

## PRESS NOTE

### **RETAIL ELECTRICITY TARIFF OF THE TATA POWER COMPANY LIMITED** **APPLICABLE FROM 1 April, 2024**

The Tata Power Company Limited – Distribution (TPC-D) is a Licensee for electricity distribution in Mumbai city and suburbs and MBMC. TPC-D's Petition for approval of Truing-up of Aggregate Revenue Requirement (ARR) for FY 2022-23, Provisional Truing-up of ARR for FY 2023-24, and approval of Revised ARR and Tariff for FY 2024-25 was admitted by the Maharashtra Electricity Regulatory Commission (MERC or Commission) on 25 January, 2024.

The Commission invited written suggestions on the Petition from the public, and also held a Public Hearing on 27 February, 2024. After the public consultation process, the Commission has determined the revised ARR and Tariff of TPC-D for FY 2024-25 through its Order dated 06 March, 2024 in Case No. 237 of 2023. The revised tariffs are effective from **1 April, 2024**.

The salient features of the Commission's Order in Case No. 237 of 2023 are as follows:

1. The Commission has approved a net past gap of Rs. 1,374.08 Crore as against the net gap of Rs. 873.20 Crore claimed by TPC-D, after truing up for FY 2022-23, provisional truing up for FY 2023-24 and carried forward past gap as approved in MTR order till FY 2022-23 along with the carrying cost. The Commission has tried to strike a balance between the consumer interest and the legitimate expenses of the Distribution Licensee.
2. The Commission has approved an average tariff increase of around 24% as against 12% claimed by TPC-D in FY 2024-25. Such increase in tariff is on account of following factors which was not considered by TPC-D in its Petition:
  - Full recovery of Wires ARR is approved against 50% claimed by TPC-D. The Electricity (Amendment) Rules, 2024, notified by Ministry of Power (MoP) on 10 January 2024 does not allow deferment of revenue gap– Impact of Rs 155.99 Crore
  - TPC-D has not factored in the refund of the revenue of Rs. 346.79 Crore which has been considered by the Commission for FY 2023-24 for the period April 2023 to June 2023, due to stay of MTR Order by Hon'ble APTEL.
  - The Commission has also considered Cash Discount likely to be availed by Consumers as per past trend and accordingly reduced the revenue for FY 2023-24 and FY 2024-25 by Rs 100.12 CroreAbove three factors contribute 12% in the increase of 24% allowed by the Commission.
3. Further, the present tariff hike is necessitated mainly due to fact that there was under-recovery due to stay on tariff as determined in the MTR Order for FY 2023-24. Had there been no stay, tariff for FY 2024-25 would have resulted in tariff decrease of ~13% than approved by the Commission in MTR Order for FY 2024-25. At present Consumers of TPC-D were paying tariff as determined by the Commission in MYT Order dated 30 March, 2020 which was not reflective

of increased cost of power purchase due to event happened post issuance of MYT Order, resulting in accumulation of gap of Rs 1374 Crore which is now being allowed to be recovered resulting in tariff hike of 24%. The Commission notes that the ACOS approved in the present order (Rs. 9.21/kWh) is still lower than Rs 9.45/kWh approved by the Commission in MTR Order for FY 2024-25.

4. Accordingly, the Commission has approved the recovery of ARR for FY 2024-25, after considering past gaps as shown below:

Sr. No.	Particulars	Units	TPC-D	Approved
1.	Standalone ARR	Rs. Crore	4,350.06	4,167.03
2.	Past Gap Recovery	Rs. Crore	873.20	1,374.08
3.	<b>Total ARR to be recovered</b>	Rs. Crore	<b>5,223.26</b>	<b>5,541.11</b>
4.	Energy Sales	MU	6,344.77	6,016.59
5.	ACOS	Rs./kWh	8.23	9.21
6.	ABR at existing tariff (Rs/kWh) with FAC	Rs./kWh	7.37	7.41
7.	Revenue Gap per unit (Rs/kWh)	Rs./kWh	0.86	1.80
8.	<b>Average Annual Tariff Increase</b>	%	12%	24%

5. The Commission has revised the tariff for FY 2024-25, as any deferment would have resulted in massive revenue under-recovery burdening the consumers with additional carrying cost going forward.
6. Considering the significant price reduction in the imported fuel cost around 15% from April 2023 to November 2023, there has been a significant price reduction in the fuel cost for the power procured from TPC-G (thermal plant). It is observed that the variable cost of TPC-G (thermal plant) which was ~ Rs. 9.30/unit in FY 2022-23 has been reduced to ~ Rs. 6.20/unit. Thus, the benefit of reduction in the lower fuel prices in the market has been passed on to the consumers while determining tariff for FY 2024-25.
7. On similar lines to the approach adopted in the MYT Order, the Commission has also approved a FAC stabilisation fund to address the possible variation in power purchase costs on account of FAC. In case of FAC amount being negative, the same will not be passed on to the consumer but will be used to build this fund. Subsequently, in case of unexpected rise, the amounts available in this fund will be utilised first and only the shortfall will be passed on as FAC. This fund is proposed to be used for tariff stability.
8. The Commission has recognised the capitalisation as proposed by TPC-D w.r.t installation of smart meters, distribution network augmentation, etc.

