

**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
(MULTI YEAR TARIFF) REGULATIONS, 2024**

ELECTRICITY ACT, 2003.

No. MERC/Tech/Regulation/2024/[0512]- In exercise of the powers conferred by clause (h), (i), (j), (l), (m), (o), (y), (zd), (ze), (zf), (zg), (zh) and (zp) of sub-section (2) of Section 181 read with the proviso to sub-section (1) of Section 36, sub-clause (ii) of clause (d) of sub-section (2) of Section 39, second proviso to sub-clause (ii) of clause (d) of sub-section (2) of Section 39, sub-clause (ii) of clause (c) of Section 40, second proviso to sub-clause (ii) of clause (c) of Section 40, first proviso to Section 41, first proviso to Section 51, Section 61, sub-sections (2) and (5) of Section 62, sub-sections (1) and (3) of Section 64, Section 65 and clause (b) of sub-section (1) of Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Maharashtra Electricity Regulatory Commission hereby makes the following Regulations. These Regulations supersede the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019 as amended from time to time.

1 Short title, extent, applicability and commencement

1.1 These Regulations may be called the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2024.

1.2 These Regulations shall extend to the whole of the State of Maharashtra.

1.3 These Regulations shall be applicable to existing and future Generation Companies, Transmission Licensees, Distribution Licensees, Deemed Distribution Licensees, distribution/retail supply utilities exempted from Licence, Maharashtra State Load Despatch Centre (MSLDC), Maharashtra State Transmission Utility (STU) and their successors, Energy Storage System Developer for determination of Aggregate Revenue Requirement, Tariff, Fees and Charges of MSLDC and Fees and Charges of STU in all matters covered under these Regulations from April 1, 2025 up to March 31, 2030.

1.4 These Regulations shall be applicable in all cases where a Generating Company has the arrangement for supply of coal or lignite from the integrated mine(s) allocated to it, for one or more of its specified end-use generating stations, whose tariff is required to be determined by the Commission under Section 62 of the Act read with Section 86 thereof.

1.5 These Regulations shall come into force from the date of their publication in the Official Gazette:

Provided that issues relating to determination of Aggregate Revenue Requirement and Tariff, review matters pertaining to the period till March 31, 2025, shall be governed by the provisions of the “then MERC Tariff Regulations” applicable at that point of time.

2 Definitions

2.1 In these Regulations, unless the context otherwise requires:

(1) “**Accounting Statement**” means for each Year, the following statements, namely-

- (i) balance sheet, prepared in accordance with the format prescribed by the Commission from time to time, with reference to each licensed or regulated business separately, duly certified by the statutory auditors;
- (ii) profit and loss account, prepared in accordance with the format prescribed by the Commission from time to time, with reference to each licensed or regulated business separately, duly certified by the statutory auditors;
- (iii) cash flow statement, prepared in accordance with the format prescribed by the Commission from time to time, with reference to each licensed or regulated business separately, duly certified by the statutory auditors;
- (iv) balance sheet, prepared in accordance with the form contained in the Companies Act, 1956 or Companies Act, 2013, as applicable;
- (v) profit and loss account, complying with the requirements contained in the Companies Act, 1956 or Companies Act, 2013, as applicable;
- (vi) cash flow statement, prepared in accordance with the applicable Accounting Standards of the Institute of Chartered Accountants of India;
- (vii) report of the statutory auditors;
- (viii) reconciliation statement, duly certified by the statutory auditors, showing the reconciliation between the total expenses, revenue, assets and liabilities, of the entity as a Company and the expenses, revenue, assets and liabilities, separately for each business regulated by the Commission and unregulated business operations;
- (ix) cost records prescribed by the Central Government under the Companies Act, 1956 or Companies Act, 2013, as applicable;

together with notes thereto, and such other supporting statements and information as the Commission may direct:

Provided that separate Accounting Statements shall be prepared and submitted to the Commission for each licensed business in accordance with the Licence conditions, and for each regulated business:

Provided further that, in case separate Accounting Statements are not submitted for each licensed business in accordance with the Licence conditions and for each regulated Business for the Financial Year (FY) 2025-26 onwards, the Petitions filed by the Generating Company or Licensee or MSLDC or STU or ESSD, may be rejected by the Commission after giving the Petitioner a reasonable opportunity of being heard:

Provided further that the Generating Company or Licensee or MSLDC or STU shall submit the Statutory Auditor's comments, observations and notes to Accounts, along with the Accounting Statements, and a summary of the key issues highlighted by the Statutory Auditor and the steps taken to address them:

Provided also that, in respect of a Local Authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items mentioned above as prepared and maintained in accordance with the relevant statutes applicable to such Local Authority:

Provided also that till the MSLDC and STU remains a part of it, separate books of accounts for MSLDC and STU shall be maintained by the Maharashtra State Electricity Transmission Company Limited and shall be audited and certified by the statutory auditor:

Provided further that, till such time separate books accounts for STU are maintained, which shall not be later than one year from date of notification of these Regulations, STU shall submit the interim accounts based on Allocation Statement comprising assets, liabilities, revenue and expenses for STU function and its reconciliation statement with audited accounts, duly certified by the statutory auditor for the purpose of filing of MYT Petition;

- (2) "**Act**" means the Electricity Act, 2003 (36 of 2003), as amended from time to time;
- (3) "**Aggregate Revenue Requirement**" means the revenue requirement comprising allowable expenses and return on capital or supply margin as applicable to the Generating Company, Transmission Licensee or Distribution Licensee or MSLDC or STU or ESS to be recovered through Tariff or Fees and Charges in accordance with these Regulations;
- (4) "**Allocation Statement**" means, for each Year, a statement in respect of each of the other businesses of the Generating Company or Transmission Licensee

or Distribution Licensee undertaken for optimum utilisation of its assets, showing the amounts of any revenue, cost, asset, liability, reserve or provision, etc., which has been charged from or to each such other business together with a description of the basis of that charge; or determined by apportionment or allocation between different businesses of the Generating Company or Licensee, together with a description of the basis of the apportionment or allocation:

Provided that, for the purposes of these Regulations, the licensed business of a Distribution Licensee for its area of supply would be bifurcated into Distribution Wires Business and Retail Supply Business:

Provided further that such allocation statement in respect of a Generating Station owned and/or maintained and/or operated by a Distribution Licensee shall be prepared such as to enable Tariff determination, stage-wise, Unit-wise and/or for the entire Generating Station;

- (5) “**Allotted Capacity**” shall have the same meaning as in the Regulations of the Commission governing Transmission Open Access or Distribution Open Access, as may be applicable;
- (6) “**Annual Target Quantity**” or “**ATQ**” in respect of an integrated mine(s) means the quantity of coal or lignite to be extracted during a year from such integrated mine(s) as specified in the Mining Plan:

Provided that in case the integrated mine(s) of coal or lignite is ready for supply of coal or lignite as per the Mining Plan but is prevented due to reasons not attributable to the Generating Company, the Commission may relax the Annual Target Quantity up to a maximum of 15% of the quantity of coal or lignite to be extracted during a year as specified in the Mining Plan:

Provided further that the quantum of relaxation of Annual Target Quantity shall be allowed in accordance with the provisions of the Coal Mining Agreements already signed by the Generating Companies before the date of notification of these Regulations;

- (7) “**Auditor**” means an auditor appointed by the Generating Company or Licensee or MSLDC or STU or ESSD qualified for such appointment in accordance with the relevant provisions of the Companies Act;
- (8) “**Auxiliary Energy Consumption**” in relation to a period, in case of a generating Station or Unit, means the quantum of energy consumed by its auxiliary equipment, such as equipment used for operating plant and machinery, including switchyard of the generating Station and the transformer losses within the

generating Station, and shall be expressed as a percentage of the sum of gross energy generated at the generator terminals of all the Units of the Generating Station:

Provided that it shall not include energy consumed for supply of power by the generating Station to its housing colony and other facilities, and for construction works at the generating Station and integrated mine;

- (9) **“Auxiliary energy consumption for emission control system” or “AUXe”** in relation to a period in case of coal or lignite based thermal generating station means the quantum of energy consumed by auxiliary equipment of the emission control system of the coal or lignite based thermal generating station in addition to the auxiliary energy consumption under Clause (8) of this Regulation;
- (10) (a) **“Availability”** in relation to a thermal Generating Station/Unit for any period means the average of the daily average declared capacities as certified by MSLDC for all the days during that period, expressed as a percentage of the installed capacity of the Generating Station/Unit minus the normative auxiliary consumption and normative Auxiliary Energy Consumption for Emission Control System in Megawatts (MW), as specified in these Regulations, and shall be computed in accordance with the following formula:

$$\text{Availability} = 100 \times \frac{\sum_{i=1}^N \text{DC}_i}{\{N \times \text{IC} \times (1 - \text{AUX}_n - \text{AUXen})\}} \%$$

where - N = number of time blocks in the given period

DC = Average Declared Capacity in MW for the ith time block in such period

IC = Installed Capacity of the Generating Station/Unit in MW

AUX = Normative Auxiliary Consumption in MW, expressed as a percentage of gross generation:

AUXen = Normative Auxiliary Consumption for Emission Control System in MW, expressed as a percentage of gross generation:

Provided that Availability of a thermal Generating Station/Unit for any period shall not exceed hundred percent;

- (b) **“Availability”** in relation to a transmission system for a given period means the time in hours during that period for which the transmission system is capable

of transmitting electricity at its rated voltage, expressed in percentage of total hours in the given period, and shall be computed as provided in **Annexure-VI** to these Regulations:

Provided that Availability of a transmission system for any period shall not exceed hundred per cent

- (11) **“Bank Rate”** shall mean the Bank Rate as declared by the Reserve Bank of India from time to time;
- (12) **“Base Rate”** shall mean the one-year Marginal Cost of Funds-based Lending Rate (‘MCLR’) as declared by the State Bank of India from time to time;
- (13) **“Base Rate of Delayed Payment Charge”** shall mean, the one-year Marginal Cost of Funds-based Lending Rate (‘MCLR’) as declared by the State Bank of India, as applicable on the 1st April of the financial year in which the period lies, plus five percent and in the absence of MCLR, any other arrangement that substitutes it, which the Central Government may, by notification, in the Official Gazette:

Provided that if the period of default lies in two or more financial years, the Base Rate of Delayed Payment Charge shall be calculated separately for the periods falling in different years;

