**	**0.87**	**12.02**	**12.02**
LT Category				
LT II A Commercial	0.00	0.00	0.01	0.01
LT II B Commercial	0.00	0.00	0.01	0.01
LT II C Commercial	0.00	0.00	0.00	0.00
LT V A Industry	0.01	0.01	0.11	0.11
LT V B Industry	0.02	0.02	0.46	0.46
Subtotal	**0.03**	**0.03**	**0.60**	**0.60**
Total	**0.90**	**0.90**	**12.62**	**12.62**

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
HT Category				
HT I Industry	0.89	0.89	12.30	12.30
Subtotal	**0.89**	**0.89**	**12.30**	**12.30**
LT Category				
LT II A Commercial	0.00	0.00	0.01	0.01
LT II B Commercial	0.00	0.00	0.01	0.01
LT II C Commercial	0.00	0.00	0.00	0.00
LT V A Industry	0.01	0.01	0.11	0.11
LT V B Industry	0.02	0.02	0.47	0.47
Subtotal	**0.03**	**0.03**	**0.60**	**0.60**
Total	**0.92**	**0.92**	**12.91**	**12.91**

2.3.Distribution Loss

EON II's Submission

2.3.1. EON II 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 6.30% and 6.24%, 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 March 2021 to September 2021 is based on Availability Based Metering (ABT) data, as per the interface meter reading.

2.3.3. EON II 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 low technical losses in the system. There are no commercial loss/theft of electricity in the system.

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

a. 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.

b. 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.

c. With the expected increase in loading in the future, the losses are expected to reduce.

d. EON II submitted that; the transformer losses contribute to around 3.9% to losses while HT Cables/ LT Cables contribute to around 2% of the losses.

e. EON II 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.

f. 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 II shall be shifted from 220/22 kV Magarpatta S/s to 132/22 kV EON Kharadi S/s, after its commissioning.

2.3.5. 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 II

Particulars	FY 2020-21	FY 2021-22
Distribution Loss (%)	6.30%	6.24%

Commission's Analysis and Rulings

2.3.6. The Commission notes that EON II 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 II 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 II while submitting the revised Petition.

2.3.7. In response to the additional queries dated 18 February 2023, EON II 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 6%). This has also resulted in creation of on-load losses, which further led to higher percentage of distribution losses during FY 2020-21.

2.3.8. The Commission notes that, due to the increased occupancy from 6% to 37% annually in FY 2020-21 and 2021-22 respectively, EON II has managed to reduce its distribution loss levels from 6.30% to 6.24% respectively.

2.3.9. Thus, EON II 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 6.30% and 6.24% for FY 2020-21 and FY 2021-22, respectively.

Table 2-6: 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 (%)	6.30%	6.30%	6.24%	6.24%

2.4.Energy Balance

EON II'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 II 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 II. 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 II

Particulars	FY 2020-21	FY 2021-22
Energy Sales	0.90	12.62
Distribution loss (%)	6.30%	6.24%
Energy Requirement at T<>D	0.96	13.46
Intra-State Transmission Loss (%)	-	-
Energy Requirement at G<>T	**0.96**	**13.46**
Total Purchase at State Periphery	0.89	13.53
Less: Surplus Energy Traded	-	-
Imbalance Pool	0.07	(0.08)
Total Energy Purchased	**0.96**	**13.46**

2.4.2. EON II has requested the Commission to approve the Energy Balance for FY 2020-21 and FY 2021-22 as submitted in the table above.

Commission's Analysis and Rulings

2.4.3. In response to a query raised by the Commission, EON II 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 II.

2.4.4. 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.

2.4.5. 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	0.90	0.90	12.62	12.62
Distribution loss	%	6.30%	6.30%	6.24%	6.24%
Energy Requirement at T<>D	MU	0.96	0.96	13.46	13.46
Intra-State Transmission Loss	%	0.00%	0.00%	0.00%	0.00%
Energy Requirement at G<>T	**MU**	**0.96**	**0.96**	**13.46**	**13.46**
Total Power Purchase at State Periphery	**MU**	**0.89**	**0.89**	**13.53**	**13.53**
Imbalance Pool	MU	0.07	0.07	(0.08)	(0.08)
Less: Surplus Energy Traded	MU	0.00	0.00	0.00	0.00
Total Power Available at G<>T (MU)	**MU**	**0.96**	**0.96**	**13.46**	**13.46**

2.5. Power Purchase Expenses

EON II's Submission

2.5.1. EON II 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 II 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 II as approved by the Commission

Type of Load	Bidder Name	Rate (Rs./ kWh)
Base Load 3 MW	Manikaran Power Ltd (MPL)	3.97
Peak Load 3 MW	GMR Energy Trading Limited	4.34

2.5.3. Since EON II commenced its operations as a Distribution Licensee from 5 March 2021, EON II and MPL (generator) had mutually agreed to commence the procurement of power for the period of 1 year from 5 March 2021 to 28 February 2022. As the demand never picked up beyond 3 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 28 February 2022, EON II 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 6 MW from 1st March 2022 to 28th February 2023. Post completion of the competitive bidding process including the e-Reverse Auction (e-RA) process, M/s. Manikaran Power Ltd (MPL), a Trading Licensee, emerged as the lowest bidder, with a rate of Rs. 5.05/ kWh.

2.5.5. The Commission vide its Order dated 10 March 2022 in Case No. 34 of 2022 adopted the above-discovered tariff and approved the PPA between EON II and MPL, where the validity of the PPA was for a period of 1 year, from 1 March 2022 to 28 February 2023. For Truing up for FY 2020-21 and FY 2021-22, EON II has considered the actual power purchase quantum and cost from MPL.

Renewable Purchase Obligation

2.5.6. EON II 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.

2.5.7. For meeting the RPO target for FY 2020-21, and FY 2021-22 EON II 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 2-10: Details of RECs purchased by EON II to comply with RPO targets

Quantum and cost of RECs	FY 2020-21	FY 2021-22
No. of Solar RECs	44	809
No. of Non-Solar RECs	111	1549
Total Amount in Rs. Crore	**0.02**	**0.34**

2.5.8. EON II purchased the RECs for meeting RPO of FY 2020-21 in the month of January 2022. The RECs for meeting RPO for FY 2020-21 were purchased in the 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. EON II purchased the RECs for meeting RPO of FY 2021-22 in the month of March 2022. However, EON II booked the cost of the REC purchase for FY 2020-21 and FY 2021-22 in FY 2022-23 and therefore it is included in the power purchase cost of FY 2022-23.

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

Table 2-11: RECs Purchased for FY 2020-21 and FY 2021-22 (Rs. Crore) as submitted by EON II

Obligation	FY 2020-21	FY 2021-22
Total Amount spent in Rs. Crore	0.02	0.34
Booked amount in Rs. Crore	0.00	0.00

2.5.10. Accordingly, EON II has claimed an amount of Rs. 0.36 Crore (Rs. 0.02 Crore towards FY 2020-21 + Rs. 0.34 Crore towards FY 2021-22) during FY 2022-23.

Imbalance Pool

2.5.11. EON II 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 II, and FBSM/ DSM received from MSLDC.]

Sale of Surplus Power

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

2.5.13. The effective average power purchase rate works out to Rs. 3.84/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 2-12: Power Purchase Cost for FY 2020-21 as submitted by EON II

Source of Power (Station wise)	Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Manikaran Power Limited	0.89	0.35	3.89
Imbalance Pool	0.07	0.02	3.04
Total	**0.96**	**0.37**	**3.84**

2.5.14. The effective average power purchase rate works out to Rs. 4.38/ 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 2-13: Power Purchase Cost for FY 2021-22 as submitted by EON II

Source of Power (Station wise)	Actual for Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs. /kWh)
Manikaran Power Limited (MPL)	13.50	5.41	4.01
Purchase of additional power (Exchange)	0.04	0.02	5.20
Imbalance Pool	(0.08)	0.47	
Total	**13.46**	**5.90**	**4.38**

Commission's Analysis and Rulings

Power Procurement – M/s. Manikaran Power Limited

2.5.15. The Commission observes that EON II as part of its original Petition had submitted its monthly invoices towards the power purchase from MPL. 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 II's claim and power purchase expenses booked in the Audited accounts of the respective years. EON II submitted the reconciliation statement as required in response to the data gaps. EON II in response 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 drawls with the monthly power purchase invoices submitted by EON II, which were found to be correct in respect of the quantum and approved rate.

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

2.5.16. With regards to the RPO target fulfilment, EON II has submitted that RPO targets for both the years i.e., FY 2020-21 and FY 2021-22 were met by procuring the RECs (both Solar and Non-solar). EON II 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.

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

Table 2-14: RPO Settlement for FY 2020-21 and FY 2021-22 as submitted by EON II

RPO Targets & Achievement	Units	FY 2020-21	FY 2021-22
Total Energy Requirement	**MU**	**0.96**	**13.46**
Solar RPO target	%	4.50%	6.00%
Solar RPO target	MU	0.0432	0.80
Solar RPO Achievement	**MU**	**0.0440**	**0.80**
Solar RPO Shortfall/(Surplus)	MU	(0.00)	(0.00)
Non-Solar RPO target	%	11.50%	11.50%
Non-Solar RPO target	MU	0.1104	1.5477
Non-Solar RPO Achievement	**MU**	**0.1110**	1.5790
Non-Solar RPO Shortfall/(Surplus)	MU	(0.00)	(0.00)

2.5.18. RPO shortfall was not observed during FY 2020-21 and FY 2021-22. Further, the Commission allows EON II to recover the cost of purchase of RECs for fulfilling RPO of FY 2020-21 and FY 2021-22 amounting Rs. 0.36 crore as booked in the books of accounts of FY 2022-23.

2.5.19. Thus, with this background, the Commission approves the Power Purchase cost of Rs. 0.37 Crore and Rs. 5.90 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 2-15: Power Purchase Cost for FY 2020-21 approved by the Commission

Source of Power (Station wise)	Petitioned			Actual for Truing up		
	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)
Manikaran Power Ltd.	0.89	0.35	3.89	0.89	0.35	3.89
Imbalance Pool	0.07	0.02		0.07	0.02	

Source of Power (Station wise)	Petitioned			Actual for Truing up		
	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)
Total	**0.96**	**0.37**	**3.84**	**0.96**	**0.37**	**3.84**

Table 2-16: Power Purchase Cost for FY 2021-22 approved by the Commission

Source of Power (Station wise)	Petitioned			Actual for Truing up		
	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)	Quantum (MU)	Cost (Rs. crore)	Per unit cost (Rs./ kWh)
Manikaran Power Ltd.	13.50	5.41	4.01	13.50	5.41	4.01
Purchase of additional power (Exchange)	0.04	0.02	5.20	0.04	0.02	5.20
Imbalance Pool	(0.08)	0.47		(0.08)	0.47	
Total	**13.46**	**5.90**	**4.38**	**13.46**	**5.90**	**4.38**

2.6. Transmission Charges and MSLDC Charges

EON II's Submission

2.6.1. The Commission is yet to approve EON II's share in the Intra-State Transmission Charges (InSTS) and MSLDC Charges. Hence, there is no incidence of InSTS Transmission Charges for EON II 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 II for FY 2020-21 and FY 2021-22 are shown in the Table below:

Table 2-17: InSTS and MSLDC charges for FY 2020-21 & FY 2021-22 submitted by EON II (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Intra-State Transmission Charges	0.00	0.00
MSLDC Charges	0.00	0.0038

Commission's Analysis and Rulings

2.6.3. It is observed that in FY 2020-21 and FY 2021-22, EON II 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 II.

2.6.4. It is observed that EON II has claimed MSLDC charges of Rs. 0.0038 crore in FY 2021-22. In response to a query of the Commission, EON II has submitted the following details of Rs. 0.0038 Crore.

Table 2-18: Details of MSLDC charges paid by EON II in FY 2021-22

Sr. No.	FY	Month	Amount in Rs.
1.	2021-22	Jun-21	7500
2.	2021-22	Jul-21	7500
3.	2021-22	Aug-21	7500
4.	2021-22	Sept-21	7500
5.	2021-22	Aug-21	7500
		Total	**37500**

2.6.5. EON II 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 II 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 II towards receiving NOC from MSLDC. In context of the above explanation the Commission approves MSLDC charges incurred by EON II for FY 2021-22.

Table 2-19: 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	0.0038	0.0038

2.7. Operation and Maintenance Expenses

EON II's Submission

2.7.1. EON II 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 II has appointed the third-party agencies based on competitive bidding. EON II appointed agencies on a combined basis for EON SEZ I and EON SEZ II, to get benefit from the economies of scale. EON II submitted the Evaluation Report for appointment of O&M agency and R&M agencies.

2.7.2. EON II 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 II for FY 2020-21 and FY 2021-22 is as shown in the following Table:

Table 2-20: Summary of O&M Expenses for FY 2020-21 and FY 2021-22 as submitted by EON II (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Wires Business		
O&M/Employee Expenses	0.00	0.00
A&G Expenses	0.11	0.92
R&M Expenses	0.01	0.27
Total O&M Expenses	**0.12**	**1.20**
Supply Business		
O&M/Employee Expenses	0.00	0.00
A&G Expenses	0.06	0.50
R&M Expenses	0.01	0.15
Total O&M Expenses	**0.07**	**0.64**

Commission's Analysis and Rulings

2.7.5. In response to a query raised by the Commission regarding appointment of third-party agency, EON II 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 II 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 II further submitted that EON has selected different vendors for EON I and EON II. For EON II, CLR Facility Services Pvt. limited was selected as third-party agency/ vendor for carrying out the activities of O&M and R&M.

2.7.6. EON II 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 II submitted that, EON II has calculated the employee cost required to run the power distribution business, which was relatively higher than the outsourced cost. EON II 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 II 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 II has claimed expenses towards appointed outsourced agency to operate and maintain EON II's area of license. The Commission in the preliminary data gaps sought the clarity from EON II, 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 II 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 II 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 II. Since EON II 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 II was directed to submit the comparison of O&M cost with similar SEZs operating in the state of Maharashtra. EON II has submitted such comparison and it was observed that, the per unit O&M Cost of EON II was the highest amongst the similar SEZs.

Table 2-21: Comparison of O&M expenses of other SEZs as submitted by EON II

#	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 II in the 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 II was under less occupancy even during pre-Covid situation, where the sales have potential to reach around 50 MU/ annum at its full capacity.