9. For continued promotion of Electric Vehicles (EV) in the State, the Commission has approved concessional, lower than ACoS tariffs for EV Charging Stations at HT and LT Voltage levels with effective tariff as outlined below:

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

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

10. The Commission has allowed the Consumers to make advance payment towards electricity and the same will accrue interest of 8.50% to 10% considering the period for which advance payment has been paid.
11. **Green Power Tariff:** The Commission has decided to continue levy of Rs 0.66/kWh as Green Power Tariff to the consumer opting for meeting its power requirement through renewable sources. Such Green Power Tariff shall be in addition to the tariff approved in this Order. All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting renewable power on payment of Green Power Tariff. Distribution Licensee shall provide the facility of requesting for Green Power Tariff through its Web Portal, Mobile App or any other digital mode for convenience of consumers.
12. **Rating of Consumer:** The Commission has introduced the rating to be given by Distribution Licensee at the end of the financial year along with the electricity bill for the month of March specifying the percentage of power purchased from renewable sources from his total consumption and rating as given below:

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

13. As specified in the last MYT Order, the Commission has gradually increased the minimum threshold limit of billing demand of the contract demand, by 5% in each year of the 4<sup>th</sup> Control Period and accordingly the threshold limit of 75% level is approved for FY 2024-25.
14. The Commission has always determined the same tariff related to Fixed/Demand Charges, incentive / penalty structure, ToD tariffs, etc., for TPC-D and other two parallel licensees and only the Wheeling Charges and Energy Charges, which are directly related to the costs and sales mix of the Licensees are different, so as to facilitate the decision making by the consumers

keeping in view the competition. Accordingly, the Fixed/Demand Charge/ penalties, incentives / ToD structure has been approved considering the same perspective for FY 2024-25.

15. The Commission has continued its efforts to contain or reduce the cross-subsidy levels, i.e., the extent to which one category of consumers cross-subsidises or is subsidised by others, as envisaged under the Electricity Act, 2003 and in accordance with the Tariff Policy. The category-wise movement of Cross-Subsidy over FY 2024-25 is given at Annexure 2.
16. The Commission has also retained the existing Schedule of Charges applicable for processing new Applications, meter shifting requests, etc., after considering TPC-D's request.
17. The Commission has retained the discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, for Low Tension category for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.
18. The Commission has retained a bill discount of Rs. 10 per month per bill, in case the consumer opts for E-bill rather than physical bill copy, in order to save on paper usage as well as bill printing and bill distribution costs.
19. The comparison of existing and revised category-wise Tariffs for FY 2024-25 is given at the **Annexure 1: Existing and revised category-wise Tariffs for FY 2024-25;**
20. The category-wise Average Billing Rate, increase/ (decrease) and movement of Cross Subsidy levels in tariff are shown in **Annexure 2.**
21. The Commission's detailed Order can be seen and downloaded from the Commission's website [www.merc.gov.in](http://www.merc.gov.in) .

**Annexure 1: Existing and Revised Category-wise Tariff for TPC-Ds consumers for FY 2024-25**

Consumer Category & Consumption Slab	Existing Tariff				Revised Applicable Tariff from 1 April, 2024			
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/month)	Energy Charge + FAC (Rs./kVAh) or (Rs/kWh)	Wheeling Charge (Rs./kVAh) or (Rs/kWh)	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/month)	Energy Charge (Rs./kVAh) or (Rs/kWh)	Wheeling Charge # (Rs./kVAh) or (Rs/kWh)
<b>HT Category</b>								
EHV I - Industry		375	6.00	0.07		400	7.70	0.08
HT I – Industry		375	6.00	0.99		400	7.70	1.40
EHV II - Commercial		375	6.41	0.07		400	8.84	0.08
HT II – Commercial		375	6.41	0.99		400	8.84	1.40
HT III - Group Housing Society		375	5.88	0.99		400	7.34	1.40
<b>HT IV: HT - Mono/Metro/Railways</b>								
HT IV - Railways (22/33 KV)		375	5.90	0.99		400	7.37	1.40
EHV IV - Railways (Metro & Monorail)		375	5.90	0.07		400	7.37	0.08
<b>HT V - Public Services</b>								
HT V(A) - Publ Serv Govt Hosp&Edu Inst		375	5.30	0.99		400	6.40	1.40
HT V(B) - Public Services Others		375	6.23	0.99		400	8.60	1.40
EHV - Public Services Others		375	6.23	0.07		400	8.60	0.08
HT VI: Electric Vehicle Charging Stations		75	5.12	0.99		80	6.60	1.40
<b>LT Category</b>								
<b>LT IB - Residential</b>								
0-100	85		2.00	1.69	90		2.18	3.15
101-300	125		5.05	1.69	135		5.36	3.15
301-500	125		9.20	1.69	135		11.62	3.15
501 and above	155		10.00	1.69	160		12.56	3.15
<b>LT II - Commercial</b>								
LT II(A) - Commercial upto 20 kW	450		5.90	1.69	475		6.50	3.15
LT II(B) - Commercial 20 to 50 kW		375	5.95	1.69		400	6.55	3.15