- (14) **“Battery Energy Storage Systems” or “BESS Project”** shall mean the system(s)/projects utilizing methods and technologies such as electrochemical batteries (Lead Acid, Li-ion, solid state batteries, flow batteries, etc.), providing a facility that can store chemical energy and deliver the stored energy in the form of electricity, including but not limited to ancillary facilities (grid support., for example). Such systems may be co-located with RE Generating Stations or may be operated on standalone basis;
- (15) **“Beneficiary”** shall mean
 - a. in relation to a Generating Station, the purchaser of electricity generated at such Station whose Tariff is determined under these Regulations;
 - b. in relation to a Transmission Licensee, the Transmission System Users;
 - c. in relation to the Distribution Wires Business, the Generating Companies connected to the distribution system and consumers;
 - d. in relation to the Retail Supply Business, the consumers;
 - e. in relation to the MSLDC, STU, the Distribution Licensees and Open Access consumers who utilise the Intra-State Transmission system for

transmission of electricity and / or utilise the distribution system of a Licensee in the State for wheeling of electricity and / or avail the services of the MSLDC or STU relating to scheduling and real-time grid operations, State energy accounting, operation of pool account, connectivity, GNA operationalisation, pooling and recovery of transmission charges etc.;

- (16) “**Block**” in relation to a combined cycle thermal Generating Station includes combustion turbine – generators, associated waste heat recovery boilers, connected steam turbine – generators and auxiliaries;
- (17) “**Bulk Power Transmission Agreement**” means an executed Agreement that contains the terms and conditions under which a Transmission System User is entitled to access to an intra-State transmission system of a Transmission Licensee;
- (18) “**Capital Cost**” means the capital cost as determined in Regulation 24 of these Regulations in respect of generating station or transmission system or distribution system, as the case may be, and Regulation 59 in respect of integrated mine(s);
- (19) “**Change in Law**” means occurrence of any of the following events:
- a. enactment, bringing into effect or promulgation of any new Indian law; or
 - b. adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
 - c. change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application; or
 - d. change of any condition or covenant by any competent statutory authority in relation to any consent or clearances or approval or Licence available or obtained for the Project; or
 - e. any change in taxes or duties, or introduction of any taxes or duties levied by the Central or any State Government;
- (20) “**Charges**” means payments to be collected by the Generating Company or Licensee or MSLDC or STU or ESSD for the services rendered by it;
- (21) “**Coincident Peak Demand**” means the demand as measured at G-T interface for the Distribution Licensee occurring at the time of system peak demand for the State;

- (22) “**Commission**” means the Maharashtra Electricity Regulatory Commission;
- (23) “**Competitive Bidding**” means a transparent process for procurement of power, equipment, services and works in which bids are invited by the procurer by open advertisement covering the scope and specifications of the power requirement, equipment, services and works required, and the terms and conditions of the proposed contract as well as the criteria by which bids shall be evaluated, and shall include domestic competitive bidding and international competitive bidding;
- (24) “**Contracted Capacity**” means the capacity in MW contracted by a long-term Transmission System User as part of its long-term and medium-term power procurement plan through a power purchase agreement or arrangement, and shall be equivalent to the deemed Transmission Capacity Right of a Transmission System User as specified under the Regulations of the Commission governing Transmission Open Access;
- (25) “**Control Period**” means the period comprising five Years from April 1, 2025 to March 31, 2030, and as may be extended by the Commission;
- (26) “**Cut-off Date**” means the last day of the financial year after thirty-six months from the date of commercial operation of the project, except in case of integrated mine(s);
- (27) “**Cycle Efficiency of Energy Storage System**” means, the ratio of discharge capacity of ESS to charge capacity of ESS in a single cycle, regardless of the self- discharge loss of the ESS;
- (28) “**Day**” means the 24-hour period starting at 0000 hour;
- (29) “**Date of Commencement of Production**” in respect of integrated mine(s) means the date of touching of coal or lignite, as the case may be, as declared by the Generating Company;
- (30) “**Date of Commercial Operation**” or “**COD**” in respect of a thermal generating station or hydro generating station or transmission system or communication system shall have the same meaning as provided in the MERC (State Grid Code), 2020, as amended from time to time:

Provided that;

The date of commercial operation in case of integrated mine(s), shall mean the earliest of: -

- a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or

b) the first date of the year succeeding the year in which the value of production estimated in accordance with the provisions of these regulations, exceeds total expenditure in that year; or

c) the date of two years from the date of commencement of production:

Provided that on the earliest occurrence of any of the events under sub-clauses (a) to (c) of Clause (2) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one-week prior intimation to the beneficiaries of the end-use or associated generating station(s):

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the subclauses of Clause (2) of this Regulation:

Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation:

- a. in respect of an emission control system, the date of putting the emission control system into use after meeting all applicable technical and environmental standards, certified through the Management Certificate duly signed by Competent Authority as designated by the Board of Directors of the Company, not below the level of Director of the Generating Company or Generating Business:
- b. The date of commercial operation in case of integrated mine(s), shall mean the earliest of —
 - i. the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or
 - ii. the first date of the year succeeding the year in which the value of production estimated in accordance with provisions of these Regulations, exceeds total expenditure in that year; or

iii. the date of two years from the date of commencement of production:

Provided that on earliest occurrence of any of the events under sub-clauses (i) to (iii) of Clause (e) of this Regulation, the Generating Company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one-week prior intimation to the beneficiaries of the end-use or associated generating station(s):

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the Generating Company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the Generating Company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (e) of this Regulation:

Provided also that the Generating Company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation:

Provided also that the Date of Commercial Operation in case of integrated mine shall be considered in accordance with the provisions of the Coal Mining Agreements already signed by the Generating Companies before the date of notification of these Regulations;

- (31) "**De-capitalisation**" means the reduction in Gross Fixed Assets corresponding to the removal of assets as approved by the Commission;
- (32) "**Declared Capacity**" means, in relation to a generating Station, the capability to deliver ex-bus electricity in MW declared by such generating Station in respect of any time-block of the day as defined in the State Grid Code or whole of the day, taking into account the availability of fuel and/or water, and subject to further qualification in the relevant Regulation;
- (33) "**Deemed Distribution Licensee**" means a person deemed to be a Distribution Licensee under Section 14 of the Act;
- (34) "**Depth of Discharge**" A battery's depth of discharge (DoD) indicates the percentage of the battery that has been discharged relative to the overall

capacity of the battery. Depth of Discharge is defined as the capacity that is discharged from a fully charged battery, divided by battery nominal capacity;

- (35) **“Design Energy”** in relation to a hydro power Generating Station means the quantum of energy, which could be generated in a 90 per cent dependable year with 95 per cent installed capacity of the Generating Station;
- (36) **“Distribution Business”** means the Business of operating and maintaining a distribution system for supplying electricity in the area of supply of a Distribution Licensee;
- (37) **“Distribution Licensee”** means a Licensee, Deemed Distribution Licensee, Exempt Licensee authorised to operate and maintain a distribution system for supplying electricity to consumers in its area of supply;
- (38) **“Distribution Wires Business”** means the Business of operating and maintaining a distribution system for wheeling of electricity in the area of supply of a Distribution Licensee;
- (39) **“Detailed Project Report Scheme”** (or **“DPR Scheme”**) means a capital expenditure Scheme with projected capital cost exceeding the limits specified in these Regulations, for which the Generating Company or Licensee or MSLDC or STU is required to obtain prior in-principal approval by submitting a Detailed Project Report (DPR) in accordance with MERC (Approval of Capital Investment Schemes) Regulations 2022;
- (40) **“Due date”** means the date by which the bill for the charges for power supplied by the Generating Company, or ESSD or for the transmission service provided by a Transmission Licensee or STU or MSLDC are to be paid within forty-five days from the date of presentation of the bill by such Generating Company or ESSD or Transmission Licensee or STU or MSLDC;
- (41) **“Emission Control System”** means a set of equipment, or devices required to be installed in coal or lignite based thermal generating station or unit thereof to meet the revised emission standards;
- (42) **“Energy Storage System”** or **“ESS”** in relation to the electricity system, means a facility where electrical energy is converted into any form of energy which can be stored, and subsequently reconverted into electrical energy and injected back into the grid;
- (43) **“Energy Storage System Developer”** or **“ESSD”** shall mean the entity owning/operating the ESS facility for storage and supply of power to the beneficiary under these Regulations;

- (44) **“Extra High Tension”** (or **“EHT”**) means all voltages above 33 kiloVolt;
- (45) **“Expected Revenue from Tariff and Charges”** means the revenue estimated to accrue to the Generating Company or Transmission Licensee or Distribution Licensee from the Regulated Business at the prevailing level of Tariff and Charges;
- (46) **“Existing Generating Unit/Station”** means a Generating Unit or Station declared as under commercial operation prior to April 1, 2025;
- (47) **“Event”** means an unscheduled or unplanned occurrence in the intra-State transmission system, including faults, incidents and breakdowns;
- (48) **“Extended Life”** means the life of a generating Station or Unit thereof or of a transmission system or element thereof beyond the period of Useful Life, as may be approved by the Commission on a case-to-case basis;
- (49) **“Fees”** means the payments to be collected by the MSLDC or STU for services rendered on account of registration, membership or any other account as determined by the Commission;
- (50) **“Force Majeure Event”** means, with respect to any party, any event or circumstance, or combination of events or circumstances, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been prevented; and, without limiting the generality of the foregoing, shall include the following events or circumstances:
- a. acts of God, including but not limited to lightning, storm, action of the elements, earthquakes, flood, torrential rains, drought and natural disaster;
 - b. strikes and industrial disturbances having a State-wide or extensive impact in the area of supply of a Licensee, but excluding strikes and industrial disturbances in the Licensee's own organisation;
 - c. acts of war, invasion, armed conflict or act of foreign enemy, insurrections, riots, revolution, terrorist or military action;
 - d. unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic chemical contamination;
 - e. any shutdown or interruption of the grid, which is required or directed by the concerned Load Despatch Centre;
- (51) **“Generation Business”** means the Business of production of electricity from a Generating Station for the purpose of (i) giving supply to any premises or