2.7.11. EON II started its commercial operation being a Deemed Distribution Licensee from 5 March 2021 i.e., 26 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 II, 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 2-22: 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
	O&M Cost - Rs. Crore			
GEPL	1.25	1.72	2.06	
KRC				1.04
MBPPL		5.05	4.9	
Total	**1.25**	**6.77**	**6.96**	**1.04**
	16.02			
	Sales - MUs			
GEPL	11.62	20.51	27.41	
KRC				3.17
MBPPL		83.41	83.06	
Total	**11.62**	**103.92**	**110.47**	**3.17**
	229.18			
	O&M Cost - Rs./kWh			
GEPL	1.08	0.84	0.75	-
KRC	-	-	-	3.28

Licensee	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	O&M Cost - Rs. Crore			
MBPPL	-	0.61	0.59	-
Total	**1.08**	**0.65**	**0.63**	**3.28**
	0.70			

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 II and its impact on O&M cost per unit is also calculated for comparison purpose and is outlined as below:

Table 2-23: O&M Expenses as submitted by EON II

Operation and Maintenance Cost	Units	FY 2020-21	FY 2021-22
Employee Cost	Rs. Crore	0.00	0.00
Administration & General Expenses	Rs. Crore	0.17	1.42
Repair & Maintenance Expenses	Rs. Crore	0.02	0.42
Total O&M Cost	Rs. Crore	**0.19**	**1.84**
	MUs	0.90	12.62
	Rs./kWh	**2.08**	**1.46**

2.7.13. In FY 2020-21 and FY 2021-22, the per unit O&M expenses of EON II as derived are 2.08/ kWh and Rs. 1.46/ 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 that the energy sales of EON II 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 II 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 II based on its own performance. Hence, the Commission has dealt with only actual O&M expenses of EON II. 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 II in its Audited Accounts. For FY 2020-21 the expenses claimed by EON II and as reflected in the Audited Accounts were found to be in order. In this background, the Commission accepts the submissions of EON II 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 2-24: Summary of O&M Expenses for FY 2021-22 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
Wires Business				
O&M/Employee Expenses	0.0000	0.0000	0.0000	0.0000
A&G Expenses	0.1110	0.1110	0.9224	0.9224
R&M Expenses	0.0108	0.0108	0.2733	0.2733
Total O&M Expenses	**0.1217**	**0.1217**	**1.1957**	**1.1957**
Supply Business				
O&M/Employee Expenses	0.0000	0.0000	0.0000	0.0000
A&G Expenses	0.0597	0.0597	0.4967	0.4967
R&M Expenses	0.0058	0.0058	0.1472	0.1472
Total O&M Expenses	**0.0656**	**0.0656**	**0.6439**	**0.6439**

2.8.Capital Expenditure and Capitalisation

EON II's Submission

2.8.1. EON II 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 II and prior approval for the capital expenditure proposed by EON II towards capital expenditure of Rs. 57.25 Crore.

2.8.2. EON II 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 II has claimed the depreciated value (Net Fixed Assets) of such assets as on March 2021, as the Gross Fixed Assets (GFA), which works out to Rs. 42.25 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 March 2021, 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 II 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 II in the true-up for FY 2020-21 and FY 2021-22 are summarized in the following Table:

Table 2-25: Capital expenditure and capitalisation for FY 2020-21 and FY 2021-22 as submitted by EON II (Rs. crores)

Particulars	FY 2020-21	FY 2021-22
Wires Business		
Capital Expenditure	0.00	0.00
Capitalisation	42.25	0.00
Supply Business		
Capital Expenditure	0.00	0.06
Capitalisation	0.06	0.06

Commission's Analysis and Rulings

2.8.6. The Commission has given the post facto approval to EON II towards the Capital Expenditure of Rs. 57.25 Crore, which was already undertaken by EON II 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 II 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-principle approved Capital Expenditure of Rs. 57.25 Crore, EON II has capitalised Rs. 47.43 Crore, whereas EON II has claimed the depreciated cost of Rs. 42.25 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. 42.25 Crore) as on the start of the operations of EON II with the depreciation statement submitted by EON II 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 II 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 EON II and based on the prudence check, it is observed that, the said claim is within the original scope of the in-principle approved Capital Expenditure of Rs. 57.25 Crore. However, with regards to the claim of capitalisation of Rs. 0.06 Crore during FY 2020-21 under the Retail Supply Business, EON II vide its clarification dated 1 March 2023 submitted that the claimed capitalisation of Rs. 0.06 crore for FY 2020-21 is an inadvertent error. Hence, the Commission has not approved the capitalisation of Rs. 0.06 Crore claimed by EON II for FY 2020-21 under Retail Supply Business.

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 2-26: 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
Wires Business				
Capital Expenditure	0.00	0.00	0.00	0.00
Capitalisation	42.25	42.25	0.00	0.00
Supply Business				
Capital Expenditure	0.00	0.00	0.06	0.06
Capitalisation	0.06	0.00	0.06	0.06

2.9. Depreciation

EON II’s Submission

2.9.1. EON II 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 II for FY 2020-21 and FY 2021-22 is shown in the following Table:

Table 2-27: Depreciation for FY 2020-21 and FY 2021-22 submitted by EON II (Rs. Crores)

Particulars	FY 2020-21	FY 2021-22
Wires Business		
Opening GFA	0.00	42.25
Additions during the Year	42.25	0.00
Retirement during the year	0.00	0.00
Closing GFA	42.25	42.25
Depreciation	**0.90**	**1.80**
Supply Business		
Opening GFA	0.00	0.06
Additions during the Year	0.06	0.06
Retirement during the year	0.00	0.00
Closing GFA	0.06	0.12
Depreciation	**0.003**	**0.01**

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 II has claimed the depreciation booked for the entire year instead of pro-rating with the number of days EON II was operational during FY 2020-21. The Commission notes that the approach adopted by EON II 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 II, 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 II has started its operation from 5 March 2021, 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 2-28: 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
Distribution Wires Business				
Opening GFA	0.0000	42.2472	42.2472	42.2472
Additions during the Year	42.2472	0.0000	0.0000	0.0000
Retirement during the year	0.0000	0.0000	0.0000	0.0000
Closing GFA	42.2472	42.2472	42.2472	42.2472
Depreciation**	**0.9012**	**0.1333**	**1.8023**	**1.8023**
Retail Supply Business				
Opening GFA	0.0000	0.0000	0.0600	0.0000
Additions during the Year	0.0600	0.0000	0.0594	0.0594
Retirement during the year	0.0000	0.0000	0.0000	0.0000
Closing GFA	0.0600	0.0000	0.1194	0.0594
Depreciation**	**0.0027**	**0.0000**	**0.0081**	**0.0027**

**FY 2020-21 means period from 5 March 2021 to 31 March 2021.*
***For FY 2020-21, pro-rated for 27 days.*

2.10. Interest on Long-Term Loan Capital

EON II's Submission

2.10.1. EON II 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 II for FY 2020-21 and FY 2021-22 is shown in the following Table:

Table 2-29: Interest on Long Term Loan for FY 2020-21 and FY 2021-22 as submitted by EON II – Wires Business (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Opening Balance of Net Normative Loan	0.00	28.67
Addition of Normative Loan during the year	29.57	0.00
Repayment of Normative loan during the year	0.90	1.80
Closing Balance of Net Normative Loan	28.67	26.87
Average Balance of Net Normative Loan	14.34	27.77
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
Interest Charges	**1.07**	**2.07**

Table 2-30: Interest on Long Term Loan for FY 2020-21 and FY 2021-22 as submitted by EON II - Retail Supply Business (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Opening Balance of Net Normative Loan	0.00	0.04
Addition of Normative Loan during the year	0.04	0.04
Repayment of Normative loan during the year	0.00	0.01
Closing Balance of Net Normative Loan	0.04	0.07
Average Balance of Net Normative Loan	0.02	0.06
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
Interest Charges	**0.001**	**0.004**

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 II has submitted documentary evidence in support of the weighted average rate of interest of 7.47%. Since EON II'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.

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 2-31: 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
Distribution Wires Business				
Opening Normative Loan	0.0000	29.5730	28.6719	29.4397
Addition of Normative Loan during the year	29.5730	0.0000	0.0000	0.0000
Less: Repayment during the year	0.9012	0.1333	1.8023	1.8023
Closing Normative Loan	28.6719	29.4397	26.8696	27.6374
Average Normative Loan	14.3359	29.5064	27.7707	28.5386
Rate of Interest (per annum)	7.47%	7.47%	7.47%	7.47%
Pro-rated rate of interest		0.55%		
Interest on Loan for Wires Business**	**1.0705**	**0.1630**	**2.0738**	**2.1311**
Retail Supply Business				
Opening Normative Loan	0.0000	0.0000	0.0393	0.0000
Addition of Normative Loan during the year	0.0420	0.0000	0.0420	0.0416
Less: Repayment during the year	0.0027	0.0000	0.0081	0.0027
Closing Normative Loan	0.0393	0.0000	0.0732	0.0389
Average Normative Loan	0.0197	0.0000	0.0563	0.0195
Rate of Interest (per annum)	7.47%	7.47%	7.47%	7.47%
Pro-rated rate of interest		0.55%		
Interest on Loan for Supply Business**	**0.0015**	**0.0000**	**0.0042**	**0.0015**

**FY 2020-21 means period from 5 March 2021 to 31 March 2021.*
***For FY 2020-21, pro-rated for 27 days.*

2.11. Return on Equity

EON II's Submission

2.11.1. EON II 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 II 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 II has computed the Base RoE for the Wires Business at 14.00%. EON II 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 and FY 2021-22, EON II has computed the Base RoE for the Retail supply Business at 15.50% and Additional RoE at 1.00% on account of 0% assessed bills with respect to total bills issued during the years. EON II has considered RoE after considering effective Tax rate at 14% and 15.5% for Distribution Wires Business and for Retail Supply Business.

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:

<u>Base RoE for FY 2020-21 and FY 2021-22</u>

Table 2-32: Base Return on Equity for FY 2020-21 and FY 2021-22 as submitted by EON II - Wires Business (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Regulatory Equity at the beginning of the year	0.00	12.67
Equity portion of capitalisation during the year	12.67	0.00
Regulatory Equity at the end of the year	12.67	12.67
Return on Equity Computation		
Base Rate of Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.00%	14.00%
Return on Regulatory Equity at the beginning of the year	0.00	1.77
Return on Regulatory Equity addition during the year	0.89	0.00
Total Return on Equity	**0.89**	**1.77**

Table 2-33: Base RoE for FY 2020-21 and FY 2021-22as submitted by EON II - Supply Business (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Regulatory Equity at the beginning of the year	0.00	0.02
Equity portion of capitalisation during the year	0.02	0.02
Regulatory Equity at the end of the year	0.02	0.04
Return on Equity Computation		
Base Rate of Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.50%	15.50%
Return on Regulatory Equity at the beginning of the year	0.00	0.00
Return on Regulatory Equity addition during the year	0.00	0.00
Total Return on Equity	**0.001**	**0.004**

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

Table 2-34: Additional RoE for FY 2020-21 and FY 2021-22 as submitted by EON II - 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	%	1.5%	1.5%
Additional Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.00	0.19
Return on Regulatory Equity addition during the year	Rs. Crore	0.10	0.00
Total Additional Return on Equity	**Rs. Crore**	**0.10**	**0.19**

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

Particulars	Unit	FY 2020-21	FY 2021-22
% Of Assessed bills with respect to total bills issued during the year	%	0.00%	0.00%
Additional Rate of Return on Equity for assessment of bills	%	1%	1%
Collection Efficiency for the year	%	98.84%	96.47%
Additional Rate of Return for collection efficiency	%	0.00%	0.00%

Particulars	Unit	FY 2020-21	FY 2021-22
Total Additional Return on Equity	%	1.00%	1.00%
Additional Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.000	0.000
Return on Regulatory Equity addition during the year	Rs. Crore	0.000	0.000
Total Additional Return on Equity	**Rs. Crore**	**0.000**	**0.000**

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 II has submitted that EON II'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 II 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 II 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 2-36: 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
Distribution Wires Business				
Regulatory Equity at beginning of the year	0.0000	12.6742	12.6742	12.6742
Equity portion of capitalisation during the year	12.6742	0.0000	0.0000	0.0000

Particulars	**FY 2020-21**		**FY 2021-22**	
	Petitioned	**Approved in this Order***	**Petitioned**	**Approved in this Order**
Regulatory Equity at the end of the year	12.6742	12.6742	12.6742	12.6742
Base Return on Equity (per annum)	14%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate (per annum)	0.00%	16.96%	0.00%	16.97%
Pro-rated Pre-tax Return on Equity after considering effective Tax rate		1.25%		
Return on Equity for Wires Business**	**0.8872**	**0.1590**	**1.7744**	**2.1505**
Retail Supply Business				
Regulatory Equity at beginning of the year	0.0000	0.0000	0.0180	0.0000
Equity portion of capitalisation during the year	0.0180	0.0000	0.0178	0.0178
Regulatory Equity at the end of the year	0.0180	0.0000	0.0358	0.0178
Base Return on Equity (per annum)	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate (per annum)	0	18.78%	0.00%	18.79%
Pro-rated Pre-tax Return on Equity after considering effective Tax rate		1.39%		
Return on Equity for Supply Business**	**0.0014**	**0.0000**	**0.0042**	**0.0017**

**FY 2020-21 means period from 5 March 2021 to 31 March 2021.*
***For FY 2020-21, pro-rated for 27 days.*

2.11.8. With regards to additional RoE for Wires Business, EON II 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 II in response to the query sought by the Commission has submitted details of the Collection efficiency, which is 98.84% achieved during FY 2020-21 and 96.37% achieved during FY 2021-22. As collection efficiency is less than 99% and further as it has been reduced from FY 2020-21 to FY 2021-22, EON II is not eligible for 1% additional RoE linked to collection efficiency. With reference to assessed bills, as EON II has achieved 0% assessed bills, it is entitled for additional RoE at 1.00% linked to assessed bills.

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 2-37: 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 (per annum)		1.82%		1.82%
Additional Return on Equity Computation				
Return on Regulatory Equity at the beginning of the year (Rs. Crore)	0.0000	0.2304	0.1901	0.2304
Return on Regulatory Equity addition during the year (Rs. Crore)	0.0951	0.0000	0.0000	0.0000
Total Additional Return on Equity (Rs. Crore)**	**0.0951**	**0.0170**	**0.1901**	**0.2304**

**FY 2020-21 means period from 5 March 2021 to 31 March 2021.*
***For FY 2020-21, pro-rated for 27 days.*

Table 2-38: 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	98.84%	98.84%	96.47%	96.47%
Additional Rate of Return for collection efficiency	0.00%	0.00%	0.00%	0.00%
Total Additional Return on Equity	1.00%	1.00%	1.00%	1.00%
Pre-tax Return on Equity after considering effective Tax rate (per annum)		1.21%		1.21%
Additional Return on Equity Computation				
Return on Regulatory Equity at the beginning of the year (Rs. Crore)	0.0000	0.0000	0.0002	0.0000

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
Return on Regulatory Equity addition during the year (Rs. Crore)	0.0001	0.0000	0.0001	0.0001
Total Additional Return on Equity (Rs. Crore)**	**0.0001**	**0.0000**	**0.0003**	**0.0001**

**FY 2020-21 means period from 5 March 2021 to 31 March 2021.*
***For FY 2020-21, pro-rated for 27 days.*

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

EON II's Submission

2.12.1. EON II 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 II 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 II is 8.57% and 8.50% for FY 2020-21 and 2021-22, respectively.