Consumer Category & Consumption Slab	Existing Tariff				Revised Applicable Tariff from 1 April, 2024			
	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/month)	Energy Charge + FAC (Rs./kVAh) or (Rs/kWh)	Wheeling Charge (Rs./kVAh) or (Rs/kWh)	Fixed Charge (Rs / Consumer /month)	Demand Charge (Rs/KVA/month)	Energy Charge (Rs./kVAh) or (Rs/kWh)	Wheeling Charge # (Rs./kVAh) or (Rs/kWh)
LT II(C) - Commercial > 50 kW		375	6.35	1.69		400	6.70	3.15
LT III (A) - Industrial upto 20 kW	450		5.45	1.69	475		6.50	3.15
LT III (B) - Industrial > 20 kW		375	5.70	1.69		400	6.70	3.15
<b>LT IV - Public Services</b>								
LT IV(A) - Publ Serv Govt Hosp&Edu Inst	450		5.70	1.69	475		7.40	3.15
LT IV(B) - Public Services Others	450		5.90	1.69	475		7.75	3.15
LT V: Electric Vehicle Charging Stations		70	4.47	1.69		80	4.60	3.15

# - Though Wheeling Charges have been approved for EHT category, the same shall not be levied subject to the decision of the Hon'ble Supreme Court on TPC-D's Appeal

**Annexure 2: Category-wise Average Billing Rate, Tariff Increase/Reduction and Cross Subsidy**

Consumer Category & Consumption Slab	Average Billing Rate of FY 2024-25		Tariff Increase	Cross Subsidy	
	Existing*	Approved		FY 2023-24	FY 2024-25
	Rs./kWh	Rs./kWh	%	MYT Order	Approved
<b>HT Category</b>					
EHV I - Industry	6.33	8.11	28%	107%	88%
HT I – Industry	8.16	10.40	28%		113%
EHV - Commercial	7.40	9.91	34%	131%	108%
HT II – Commercial	9.07	12.05	33%		131%
HT III - Group Housing Society	8.04	10.03	25%	109%	109%
<b>HT IV: HT - Mono/Metro/Railways</b>					
HT IV - Railways (22/33 KV)	8.81	10.93	24%	116%	119%
EHV IV - Railways (Metro & Monorail)	10.27	11.02	7%		120%
<b>HT V - Public Services</b>					
HT V(A) - Publ Serv Govt Hosp&Edu Inst	9.42	11.21	19%	122%	122%
HT V(B) - Public Services Others	7.81	10.71	37%	119%	116%
EHV V - Public Services Others	8.07	10.60	31%		115%
HT VI: Electric Vehicle Charging Stations	6.39	8.37	31%	-	91%
<b>LT Category</b>					
<b>LT IB - Residential</b>	6.27	7.66	22%	82%	83%
<b>LT II - Commercial</b>					
LT II(A) - Commercial upto 20 kW	8.08	9.70	20%	101%	105%
LT II(B) - Commercial 20 to 50 kW	9.12	11.17	23%	121%	121%
LT II(C) - Commercial > 50 kW	9.68	11.55	19%	125%	125%
LT III (A) - Industrial upto 20 kW	6.97	9.02	29%	97%	98%
LT III (B) - Industrial > 20 kW	8.55	11.04	29%	115%	120%
<b>LT IV - Public Services</b>					
LT IV(A) - Publ Serv Govt Hosp & Edu Inst	7.03	9.62	37%	100%	104%
LT IV(B) - Public Services Others	7.63	10.84	42%	108%	118%
LT V - Electric Vehicle Charging Stations	6.98	8.67	24%	-	94%

\*- Existing Average Billing Rate includes FAC for all categories