- enabling supply to be so given, or (ii) for the purpose of supply of electricity to any Distribution Licensee in accordance with the Act and the Rules and Regulations made thereunder, or (iii) subject to the Regulations made under sub-section (2) of Section 42 of the Act, supply of electricity to any consumer;
- (52) "**Generating Company**" means any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person, which owns or operates or maintains a generating Station;
- (53) "**Generating Station**" (or "**Station**") means a Station or a Unit thereof for generating electricity, including any building and plant with step-up transformer, switch-gear, switch yard, cables or other appurtenant equipment used for that purpose and the site thereof; a site intended to be used for a generating Station, and any building used for housing the operating staff of a generating Station, and where electricity is generated by water-power, includes penstocks, head and tail works, main and regulating reservoirs, dams and other hydraulic works, but does not include any sub-Station;
- (54) "**Gross Calorific Value**" (or "**GCV**") in relation to a thermal Generating Station means the heat produced in kilocalories (kcal) by complete combustion of one kilogram (kg) of solid fuel or one litre of liquid fuel or one standard cubic metre of gaseous fuel, as the case may be;
- (55) "**Gross Station Heat Rate**" means the heat energy input in kcal required to generate one kilo Watt hour (kWh) of electrical energy at generator terminals;
- (56) "**High Tension**" (or "**HT**") means all voltages above and including 11 kiloVolt and up to and including 33 kiloVolt;
- (57) "**Indian Governmental Instrumentality**" means the Government of India, State Government and any Ministry or Department or Board or Agency controlled by Government of India or the Government of the State where the Project is located, or regulatory or quasi-judicial authority constituted under the relevant statutes in India;
- (58) "**Infirm power**" means electricity injected into the grid prior to the commercial operation of a Unit or Block of the Generating Station;
- (59) "**Installed Capacity**" means the summation of the name plate capacities of all the Units of the Generating Station or the capacity of the Generating Station (reckoned at the generator terminals);
- (60) "**Intra-State Transmission System**" (or "**InSTS**") means any system for conveyance of electricity by transmission lines within the area of the State of

Maharashtra, and includes all transmission lines, sub-stations and associated equipment of Transmission Licensees in the State:

Provided that the definition of point of separation between a transmission system and distribution system and between a Generating Station and transmission system shall be guided by the Regulations notified by the Central Electricity Authority under clause (b) of Section 73 of the Act;

- (61) "**Licensee**" for the purpose of these Regulations shall mean a Transmission Licensee or Distribution Licensee, as the case may be, duly authorised by the Commission;
- (62) "**Life-cycle Cost Analysis**" means the process of assessing the total cost of ownership of an asset over its entire Useful Life, after taking into account all costs of acquiring, owning, maintaining and disposing of such asset;
- (63) "**Loading Point**" in respect of integrated mine(s) means the location of railway siding or silo or the coal handling plant or such other arrangements like conveyor belt, whichever is nearest to the mine, for despatch of coal or lignite, as the case may be;
- (64) "**Low Tension**" (or "**LT**") means all voltages below 11 kiloVolt;
- (65) "**Market operation function**" means the functions of scheduling, despatch, data acquisition, energy accounting and deviation settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administering ancillary services, information dissemination and any other functions assigned to the MSLDC by the Act or Regulations or Orders;
- (66) "**Maximum Continuous Rating**" (or "**MCR**") in relation to a Unit of a thermal Generating Station means the maximum continuous output at the generator terminals, guaranteed by the manufacturer at rated parameters; and, in relation to a Block of a combined cycle thermal Generating Station, means the maximum continuous output at the generator terminals, guaranteed by the manufacturer with water or steam injection (if applicable) and corrected to 50 Hz grid frequency and specified site conditions;
- (67) "**Mine Infrastructure**" shall include assets of the integrated mine(s) such as tangible assets used for mining operations, being civil works, workshops, immovable winning equipment, foundations, embankments, pavements, electrical systems, communication systems, relief centres, site administrative offices, fixed installations, handling arrangements, crushing and conveying systems, railway sidings, pits, shafts, inclines, underground transport systems,

hauling systems (except movable equipment unless the same is embedded in land for permanent beneficial enjoyment thereof), land demarcated for afforestation and land for rehabilitation and resettlement of persons affected by mining operations under the relevant law;

- (68) **“Mining Plan” or “Mine Plan”** in respect of integrated mine(s) means a plan prepared in accordance with the provisions of the Mineral Concession Rules, 1960, as amended from time to time and approved under clause (b) of sub-section (2) of Section 5 of the Mines and Minerals (Development and Rehabilitation) Act, 1957 by the Central Government or by the State Government, as the case may be;
- (69) **“New Generating Unit/Station”** means a Generating Unit or Station declared under commercial operation on or after April 1, 2025;
- (70) **“Ninety (90) % Dependable Year”** shall mean the year in which the annual energy generation has the probability of being equal to or in excess of 90% of the expected period of operation of the Plant;
- (71) **“Non-Coincident Peak demand”** means the peak demand as measured at Generator to Transmission (G-T) interface for a Distribution Licensee during a period, which may or may not occur at the time of system peak demand in the State as a whole;
- (72) **“Non-DPR Scheme”** means a capital expenditure Scheme with projected capital cost within the limits specified in these Regulations, for which the Generating Company or Licensee or MSLDC or STU is not required to obtain prior in-principle approval of the Commission;
- (73) **“Non-Tariff Income”** means the income relating to the regulated business other than from Tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from receipts on account of cross-subsidy surcharge and additional surcharge and Other Business;
- (74) **“Normative Annual Plant Availability Factor”** (or **“NAPAF”**), in relation to a hydel Generating Station, means the Availability Factor specified in the Regulation 49 for hydro Generating Stations;
- (75) **“Officer”** means an officer of the Commission;
- (76) **“Operation and Maintenance expenses”** (or **“O&M expenses”**) in respect of a Generating Company means the expenditure incurred on operation and maintenance of the Generating Station or Unit of a Generating Company, or

part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads, but excludes fuel expenses; and, in respect of a Licensee, means the expenditure incurred on operation and maintenance by a Transmission Licensee or Distribution Licensee or MSLDC or STU or ESS or part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads:

Provided that for integrated mine(s), the Operation and Maintenance Expenses shall not include the mining charge paid to the Mine Developer and Operator, if any, engaged by the Generating Company, and the mine closure expenses;

- (77) **“Original Project Cost”** means the capital expenditure incurred by a Generating Company or Transmission Licensee within the original scope of the Project, up to the cut-off date as admitted by the Commission;
- (78) **“Outstanding dues”** means the dues of a Generating Company or a Transmission Licensee or MSLDC or STU not stayed by a competent court or Tribunal or Dispute Resolution Agency as designated in the Agreement, which remains unpaid by the beneficiary beyond the due date and includes the amount of instalment not paid after the re-determined due date under Regulation 37.6;
- (79) **“Peak Rated Capacity”** in respect of integrated mine(s) means the peak rated capacity of the mine, as specified in the Mining Plan;
- (80) **“Petitioner”** means a Generating Company or Transmission Licensee or Distribution Licensee or MSLDC or STU or ESS Developer, who has filed a Petition for determination of Tariff or Fees and Charges or for True up in accordance with the Act and these Regulations, and includes a Generating Company or Transmission Licensee or Distribution Licensee or MSLDC or STU or ESS whose Tariff or Fees and Charges is the subject of a review by the Commission on a suo-motu basis or as part of a Truing-up exercise;
- (81) **“Plant Availability Factor”** (or **“PAF”**), in relation to a hydel Generating Station for any period, means the average of the daily declared capacities (DCs) for all the days as certified by the MSLDC during that period, expressed as a percentage of the installed capacity in MW, reduced by the normative auxiliary energy consumption;
- (82) **“Plant Load Factor”** (or **“PLF”**), in relation to a thermal Generating Station or Unit for a given period, means the total sent-out energy corresponding to scheduled generation during such period, expressed as a percentage of sent-out energy corresponding to installed capacity in that period, and shall be computed in accordance with the following formula:

$$\text{Plant Load Factor (\%)} = 100 \times \frac{\sum_{i=1}^N \text{SG}_i}{\{ N \times \text{IC} \times (1 - \text{AUX}_n - \text{AUXen})\}\%}$$

Where,

N = number of time blocks in the given period;

SG_i = Scheduled Generation in MW for the ith time block in such period;

IC = Installed Capacity of the Generating Station in MW;

AUX_n = Normative Auxiliary Consumption in MW, expressed as a percentage of gross generation;

AUXen = Normative Auxiliary Consumption for Emission Control System in MW, expressed as a percentage of gross generation;

(83) "**Pool Account**" means the accounts for payments relating to Unscheduled Interchanges ('UI Account') applicable under the Inter-State Availability Based Tariff (**ABT**) mechanism or Intra-State ABT Settlement Charges as identified under the Intra-State ABT mechanism operating in the State, or Reactive Energy Exchanges (Reactive Energy Account) or Deviation Settlement Mechanism under the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019 or any other such Accounts, which may be operated by the MSLDC in accordance with the Regulations or directions of the Commission;

(84) "**Project**" means a Generating Station, Energy Storage System or the transmission system, as the case may be and, in case of a hydro Generating Station, includes all components of the generating facility such as penstocks, head and tail works, main and regulating reservoirs dams and other hydraulic works, intake water conductor system, power Generating Station and generating Units, as apportioned to power generation;

Provided that, in case of Pumped Storage Hydro Project, includes all components of the storage facility such as Upper Reservoir, Lower Reservoir, penstocks, head and tail works, main and regulating reservoirs dams and other hydraulic works, intake water conductor system, tail water conductor system, surge well, power Station and generating/pumping Units;

(85) "**Prudence Check**" means the scrutiny of reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient

technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of Aggregate Revenue Requirement and Tariff or Fees and Charges;

- (86) "**Pumped Storage Hydro Generating Station**" means a hydro Station which generates power through energy stored in the form of water energy, pumped from a lower elevation reservoir to a higher elevation reservoir;
- (87) "**Rated Voltage**" means the voltage at which the transmission system is designed to operate or such lower voltage at which the line is charged, for the time being, in consultation with Transmission System Users;
- (88) "**Revised Emission Standards**" in respect of thermal generating station means the revised norms notified as per Environment (Protection) Amendment Rules, 2015 or any other Rules as may be notified from time to time;
- (89) "**Retail Supply Business**" means the Business of sale of electricity by a Distribution Licensee to its consumers in accordance with the terms of its Licence;
- (90) "**Run-of-river Generating Station**" means a hydel Generating Station, which does not have upstream pondage;
- (91) "**Run-of-river Generating Station with pondage**" means a hydel Generating Station with sufficient pondage for meeting the diurnal variation of power demand;
- (92) "**Scheduled Energy**" means the quantum of energy scheduled by the concerned Load Despatch Centre to be injected into the grid by a generating station for a given time period;
- (93) "**Scheduled Generation**" or "**SG**" at any time or for any period or time block means schedule of ex-bus generation in MW or MWh, given by the concerned Load Despatch Centre;
- (94) "**Small Gas Turbine Generating Station**" means and includes open cycle gas turbine or combined cycle Generating Stations with gas turbines in the capacity range of 50 MW or below;
- (95) "**Storage-type Power Station**" means a hydel power Generating Station associated with large storage capacity to enable variation in generation of electricity according to demand;
- (96) "**State Grid Code**" means the Code specified by the Commission under clause (h) of sub-section (1) of Section 86 of the Act;