2.12.2. EON II 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 II is shown in the following Table:

Table 2-39: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 submitted by EON II – Wires Business (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
O&M expenses for one month	0.12	0.10
Maintenance Spares at 1% of Opening GFA	0.00	0.42
One and half months' equivalent of revenue from Wheeling Charges	0.08	0.10
Less: Amount held as Security Deposit from Distribution System Users	0.21	0.29
Total Working Capital Requirement	(0.01)	0.33

Particulars	FY 2020-21	FY 2021-22
Computation of Working Capital Interest		
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.50%
Interest on Working Capital	**0.00**	**0.03**
Interest on Consumers' Security Deposit	**0.005**	**0.02**

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 II is shown in the following Table:

Table 2-40: IoWC and Interest on CSD for FY 2020-21 and FY 2021-22 as submitted by EON II – Supply Business (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
O&M expenses for one month	0.07	0.01
Maintenance Spares at 1% of Opening GFA	0.00	0.00
One and half months' equivalent of revenue from Wheeling Charges	1.15	1.31
Less: Amount held as Security Deposit from Distribution System Users	1.89	2.61
Less: One month of power purchase cost	0.03	0.49
Total Working Capital Requirement	(0.70)	(1.78)
Computation of Working Capital Interest		
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.50%
Interest on Working Capital	**0.00**	**0.00**
Interest on Consumers' Security Deposit	**0.04**	**0.20**

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. Considering the amount of Consumer Security Deposit (CSD), which is to be deducted, the normative working capital requirement works out to be negative for FY 2020-21.

2.12.6. In reply to a query raised by the Commission, regarding CSD, EON II submitted that, MERC Supply Code, 2021 was notified on 24 February 2021, i.e., at the end of the FY 2020-21. EON II commenced its operations as a Distribution Licensee on 5 March 2021, 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 II inadvertently continued to collect CSD in accordance with the provisions of MERC Supply Code 2005. However, EON II 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 II collected CSD of Rs. 2.10 crore. Further as the sales have not picked up due to COVID-19, the CSD collected by EON II is more than required under the regulations.

2.12.7. The Commission notes the submissions of EON II. EON II has submitted that, the CSD based on the prevailing Regulations for FY 2021-22 works out to Rs. 1.95 Crore based on the Contract Demand of its consumers as against this EON II has collected CSD of Rs. 2.89 Crore.

2.12.8. For the purpose of working out the Working Capital requirement , EON II has considered actual CSD of Rs. 2.10 Crore and 2.89 Crore for FY 2020-21 and FY 2021-22 respectively. The Commission notes that being first year of its operation, EON II 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 II collecting CSD over and above the mandated requirement under the MERC Supply Code 2021. For complying with mandate of 2 months' billing average as Security Deposit, EON II should have collected Rs. 0.20 crore and Rs. 1.95 crore from consumers in FY 2020-21 and FY 2021-22 respectively. Considering the fact that EON II has collected higher CSD in both the years the Commission has considered actual values of CSD for the computation of normative working capital requirement. The Commission further directs EON II to comply with the requirements of collection of CSD as per the provisions of MERC Supply Code 2021 and refund the extra CSD (if any) immediately through the energy bills.

2.12.9. In response to a data gap query raised by the Commission EON II 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 II needs to recover from its consumers.

Table 2-41: Details of additional Interest to be recovered from consumers as submitted by EON II

Year	Actual Interest on CSD paid (Rs. Lakhs)	Interest as per MERC Supply Code 2021 (Rs. Lakh)	Difference to be adjusted (Rs. Lakh)
FY 2020-21	4.57	2.29	2.28
FY 2021-22	22.10	12.15	9.95

2.12.10. The Commission has considered interest on CSD at Bank Rate as per MERC MYT Regulations 2019. EON II shall recover excess paid interest from its consumers by way of bill adjustment.

2.12.11. 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 1st April of FY 2020-21 and FY 2021-22 respectively. Further the interest on CSD has been calculated for the full year and pro-rated for FY 2020-21.

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

Table 2-42: 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
Distribution Wires Business				
O&M expenses for a month	0.1217	0.1372	0.0996	0.0996
Maintenance Spares at 1% of Opening GFA	0.0000	0.4225	0.4225	0.4225
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.0827	0.0000	0.0964	0.0964
Less: Amount held as Security Deposit from Distribution System Users	0.2096	0.2096	0.2895	0.2895
Total Working Capital Requirement	**(0.0052)**	**0.3500**	**0.3291**	**0.3291**
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.57%	8.50%	8.50%
Interest on Working Capital**	**0.0000**	**0.0022**	**0.0280**	**0.0280**
Interest on Security Deposit**	**0.0046**	**0.0007**	**0.0221**	**0.0123**
Retail Supply Business				
O&M expenses for a month	0.0656	0.0739	0.0055	0.0055
Maintenance Spares at 1% of Opening GFA	0.0000	0.0000	0.0000	0.0000
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	1.1534	1.2994	1.3101	1.3101
Less: Amount held as security deposit	1.8864	1.8864	2.6052	2.6052
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.0307	0.4149	0.4918	0.4918

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order*	Petitioned	Approved in this Order
Total Working Capital Requirement	**(0.6981)**	**(0.9281)**	**(1.7815)**	**(1.7815)**
Interest Rate (%) - SBI Base Rate +150 basis points	8.57%	8.57%	8.50%	8.50%
Interest on Working Capital**	**0.0000**	**0.0000**	**0.0000**	**0.0000**
Interest on Security Deposit**	**0.0411**	**0.0065**	**0.1989**	**0.1107**

**FY 2020-21 means period from 5 March 2021 to 31 March 2021.*
***For FY 2020-21, pro-rated for 27 days.*

2.13. Provisioning of Bad Debts

EON II's Submission

2.13.1. EON II 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 II 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 II's Submission

2.14.1. EON II has submitted that, in accordance with the MYT Regulations 2019, EON II 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 II, no such investment towards Contribution to Contingency Reserves was made by EON II in FY 2020-21 and FY 2021-22.

Commission's Rulings

2.14.2. Since EON II 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 II's Submission

2.15.1. EON II 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 II has clarified that, Rs. 0.0056 Crore and Rs. 0.0432 crore booked under 'miscellaneous income' in the audited accounts of FY 2020-21 and FY 2021-22, respectively is towards the income from investments. While Rs. 0.01 crore and Rs. 0.02 crore booked under 'miscellaneous income' in the audited accounts of FY 2020-21 and FY 2021-22, respectively is towards 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 approves the Non-Tariff Income for FY 2020-21 and FY 2021-22, as follows:

Table 2-43: Non-Tariff Income approved by the Commission for FY 2020-21 and FY 2021-22 (Rs. Crore)

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Wires Business				
Total NTI	**0.000**	**0.0006**	**0.004**	**0.0043**
Supply Business				
Total NTI	**0.0050**	**0.0050**	**0.039**	**0.0389**

2.16. Sharing of Gains/(Losses)

EON II's Submission

2.16.1. EON II 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 II. Since this is the first tariff Order of EON II, 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 been computed normative IoWC separately for Distribution Wires Business and Retail Supply Business in The IoWC and interest on CSD approved by the Commission are shown in the table below:Table 2-42 of this order. EON II 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 2-44: 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	0.0022	0.0000	0.0022	0.0280	0.0000	0.0280
Actual IoWC	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Efficiency Gains/(Losses)	0.0022	0.0000	0.0022	0.0280	0.0000	0.0280
Efficiency Gains/(losses) to be passed on to the consumers	0.0015	0.0000	0.0015	0.0186	0.0000	0.0186
Efficiency Gains/(losses) to be retained	0.0007	0.0000	0.0007	0.0093	0.0000	0.0093
Net Entitlement of IoWC	**0.0007**	**0.0000**	**0.0007**	**0.0093**	**0.0000**	**0.0093**

2.17. Revenue from Sale of Electricity

EON II's Submission

2.17.1. EON II 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 II 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 II 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 II has claimed Rs. 0.82 crore and Rs. 11.25 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 II 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. 0.82 Crore for FY 2020-21 and Rs. 11.25 Crore for FY 2021-22, which is same as submitted by EON II.

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

EON II's Submission

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

Table 2-45: ARR Summary Distribution Wires Business for FY 2020-21 and FY 2021-22 as submitted by EON II

Particulars	FY 2020-21	FY 2021-22
O&M Expenses	0.12	1.20
Depreciation	0.90	1.80
Interest on Loan Capital	1.07	2.07
Interest on Working Capital	0.00	0.03
Interest on CSD	0.04	0.20
Provision for bad and doubtful debts	0.00	0.00
Contribution to Contingency Reserves	0.00	0.00
Total Revenue Expenditure	**2.13**	**5.30**
Add: Return on Equity Capital	0.89	1.77
Aggregate Revenue Requirement	**3.02**	**7.07**
Less: Non-Tariff Income	0.001	0.004
Total ARR	**3.02**	**7.07**

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

Table 2-46: Summary Distribution Retail Supply Business for FY 2020-21 and FY 2021-22 as submitted by EON II

Particulars	FY 2020-21	FY 2021-22
Power Purchase Expenses	0.37	5.90
O&M Expenses	0.07	0.64
Depreciation	0.00	0.01
Interest on Loan Capital	0.00	0.01
Interest on Working Capital	0.00	0.00
Interest on CSD	0.04	0.20
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
Total Revenue Expenditure	**0.48**	**6.76**
Add: Return on Equity Capital	0.00	0.00
Aggregate Revenue Requirement	**0.48**	**6.76**
Less: Non-Tariff Income	0.01	0.04
Total ARR	**0.48**	**6.72**

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 2-47: ARR Summary for Distribution Wires Business of EON II 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	0.1217	0.1217	1.196	1.1957
Depreciation	0.9012	0.1333	1.802	1.8023
Interest on Loan Capital	1.0705	0.1630	2.074	2.1311
Interest on Working Capital	0.0000	0.0022	0.028	0.0280
Interest on deposit from Consumers and Distribution System Users	0.0046	0.0007	0.022	0.0123
Provision for bad and doubtful debts	0.0000	0.0000	0.000	0.0000
Contribution to contingency reserves	0.0000	0.0000	0.000	0.0000
Sharing of gains/(losses)	0.0000	0.0007	0.000	0.0093
Total Revenue Expenditure	**2.0980**	**0.4217**	**5.122**	**5.1788**
Add: Return on Equity Capital	0.9822	0.1761	1.964	2.3809
Aggregate Revenue Requirement	**3.0803**	**0.5978**	**7.086**	**7.5597**
Less: Non-Tariff Income	0.0006	0.0006	0.004	0.0043

Particulars	FY 2020-21		FY 2021-22	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Less: Income from other business	0.0000	0.0000	0.000	0.0000
Aggregate Revenue Requirement from Distribution Wires	**3.0797**	**0.5973**	**7.0821**	**7.5554**

Table 2-48: ARR Summary for Retail Supply Business of EON II 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)	0.3683	0.3683	5.8981	5.8981
Operation & Maintenance Expenses	0.0656	0.0656	0.6439	0.6439
Depreciation	0.0027	0.0000	0.0081	0.0027
Interest on Loan Capital	0.0042	0.0000	0.0066	0.0015
Interest on Working Capital	0.0000	0.0000	0.0000	0.0000
Interest on Consumer Security Deposit	0.0411	0.0065	0.1989	0.1107
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	0.0003	0.0000
Intra-State Transmission Charges	0.0000	0.0000	0.0000	0.0000
MSLDC Fees & Charges	0.0000	0.0000	0.0038	0.0038
Sharing of gains/(losses)	0.0000	0.0000	0.0000	0.0000
Total Revenue Expenditure	**0.4819**	**0.4404**	**6.7596**	**6.6606**
Add: Return on Equity Capital	0.0014	0.0000	0.0042	0.0018
Aggregate Revenue Requirement	**0.4833**	**0.4404**	**6.7638**	**6.6624**
Less: Non-Tariff Income	0.0050	0.0050	0.0389	0.0389
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
Aggregate Revenue Requirement from Retail Supply	**0.4782**	**0.4353**	**6.7249**	**6.6235**

2.19. Revenue Gap/ (Surplus)

EON II's Submission

2.19.1. EON II 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 2-49: Revenue Gap/(Surplus) for FY 2020-21 and FY 2021-22 as submitted by EON II (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
ARR for Distribution Wires Business	3.02	7.07
ARR for Retail Supply Business	0.48	6.72
Combined ARR for Wires and Retail Supply Business	**3.50**	**13.79**
Revenue from Wheeling Charges	0.06	0.77
Revenue from sale of electricity	0.77	10.48
Total Revenue	0.82	11.25
Gap/(Surplus) of Wires Business	**2.97**	**6.30**
Gap/(Surplus) of Supply Business	**(0.29)**	**(3.76)**
Combined Revenue Gap/(Surplus)	**2.68**	**2.54**

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 2-50: 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	3.0797	0.5973	7.0821	7.5554
ARR for Retail Supply Business	0.4782	0.4353	6.7249	6.6235
Combined ARR for Wires and Retail Supply Business	**3.5579**	**1.0326**	**13.8070**	**14.1789**
Less: Revenue at Existing Tariff	0.8241	0.8241	11.2525	11.2525
Revenue Gap/Surplus	**2.7339**	**0.2085**	**2.5545**	**2.9264**

2.19.3. Accordingly, the Commission approves the Revenue Gap of Rs. 0.21 Crore for FY 2020-21 and Revenue Gap of Rs. 2.93 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 II's Submission

3.1.1. EON II has submitted that, the actual energy sales during H1 of FY 2022-23 were 10.86 MU. For estimating the energy sales for the period of six-months from October 2022 to March 2023, EON II 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 II is shown in the Table below:

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

Consumer Category	FY 2022-23		
	Apr – Sep (Actual)	Oct – Mar (Estimated)	Provisional Truing up
HT Category			
HT I	10.36	11.76	22.12
Sub-total HT	**10.36**	**11.76**	**22.12**
LT Category			
LT II (A)	0.02	0.01	0.03
LT II (B)			
LT V (A)	0.06	0.11	0.17
LT V (B)	0.42	0.35	0.77
Sub-total LT	**0.50**	**0.47**	**0.97**
Total	**10.86**	**12.22**	**23.09**

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

Consumer Category	FY 2022-23
HT Category	
HT I Industry	21.98
Subtotal	**22.06**
LT Category	
LT II A Commercial	0.03
LT II B Commercial	0.00
LT V A Industry	0.18
LT V B Industry	0.78
Subtotal	**0.98**
Total	**22.96**

Commission's Analysis and Rulings

3.1.2. EON II 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 II 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 were 23.22 MU in FY 2019-20.

3.1.3. The Commission has further analysed the annual occupancy of EON II along with the estimated load and sales of FY 2022-23 (H1) based on the details submitted by EON II. In response to query raised by the Commission regarding estimation of sales for LT II (B) consumer category, EON II clarified that there is an inadvertent error estimating the sales for LT II (B) consumer category in FY 2022-23. The Commission observed that, the impact on the LT sales of FY 2022-23 is very miniscule due to this error. However, since the sales for FY 2023-24 and FY 2024-25 are estimated considering sales for FY 2022-23 as the base, the impact is visible in the LT sales estimated for future years viz. FY 2023-24 and FY 2024-25.

3.1.4. Considering the impact of COVID-19 pandemic outbreak during the initial years of operations, the Commission provisionally accepts the category wise energy sales with correction of the projections in the sales for LT II (B) consumer category, subject to prudence check at time of true-up.

3.1.5. The category wise energy sales (MU as well as MkVAh) as projected by EON II 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	Energy Sales (MU)		Energy Sales (MkVAh)	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
HT Category				
HT I Industry	22.12	22.12	21.98	22.06
Subtotal	**22.12**	**22.12**	**21.98**	**22.06**
LT Category				
LT II A Commercial	0.03	0.03	0.03	0.03
LT II B Commercial	0.00	0.00	0.00	0.00
LT V A Industry	0.17	0.18	0.17	0.18
LT V B Industry	0.77	0.78	0.78	0.79
Subtotal	**0.97**	**0.99**	**0.98**	**1.00**

Consumer Category	Energy Sales (MU)		Energy Sales (MkVAh)	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Total	**23.09**	**23.12**	**22.96**	**23.07**

3.1.6. Thus, the Commission provisionally approves the Energy sales of 23.12 MU or 23.07 MkVAh for FY 2022-23.

3.2.Distribution Loss

EON II's Submission

3.2.1. EON II 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 5.25% while considering the T<> D Interface consumption as per the DSM meters. Hence, for the provisional true-up of FY 2022-23, EON II has considered the distribution loss of 5.25% for estimating the distribution loss for second half of the FY 2022-23.

3.2.2. EON II 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 II has further elaborated the reasons as covered under para 2.3.4 towards the higher distribution losses. In this background, EON II has provisionally estimated the distribution loss of 5.25% for FY 2022-23.

Commission's Analysis and Rulings

3.2.3. The Commission notes the submission of EON II 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. For FY 2022-23 the Commission has provisionally accepted the loss levels at 5.25% which is lower than the actual observed distribution loss level for FY 2021-22 (6.24%).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 II.

3.2.4. 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	5.25%	5.25%

3.3.Energy Balance

EON II's Submission

3.3.1. EON II 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 II 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 II

Particulars	FY 2022-23
Energy Sales (MU)	23.09
Distribution loss (%)	5.25%
Energy Requirement at T<>D (MU)	24.40
Intra-State Transmission Loss (%)	0.00
Energy Requirement at G<>T (MU)	**24.40**
Total Power Purchase at State Periphery (MU)	33.35
Imbalance Pool (MU)	(0.10)
Less: Surplus Energy Traded (MU)	(8.85)
Total Power Available at G<>T (MU)	**24.40**

Commission's Analysis and Rulings

3.3.2. In response to a query by the Commission, EON II 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 II. 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 5.25% 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)	23.09	23.12
Distribution loss	5.25%	5.25%
Energy Requirement at T<>D (MU)	24.40	24.40
Intra-State Transmission Loss	0.00%	0.00%
Energy Requirement at G<>T (MU)	**24.40**	**24.40**
Total Power Purchase at State Periphery (MU)	33.35	33.35
Imbalance Pool (MU)	(0.10)	(0.11)
Less: Surplus Energy Traded (MU)	(8.85)	(8.85)
Total Power Available at G<>T (MU)	**24.40**	**24.40**

3.4.Power Purchase Expenses

EON II's Submission

3.4.1. EON II 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 February-2023

3.4.2. EON II 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 4 MW. Post completion of the competitive bidding process including the e-Reverse Auction (e-RA) process, M/s. Manikaran Power Limited (MPL), emerged as the lowest bidder, with a rate of Rs. 5.05/ kWh. The Commission adopted the above discovered tariff and approved the PPA between EON II and MPL, vide its Order dated 10 March 2022 in Case No. 34 of 2022. The PPA between EON II and MPL was valid for a period of 1 year, from 1 March 2022 to 28 February 2023.

March 2023

3.4.3. For the period commencing from 1 March 2023, the EON II plans to conduct a fresh competitive bidding process for Short/ Medium term power procurement based on Market trends and business exigencies. EON II has assumed that the short-term power shall be available at a rate of Rs. 5/kWh.

Sale of Surplus Power to Power Exchange at Market rates

3.4.4. EON II has sold its surplus power at the Power Exchanges in order to benefit from the higher prevalent power prices in the market. EON II increased its off take of power from Manikaran at the rate of Rs. 5.05/ kWh and sold the surplus power at the Power Exchange at a weighted average rate of Rs. 7.71/kWh. The benefit of additional revenue earned by EON II through sale of surplus power has been passed on to the consumers, which has resulting in reducing the weighted average rate of power purchase from Rs. 4.98/kWh (after incentive) to Rs. 4.63/kWh .

Renewable Purchase Obligations

3.4.5. EON II 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

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

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

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

Source of Power (Station wise)	Provisional Truing up (FY 22-23)		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Manikaran Power Limited	30.60	15.25	4.98
Purchase from Power Exchange	0.01	0.011	9.40
Surplus Power Sale to IEX	(5.00)	(3.85)	7.71
Surplus Power Sale to EON SEZ I	(3.85)	(1.95)	5.05
New Short-Term Source (March-2023)	2.74	1.37	5.00
Imbalance Pool	(0.10)	0.10	
RECs		0.36	
Total	**24.40**	**11.29**	**4.63**

Commission's Analysis and Rulings

3.4.8. The Commission vide its Order dated 10 March 2022 in Case No. 34 of 2022 approved the PPA between EON II and MPL with competitively discovered rate of Rs. 5.05/ kWh for a period of 1 year, from 1 March 2022 to 28 February 2023 for catering base load of 4 MW. Commission notes that MPL is the single source on which EON II depends to cater its base load. The Commission notes that EON II had surplus power available in FY 2022-23 which it has sold on the Power Exchange and also to EON I.

3.4.9. In reply to a query from the Commission regarding sale of surplus power to EON I, EON II submitted that, EON II had additional power available and hence it sold the power to EON I in FY 2022-23. EON II 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.

3.4.10. In this context, the Commission provisionally approves the power purchase quantum and cost for FY 2022-23 as submitted by EON II, subject to prudence check at the time of true-up. The Commission further directs EON II 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

3.4.11. EON II in response to a query from the Commission, submitted that, it has not purchased any RECs yet to fulfil its Solar and Non-Solar RPO targets. In response to another query from the Commission, EON II 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 II 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 II are provided in the following table:

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

RPO Targets & Achievement	Units	FY 2022-23
Total Energy Requirement	**MU**	**24.40**
Solar RPO target	%	8.00%
Solar RPO target	MU	1.95
Solar RPO Achievement	**MU**	**0.00**
Solar RPO Shortfall/ (Surplus)	MU	1.95
Non-Solar RPO target	%	11.50%

RPO Targets & Achievement	Units	FY 2022-23
Non-Solar RPO target	MU	2.80
Non-Solar RPO Achievement	**MU**	**2.80**
Non-Solar RPO Shortfall/ (Surplus)	MU	0.00

3.4.12. The Commission has noted the submissions made by EON II. The Commission provisionally considered EON II's proposal of meeting its combined Solar and Non-Solar RPO by procuring Non-Solar RE through purchase of REC's. However, EON II is directed to o submit the details of REC purchased for meeting RPO of FY 2022-23 duly reconciled with the audited accounts of FY 2022-23.

3.4.13. Further, as discussed under para. 2.5.18 of this Order, the Commission provisionally allows the EON II's claim of Rs. 0.36 Crore towards the RECs purchased during FY 2020-21 and FY 2021-22, subject to prudence check at the time of true-up.

3.4.14. The Commission has worked out the power procurement from the various sources as proposed by EON II.

3.4.15. 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)
Manikaran	30.60	15.25	4.983	30.60	15.25	4.98
Purchase of additional power (Exchange)	0.01	0.011	9.40	0.01	0.01	9.40
New Short-term Source	2.74	1.37	5.00	2.74	1.37	5.00
Imbalance Pool	(0.10)	0.10	0.00	(0.11)	0.10	0.00
Sale of surplus power - EON SEZ I	(3.85)	(1.95)	5.05	(3.85)	(1.95)	5.05
Sale of surplus power - IEX	(5.00)	(3.85)	7.71	(5.00)	(3.85)	7.71
Purchase of RECs	-	0.36	-	0.00	0.36	0.00
Total	**24.40**	**11.29**	**4.63**	**24.40**	**11.29**	**4.63**

3.5.Transmission Charges and SLDC Charges

EON II's Submission

3.5.1. EON II 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 II for FY 2022-23 are shown in the table below:

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

Particulars	FY 2022-23
Intra-State Transmission Charges	0.000
MSLDC Charges	0.009

3.5.3. EON II 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 II 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. 0.0090 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	0.0090	0.0090

3.6.Operation and Maintenance Expenses

EON II'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 II has worked out its normative O&M expenses for FY 2022-23 in lines with the referred Regulations, where EON II 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 II is provided in the table below:

Table 3-12: Annual Escalation Rate considered by EON II

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

3.6.3. EON II 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 II, the number of consumers has increased 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 II

Particulars	FY 2020-21	FY 2021-22	FY 2022-23 (H1)
Number of consumers	39	42	43

3.6.4. Hence, EON II has submitted that, the escalation factor should not be reduced by the efficiency factor of 1.00% and consider the escalation factor based on the composite WPI: CPI index. For estimating the normative O&M expenses for FY 2022-23, EON II has not considered the efficiency factor of 1.00%..

3.6.5. EON II 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 II (Rs. Crore)

Particulars	FY 2022-23
O&M Expenses for Wires Business	1.26

Particulars	FY 2022-23
O&M Expenses for Retail Supply Business	0.68
Total O&M Expenses	**1.93**

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 2.7.14 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 II has relied upon 2nd 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 II 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. EON II started its operations in the last month of FY 2020-21 and has not completed 3 complete years of operations. Further, the number of consumers during that last 2.5 years have increased by 8% and 2.38% from end of FY 2020-21 to FY 2021-22 and end of FY 2021-22 to FY 2022-23 (H1). Thus, the proviso to Regulation 75.3 and 84.3 of the MYT Regulations 2019 regarding considering the escalation factor as zero are not applicable at this stage. 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	1.2562	1.2443
O&M Expenses for Retail Supply Business	0.6764	0.6700
Total O&M Expenses	**1.9327**	**1.9143**

3.7.Capital Expenditure and Capitalisation

EON II's Submission

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

Commission's Analysis and Rulings

3.7.2. Since EON II 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 II's Submission

3.8.1. EON II 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 II for FY 2022-23 is as shown in the following Table:

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

Particulars	FY 2022-23
Distribution Wires Business	
Opening GFA	42.25
Additions during the Year	0.00
Retirement during the year	0.00
Closing GFA	42.25
Depreciation	**1.80**
Retail Supply Business	
Opening GFA	0.12
Additions during the Year	0.00
Retirement during the year	0.00
Closing GFA	0.12
Depreciation	**0.01**

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
Distribution Wires Business		
Opening GFA	42.2472	42.2472
Additions during the Year	0.0000	0.0000
Retirement during the year	0.0000	0.0000
Closing GFA	42.2472	42.2472
Depreciation	**1.8023**	**1.8023**
Retail Supply Business		
Opening GFA	0.1194	0.0594
Additions during the Year	0.0000	0.0000
Retirement during the year	0.0000	0.0000
Closing GFA	0.1194	0.0594
Depreciation	**0.0107**	**0.0053**

3.9.Interest on Long-Term Loan Capital

EON II's Submission

3.9.1. EON II has computed the Interest on Long-Term Loan Capital in accordance with Regulation 30 of the MYT Regulations 2019. EON II 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 II has considered normative debt: equity ratio of 70:30 on the addition to GFA. EON II has considered Depreciation as normative repayment of loan during the year. EON II 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 II 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 II for FY 2022-23 is shown in the following table:

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

Particulars	Distribution Wires Business	Retail Supply Business
Opening Balance of Net Normative Loan	26.87	0.07
Addition of Normative Loan due to capitalisation during the year	0.00	0.04

Particulars	Distribution Wires Business	Retail Supply Business
Repayment of Normative loan during the year	1.80	0.01
Closing Balance of Net Normative Loan	25.07	0.10
Average Balance of Net Normative Loan	25.97	0.09
Weighted average Rate of Interest on actual Loans	7.47%	7.47%
Interest Expenses	**1.94**	**0.01**

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 II has submitted documentary evidence in support of the weighted average rate of interest of 7.47%. Since EON II'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
Distribution Wires Business		
Opening Normative Loan	26.87	27.64
Addition of Normative Loan during the year	0.00	0.00
Less: Repayment during the year	1.80	1.80
Closing Normative Loan	25.07	25.84
Average Normative Loan	25.97	26.74

Particulars	Petitioned	Approved in this Order
Rate of Interest	7.47%	7.47%
Interest on Loan for Wires Business	**1.9392**	**1.9965**
Retail Supply Business		
Opening Normative Loan	0.07	0.04
Addition of Normative Loan during the year	0.04	0.00
Less: Repayment during the year	0.01	0.01
Closing Normative Loan	0.10	0.03
Average Normative Loan	0.09	0.04
Rate of Interest	7.47%	7.47%
Interest on Loan for Supply Business	**0.0066**	**0.0027**

3.10. Return on Equity

EON II's Submission

3.10.1. EON II has computed RoE for FY 2022-23 in accordance with Regulation 29 of the MYT Regulations 2019. EON II 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 II 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 II has computed RoE based on base return on equity for FY 2022-23. EON II 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. EON II submitted that; the calculation of pre-tax RoE rate is based on the Tax liability computation. As the regulatory Profit Before Tax for FY 2021-22 works out to be negative, no grossing up has been done with the Tax rate. For FY 2022-23, EON II has computed the Base RoE for the Wires Business at 14.00% and for the Retail Supply business at 15.50%.