- (97) "**Thermal Generating Station**" means a generating Station or a Unit thereof that generates electricity using fossil fuels such as coal, lignite, gas, liquid fuel or combination of these as its primary source of energy;
- (98) "**Transaction of Business Regulations**" means the Regulations of the Commission governing its Transaction of Business;
- (99) "**Transmission System**" means a line or a group of lines with or without associated sub-Station, and includes equipment associated with transmission lines and sub-stations;
- (100) "**Transmission Capacity Rights**" means the right of a Transmission System User to transfer power in MW, under normal circumstances, between such points of injection and drawal as may be set out in the Bulk Power Transmission Agreement;
- (101) "**Transmission Licensee**" means a Licensee authorised by the Commission to establish or operate transmission lines under Section 14 of the Act;
- (102) "**Transmission System User**" for the purpose of these Regulations means the Distribution Licensees and long-term Open Access Users;
- (103) "**Unit**" in relation to a thermal Generating Station (other than combined cycle thermal Generating Station) means steam generator, turbine-generator and auxiliaries or, in relation to a combined cycle thermal Generating Station, means turbine-generator and auxiliaries; and, in relation to a hydel Generating Station, means turbine-generator and its auxiliaries;
- (104) "**Useful Life**" in relation to a Unit of a Generating Station, transmission system, distribution system and communication system from the date of commercial operation shall mean the following, namely:
- i. Coal/Lignite based thermal generating Station: 25 years;
 - ii. Gas/Liquid fuel based thermal Generating Station: 25 years;
 - iii. Hydro Generating Station including Pumped Storage
Hydro Generating Station: 40 years;
 - iv. (a) Battery Pack of Battery Energy Storage System 12 years
(b) Balance System of Battery Energy Storage System 25 years;
 - v. AC and DC sub-Station: 25 years;
 - vi. Gas Insulated sub-Station: 25 years;
 - vii. Transmission line (including HVAC and HVDC): 35 years;

- viii. Distribution line: 35 years;
- ix. Optical Ground Wire (OPGW) 15 years:
- x. IT system, SCADA and communication system
excluding OPGW 15 years:
- xi. Integrated Mine(s) as per the Mining plan

Provided that in the case of coal/lignite based thermal generating stations and hydro generating stations, the Operational Life may be 35 years and 50 years, respectively:

Provided further that the extension of life of the projects beyond the completion of their Useful Life shall be decided by the Commission;

(105) **“Year”** means a financial year (‘FY’) beginning from 1st April and ending on 31st March:

Provided that the first year in case of new project or integrated mine(s) shall commence from the date of commercial operation and end on the immediately following 31st March;

(106) **“Z-factor Charge”** is the charge allowed to a Generation Company, Transmission Licensee and Distribution Licensee on account of uncontrollable factors, viz., fuel surcharge adjustment and cost pertaining to identified uncontrollable factors as specified in these Regulations;

2.2 Words or expressions used in these Regulations but not defined herein shall have the meanings assigned to them in the Act or Rules or Regulations framed thereunder.

3 Scope of Regulations

3.1 The Commission shall determine the Aggregate Revenue Requirement, Tariff and Fees and Charges, including terms and conditions thereof, in accordance with these Regulations for all matters for which the Commission has jurisdiction under the Act, including the following: -

- (i) For supply of electricity by a Generating Company, except from Renewable Sources of energy to a Distribution Licensee;
- (ii) For use of Energy Storage System;
- (iii) For Intra-State transmission of electricity;
- (iv) For use of intervening transmission facilities;
- (v) For Wheeling of electricity;

- (vi) For Retail supply of electricity;
- (vii) For MSLDC, in terms of Fees and Charges;
- (viii) For STU, in terms of Fees and Charges;
- (ix) For Surcharge in addition to the charges for wheeling under the first proviso to sub-section (2) of Section 42 of the Act, in accordance with the Regulations of the Commission governing Distribution Open Access and Orders issued by the Commission;
- (x) For Additional surcharge on the charges for wheeling under sub-section (4) of Section 42 of the Act, in accordance with the Regulations of the Commission governing Distribution Open Access and Orders of the Commission:

Provided that the Commission shall determine such Tariff and Fees and Charges, having regard to the terms and conditions contained in **Parts E, F, G, H, I, J, K and L** of these Regulations, as may be applicable.

3.2 Notwithstanding anything contained in these Regulations, the Commission shall adopt the Tariff if such Tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Act:

Provided that the Petitioner shall provide such information as the Commission may require to satisfy itself that the guidelines issued by the Central Government have been duly followed.

PART- A: GENERAL PRINCIPLES

4 Multi-Year Tariff Framework

4.1 The Commission shall determine the Tariff and Fees and Charges for matters covered in Regulation 3.1, under a Multi-Year Tariff framework with effect from April 1, 2025.

4.2 The Multi-Year Tariff framework shall be based on the following elements, for computation of Aggregate Revenue Requirement and expected revenue from Tariff and Charges for Generating Companies, Energy Storage System Developer (ESSD), Transmission Licensees, Distribution Wires Business, Retail Supply Business, Fees and Charges of MSLDC and Fees and Charges of STU;

- (i) A Multi-Year Tariff Petition comprising the forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff or Fees and Charges in case of MSLDC and STU, expected revenue gap, and proposed Tariff or Fees and Charges for each year of the Control Period, shall be submitted by the Generating Company or ESSD, or Licensee or MSLDC or STU:

Provided that the Distribution Licensee shall propose the category-wise Tariffs for each year of the Control Period:

Provided further that the performance parameters whose trajectories have been specified in these Regulations shall form the basis of projection for the Aggregate Revenue Requirement for the entire Control Period;

- (ii) Determination of the Aggregate Revenue Requirement and Tariff or Fees and Charges for Generating Companies, ESSD, Transmission Licensees, Distribution Wires Business, Retail Supply Business, MSLDC and STU by the Commission for each year of the Control Period, at the start of the Control Period:

Provided that the Commission shall also approve the sharing proportion amongst the Transmission System Users of the MSLDC Fees and Charges and STU Fees and Charges for the Control Period;

(iii) For Distribution Licensees

- a. Petition for Mid-Term Review of operational and financial performance vis-à-vis approved forecast for the first three years of the Control Period; and revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff, expected revenue gap or surplus, as the case may be, and proposed category-wise Tariffs for the fourth and fifth year

of the Control Period, shall be submitted by the Distribution Licensees for Wires Business and Retail Supply Business;

- b. True-up for the first and second years of the Control Period based on audited accounts and provisional true-up for the third year of the Control Period shall be submitted by the Distribution Licensees for Wires Business and Retail Supply Business along with its Petition for Mid-term Review;
- c. Determination of the revised Aggregate Revenue Requirement and Tariff for Distribution Wires Business, Retail Supply Business by the Commission for the fourth and fifth year of the Control Period based on the Mid-term Review;
- d. Mid-Term Review shall cover True-up for the first and second years of the Control Period based on audited accounts and provisional true-up for the third year of the Control Period of operational and financial performance vis-à-vis the approved forecast for the respective years and the categorisation of variation in performance as those caused by factors within the control of the Petitioner (controllable factors) and by factors beyond its control (uncontrollable factors) shall be undertaken by the Commission for Wires Business and Retail Supply Business as part of Mid-term Review;
- e. Petition for True-up for the third and fourth years of the Control Period based on audited accounts and provisional true-up for the fifth year of the Control Period of operational and financial performance vis-à-vis the approved forecast for the respective years shall be submitted by the Distribution Licensees for Wires Business and Retail Supply Business along with its Petition for Tariff determination for next Control Period.

(iv) For Generating Companies, Transmission Licensees, MSLDC, STU and ESSD:

Petition for True-up for the first four years of the Control Period based on audited accounts and provisional true-up for the fifth year of the Control Period of operational and financial performance vis-à-vis the approved forecast for the respective years, shall be submitted by the Generating Company or ESSD, or Transmission Licensee or MSLDC or STU along with its Petition for Tariff determination for next Control Period.

- (v) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors as specified by the Commission in these Regulations.

- (vi) The mechanism for sharing of approved gains or losses arising out of controllable factors as specified by the Commission in these Regulations.

5 Petitions to be filed in the Control Period

5.1 The Petitions to be filed in the Control Period under these Regulations are as under:

- a) Multi-Year Tariff Petition, which is complete in all aspects as per these Regulations, shall be filed by November 1, 2024 by Generating Companies, Transmission Licensees, ESSD, MSLDC and STU, and by November 30, 2024, by Distribution Licensees, comprising:
- i. Truing-up for FY 2022-23 and FY 2023-24 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019:
Provided that the Commission may, if it considers appropriate, carry out the Truing-up for years prior to FY 2022-23 under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019, along with the Truing-up for FY 2022-23, in case such Truing-up is yet to be completed;
 - ii. Provisional Truing-up for FY 2024-25 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;
 - iii. Aggregate Revenue Requirement for each year of the Control Period under these Regulations;
 - iv. Revenue from the sale of power at existing Tariffs and charges and projected revenue gap for each year of the Control Period under these Regulations;
 - v. Proposed category-wise Tariff or Fees & Charges for each year of the Control Period under these Regulations;
- b) Mid-term Review Petition, which is complete in all aspects as per these Regulations, shall be filed by November 30, 2027 by Distribution Licensees comprising:
- i. Truing-up for FY 2024-25 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;
 - ii. Truing-up for FY 2025-26 and FY 2026-27 to be carried out under these Regulations;
 - iii. Provisional Truing-up for FY 2027-28 to be carried out under these Regulations;

- iv. Revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff and charges, expected revenue gap, and proposed category-wise Tariff for the fourth and fifth year of the Control Period;
- c) True-up Petition, which is complete in all aspects as per these Regulations, for the first four year of the Control Period shall be filed by November 1, 2029 by Generating Companies, Energy Storage system Developer, Transmission Licensees, MSLDC, STU comprising;
 - i. Truing-up for FY 2024-25 to be carried out under the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2019;
 - ii. Truing-up for FY 2025-26, FY 2026-27, FY 2027-28 and FY 2028-29 to be carried out under these Regulations;
 - iii. Provisional Truing-up for FY 2029-30 to be carried out under these Regulations;
- d) True-up Petition, which is complete in all aspects as per these Regulations, for the third and fourth year of the Control Period shall be filed by November 30, 2029 by Distribution Licensees comprising;
 - i. Truing-up for FY 2027-28 and FY 2028-29 to be carried out under these Regulations;
 - ii. Provisional Truing-up for FY 2029-30 to be carried out under these Regulations;
- e) In case of a Licensee whose tariff is yet to be determined by the Commission till March 31, 2025, the Commission may relax the timelines for submission of the Multi-Year Tariff Petition, and Truing-up Petitions, in case such specific relaxation is sought by such Licensee. Such Deemed Distribution Licensee may be permitted to first file a Petition for approval of a ceiling or other provisional tariff in its area of supply, followed by a Petition for approval of Power Purchase Agreement or arrangement, after which the Multi-Year Tariff Petition may be filed;
- f) If the Petition is not filed within the specified timelines and/or data sought by the Commission for processing the Petition is not submitted within the stipulated time, then the corresponding revenue loss and associated carrying cost due to consequential delay in issue of the Order, shall not be allowed to the Generating Company or Energy Storage System Developer, Transmission Licensee or Distribution Licensees or MSLDC or STU, as the case may be.