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

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

Particulars	Distribution Wires Business	Retail Supply Business
Regulatory Equity at the beginning of the year	12.67	0.04
Equity portion of capitalisation during the year	0.00	0.00

Particulars	Distribution Wires Business	Retail Supply Business
Regulatory Equity at the end of the year	**12.67**	**0.04**
Return on Equity Computation		
Rate of Return on Equity	14.00%	15.50%
Pre-tax Rate of Return	14.00%	15.50%
Return on Regulatory Equity at the beginning of the year	**1.77**	**0.01**
Return on Regulatory Equity addition during the year	12.67	0.04
Total Return on Equity	**1.77**	**0.01**

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 & Retail Supply Business approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Distribution Wires Business		
Regulatory Equity at beginning of the year	12.67	12.67
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	12.67	12.67
Base Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.00%	16.97%
Return on Equity for Wires Business	**1.7744**	**2.1505**
Retail Supply Business		
Regulatory Equity at beginning of the year	0.04	0.02
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	0.04	0.02
Base Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.50%	18.79%
Return on Equity for Supply Business	**0.0056**	**0.0033**

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

EON II's Submission

3.11.1. EON II has computed the normative working capital requirement in accordance with Regulation 32 of the MYT Regulations, 2019. EON II has considered the rate of interest on working capital as 9.55% for FY 2022-23, in accordance with the MYT Regulations, 2019. EON II 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 II for FY 2022-23 is shown in the following tables:

Table 3-22: IoWC and Interest on CSD for FY 2022-23 as submitted by EON II (– Wires Business (Rs. Crore)

Particulars	FY 2022-23
O&M expenses for one month	0.10
Maintenance Spares at 1% of Opening GFA	0.42
One and half months' equivalent of the expected revenue from charges for use of Distribution Wires	0.15
Less: Amount held as Security Deposit from Distribution System Users	0.29
Total Working Capital Requirement	**0.39**
Computation of Working Capital Interest	
Interest Rate (%) – SBI MCLR +150 basis points	9.55%
Interest on Working Capital	**0.04**
Interest on Consumers' Security Deposit	
Interest Rate (%) – RBI Bank Rate	4.25%
Interest on CSD	**0.01**

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

Particulars	FY 2022-23
O&M expenses for one month	0.06
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	2.25

Particulars	FY 2022-23
Less: Amount held as Security Deposit from consumers	2.61
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.94
Total Working Capital Requirement	**(1.24)**
Computation of Working Capital Interest	
Interest Rate (%) – SBI MCLR +150 basis points	9.55%
Interest on Working Capital	**0.00**
Interest on Consumers' Security Deposit	
Interest Rate (%) – RBI Bank Rate	4.25%
Interest on CSD	**0.11**

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 II, 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 3-24: IoWC and Interest on CSD for FY 2022-23 provisionally approved by the Commission (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Distribution Wires Business		
O&M expenses for a month	0.10	0.10
Maintenance Spares at 1% of Opening GFA	0.42	0.42
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.15	0.15
Less: Amount held as Security Deposit from Distribution System Users	0.29	0.29
Total Working Capital Requirement	**0.39**	**0.39**

Particulars	Petitioned	Approved in this Order
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%
Interest on Working Capital	**0.0372**	**0.0371**
Interest Rate (%) - Bank Rate	4.25%	4.25%
Interest on CSD	**0.0123**	**0.0123**
Retail Supply Business		
O&M expenses for a month	0.06	0.06
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	2.25	2.26
Less: Amount held as security deposit	2.61	2.61
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	0.94	0.94
Total Working Capital Requirement	**(1.24)**	**(1.23)**
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%
Interest on Working Capital	**0.0000**	**0.0000**
Interest Rate (%) - Bank Rate	4.25%	4.25%
Interest on CSD	**0.1107**	**0.1107**

3.12. Provisioning of Bad Debts

EON II's Submission

3.12.1. EON II 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 II 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 II's Submission

3.13.1. EON II has submitted that the Commission is yet to issue its first Tariff Order for the EON II, no such investment towards Contribution to Contingency Reserves has been done by the EON II for FY 2022-23.

Commission's Analysis and Rulings

3.13.2. The Commission observed that, though Petitioner has not claimed any contribution to contingency reserves in the forms that accompany the Petition the Petitioner has claimed contribution to contingency reserves for retail supply business at 0.5% of the opening GFA for the year.

3.13.3. 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 II to invest such contribution as per Regulation 35.1 of MYT Regulations, 2019.

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

Table 3-25: Contribution to Contingency Reserve provisionally approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Petitioned	Approved in this Order
Wires Business		
Opening GFA of Wire Business	42.25	42.25
Contribution to Contingency Reserves	**0.0000**	**0.1056**
Retail Supply Business		
Opening GFA of Retail Supply Business	0.12	0.06
Contribution to Contingency Reserves	**0.0006**	**0.0001**

3.14. Non-Tariff Income

EON II's Submission

3.14.1. EON II has considered the non-Tariff income for the Wires Business and the Retail Supply Business for FY 2022-23 similar to the levels of FY 2021-22. The summary of the non-tariff income claimed by EON II for FY 2022-23 is provided as under:

Table 3-26: Non-Tariff Income as submitted by EON II for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23
Wires Business	0.004
Retail Supply Business	0.04
Total Non-Tariff Income	**0.04**

Commission's Rulings

3.14.2. 4.14.2. The Commission provisionally accepts EON II's claim towards non-tariff income for FY 2022-23. The same is summarised as under:

Table 3-27: Non-Tariff Income as approved by the Commission for FY 2022-23 (Rs. crores)

Particulars	FY 2022-23	
	Petitioned	Approved in this Order
Wires Business		
Total NTI	**0.0043**	**0.0043**
Supply Business		
Total NTI	**0.0389**	**0.0389**

3.15. Revenue from Sale of Electricity

EON II's Submission

3.15.1. EON II 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 II 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 II 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 II (Rs. Crore)

Particulars	FY 2022-23
Revenue from Sale of Electricity	19.20

Commission's Analysis and Rulings

3.15.4. 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.

3.15.5. In view of above the Commission has estimated Rs. 19.27 crore as against EON II submission of Rs. 19.20 crore as the provisional revenue from sale of electricity for FY 2022-23. The minor variation observed in the revenue estimated by EON II and that approved by the Commission is due to small variation observed in estimating the sales as covered in para 3.1.3 of this Order.

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	19.20	19.27

3.16. Summary of ARR for FY 2022-23

EON II's Submission

3.16.1. The summary of the ARR claimed by EON II 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 II (Rs. Crore)

Sr. No.	Particulars	FY 2022-23
1	Operation & Maintenance Expenses	1.26
2	Depreciation	1.80
3	Interest on Loan Capital	1.94
4	Interest on Working Capital	0.0
5	Interest on deposit from Distribution System Users	0.01
6	Provision for bad and doubtful debts	0.00
7	Contribution to Contingency Reserves	0.00
9	**Total Revenue Expenditure**	**5.05**
10	Add: Return on Equity Capital	1.77
11	**Aggregate Revenue Requirement**	**6.82**
12	Less: Non-Tariff Income	0.004
13	**Total Aggregate Revenue Requirement**	**6.82**

3.16.2. The summary of the ARR claimed by EON II 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 II (Rs. Crore)

Sr. No.	Particulars	FY 2022-23
1	Power Purchase Expenses	11.29
2	Operation & Maintenance Expenses	0.68
3	Depreciation	0.01
4	Interest on Loan Capital	0.01

Sr. No.	Particulars	FY 2022-23
5	Interest on Working Capital	0.00
6	Interest on deposit from Distribution System Users	0.11
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	
12	**Total Revenue Expenditure**	**12.10**
13	Add: Return on Equity Capital	0.01
14	**Aggregate Revenue Requirement**	**12.11**
15	Less: Non-Tariff Income	0.04
16	**Total Aggregate Revenue Requirement**	**12.07**

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	1.2562	1.2443
Depreciation	1.8023	1.8023
Interest on Loan Capital	1.9392	1.9965
Interest on Working Capital	0.0372	0.0371
Interest on deposit from Consumers and Distribution System Users	0.0123	0.0123
Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0000	0.1056
Sharing of gains/(losses)	0.0000	0.0000
Total Revenue Expenditure	**5.0472**	**5.1982**
Add: Return on Equity Capital*	1.7744	2.1505
Aggregate Revenue Requirement	**6.8216**	**7.3487**
Less: Non-Tariff Income	0.0043	0.0043
Less: Income from other business	0.0000	0.0000
Aggregate Revenue Requirement from Distribution Wires	**6.8173**	**7.3444**
Revenue from existing tariff	1.2125	1.2177
Revenue Gap/(Surplus) of Licensed Business	**5.6048**	**6.1266**

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)	11.2888	11.2888
Operation & Maintenance Expenses	0.6764	0.6700
Depreciation	0.0107	0.0053
Interest on Loan Capital	0.0074	0.0027
Interest on Working Capital	0.0000	0.0000
Interest on Consumer Security Deposit	0.1107	0.1107
Write-off of Provision for bad and doubtful debts	0.0000	0.0000
Contribution to contingency reserves	0.0006	0.0001
Intra-State Transmission Charges	0.0000	0.0000
MSLDC Fees & Charges	0.0090	0.0090
Sharing of gains/(losses)	0.0000	0.0000
Total Revenue Expenditure	**12.1037**	**12.0867**
Add: Return on Equity Capital	0.0056	0.0033
Aggregate Revenue Requirement	**12.1092**	**12.0901**
Less: Non-Tariff Income	0.0389	0.0389
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
Aggregate Revenue Requirement from Retail Supply	**12.0703**	**12.0512**
Revenue from existing tariff	17.9828	18.0540
Revenue Gap/(Surplus) of Licensed Business	**(5.9125)**	**(6.0028)**

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

EON II's Submission

3.17.1. EON II 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 II

Particulars	FY 2022-23
ARR for Distribution Wires Business	6.82
ARR for Retail Supply Business	12.07

Particulars	FY 2022-23
Combined ARR for Wires and Retail Supply Business	**18.89**
Revenue from sale of electricity	19.20
Revenue Gap/(Surplus)	**(0.31)**

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	6.8173	7.3444
ARR for Retail Supply Business	12.0703	12.0512
Combined ARR for Wires and Retail Supply Business	**18.8876**	**19.3956**
Revenue from sale of electricity	19.1953	19.2717
Revenue Gap/(Surplus)	**(0.3077)**	**0.1238**

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

4.1.Background

4.1.1. EON II has sought the approval for the projection of ARR for FY 2023-24 and FY 2024-25 in accordance with the MERC 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 II's Submission

4.2.1. EON II 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 II 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 II 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 II 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 II for FY 2023-24 and FY 2023-24 (MU)

Consumer Category	FY 2023-24	FY 2024-25
HT Category		
HT I	28.81	37.45
Sub-total HT	**28.81**	**37.45**
LT Category		
LT V (A)	0.30	0.34
LT V (B)	0.90	1.12

Consumer Category	FY 2023-24	FY 2024-25
Sub-total LT	**1.20**	**1.46**
Total	**30.01**	**38.91**

4.2.3. EON II further submitted that, it has proposed kVAh tariff for all categories in accordance with the Commission's stated approach in this regard, since EON II 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 II for FY 2023-24 and FY 2023-24 (MkVAh)

Consumer Category	FY 2023-24	FY 2024-25
	Projected	Projected
HT Category		
HT I	29.06	37.77
Sub-total HT	**29.06**	**37.77**
LT Category		
LT V (A)	0.30	0.34
LT V (B)	0.91	1.13
Sub-total LT	**1.21**	**1.50**
Total	**30.27**	**39.26**

4.2.4. Further, as directed by the Commission, EON II 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 II (MU)

Consumer Category & Consumption Slab	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36	FY 36-37	FY 37-38	FY 38-39	FY 39-40
HT Category															
HT I Industry	37.82	38.20	38.59	38.97	39.36	39.75	40.15	40.55	40.96	41.37	41.78	42.20	42.62	43.05	43.48
Sub-total	**37.82**	**38.20**	**38.59**	**38.97**	**39.36**	**39.75**	**40.15**	**40.55**	**40.96**	**41.37**	**41.78**	**42.20**	**42.62**	**43.05**	**43.48**
LT Category															
LT II A Commercial	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LT V A Industry	0.34	0.35	0.35	0.35	0.36	0.36	0.36	0.37	0.37	0.37	0.38	0.38	0.39	0.39	0.39
LT V B Industry	1.13	1.14	1.16	1.17	1.18	1.19	1.20	1.21	1.23	1.24	1.25	1.26	1.28	1.29	1.30
Sub-total	**1.47**	**1.49**	**1.50**	**1.52**	**1.53**	**1.55**	**1.57**	**1.58**	**1.60**	**1.61**	**1.63**	**1.65**	**1.66**	**1.68**	**1.70**
Total	**39.30**	**39.69**	**40.09**	**40.49**	**40.90**	**41.30**	**41.72**	**42.13**	**42.56**	**42.98**	**43.41**	**43.85**	**44.28**	**44.73**	**45.17**

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 II submitted that from existing occupancy level of 60% in FY 2022-23 it envisages the occupancy levels will reach 82% and 100% in FY 2023-24 and FY 2024-25 respectively. The EON II further submitted that, it expects new tenants in FY 2023-24 and FY 2024-25. Further, the EON

II 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 II.

4.2.7. The Commission also notes that, EON II has proposed kVAh based tariff across all its consumer categories. Since EON II is a SEZ mainly catering to high end consumers and EON II 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
HT Category				
HT I Industry	28.81	28.85	37.45	37.50
Subtotal	**28.81**	**28.85**	**37.45**	**37.50**
LT Category				
LT II A Commercial	0.00	0.00	0.00	0.00
LT II B Commercial	0.00	0.00	0.00	0.00
LT V A Industry	0.30	0.30	0.34	0.39
LT V B Industry	0.90	0.90	1.12	1.13
Subtotal	**1.20**	**1.20**	**1.46**	**1.53**
Total	**30.01**	**30.05**	**38.91**	**39.03**

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
HT Category				
HT I Industry	29.06	29.29	37.77	38.07
Subtotal	**29.06**	**29.29**	**37.77**	**38.07**
LT Category				
LT II A Commercial	0.00	0.00	0.00	0.04
LT II B Commercial	0.00	0.00	0.00	0.00
LT V A Industry	0.30	0.30	0.34	0.39
LT V B Industry	0.91	0.91	1.13	1.15
Subtotal	**1.21**	**1.21**	**1.50**	**1.58**
Total	**30.27**	**30.50**	**39.26**	**39.65**

4.2.9. The variation observed in the sales values as per EON II and as approved by the Commission is attributed to the inadvertent error by EON II in estimating the sales of consumer category LT II B Commercial for FY 2022-23 as covered in para 3.1.3 of this Order. Since the Commission has approved the sales value for FY 2022-23 after correction of the error and has considered this as the base for estimating energy sales for FY 2023-24 and FY 2024-25, the above variation has resulted.

4.3.Distribution Loss

EON II's Submission

4.3.1. EON II has projected Distribution Loss of 4.00% for the Control Period viz. FY 2023-24 and FY 2024-25 which is lower than the actual distribution loss level for FY 2021-22 & claimed distribution loss level for FY 2022-23.

4.3.2. EON II 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 II 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 II for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24	FY 2024-25
Distribution Loss (%)	4.00%	4.00%

Commission's Analysis and Rulings

4.3.3. The Commission observes that, EON II has proposed to maintain the same loss levels for FY 2023-24 and FY2024-25 even when EON II 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 II submitted that the current loss levels are higher because of under-loading of the infrastructure. While EON II 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 II 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 II 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 II 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 4.00% as Distribution Loss for FY 2023-24 which is lower than distribution loss level of 5.25% as approved for FY 2022-23. Further, the Commission has considered reduction of 0.50% 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 (%)	4.00%	4.00%	4.00%	3.50%

4.4.Energy Balance

EON II's Submission

4.4.1. EON II 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 II has projected the energy requirement for FY 2023-24 and FY 2024-25, as under:

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

Particulars	FY 2023-24	FY 2024-25
Energy Sales	30.01	38.91
Distribution Loss (%)	4.00%	4.00%
Energy Requirement at T<>D	31.26	40.53
Intra-State Transmission Loss (%)	3.18%	3.18%
Energy Requirement at G<>T (MU)	**32.29**	**41.98**
Total Power Purchase at Maharashtra State Periphery	**32.29**	**41.98**

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	30.01	30.05	38.91	39.03
Distribution loss	4.00%	4.00%	4.00%	3.50%
Energy Requirement at T<>D	31.26	31.30	40.53	40.48
Intra-State Transmission Loss	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<>T	**32.29**	**32.33**	**41.98**	**41.81**
Total Power Purchase at State Periphery	32.29	32.33	41.98	41.81
Imbalance Pool	0.00	0.00	0.00	0.00
Less: Surplus Energy Traded	0.00	0.00	0.00	0.00
Total Power Available at G<>T (MU)	**32.29**	**32.33**	**41.98**	**41.81**

4.5. Power Purchase Expenses

EON II's Submission

4.5.1. EON II 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 II 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 II has submitted that, any variation in power purchase rates shall be recovered/ adjusted through the FAC mechanism. EON II 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 II 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 II

RPO Targets & Achievement	Units	FY 2023-24	FY 2024-25
Total Energy Requirement	**MU**	**32.29**	**41.97**
Solar RPO target	%	10.50%	13.50%
Solar RPO target	MU	3.3905	5.6660
Solar RPO Achievement (projected)	**MU**	**3.3905**	**5.6660**
Solar RPO Shortfall/ (Surplus)	**MU**	**0.0000**	**0.0000**
Non-Solar RPO target	%	11.50 %	11.50
Non-Solar RPO target	MU	3.7134	4.8266
Non-Solar RPO Achievement (projected)	**MU**	**3.7134**	**4.8266**
Non-Solar RPO Shortfall/(Surplus)	**MU**	**0.0000**	**0.0000**

4.5.3. EON II 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 II 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 II 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 II for FY 2023-24 to FY 2024-25 (Rs. Crore)

Particulars	Source	FY 2023-24	FY 2024-25
Power Purchase Quantum (MU)	New Short-term Source	24.22	14.69
	Solar Purchase	8.07	13.64
	Non-Solar Purchase	0.00	13.64
	Total	**32.29**	**41.98**
Power Purchase Cost (Rs. Crore)	New Short-term Source	12.11	7.35
	Solar Purchase	0.00	4.78
	Non-Solar Purchase	4.04	4.78
	Total	**16.15**	**16.90**
Power Purchase Rate (Rs/kWh)	New Short-term Source	5.00	5.00
	Solar Purchase	5.00	3.50
	Non-Solar Purchase	0.00	3.50
	Total	**5.00**	**4.03**

Commission's Analysis and Rulings

4.5.6. EON II 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 II 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 II 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 II 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 II has submitted that, it is in discussions with the SECI for the procurement of long term RE procurement. EON II 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 II'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 II 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
Average	**4.904**

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
Power Purchase Quantum (MU)	New Short-term Source	24.22	25.22	14.69	31.36
	Non-Solar Purchase	8.07	3.39	13.64	5.64
	Solar Purchase	0.00	3.72	13.64	4.81
	Total	**32.29**	**32.33**	**41.98**	**41.81**
Power Purchase Cost (Rs. Crore)	New Short-term Source	12.11	13.62	7.35	16.93
	Non-Solar Purchase	4.04	1.66	4.78	2.77
	Solar Purchase	0.00	1.82	4.78	2.36
	Total	**16.15**	**17.10**	**16.90**	**22.06**
Power Purchase Rate (Rs/kWh)	New Short-term Source	5.00	5.40	5.00	5.40
	Non-Solar Purchase	5.00	4.90	3.50	4.90
	Solar Purchase		4.90	3.50	4.90
	Total	**5.00**	**5.29**	**4.03**	**5.28**

4.6. Transmission Charges and MSLDC Charges

EON II's Submission

4.6.1. EON II 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 II 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 II of Intra-State Transmission Charges and MSLDC charges for FY 2023-24 and FY 2024-25. EON II 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 II

Particulars	FY 2023-24			FY 2024-25		
	Load (MW)	Approved Charges	Estimated Charges	Load (MW)	Approved Charges	Estimated Charges
Transmission Charges	6	Rs. 256/kW/ month	1.84	7	Rs. 250/kW/ month	2.10
MSLDC Charges	6	Rs. 1354.36/MW /month	0.01	7	Rs. 1355.30/ MW /month	0.01

Commission Analysis and Rulings

4.6.3. The Commission notes the submissions of EON II. Vide Order dated 31 March 2023 in 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. 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	1.8432	2.6300	2.1000	2.9900
MSLDC Charges	0.0098	0.8300	0.0114	0.9850

4.7.Operations and Maintenance Expenses

EON II's Submission

4.7.1. EON II 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 II in accordance with the MYT Regulations 2019 is summarized in the table below:/

4.7.2. EON II has submitted that as described in para 3.6.3 there has been an increase in the number of consumers of EON II 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 II:

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

Particulars	FY 2023-24	FY 2024-25
O&M Expenses for Wires Business	1.32	1.39
O&M Expenses for Supply Business	0.71	0.75
Total O&M Expenses	**2.03**	**2.13**
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. 2.7.14 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 II 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 II 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. EON II started its operations in the last month of FY 2020-21 and has not completed 3 complete years of operations. Further, the number of consumers during that last 2.5 years have increased by 8% and 2.38% from end of FY 2020-21 to FY 2021-22 and end of FY 2021-22 to FY 2022-23 (H1). Thus, the proviso to Regulation 75.3 and 84.3 of the MYT Regulations 2019 regarding considering the escalation factor as zero are not applicable at this stage. 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	1.3198	1.2948	1.3865	1.3473
O&M Expenses for Supply Business	0.7106	0.6972	0.7466	0.7255
Total O&M Expenses	**2.0304**	**1.9919**	**2.1331**	**2.0728**

4.8.Capital Expenditure and Capitalisation

EON II's Submission

4.8.1. EON II submitted that, EON Kharadi Infrastructure Private Limited is building a 150 MVA Substation at Kharadi, Pune. This substation is necessary for the stability of the area w.r.t Voltage and load. The total cost required for the said substation is around Rs. 58.15 Crore. The total load proposed on the said substation is around 102 MVA. Out of the total load proposed, EON SEZ 1 shall be allocated 25 MVA and EON SEZ II shall be allocated 16 MVA. Hence, the apportioned cost of the GIS was included in the CAPEX DPR.. The said apportioned costs have already been approved by the Commission vide letter no. MERC/CAPEX/2022-23/0458 dated 17th February 2022. 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 II (Rs. Crore)

Particulars	Total	EON II
Load in MVA	102	16
Capex Cost in Rs. Crore	58.15	9.12

4.8.3. EON II 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 II 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. No Capital Expenditure and Capitalisation is approved for FY 2023-24 and FY 2024-25 for the Retail Supply Business.

4.8.5. Accordingly, the Capitalisation approved by the Commission for FY 2023-24 and FY 2024-25 under Wires Business 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
Capitalisation - Distribution Wires Business	9.12	9.12	0.00	0.00
Capitalisation -Retail Supply Business	0.00	0.00	0.00	0.00
Total Capitalisation	**9.12**	**9.12**	**0.00**	**0.00**

4.9.Depreciation

EON II's Submission

4.9.1. EON II has calculated depreciation in accordance with Regulation 28 of the MYT Regulations, 2019 for the Distribution Wires Business and Retail Supply Business, separately. EON II 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 II (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Distribution Wires Business		
Opening GFA	42.25	51.37

Particulars	FY 2023-24	FY 2024-25
Additions during the Year	9.12	0.00
Closing GFA	51.37	51.37
Depreciation	**2.04**	**2.28**
Retail Supply Business		
Opening GFA	0.12	0.12
Additions during the Year	0.00	0.00
Closing GFA	0.12	0.12
Depreciation	**0.01**	**0.01**

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. 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.

4.9.6. 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.

4.9.7. 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
Distribution Wires Business				
Opening GFA	42.2472	42.2472	51.3672	51.3672
Additions during the Year	9.1200	9.1200	0.0000	0.0000
Retirement during the year	0.0000	0.0000	0.0000	0.0000
Closing GFA	51.3672	51.3672	51.3672	51.3672
Depreciation	**2.0431**	**2.0431**	**2.2838**	**2.2838**
Retail Supply Business				
Opening GFA	0.1194	0.0594	0.1194	0.0594
Additions during the Year	0.0000	0.0000	0.0000	0.0000
Retirement during the year	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
Closing GFA	0.1194	0.0594	0.1194	0.0594
Depreciation	**0.0107**	**0.0053**	**0.0107**	**0.0053**

4.10. Interest on Long-Term Loan Capital

EON II's Submission

4.10.1. EON II 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 II 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 II 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 II for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Opening Balance of Net Normative Loan	25.07	29.41
Addition of Normative Loan due to capitalisation during the year	6.38	0.00
Repayment of Normative loan during the year	2.04	2.28
Closing Balance of Net Normative Loan	29.41	27.12
Average Balance of Net Normative Loan	27.24	28.27
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
Interest Expenses	**2.03**	**2.11**

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

Particulars	FY 2023-24	FY 2024-25
Opening Balance of Net Normative Loan	0.10	0.09
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	0.09	0.08
Average Balance of Net Normative Loan	0.10	0.09

Particulars	FY 2023-24	FY 2024-25
Weighted average Rate of Interest on actual Loans (%)	7.47%	7.47%
Interest Expenses	**0.01**	**0.01**

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 II 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 II 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 II has considered the weighted average rate of interest of 7.47% for FY 2023-24 for which EON II 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
Distribution Wires Business				
Opening Normative Loan	25.0673	25.8351	29.4082	30.1760
Addition of Normative Loan during the year	6.3840	6.3840	0.0000	0.0000
Less: Repayment during the year	2.0431	2.0431	2.2838	2.2838
Closing Normative Loan	29.4082	30.1760	27.1243	27.8922

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Average Normative Loan	27.2377	28.0056	28.2663	29.0341
Rate of Interest	7.47%	7.47%	7.47%	7.47%
Interest on Loan for Wires Business	**2.0340**	**2.0913**	**2.1108**	**2.1681**
Retail Supply Business				
Opening Normative Loan	0.1041	0.0336	0.0933	0.0282
Addition of Normative Loan during the year	0.0000	0.0000	0.0000	0.0000
Less: Repayment during the year	0.0107	0.0053	0.0107	0.0053
Closing Normative Loan	0.0933	0.0282	0.0826	0.0229
Average Normative Loan	0.0987	0.0309	0.0880	0.0256
Rate of Interest	7.47%	7.47%	7.47%	7.47%
Interest on Loan for Supply Business	**0.0074**	**0.0023**	**0.0066**	**0.0019**

4.11. Return on Equity

EON II's Submission

4.11.1. EON II 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 II 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 II 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 II for FY 2021-22. As the regulatory Profit Before Tax for FY 2021-22 works out to be negative, no grossing up has been done with the Tax rate.

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 II 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	12.67	15.41
Equity portion of capitalisation during the year	2.74	0.00

Particulars	FY 2023-24	FY 2024-25
Regulatory Equity at the end of the year	15.41	15.41
Return on Equity Computation		
Base Rate of Return on Equity	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.00%	14.00%
Return on Regulatory Equity at the beginning of the year	1.77	2.16
Return on Regulatory Equity addition during the year	0.19	0.00
Total Return on Equity	**1.97**	**2.16**

Table 4-26: Return on Equity for Distribution Retail Supply Business as submitted by EON II 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	0.04	0.04
Equity portion of capitalisation during the year	0.00	0.00
Regulatory Equity at the end of the year	0.04	0.04
Return on Equity Computation		
Base Rate of Return on Equity	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.50%	15.50%
Return on Regulatory Equity at the beginning of the year	0.01	0.01
Return on Regulatory Equity addition during the year	0.000	0.000
Total Return on Equity	**0.01**	**0.01**

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 MERC 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
Distribution Wires Business				
Regulatory Equity at beginning of the year	12.6742	12.6742	15.4102	15.4102
Equity portion of capitalisation during the year	2.7360	2.7360	0.0000	0.0000
Regulatory Equity at the end of the year	15.4102	15.4102	15.4102	15.4102
Base Return on Equity	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate	14.00%	16.97%	14.00%	16.97%
Return on Equity for Wires Business	**1.9659**	**2.3826**	**2.1574**	**2.6148**
Retail Supply Business				
Regulatory Equity at beginning of the year	0.0358	0.0178	0.0358	0.0178
Equity portion of capitalisation during the year	0.0000	0.0000	0.0000	0.0000
Regulatory Equity at the end of the year	0.0358	0.0178	0.0358	0.0178
Base Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	15.50%	18.79%	15.50%	18.79%
Return on Equity for Supply Business	**0.0056**	**0.0033**	**0.0056**	**0.0033**

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

EON II's Submission

4.12.1. EON II has computed the normative Interest on Working Capital in accordance with the Regulation 32 of the MYT Regulations, 2019. EON II 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 II 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 II 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 II (Rs. Crore) – Wires Business

Particulars	FY 2023-24	FY 2024-25
O&M expenses for a month	0.10	0.12
Maintenance Spares at 1% of Opening GFA	0.42	0.51
One and half months' equivalent of the expected revenue from Wheeling Charges	0.96	1.04
Less: Amount held as Security Deposit from Distribution System Users	1.83	1.98
Total Working Capital Requirement	**(0.35)**	**(0.32)**
Computation of Working Capital Interest		
Interest Rate (%) - SBI MCLR +150 basis points	9.55%	9.55%
Interest on Working Capital	**0.00**	**0.00**
Interest on CSD		
Interest Rate (%) - Bank Rate	6.15%	6.15%
Interest on CSD	**0.11**	**0.12**