5.2 Along with the Petition for determination of Tariff or Fees and Charges and Truing-up under these Regulations, the Petitioner shall submit consolidated statement of the status of the adherence of prevailing Regulations and / or the directives of the Commission in the earlier Orders (including Tariff as well as Non-Tariff Orders) along with the justification of non-compliance, if any:

Provided that, in case of non-adherence of the prevailing Regulations and/ or directives of the Commission, with unsatisfactory justification, the Commission may consider applying disincentive of INR One Crore per default at the time of approval of the ARR;

5.3 The Petitioner shall submit separate audited Accounting Statements for Distribution Wire Business and Retail Supply Business along with the Petition for determination of Tariff or Fees and Charges and Truing-up under these Regulations:

Provided that, in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of a Distribution Licensee, its Aggregate Revenue Requirement shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the Allocation Matrix specified in **Part H** of these Regulations.

5.4 Incumbent Distribution Licensees shall have the option of filing separate Petitions under these Regulations for an area in respect of which the Commission has issued multiple Distribution Licences:

Provided that each such separate Petition shall contain all necessary details of expenses, revenue, assets, liabilities, capitalisation, and category-wise tariff to enable the Commission to determine the Aggregate Revenue Requirement and Tariff for each separate area for which it has been filed:

Provided further that such expenses, revenue, assets, liabilities, and capitalisation considered for each such area shall be excluded while submitting the Petition for the remaining area of supply:

Provided also that the Distribution Licensee shall submit the reconciliation statement for expenses, revenue, assets, liabilities, and capitalisation between the entity as a whole and each such separate area of supply for which the Distribution Licensee has filed a separate Petition.

5.5 The New Licensee(s), under Section 62 of the Act, who achieves Commercial Operation Date (COD) during Control Period shall file a Petition for determination of Aggregate Revenue Requirement and Tariff under Section 62 of the Act for the remaining period of the Control period.

6 Multi-Year Tariff Petition

- 6.1** The Multi-Year Tariff Petition shall include a forecast of Aggregate Revenue Requirement and expected revenue from Tariff for each year of the Control Period in the manner specified in these Regulations and be accompanied by applicable fees.
- 6.2** The forecast of Aggregate Revenue Requirement may be based on assumptions relating to the behaviour of individual variables during the Control Period, including category-wise sales and demand projections, power procurement plan, capital investment plan, financing plan and physical targets, in accordance with guidelines and formats as may be prescribed by the Commission.
- 6.3** The capital investment plan shall show, separately, on-going projects that will spill over into the Control Period, and new projects (along with justification) that will commence in the Control Period but may be completed within or beyond it, for which relevant technical and commercial details shall be provided as per the provisions of the Maharashtra Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2022 and amendments thereof.
- 6.4** The Distribution Licensees shall project the realistic power purchase requirement from all Generating Stations including Energy Storage system(s) considering the provisions of the Maharashtra Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations, 2024 and the amendments thereof. Distribution Licensees while submitting the MYT Petitions, shall submit the details of approved power procurement plan by the Commission and variation in the actual power procurement vis-à-vis approved power procurement plan in compliance to the provisions of the MERC (Framework for Resource Adequacy) Regulations, 2024:
- Provided that, the distribution Licensees shall also consider the Merit Order Despatch principles, the Renewable Purchase Obligation (RPO), Energy Storage Obligations (ESO) specified by the Commission under the relevant Regulations, and the target set, if any, for Energy Efficiency (EE), Energy Conservation (EC) and Demand Side Management (DSM) schemes, in accordance with Energy Conservation (Amendment) Act, 2022 and guidelines thereof and or Regulations framed on these aspects, while preparing power procurement plan:
- Provided further that Merit Order Despatch principles shall not apply to purchase of power from Renewable Energy sources.
- 6.5** The forecast of expected revenue from Tariff and charges shall be based on the following:

- (a) In the case of a Generating Company, estimates of quantum of electricity to be generated by each Unit/Station for each year of the Control Period;
- (b) In the case of a Transmission Licensee, estimate of Aggregate Revenue Requirement or estimates of transmission capacity allocated to Transmission System Users, as appropriate, for each year of the Control Period;
- (c) In the case of a Distribution Licensee, estimates of quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution System Users for each year of the Control Period:

Provided that the Distribution Licensee shall submit relevant details of category-wise sales separately for each Distribution Franchisee area, including the Input Energy and the Input Rate;

- (d) Prevailing Tariff as on the date of filing of the Petition.

6.6 Based on the forecast of Aggregate Revenue Requirement and expected revenue from Tariff and charges, Generating Company, ESSD or Distribution Licensee or MSLDC or STU shall submit the proposed Tariff or Fees and Charges, category-wise if applicable, for each year of the Control Period, that would meet the gap, if any, in the Aggregate Revenue Requirement, including unrecovered revenue gaps of previous years to the extent proposed to be recovered.

6.7 Full details supporting the forecast shall be provided, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and secondary research, to enable the Commission to assess the reasonableness of the forecast.

6.8 On receipt of the Petition, the Commission shall either issue an Order approving the Aggregate Revenue Requirement and Tariff for the Control Period, subject to such modifications and conditions as it may stipulate; or reject the Petition for reasons to be recorded in writing, after giving the Petitioner a reasonable opportunity of being heard.

7 Specific trajectory for certain variables

7.1 The Commission, while approving the Multi-Year Tariff Petition, may stipulate a trajectory for certain variables, including but not limited to transmission losses, distribution losses, Reliability Indices, System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI) to monitor and report the supply availability and wires availability, Aggregate Technical and Commercial Losses (AT&C Loss), collection efficiency, and payment efficiency.

8 Mid-term Review Petition by Distribution Licensee

8.1 Petition shall include information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details, including Cost Accounting Reports or extracts thereof, as it may require assessing the reasons for and extent of any difference in operational and financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from Tariff and charges.

8.2 The scope of the Mid-term Review shall be a comparison of the actual operational and financial performance vis-à-vis the approved forecast for the first three years of the Control Period; and revised forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff, expected revenue gap, and proposed category-wise Tariffs for the fourth and fifth year of the Control Period:

Provided that as part of the Mid-term Review, the Commission may inter-alia modify the category-wise sales, power purchase expenses, O&M expenses, capital expenditure related expenses, principles/basis of tariff categorisation, applicability of charges, Wheeling Charges, and category-wise Tariff, as considered appropriate based on the data made available for the first three years of the Control Period:

Provided further that necessary justification for the modifications made in the Mid-term Review shall be elaborated in the Mid-term Review Order.

8.3 Upon completion of the Review under Regulation 8.2, the Commission shall attribute any variations or expected variations in performance, for variables specified under Regulation 9, to factors within the control of the Petitioner (controllable factors) or to factors beyond its control (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 9.1, shall not ordinarily be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable factors:

Provided further that, where the Petitioner believes, for any variable not specified under Regulation 9.1, that there is a material variation or expected variation in performance for any year on account of uncontrollable factors, it may apply to the Commission for inclusion of such variable.

8.4 Upon completion of the Mid-term Review, the Commission shall pass an order recording-

- (a) the approved aggregate gain or loss to the Distribution Licensee on account of controllable factors and the amount of such gains or such losses that may be shared in accordance with Regulation 11;
- (b) the approved aggregate gain or loss to the Distribution on account of uncontrollable factors, and the amount of such gains or such losses that were not recovered during the respective years and which may be shared in accordance with Regulation 10;
- (c) the approved modifications to the Aggregate Revenue Requirement and Tariffs for the remainder of the Control Period.

9 Controllable and uncontrollable factors

9.1 The “uncontrollable factors” shall comprise the following factors, which were beyond the control of, and could not be mitigated by the Petitioner, as determined by the Commission:

- (a) Force Majeure events;
- (b) Change in law;
- (c) Variation in fuel cost on account of variation in price of primary and/or secondary fuel prices;
- (d) Variation in sales;
- (e) Variation in the cost of power purchase due to variation in the rate of power purchase, subject to clauses in the power purchase agreement or arrangement approved by the Commission;
- (f) Variation in inter-State Transmission Charges;
- (g) Variation in intra-State Transmission Charges;
- (h) Variation in market interest rates for long-term loan; and
- (i) Variation in freight rates.

9.2 Variations or expected variations in the performance of the Petitioner, which may be attributed by the Commission to controllable factors include, but are not limited to the following:

- (a) Variation in technical and commercial losses;
- (b) Variation in operational norms;
- (c) Variation in amount of interest on working capital;
- (d) Variation in Operation & Maintenance expenses;

- (e) Variation in Coal transit losses.

10 Mechanism for pass-through of gains or losses on account of uncontrollable factors

10.1 The aggregate gain or loss to a Generating Company on account of variation in cost of fuel from the sources considered in the Tariff Order, including blending ratio of coal procured from different sources, shall be passed through as an adjustment in its Energy Charges on a monthly basis, as specified in Regulation 51.10.