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

Particulars	FY 2023-24	FY 2024-25
O&M expenses for a month	0.06	0.06
Maintenance Spares at 1% of Opening GFA	0.00	0.00
One and half months' equivalent of the expected revenue from Wheeling Charges	2.36	2.49
Less: Amount held as Security Deposit from Distribution System Users	2.74	2.89
Less: One month of power purchase cost	1.50	1.58
Total Working Capital Requirement	**(1.82)**	**(1.92)**
Computation of Working Capital Interest		
Interest Rate (%) - SBI MCLR +150 basis points	9.55%	9.55%
Interest on Working Capital	**0.00**	**0.00**
Interest on CSD		
Interest Rate (%) - Bank Rate	6.15%	6.15%

Particulars	FY 2023-24	FY 2024-25
Interest on CSD	**0.17**	**0.18**

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 II. The Commission directs EON II 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**
Distribution Wires Business				
O&M expenses for a month	0.1047	0.1079	0.1155	0.1155
Maintenance Spares at 1% of Opening GFA	0.4225	0.4225	0.5137	0.5137
One and half month's equivalent of the expected revenue from charges for use of Distribution Wires	0.9603	1.0032	1.0391	1.0825
Less: Amount held as Security Deposit from Distribution System Users	1.8342	1.8342	1.9847	1.9847
Total Working Capital Requirement	**(0.3467)**	**(0.3006)**	**(0.3164)**	**(0.2730)**
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%	9.55%	9.55%
Interest on Working Capital	**0.0000**	**0.0000**	**0.0000**	**0.0000**
Interest Rate (%) - Bank Rate	6.15%	6.15%	6.15%	6.15%
Interest on Security Deposit	**0.1128**	**0.1128**	**0.1221**	**0.1221**
Retail Supply Business				

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
O&M expenses for a month	0.0592	0.0592	0.0622	0.0622
Maintenance Spares at 1% of Opening GFA	0.0012	0.0012	0.0012	0.0012
One and half month's equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	2.3626	2.6799	2.4936	3.3681
Less: Amount held as security deposit	2.7382	2.7382	2.8900	2.8900
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.4999	1.7136	1.5840	2.1692
Total Working Capital Requirement	**(1.8151)**	**(1.7114)**	**(1.9170)**	**(1.6278)**
Interest Rate (%) - SBI Base Rate +150 basis points	9.55%	9.55%	9.55%	9.55%
Interest on Working Capital	**0.0000**	**0.0000**	**0.0000**	**0.0000**
Interest Rate (%) - Bank Rate	6.15%	6.15%	6.15%	6.15%
Interest on Security Deposit	**0.1684**	**0.1684**	**0.1777**	**0.1777**

4.13. Provisioning for Bad Debts

EON II's Submission

4.13.1. EON II 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 II 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 II's Submission

4.14.1. EON II 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 II (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Opening GFA of Wire Business	42.25	51.37
Contribution to Contingency Reserves for Wires Business	**0.21**	**0.26**
Opening GFA of Retail Supply Business	0.12	0.12
Contribution to Contingency Reserves for Retail Supply Business	**0.001**	**0.001**

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 II 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	42.25	42.25	51.37	51.37
Contribution to Contingency Reserves for Wires Business	**0.2112**	**0.1056**	**0.2568**	**0.1284**
Opening GFA of Retail Supply Business	0.12	0.06	0.12	0.06
Contribution to Contingency Reserves for Retail Supply Business	**0.0006**	**0.0001**	**0.0006**	**0.0001**

4.15. Non-Tariff Income

EON II's Submission

4.15.1. EON II has projected 'Non-Tariff Income for FY 2023-24 and FY 2024-25 in the similar fashion as that projected for FY 2022-23. The summary of the Non-Tariff Income proposed by EON II is provided as under:

Table 4-33: Non- Tariff Income as submitted by EON II for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Non-Tariff Income for Wires Business	0.004	0.004
Non-Tariff Income for Retail Supply Business	0.04	0.04
Total Non-Tariff Income	**0.04**	**0.04**

Commission's Analysis and Rulings

4.15.2. The Commission approves the Non-Tariff Income as submitted by EON II for FY 2023-24 and FY 2024-25, subject to prudence check at the time of true-up. The summary of approved Non-Tariff Income is provided as under:

Table 4-34: Non- Tariff Income as approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Non-Tariff Income for Wires Business	0.0043	0.0043
Non-Tariff Income for Retail Supply Business	0.0389	0.0389
Total Non-Tariff Income	**0.0432**	**0.0432**

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

EON II'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 4-35: ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 as submitted by EON II (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Operation & Maintenance Expenses	1.32	1.39
Depreciation	2.04	2.28
Interest on Loan Capital	2.03	2.11
Interest on Working Capital	0.00	0.00
Interest on Security Deposit	0.11	0.12
Contribution to contingency reserves	0.21	0.26
Total Revenue Expenditure	**5.72**	**6.16**
Add: Return on Equity Capital	1.97	2.16
Aggregate Revenue Requirement	**7.69**	**8.32**
Less: Non-Tariff Income	0.004	0.004
Aggregate Revenue Requirement from Distribution Wires	**7.68**	**8.31**

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

Table 4-36: ARR for Distribution Retail Supply Business for FY 2023-24 and FY 2024-25 as submitted by EON II (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
Power Purchase Expenses	16.15	16.90
Operation & Maintenance Expenses	0.71	0.75
Depreciation	0.01	0.01
Interest on Loan Capital	0.01	0.00
Interest on Working Capital	0.00	0.00
Interest on Consumer Security Deposit	0.17	0.18
Write-off of bad and doubtful debts	0.00	0.00
Contribution to contingency reserves	0.00	0.00
Intra-State Transmission Charges	1.84	2.10
MSLDC Fees & Charges	0.01	0.01
Total Revenue Expenditure	**18.90**	**19.94**
Add: Return on Equity Capital	0.01	0.01
Aggregate Revenue Requirement	**18.90**	**19.95**
Less: Non-Tariff Income	0.00	0.00
Aggregate Revenue Requirement from Retail Supply	**18.90**	**19.95**

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 4-37: 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	1.3198	1.2948	1.3865	1.3473
Depreciation	2.0431	2.0431	2.2838	2.2838
Interest on Loan Capital	2.0340	2.0913	2.1108	2.1681
Interest on Working Capital	0.0000	0.0000	0.0000	0.0000
Interest on deposit from Consumers and Distribution System Users	0.1128	0.1128	0.1221	0.1221
Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.2112	0.1056	0.2568	0.1284
Sharing of gains/(losses)	0.0000	0.0000	0.0000	0.0000
Total Revenue Expenditure	**5.7209**	**5.6476**	**6.1601**	**6.0498**
Add: Return on Equity Capital	1.9659	2.3826	2.1574	2.6148

Particulars	FY 2023-24		FY 2024-25	
	Petitioned	Approved in this Order	Petitioned	Approved in this Order
Aggregate Revenue Requirement	**7.6868**	**8.0302**	**8.3175**	**8.6645**
Less: Non-Tariff Income	0.0043	0.0043	0.0043	0.0043
Less: Income from other business	0.0000	0.0000	0.0000	0.0000
Aggregate Revenue Requirement from Distribution Wires	**7.6825**	**8.0259**	**8.3132**	**8.6602**
Revenue from existing tariff	1.7601	1.7731	2.2742	2.3000
Revenue Gap/(Surplus) of Licensed Business	**5.9223**	**6.2528**	**6.0389**	**6.3602**

Table 4-38: 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)	16.1458	17.1028	16.8966	22.0557
Operation & Maintenance Expenses	0.7106	0.6972	0.7466	0.7255
Depreciation	0.0107	0.0053	0.0107	0.0053
Interest on Loan Capital	0.0066	0.0023	0.0000	0.0019
Interest on Working Capital	0.0000	0.0000	0.0000	0.0000
Interest on Consumer Security Deposit	0.1684	0.1684	0.1777	0.1777
Write-off of Provision for bad and doubtful debts	0.0000	0.0000	0.0000	0.0000
Contribution to contingency reserves	0.0000	0.0001	0.0000	0.0001
Intra-State Transmission Charges	1.8432	2.6300	2.1000	2.9900
MSLDC Fees & Charges	0.0098	0.8300	0.0114	0.9850
Sharing of gains/(losses)	0.0000	0.0000	0.0000	0.0000
Total Revenue Expenditure	**18.8951**	**21.4362**	**19.9431**	**26.9413**
Add: Return on Equity Capital	0.0056	0.0033	0.0056	0.0033
Aggregate Revenue Requirement	**18.9007**	**21.4395**	**19.9486**	**26.9447**
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
Aggregate Revenue Requirement from Retail Supply	**18.9007**	**21.4395**	**19.9486**	**26.9447**
Revenue from existing tariff	22.9846	23.1447	29.1389	29.3856
Revenue Gap/(Surplus) of Licensed Business	**(4.0839)**	**(1.7052)**	**(9.1902)**	**(2.4409)**

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

EON II's Submission

4.17.1. EON II 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 II:

Table 4-39: Carrying/(Holding) Cost for Past Gaps/(Surplus) as submitted by EON II (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening Gap/ (Surplus)	0.00	2.68	5.22	5.22	
Gap/(Surplus) during the year	2.68	2.54			
Closing Gap/ (Surplus)	2.68	5.22	5.22	5.22	
Average Gap/ (Surplus)	1.34	3.95	5.22	5.22	
Interest Rate for Carrying/ (Holding) Cost	8.57%	8.50%	9.55%	9.55%	
Carrying/ (Holding) Cost for the Year	**0.11**	**0.34**	**0.50**	**0.50**	**1.45**

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 4-40: 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
Carrying / (Holding) Cost					
Opening Gap/(Surplus)	0.00	0.21	3.13	3.13	
Gap/(Surplus) during the year	0.21	2.93			
Closing Gap/(Surplus)	0.21	3.13	3.13	3.13	
Average Gap/(Surplus)	0.10	1.67	3.13	3.13	
Interest Rate for Carrying/(Holding) Cost	8.57%	8.50%	9.55%	9.55%	
Carrying Cost for the Year	**0.01**	**0.14**	**0.30**	**0.15**	**0.60**

**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 II 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 II's submissions.

5.2.Tariff Recovery

EON II'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 II's tariffs would increase steeply in FY 2023-24 and must be reduced in FY 2024-25. Hence, to smoothen the tariff increase, EON II 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 II 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 II (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25
ARR for Distribution Wires Business	7.68	8.31
ARR for Retail Supply Business	18.90	19.95
ARR for Combined Wires Business & Retail Supply Business	**26.58**	**28.26**
Add: Revenue Gap/(Surplus) for FY 2020-21	0.00	2.68
Add: Revenue Gap/(Surplus) for FY 2021-22	0.00	2.54
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2020-21 and FY 2021-22	1.45	0.00

Particulars	FY 2023-24	FY 2024-25
Add: Revenue Gap/(Surplus) for FY 2022-23	0.00	(0.31)
Total Revenue Requirement	**28.03**	**33.17**
Revenue Requirement deferred to FY 2024-25	2.50	5.44
Net ARR of Licensed Business	**25.53**	**33.17**
Revenue from existing tariff	24.74	31.41
Revenue Gap of Licensed Business	**0.78**	**1.76**

5.2.3. EON II 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 II

Particulars	FY 2023-24	FY 2024-25
Net ARR of Licensed Business (Rs. Crore)	23.53	33.17
Energy Sales (MkWh)	30.01	38.91
Energy Sales (MkVAh)	30.27	39.26
Average Cost of Supply (Rs. /kWh)	**8.51**	**8.52**
Average Cost of Supply (Rs. /kVAh)	**8.43**	**8.45**

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	8.03	8.66
ARR for Retail Supply Business	21.44	26.94
ARR for Combined Wires Business & Retail Supply Business	**29.47**	**35.60**
Add: Revenue Gap/(Surplus) for FY 2020-21	0.21	

Particulars	FY 2023-24	FY 2024-25
Add: Revenue Gap/(Surplus) for FY 2021-22	2.93	
Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2020-21 and FY 2021-22	0.60	
Add: Revenue Gap/(Surplus) for FY 2022-23	0.12	
Revenue Requirement deferred to future years -Wires + Supply	(5.35)	5.35
Carrying Cost due to Revenue Deferment	0.26	0.26
Total Revenue Requirement	**28.23**	**41.21**
Revenue from existing tariff	24.92	31.69
Revenue Gap of Licensed Business	**3.32**	**9.52**

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
ARR (Rs. Crore)	25.53	28.23	33.17	41.21
Sales (Mn. kWh)	30.01	30.05	38.91	39.03
Sales (Mn. kVAh)	30.27	30.50	39.26	39.65
ACoS (Rs/kWh)	**8.51**	**9.40**	**8.52**	**10.56**
ACoS (Rs/kVAh)	**8.43**	**9.26**	**8.45**	**10.39**
Effective year on year Tariff Hike (%)	**2.37%**	**13.28%**	**-0.76%**	**12.24%**

5.2.7. It is pertinent to mention that EON II has projected ACoS for the two years in the range of Rs. 8.43/ kVAh and Rs. 8.45/ 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. 9.26/ kVAh and Rs. 10.39/ kVAh for FY 2023-24 and FY 2024-25 respectively. This has necessitated comparatively higher effective tariff hike as against the EON II's submission.

5.3. Wheeling Charges

EON II's Submission

5.3.1. EON II 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 II 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 II

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Wires ARR (Rs. Crore)	7.68	8.31
2.	GFA attributable to HT Network (%)	38.02%	38.02%
3.	GFA attributable to LT Network (%)	61.98%	61.98%
4.	Charge recoverable from HT consumers (Rs. Crore)	2.92	3.16
5.	Charge recoverable from LT consumers (Rs. Crore)	4.76	5.15
6.	Total HT Sales (MkVAh)	29.06	37.77
7.	Total LT Sales (MkVAh)	1.21	1.50
8.	Charge recoverable from HT consumers (Rs. Crore)	2.80	3.04
9.	Charge recoverable from LT consumers (Rs. Crore)	4.88	5.27
10.	**HT Wheeling Charge (Rs. /kVAh)**	0.96	0.80
11.	**LT Wheeling Charge (Rs. /kVAh)**	40.20	35.21
12.	**Composite Wheeling Charges (Rs/kVAh)**	**2.54**	**2.12**

5.3.3. EON II 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 (4%) as against share of 62% of the Wires ARR. Hence, EON II 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 II 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 5th Control Period. EON II 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 5th 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 II 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 SEZ in Maharashtra. Since EON II 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)	8.03	8.66
GFA attributable to HT Network (%)	38.02%	38.02%
GFA attributable to LT Network (%)	61.98%	61.98%
Charge recoverable from HT consumers (Rs. crore)	3.05	3.29
Charge recoverable from LT consumers (Rs. crore)	4.97	5.37
Total HT Sales (MkVAh)	29.29	38.07
Total LT Sales (MkVAh)	1.21	1.58
Charge recoverable from HT consumers (Rs. crore)	2.93	3.16
Charge recoverable from LT consumers (Rs. crore)	5.10	5.50
Composite Wheeling Charge (Rs./ kVAh)	**2.63**	**2.18**

5.4.Tarif 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 II'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 II, 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 II, the Commission allows implementation of the kVAh based billing for all the Consumers of EON II.