10.2 The aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, Inter-State Transmission Charges and Intra-State Transmission Charges covered under Regulation 9.1, shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (Z_{FAC}), 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:

Provided that in case Distribution Licensee fails to compute and charge Z_{FAC} within the timeline stipulated in these Regulations, except in case of any Force Majeure, its right for recovery of such cost shall be forfeited and Distribution Licensee shall not allow to recover such cost in True-up also.

Provided further that in case Z_{FAC} computed for any month is negative i.e. saving in expenses, then such saving shall be deposited in 'FAC Stabilisation Fund'. Amount accrued along with holding cost in such Fund shall be used for offsetting positive Z_{FAC} i.e. increased expenses, before levying it to the consumers.

10.3 The Z_{FAC} component shall be applicable to the entire sales of a Distribution Licensee without any exemption to any consumer.

10.4 The Z_{FAC} component shall be computed and charged on the basis of actual variation in cost of fuel and power purchase, and Inter-State Transmission Charges and Intra-State Transmission Charges relating to power procured during any month subsequent to such costs being incurred, in accordance with these Regulations, and shall not be computed on the basis of estimated or expected variations in fuel and/or power purchase costs.

10.5 Distribution Licensee shall submit the details of variation in fuel costs relating to power generated from its own generation stations, cost of power procured, Inter-State Transmission Charges and Intra-State Transmission Charges on a quarterly basis within 60 days of the close of each quarter, for post facto approval:

Provided also that the Distribution Licensee shall submit the Z_{FAC} levied to all consumers for the preceding quarter vis-a-vis the Z_{FAC} recoverable, along with the detailed computations and supporting documents as may be required, for verification by the Commission:

Provided also that the Distribution Licensee shall provide details of the Commission's approval of levy of Z_{FAC} on its internet website.

10.6 The formula for computation of the FAC component of Z-factor Charge is as follows:

$$Z_{FAC} \text{ (INR crore)} = F + C + B,$$

Where,

Z_{FAC} = Z-factor Charge component for FAC;

F = Change in fuel cost of own generation, cost of power purchase, Inter-State Transmission Charges and Intra-State Transmission Charges as covered under Regulation 9.1;

C = Carrying Cost for any under recovery/over recovery, computed at the Base Rate prevailing at the beginning of the month, plus 150 basis points;

B = Adjustment factor for over-recovery/under-recovery.

10.7 The calculation for FAC to be charged for the month "n" is as follows:

$$Z_{FAC\ n} \text{ (INR Crore)} = F_{n-2} + C_{n-2} + B_{n-2},$$

Where,

F_{n-2} = Change in fuel cost of own generation, cost of power purchase, Inter-State Transmission Charges and Intra-State Transmission Charges, for the month "n-2", and shall be computed as,

$$F \text{ (INR Crore)} = A_{FC,Gen} + A_{FC,PP} + A_{ITC} + A_{InTC} ,$$

Where,

$A_{FC,Gen}$ = Change in fuel cost of own generation, to be computed based on the directives and norms approved by the Commission, including heat rate, auxiliary consumption, etc.;

$A_{FC,PP}$ = Change in variable and/or fixed cost of power procured from other sources, which would be allowed to the extent it satisfies

the criteria prescribed in these Regulations and the prevailing Tariff Order, and subject to applicable norms;

A_{ITC} = Change in Inter-State Transmission Charges;

A_{InTC} = Change in Intra-State Transmission Charges including MSLDC and STU Fees and Charges;

C_{n-2} = Carrying cost for any under recovery/over recovery for the month "n-2";

B_{n-2} (INR Crore) = $Z_{FAC\ n-4} - R_{n-2}$

Where:

B_{n-2} = Adjustment factor for over-recovery / under-recovery for the month "n-2";

$Z_{FAC\ n-4}$ = Z_{FAC} for the month "n-4";

R_{n-2} = Z_{FAC} for the month "n-4" actually recovered in the month "n-2";

10.8 The total Z_{FAC} recoverable as per the formula specified above shall be recovered from the actual sales in terms of "Rupees per kWh or Rupees per kVAh as the case may be":

Provided that, in case of unmetered consumers, the Z_{FAC} shall be recoverable based on estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:

Provided further that, where the actual cumulative distribution losses of the Distribution Licensee exceed the level approved by the Commission, the amount of Z_{FAC} corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total Z_{FAC} recoverable.

10.9 The Z_{FAC} per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula:

$Z_{FAC\ Cat}$ (INR/kWh or INR/kVA) = [Z_{FAC} / (Metered sales + Unmetered consumption estimates + Excess distribution losses)] * k * 10,

Where:

$Z_{FAC\ Cat}$ = Z_{FAC} component for a particular Tariff category/sub-category/consumption slab in 'Rupees per kWh' or 'Rupees per kVAh' terms as approved by the Commission in the Tariff Order;

$k = \text{Average Billing Rate} / \text{ACOS};$

Average Billing Rate = Average Billing Rate for a particular Tariff category/sub-category/consumption slab under consideration in ‘Rupees per kWh’ or ‘Rupees per kVAh’ as approved by the Commission in the Tariff Order:

Provided that the Average Billing Rate for the unmetered consumers shall be based on the estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:

ACOS = Average Cost of Supply in ‘Rupees per kWh’ or ‘Rupees per kVAh’ as approved for recovery by the Commission in the Tariff Order:

Provided that the monthly Z_{FAC} shall not exceed 20% of the variable component of Tariff or such other ceiling as may be stipulated by the Commission from time to time:

Provided further that any under-recovery in the Z_{FAC} on account of such ceiling shall be carried forward and shall be recovered by the Distribution Licensee over such future period as may be directed by the Commission.

10.10 The consequential impact of decisions of higher Courts or Tribunals or Review Orders passed by the Commission on the Generating Companies, Transmission Licensees, Distribution Licensees, MSLDC, STU and ESSD shall be passed through under the ‘Other Uncontrollable Cost’ component of the Z-factor Charge (Z_{OUC}) as an adjustment in the Tariff on a yearly basis for the second, third, fourth and fifth Years of the Control Period, as may be determined in the Order of the Commission passed under these Regulations.

10.11 The Z_{OUC} shall be determined based on a Petition filed by the concerned the Generating Companies, Transmission Licensees, Distribution Licensees, MSLDC, STU and ESSD.

11 Mechanism for sharing of gains or losses on account of controllable factors

11.1 The approved aggregate gain to the Generating Company or Transmission Licensee or Distribution Licensee or MSLDC or STU or ESS Developer on account of controllable factors shall be dealt with in the following manner:

- (a) Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission;

- (b) The balance amount of such gain shall be retained by the Generating Company or Transmission Licensee or Distribution Licensee or MSLDC or STU or ESS Developer.

11.2 The approved aggregate loss to the Generating Company or ESS Developer or Transmission Licensee or Distribution Licensee or MSLDC or STU on account of controllable factors shall be dealt with in the following manner:

- (a) One-third of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission;
- (b) The balance amount of such loss shall be absorbed by the Generating Company or Licensee or MSLDC or STU or ESS Developer.

PART- B: PROCEDURE FOR DETERMINATION OF TARIFF

12 Filing of Petition for determination of Tariff

- 12.1** A Petition for determination of Tariff shall be filed in such form and in such manner as specified in these Regulations and be accompanied by applicable fees.
- 12.2** The proceedings for determination of Tariff shall be undertaken by the Commission in accordance with the Transaction of Business Regulations as amended time to time.
- 12.3** Notwithstanding anything contained in these Regulations, the Commission shall have the authority, either *suo motu* or on a Petition filed by the Generating Company or ESSD or Licensee or MSLDC or STU, to determine its Tariff or Fees and Charges, including terms and conditions thereof.

13 Determination of Generation Tariff and Energy Storage System

13.1 Existing Generating Station

Where the Commission has, at any time prior to April 1, 2025, approved a power purchase agreement or arrangement between a Generating Company and a Distribution Licensee or has adopted the Tariff contained therein for supply of electricity from an existing generating Unit/Station, then the Tariff for supply of electricity by such Generating Company to the Distribution Licensee shall be in accordance with the Tariff mentioned in such power purchase agreement or arrangement for such period as so approved or adopted by the Commission.

Where, as on April 1, 2025, the power purchase agreement or arrangement between a Generating Company or Energy Storage system Developer as the case may be and a Distribution Licensee for supply of electricity from an existing generating Unit/Station or the Tariff therein has not been approved by the Commission, or where there is no power purchase agreement or arrangement, the supply of electricity by such Generating Company or providing energy storage services to the Distribution Licensee after April 1, 2025 shall be in accordance with a power purchase agreement or Energy Storage Service Agreement as the case may be approved by the Commission in accordance with **Part C** of these Regulations:

Provided that the Petition for approval of such power purchase agreement or arrangement shall be filed by the Distribution Licensee with the Commission considering the provisions of the MERC (Framework for Resource Adequacy) Regulations 2024 and amendments thereof, within three months from the date of notification of these Regulations:

Provided further that the supply of electricity shall be allowed to continue under the present agreement or arrangement until such time as the Commission approves such power purchase agreement and shall be discontinued forthwith if the Commission rejects it, for reasons to be recorded in writing.

13.2 New Generating Stations

The Tariff for the supply of electricity by a Generating Company to a Distribution Licensee from a new generating Unit/Station shall be in accordance with the Tariff determined in accordance with **Part E** of these Regulations.

13.3 Energy Storage systems

The Tariff for providing Energy Storage Services, shall be determined by the Commission in accordance with **Part L** of these Regulations.

13.4 Own Generating Stations

Where a Distribution Licensee also undertakes the business of generation of electricity, the transfer price at which electricity is supplied by its Generation Business to its Retail Supply Business shall be determined by the Commission:

Provided that the Commission shall have regard to the terms and conditions specified in **Part E** of these Regulations in determining the transfer price for such supply.

The Distribution Licensee shall maintain a separate record for its Generation Business and an Allocation Statement so as to enable the Commission to identify the direct and indirect costs relating to such Business and return on equity capital accruing to it.

13.5 The Distribution Licensee shall submit, along with the separate Petition for determination of Tariff for retail supply of electricity, the information required under **Part E** of these Regulations relating to the Generation Business.

14 Determination of Tariff and Fees and Charges for Transmission, Distribution Wires Business, Retail Supply Business, MSLDC and STU

14.1 The Commission shall determine the Aggregate Revenue Requirement and Tariff for Transmission Licensees, Distribution Wires Business, Retail Supply Business, Fees and Charges for MSLDC and STU, upon consideration of a Petition filed by the Licensee or MSLDC or STU, as the case may be, in accordance with the procedure contained in this Regulation.

14.2 The Commission shall determine the Tariff for the Licensee or Fees and Charges for the MSLDC or STU for;

- (a) Transmission of electricity, in accordance with the terms and conditions contained in **Part G** of these Regulations;
- (b) Distribution Wires Business, in accordance with the terms and conditions contained in **Part H** of these Regulations;
- (c) Retail Supply Business, in accordance with the terms and conditions contained in **Part I** of these Regulations; and
- (d) MSLDC, in accordance with the terms and conditions contained in **Part J** of these Regulations.
- (e) STU, in accordance with the terms and conditions contained in **Part K** of these Regulations.
- (f) ESS, in accordance with the terms and conditions contained in **Part L** of these Regulations.

14.3 The Petitioner shall provide, as part of its Petition and in such form as may be stipulated by the Commission, details of computation of the Aggregate Revenue Requirement and expected revenue from Tariff and charges, and thereafter shall furnish such further information or particulars or documents as the Commission or its Secretary or any officer designated for the purpose by the Commission may reasonably require assessing such calculation:

Provided that the Petition shall be accompanied, where relevant, by a detailed Tariff revision proposal showing category-wise Tariffs and how such revision would meet the gap, if any, in Aggregate Revenue Requirement for each year of the Control Period:

Provided further that the Commission may stipulate different formats for details to be submitted by the Petitioner as it may reasonably require for assessing the Aggregate Revenue Requirement and for determining the Tariff:

Provided also that the Commission may conduct a Technical Validation Session prior to admission of the Petition.

14.4 Petitioner shall submit a duly completed draft Public Notice for the Commission's approval as per the stipulated template, for publication as and when intimated by the Commission.

14.5 Upon receipt of a complete Petition accompanied by the requisite information, particulars and documents in compliance with the requirements specified in this Regulation, the Petition shall be admitted, and the Commission or its Secretary

or designated Officer shall intimate to the Petitioner that it is ready for publication.

14.6 The Petitioner shall, within three days of an intimation given to it in accordance with Regulation 14.4, publish a Public Notice in at least two English and two Marathi language daily newspapers widely circulated in the area to which the Petition pertains, outlining the proposed Tariff, and such other matters as may be stipulated by the Commission, and inviting suggestions and objections from the public:

Provided that the Petitioner shall make available a hard copy and soft copy of the complete Petition to any person, at such locations and at such rates as may be stipulated by the Commission:

Provided further that the Petitioner shall also provide on its internet website, in text-searchable format or in downloadable spreadsheet format and showing detailed computations, the Petition filed before the Commission along with all regulatory filings, information, particulars and documents in the manner stipulated by the Commission:

Provided also that the web link to the information mentioned in the second proviso to this Regulation shall be easily accessible, archived for downloading and be prominently displayed on the Petitioner's internet website:

Provided also that Distribution Licensee shall intimate its consumer about filing of such Tariff Petition, period of public consultation, date of Public Hearing etc. through appropriate message printed on electricity bill and or message sent through SMS gateway or email.

Provided also that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents as are confidential in nature.

Explanation – For the purpose of this Regulation, the term “downloadable spreadsheet format” shall mean one (or multiple, linked) spreadsheet software files containing all assumptions, formulae, calculations, software macros and outputs forming the basis of the Petition.

14.7 The Petitioner shall furnish to the Commission all such books and records (or certified true copies thereof), including the Accounting Statements, operational and cost data, as may be required by it for determination of Tariff.

14.8 The Commission may, if it considers necessary, make or cause to be made available to any person such information as has been provided by the Petitioner

to it, including abstracts of books and records (or certified true copies thereof) on such terms and conditions as may be specified in Regulations of the Commission governing its Transaction of Business.

14.9 The Commission may direct the Generating Company, ESSD or Transmission Licensee or Distribution Licensee or MSLDC or STU to submit such performance-related data as it may stipulate, with the Petitions to be filed under these Regulations.

14.10 The procedural aspects pertaining to the Petition contained in this Regulation shall apply only to such an extent as may be required by the Commission having regard to the circumstances of an individual case, to -

- (a) Petition filed by a Transmission Licensee under Section 36 of the Act;
- (b) Petition filed by a Generating Company, Energy Storage System Developer or Licensee under Section 64 of the Act;
- (c) Petition filed by the MSLDC under Section 32 of the Act.
- (d) Petition filed by the STU under Section 39 of the Act.

15 Tariff Order

15.1 The Commission shall, within one hundred and twenty days from receipt of a complete Petition, and after considering all suggestions and objections received from the public:

- (a) issue a Tariff Order accepting the Petition with such modifications or such conditions as may be stipulated in that Order;
- (b) reject the Petition for reasons to be recorded in writing if such Petition is not in accordance with the provisions of the Act and the rules and Regulations made thereunder or any other provisions of law, after giving the Petitioner a reasonable opportunity of being heard.

15.2 The Petitioner shall publish the approved Tariff schedule on its internet website, and make available for sale a booklet containing such Tariff to any person upon payment of reasonable reproduction charges:

Provided that, Distribution Licensee shall intimate its consumer about revision in tariff through message printed on electricity bill and/or through SMS gateway or email.

15.3 The Tariff so published shall be in force from the date stipulated in the said Order and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein.

16 Adherence to Tariff Order

16.1 No Tariff or part of any Tariff may ordinarily be amended more frequently than once in a year, except in respect of any changes expressly permitted under Z-factor Charge as specified in Regulation 10.

16.2 If any Generating Company or ESSD or Transmission Licensee or Distribution Licensee or MSLDC or STU recovers a price or charge exceeding the Tariff determined under Section 62 of the Act and in accordance with these Regulations, the excess amount shall be payable to the person who has paid such price or charge, along with interest equivalent to the Bank Rate declared by the Reserve Bank of India prevailing during the relevant period, without prejudice to any other liability to which such Generating Company or ESSD or Transmission Licensee or Distribution Licensee or MSLDC or STU may be subjected to:

Provided that such interest payable to any party shall not be allowed to be recovered through the Aggregate Revenue Requirement of the Generating Company or Energy Storage System Developer or Transmission Licensee or Distribution Licensee or MSLDC or STU:

Provided also that the Generating Company or Energy Storage System Developer or Transmission Licensee or Distribution Licensee or MSLDC or STU shall maintain separate details of such interest paid or payable by it and shall submit them to the Commission along with its Petition.

16.3 The Generating Company or Transmission Licensee or Distribution Licensee or MSLDC or STU shall submit periodic returns as may be required by the Commission, containing operational and cost data to enable it to monitor the implementation of its Order.

17 Deviation from ceiling tariff

17.1 The tariff determined in accordance with these Regulations shall be a ceiling tariff, and the Generating Company or Energy Storage System Developer or Transmission Licensee and their Beneficiaries may mutually agree to charge a lower tariff.

17.2 The Generating Company or Transmission Licensee may opt to charge a lower tariff for a period not exceeding the validity of these Regulations on agreeing to deviation from operational parameters, reduction in Operation and Maintenance expenses, reduced Return on Equity and incentive specified in these Regulations.

17.3 The deviation from the ceiling tariff determined by the Commission, shall come into effect from the date agreed to by the Generating Company or Transmission Licensee and the Beneficiaries.

17.4 The Generating Company and the Beneficiaries of a Generating Station or the Transmission Licensee and the Beneficiaries shall be required to intimate the Commission for charging lower tariff in accordance with Regulation 17.1 to 17.3 above. The details of the accounts and the tariff charged under Regulation 17.1 to 17.3 shall be submitted at the time of true up. The revenue loss on account of charging lower than approved tariff shall be borne entirely by the Generating Company or Transmission Licensee and the impact of such revenue loss shall not be passed on to the Beneficiaries, in any form.

PART C: POWER PROCUREMENT

18 Applicability

18.1 The Regulations contained in this Part shall apply to power procurement by a Distribution Licensee from a Generating Company or Trading Licensee or Distribution Licensee or from any other source through agreement or arrangement for purchase of power for distribution and supply within the State.

19 Power procurement guidelines

19.1 The Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan for the Control Period, which may include long-term, medium-term and short-term power procurement, approved by the Commission in accordance with Maharashtra Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations, 2024.

19.2 The Distribution Licensee shall follow the guidelines contained in this Part with respect to:

- (a) Procurement of power under any arrangement or agreement with a term or duration exceeding Five years but not exceeding twenty-five years (i.e., long-term power procurement);
- (b) Procurement of power under any arrangement or agreement with a term or duration exceeding one year but not exceeding Five years (i.e., medium-term power procurement); and
- (c) Procurement of power under any arrangement or agreement with a term or duration less than or equal to one year (i.e., short-term power procurement).

19.3 All future procurement of short-term or medium-term or long-term power shall invariably be undertaken through competitive bidding in accordance with Guidelines notified by the Government of India under Section 63 of the Act.

Provided that in case either no competitive bids are received, or the bids received are higher than the prevailing market rates or on any other sufficient reason, then the Distribution Licensee may procure medium-term or long-term power under Section 62 of the Act, subject to fulfilling the conditions specified in Regulation 21 of these Regulations.

20 Power procurement plan

20.1 The Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply considering the provisions of the MERC (Framework for Resource Adequacy) Regulations, 2024 and submit such plan to the Commission for approval:

Provided that while preparing power procurement plan, the Distribution Licensee shall ensure availability of adequate inter-state and intra-state transmission network as per STU transmission plan or highlight transmission constraints or network augmentation requirements to cater to its proposed power procurement arrangements outlined under their procurement plan.

Provided further that such power procurement plan approved under MERC (Framework for Resource Adequacy) Regulations, 2024 for the Control Period commencing on April 1, 2025, shall be filed along with the Petition for determination of Tariff for the Control Period from April 1, 2025 to March 31, 2030, in accordance with **Part A** of these Regulations.

21 Approval of long-term/medium-term power purchase agreement/arrangement

21.1 Every long-term/medium-term agreement or arrangement for power procurement, including on a Standby basis, by a Distribution Licensee from a Generating Company or Licensee or from another source of supply, and any change to an existing agreement or arrangement shall come into effect only with the prior approval of the Commission:

Provided that the prior approval of the Commission shall not be required for purchase of power from Renewable Energy sources at the generic/preferential tariff determined by the Commission for meeting its Renewable Purchase Obligation (RPO).

21.2 The Petition for approval of Power Purchase Agreement or arrangement shall include the power procurement plan for its duration.