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

EON II's Submission

Fixed/Demand Charges

5.4.7. EON II 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 II

Particulars	Units	FY 2023-24	FY 2024-25
Fixed Costs	Rs. Crore	10.44	11.37
Revenue from Fixed/ Demand Charges - Existing Tariff	Rs. Crore	2.27	2.28
Revenue from Fixed/ Demand Charges - Proposed Tariff	Rs. Crore	2.50	2.50
Recovery of Fixed Costs through Existing Tariff	%	22%	22%
Recovery of Fixed Costs through Proposed Tariff	%	24%	24%

5.4.8. EON II has not proposed any increase in the recovery of Fixed Costs through Fixed/Demand Charges from the present level of 22% to 24% in FY 2023-24 and FY 2024-25, respectively.

Cross Subsidy

5.4.9. EON II 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 II to provide reliable, economical, and quality power supply to the consumers in the SEZ.

5.4.10. EON II has proposed the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories. EON II 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 II has submitted that ToD tariffs are not relevant for EON II 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 II on account of ToD tariffs. Further, EON II 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 II has not provided ToD tariffs.

kVAh Billing

5.4.12. EON II 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 II 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 II 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 20% 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	12.36	13.55
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	2.27	2.27
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	2.50	2.75

Particulars	Units	Approved in this Order	
		FY 2023-24	FY 2024-25
Recovery of Fixed Costs through Existing Tariff	%	18.34%	16.73%
Recovery of Fixed Costs through Proposed Tariff	%	20.22%	20.27%

*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 II, 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 II 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 II 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 II to charge the MSEDCL tariff as its ceiling tariff as an interim arrangement. EON II 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:

a. "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.

b. 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.

c. 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 II'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 II 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. Given the very low loss level expected in EON II'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 II should nevertheless also submit, at the time of Truing-up, relevant details and computation of VCoS in line with the framework stipulated by APTEL.

5.4.24. 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:

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
HT Category					
HT I Industry	8.21	9.26	10.39	12.82%	12.24%

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
LT Category					
LT V (A) Industry up to 20 kW	6.52	9.26	10.39	42.05%	12.20%
LT V (B) Industry above 20 kW	7.76	9.26	10.39	19.39%	12.23%

5.4.25. 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
HT Category				
HT I Industry	89%	100%	94%	100%
LT Category				
LT V (A) Industry up to 20 kW	70%	100%	75%	100%
LT V (B) Industry above 20 kW	84%	100%	89%	100%

<u>Time-of-Day (ToD) Tariff</u>

5.4.26. The Commission in the Data Gaps queries had directed EON II 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 II 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 II, 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 II, which must be made up by increasing the energy charges, and hence, does not serve any purpose. Hence, EON II has not proposed any ToD tariff for FY 2023-24 and FY 2024-25.

5.4.27. Since EON II 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 II to submit the details analysis on TOD supported with the graphical interpretation at the time of filing MYT Petition for the 5th Control Period.

kVAh Billing

5.4.28. The Commission notes the submissions of EON II, where EON II has indicated its readiness of the proposing the kVAh based billing both at HT and LT levels. EON II has also submitted that, it already the necessary metering infrastructure to implement such kVAh based billing across all consumer categories.

5.4.29. Thus, in view of the above submissions made by EON II, the Commission accepts the proposal of EON II allow applicability of kVAh based billing for both LT and HT consumer categories of EON II.

Discount on Digital Payment

5.4.30. 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

5.4.31. 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 II. 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 (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORY					
1	**HT I: HT – Industry**	Rs./ kVA/ month	500.00	2.63	5.79
2	**HT II: HT – Commercial**	Rs./ kVA/ month	500.00	2.63	5.79
3	**HT III: HT Electric Vehicle Charging Station**	Rs./ kVA/ month	70.00	2.63	3.87
LOW TENSION CATEGORY					
4	**LT II: LT Commercial**	Rs./ kVA/ month	400.00	2.63	6.19
5	**LT V: LT Industry**				
(A)	0-20 kW	Rs./ connection/ month	485.00	2.63	6.57
(B)	Above 20 kW	Rs./ kVA/ month	400.00	2.63	6.19
6	**LT VI: LT Electric Vehicle Charging Station**	Rs./ kVA/ month	70.00	2.63	3.87

Table 5-12: Tariffs for FY 2024-25 (effective from 1 April 2024)

Sr. No.	Consumer Category	Fixed/ Demand Charge		Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORY					
1	**HT I: HT – Industry**	Rs./ kVA/ month	550.00	2.18	7.50
2	**HT II: HT – Commercial**	Rs./ kVA/ month	550.00	2.18	7.50
3	**HT III: HT Electric Vehicle Charging Station**	Rs./ kVA/ month	80.00	2.18	4.32
LOW TENSION CATEGORY					
4	**LT II: LT Commercial**	Rs./ kVA/ month	400.00	2.18	7.86
5	**LT V: LT Industry**				
(A)	0-20 kW	Rs./ connection/ month	485.00	2.18	8.16
(B)	Above 20 kW	Rs./ kVA/ month	400.00	2.18	7.86
6	**LT VI: LT Electric Vehicle Charging Station**	Rs./ kVA/ month	80.00	2.18	4.32

5.6.Determination of Cross Subsidy Surcharge

EON II'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 II 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 II (Rs/kWh)

Year	T (ABR)	C	WL	TL	L	C/(1-L%)	D	CSS
	Rs. /kWh	Rs. /kWh	%	%	%	Rs. /kWh	Rs. /kWh	Rs. /kWh
FY 2023-24	8.43	5.00	4.00%	3.18%	7.18%	5.39	2.60	0.45
FY 2024-25	8.37	4.03	4.00%	3.18%	7.18%	4.34	2.17	1.67

5.6.5. EON II 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 II (Rs./kVAh)

Year	Rs. /kVAh
FY 2023-24	0.44
FY 2024-25	1.63

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 II, 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 22.03.2021, 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:

% of RE Purchase Opted	Rating
>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:

Advance Payment Amount maintained with Utility as on date of monthly bill	**Discount in monthly bill applicable at the rate of**	**Illustration discount* (%)**
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, **9 to 12 months**]	Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + **150 basis points**	(1/12) x 8.5% = 0.708% (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, **6 to 9 months**]	Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + **120 basis points**	(1/12) x 8.2% = 0.683% (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, **3 to 6 months**]	Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + **90 basis points**	(1/12) x 7.9% = 0.658% (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months**, up to 3 months**]	Percent Discount in monthly Bill Amount = 1/12 x (SBI 1-yr MCLR as on 1st Apr) + **60 basis points**	(1/12) x 7.6% = 0.633% (monthly bill discount)

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

6. SCHEDULE OF CHARGES

EON II's Submission

6.1.1. EON II 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 II 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 II 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 II to submit its third-party energy audit report to assess the reduction of Distribution Losses at the time of the filing MYT for the 5^{th} Control Period.

7.1.2. The Commission directs EON II 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 II 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 II 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 II 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 II 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 II') in Case No. 236 of 2022 stands disposed of accordingly.

Sd/-	**Sd/-**	**Sd/-**
(Mukesh Khullar) **Member**	**(I. M. Bohari)** **Member**	**(Sanjay Kumar)** **Chairperson**

(Abhijit Deshpande)
Secretary

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

		Components of tariff					Relevant sales & load/demand data for revenue				Full year revenue excluding Government subsidy (Rs. Crore)										
Consumer Category	**No. of consumers**	**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**	**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 (%)**
HT Category	**28.00**									**29.29**	**-**	**2.46**	**16.96**	**7.71**			**27.12**	**-**	**27.12**	**9.26**	
HT I Industry	28.00		500.00	5.79	2.63			4,097.00		29.29		2.46	16.96	7.71			**27.12**	-	**27.12**	**9.26**	100%
LT Category	**8.00**								**-**	**1.21**	**0.00**	**0.04**	**0.76**	**0.32**			**1.12**	**-**	**1.12**	**9.26**	
LT V (A) Industry up to 20 kW	3.00	485.00		6.57	2.63					0.30	0.00		0.20	0.08			**0.28**	-	**0.28**	**9.26**	100%
LT V (B) Industry above 20 kW	5.00		400.00	6.19	2.63			83.49		0.91		0.04	0.56	0.24			**0.84**	-	**0.84**	**9.26**	100%
Total	**36.00**								**-**	**30.50**	**0.00**	**2.50**	**17.72**	**8.03**			**28.25**	**-**	**28.25**	**9.26**	

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				
HT Category	**28.00**									**38.07**	**-**	**2.70**	**28.55**	**8.31**			**39.57**	**-**	**39.57**	**10.39**	
HT I Industry	28.00		550.00	7.50	2.18			4,097.00		38.07		2.70	28.55	8.31			**39.57**	-	**39.57**	**10.39**	100%
LT Category	**8.00**								**-**	**1.54**	**0.00**	**0.04**	**1.22**	**0.34**			**1.60**	**-**	**1.60**	**10.39**	
LT V (A) Industry up to 20 kW	3.00	485.00		8.16	2.18					0.39	0.00		0.32	0.09			**0.41**	-	**0.41**	**10.39**	100%
LT V (B) Industry above 20 kW	5.00		400.00	7.86	2.18			83.49		1.15		0.04	0.90	0.25			**1.19**	-	**1.19**	**10.39**	100%
Total	**36.00**								**-**	**39.61**	**0.00**	**2.74**	**29.78**	**8.65**			**41.18**	**-**	**41.18**	**10.39**	

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. 236 of 2022**, the tariffs for supply of electricity by the Distribution Licensee, M/s. EON Kharadi Infrastructure Private Limited (EON SEZ Phase II) 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 purposesof 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 / SwimmingPool 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 InformationTechnology (IT), or IT-enabled Services (ITeS) Unit as defined in the applicable IT/ITes Policyof 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

Consumer Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./ kVAh)	Energy Charge (Rs./ kVAh)
HT I Industry	500.00	2.63	5.79

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	2.18	7.50

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;

j) 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	500.00	2.63	5.79

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	2.18	7.50

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.

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	2.63	3.87

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	2.18	4.32

LOW TENSION (LT) – TARIFF

LT II (A): LT- Commercial (0-20 kW)

LT II (B): LT- Commercial (Above 20 kW)

This tariff category is applicable for electricity used at Low/Medium Voltage in non-residential, non-industrial and/or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, andwashing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

a) Non-Residential, Commercial and Business premises, including shopping malls and Showrooms;

b) Combined lighting and power supply for facilities relating to Entertainment, including 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 coveredunder 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 areaLighting 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;

<u>Rate Schedule</u>

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 II (A) Commercial up to 20 kW	400.00	2.63	6.19
Consumer Category	**Fixed Charge (Rs./ kVA/ month)**	**Wheeling Charge (Rs./ kVAh)**	**Energy Charge (Rs./ kVAh)**
LT II (B) Commercial above 20 kW	400.00	2.63	6.19

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	400.00	2.18	7.86
Consumer Category	**Fixed Charge (Rs./ kVA/ month)**	**Wheeling Charge (Rs./ kVAh)**	**Energy Charge (Rs./ kVAh)**
LT II (B) Commercial above 20 kW	400.00	2.18	7.86

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.

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	485.00	2.63	6.57
Consumer Category	**Fixed Charge (Rs./ kVA/ month)**	**Wheeling Charge (Rs./ kVAh)**	**Energy Charge (Rs./ kVAh)**
LT V (B) Industry above 20 kW	400.00	2.63	6.19

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	485.00	2.18	8.16
Consumer Category	**Fixed Charge (Rs./ kVA/ month)**	**Wheeling Charge (Rs./ kVAh)**	**Energy Charge (Rs./ kVAh)**
LT V (B) Industry above 20 kW	400.00	2.18	7.86

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.

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)
LT VI: LT Electric Vehicle Charging Station	70.00	2.63	3.87

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)
LT VI: LT Electric Vehicle Charging Station	80.00	2.18	4.32

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 Licenseeshall 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 Distribution Licensee.

Electricity Duty and Tax on Sale of Electricity

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

Prompt Payment Discount

A prompt payment discount of one percent on 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 the bill.

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:

Sr. No.	Delay in Payment (months)	Interest Rate per annum (%)
1	Payment made after 60 days and before 90 days from the date of billing	12%
2	Payment beyond 90 days and upto 180 days from the date of billing	15%

Load Factor Incentive

Consumers having a Load Factor above 75% and up to 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85 % will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicableto 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 theoff-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 atthe 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 inexcess 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 Section126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.

Consumers' Security Deposit

As specified under Regulations 13 of the MERC (Supply Code Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, Consumer shall pay Security Deposit and will be entitle for interest on such Security Deposit.

Definitions

Maximum Demand

Maximum Demand in kilowatts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty-minute blocks in that period.

Contract Demand

Contract Demand means the demand in kilowatt (kW) or kilo–Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the consumer as entered into in the agreement or agreed through other written communication. (For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)

Sanctioned Load

Sanctioned Load means the load in kW mutually agreed between the Distribution Licensee and the consumer.

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 * 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 fordetermination of the Billing Demand.

- In case of a change in Contract Demand, the above period will be reckoned from themonth 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, subjectto 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 fordetermination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from themonth following the month in which the change of Contract Demand is affected.

Annexure – IV: Approved Schedule of Charges

Sr. No.	Particulars	Proposed Charges	Approved in this Order
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 II
2.	Mrs. Vandana Yermalkar	EON II
3.	Ms. Shruti Radkar	EON II
4.	Mr. M. Palaniappan	EON II
5.	Mr. Tushar Kothavale	PwC
6.	Mr. Swapnil Kolwadkar	PwC

Appendix II

List of Persons at the e-Public Hearing on 9 February 2023

Sr. No.	Name	Organisation
1.	Mr. Vikram Yermalkar	EON II
2.	Mrs. Vandana Yermalkar	EON II
3.	Ms. Shruti Radkar	EON II
4.	Mr. M. Palaniappan	EON II
5.	Mr. Tushar Kothavale	PwC
6.	Mr. Swapnil Kolwadkar	PwC