Provided that public consultation shall not be required for adoption of tariff discovered through competitive bidding under Section 63 of the Act:

Provided further that in case of power procurement under Section 62 of the Act, public consultation as stipulated under Regulation 21.3 to 21.5 shall be followed.

21.3 The Petitioner shall submit a duly completed draft Public Notice for the Commission's approval as per the stipulated template, for publication as and when intimated by the Commission.

21.4 Upon receipt of a complete Petition accompanied by the requisite information, particulars and documents in compliance with the requirements specified in this Regulation, the Petition shall be admitted and the Commission or its Secretary or designated Officer shall intimate to the Petitioner that the Petition is ready for publication.

21.5 The Petitioner shall, within three days of an intimation given to it in accordance with Regulation 21.4, publish a Public Notice, in at least two English and two Marathi language daily newspapers widely circulated in the area to which the Petition pertains, outlining the salient features of the proposed agreement or arrangement for power procurement and the impact on the power procurement cost and Tariff, and such other matters as may be stipulated by the Commission, and inviting suggestions and objections from the public:

Provided that the Petitioner shall make available a hard copy of the complete Petition to any person at such locations and at such rates as may be stipulated by the Commission;

Provided further that the Petitioner shall also provide the Petition filed before the Commission along with all regulatory filings, information, particulars and documents in the manner stipulated by the Commission on its internet website:

Provided also that the web-link to the information mentioned in the second proviso to this Regulation shall be easily accessible, archived for downloading and shall be prominently displayed on the Petitioner's internet website:

Provided also that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents as are confidential in nature.

21.6 The Commission shall consider a Petition for approval of power procurement agreement or arrangement having regard to the approved power procurement plan of the Distribution Licensee and the following factors:

- (a) Requirement of power procurement under the approved power procurement plan;
- (b) Adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government under Section 63 of the Act or Adherence to the terms and conditions for determination of Tariff specified under **Part E and Part L** of these Regulations;

- (c) Competitiveness of the Tariff vis-a-vis the Tariff prevalent in the market and/or Tariff discovered through competitive bidding under Section 63 of the Act;
- (d) Availability (or expected availability) of capacity in the intra-State transmission system for evacuation and supply of power procured under the agreement or arrangement;
- (e) Need to promote co-generation and generation of electricity from renewable sources of energy.

21.7 Upon completion of its consideration of the power procurement agreement or arrangement, the Commission shall:

- (a) issue an Order approving the power procurement agreement or arrangement, subject to such modifications and conditions as it may stipulate; or
- (b) reject the Petition for reasons to be recorded in writing, after giving the Petitioner an opportunity to be heard.

22 Additional power procurement

22.1 The Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.

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

22.3 Any variation, during the first or second block of six months of a Year, in the quantum or cost of power procured, including from a source other than a previously approved source, that is expected to be in excess of five per cent of that approved by the Commission, shall require its prior approval:

Provided that the five per cent limit shall not apply to variation in the cost of power procured on account of changes in the price of fuel for own generation or the fixed or variable cost of power purchase that is allowed to be recovered in accordance with Regulation 10.

22.4 Where the Distribution Licensee has identified a new short-term source of supply from which power can be procured at a Tariff that reduces its approved total

power procurement cost, it may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.

- 22.5** The Distribution Licensee may enter into a short-term arrangement or agreement for procurement of power without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system, or when directed to do so by the MSLDC to prevent grid failure.
- 22.6** Within fifteen days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the Distribution Licensee shall submit to the Commission its details, including the quantum, Tariff computations, duration, supplier particulars, method of supplier selection and such other details as the Commission may require so to assess that the conditions specified in this Regulation have been complied with.
- 22.7** Where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the Distribution Licensee does not meet the criteria specified in Regulations 22.2 to 22.5, it may disallow any increase in the total cost of power procurement over the approved level arising therefrom or any loss incurred by the Distribution Licensee as a result, from being passed through to consumers.

PART D: FINANCIAL PRINCIPLES

23 Financial Prudence

23.1 The Generating Company or Energy Storage System Developer or Licensee or STU or MSLDC shall manage its finances in an optimum and prudent manner:

23.2 In determining the Aggregate Revenue Requirement and Tariff, Charges and Fees of the Generating Company or ESSD or Licensee or MSLDC or STU, the Commission shall assess the financial prudence exercised with regard to the following factors:

- (a) revenue;
- (b) revenue expenditure;
- (c) capital expenditure:

Provided that the Commission may disallow a part of the Aggregate Revenue Requirement, as an efficiency measure, if it finds the exercise of such prudence to have been deficient.

23.3 The financial prudence with respect to revenue shall be assessed in terms of the following parameters:

- (i) whether category-wise sales projections are based on realistic estimates, and adequate justification has been provided for any anomalous increase in sales projected by the Distribution Licensee;
- (ii) whether projected generation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in generation projected by the Generating Company;
- (iii) billing efficiency measured as a percentage of the units billed by the Generating Company or Licensee to the total units injected into the transmission or distribution system, as the case may be;
- (iv) collection efficiency measured as a percentage of the amount collected by the Generating Company or Licensee to the total amount billed;
- (v) reduction in arrears receivable from Beneficiaries/consumers;
- (vi) percentage of metered consumers and metered consumption out of the total, in the case of Distribution Licensee;
- (vii) percentage of bills raised on the basis of assessed consumption out of the total number of bills raised by the Distribution Licensee;

(viii) whether revenue collected is in line with the projections made in the Petition and approved by the Commission.

23.4 The financial prudence with respect to revenue expenditure shall be assessed in terms of the following parameters:

- (a) monitoring of the revenue expenditure as against the revenue earned, such that the expenses and payment obligations of the Generating Company or ESSD or Licensee to other entities are met in a timely manner;
- (b) mechanism put in place for monitoring adherence to the approved revenue expenditure, including schedule of interest payments for long-term loans and working capital;
- (c) transparent method of power procurement, with the objective of optimising the power purchase expenses, as specified under Part-C of these Regulations:
- (d) optimum purchase of power considering factors such as requirement of power, Merit Order Despatch, potential for earning additional net revenue based on the differential between the rate for purchase of power from different sources and the market rate for sale of surplus power, if any:

Provided that, in case the excess of revenue expenditure over the revenue earned exceeds 5%, the Generating Company or ESSD or Licensee shall submit detailed justification for the mismatch along with its Petition for True-up, including a comparison of the revenue expenditure and revenue estimated in the Petition with the amounts approved by the Commission and with the actual amount of revenue expenditure and revenue, under key heads;

Provided further that the Generating Company or ESSD or Licensee shall submit a detailed cash flow statement for the respective business showing the various sources of revenue, the actual amount of cash collected against the amount billed to different consumer categories for sale of electricity, the comparison of the actual revenue expenditure and capital expenditure with the projected and approved revenue expenditure and capital expenditure:

Provided also that, in case its payment obligations to other entities are not regularly met, the Generating Company or ESSD or Licensee shall provide justification for such shortfall with reference to its cash flow statement:

Provided also that the Generating Company or ESSD or Licensee shall submit the Cost Audit Report along with the true-up Petition to justify the revenue expenses incurred as well as inventory management policies.

23.5 The financial prudence with respect to capital expenditure shall be assessed as per the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022, in terms of the following parameters:

- (a) whether projected capital expenditure and capitalisation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in capital expenditure and capitalisation projected by the Generating Company, ESSD or Licensee;
- (b) mechanism put in place for monitoring the physical progress of projects with respect to their original schedule;
- (c) optimum drawal of loans in accordance with the physical progress of the capital expenditure schemes, and efficient utilisation of such loans;
- (d) in case the actual capital expenditure or capitalisation exceeds 10% of that approved by the Commission, the Generating Company, ESSD or Licensee shall submit detailed justification for such excess along with its Petition for True-up;
- (e) in case any scheme has not been commenced during the year despite the Commission's approval, detailed justification shall be submitted along with the Petition for True-up.

Provided that, the financial prudence with respect to 'Opex expenditure' shall be assessed as per the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022.

24 Capital Cost and Capital Structure

24.1 The Capital Investment Scheme of the Generating Company or ESSD or Transmission Licensee or Distribution Licensee or STU throughout the Control Period shall be in accordance with the principles set out under Regulation 3 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022, as amended from time to time.

24.2 Capital cost for a capital investment Project shall include:

- (a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check;
- (b) capitalised initial spares subject to the ceiling rates specified in this Regulation;

- (c) expenses incurred by the Licensee on obtaining right of way, as admitted by the Commission after prudence check;
- (d) additional capitalisation determined under Regulation 25;
- (e) any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed up to the cut-off date, as admitted by the Commission after prudence check:
- (f) Capital expenditure on account of biomass handling equipment and facilities, for co-firing:

Provided that any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed up to the date of commercial operation shall be adjusted only against the debt component of the capital cost:

Provided further that the capital cost of the assets forming part of the Project but not put to use or not in use, shall be excluded from the capital cost of Generation Project or ESSD or transmission system:

Provided also that the Generating Company, ESSD or Transmission Licensee or Distribution Licensee or MSLDC or STU shall submit documentary evidence in support of its claim of assets being put to use:

Provided also that the Commission may undertake a sample check to verify the assets put to use as submitted by the Generating Company, ESSD or Licensee or MSLDC or STU, as the case may be, independent of the tariff determination process:

Provided also that any capital expenditure incurred based on the specific requirement of a Generating Company or ESSD or Licensee shall be substantiated with necessary documentary evidence of such request and undertaking received:

Provided also that the following shall be excluded from the capital cost of the existing and new projects:

- (a) The assets forming part of the project, but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by State Transmission Utility, such asset shall be decapitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

- (a) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
- (b) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy;
- (c) Any consumer contribution or grant received from the Central or State Government or any statutory body or authority for the execution of the project, which does not carry any liability of repayment;
- (d) Any assets funded through Contribution to Contingency Reserves; and
- (e) Any assets funded through proceeds of insurance claims, if any.

24.3 The capital cost admitted by the Commission after prudence check shall form the basis for determination of Tariff:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan including the choice and manner of funding, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of Tariff:

Provided further that the entire gain to the Generating Company or ESSD or Licensee or MSLDC or STU on account of variations in capitalisation, in terms of variation in Interest and Finance Charges, Return on Equity, and Depreciation, shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission after prudence check:

Provided also that the loss to the Generating Company, ESSD or Licensee or MSLDC or STU on account of variations in capitalisation, in terms of variation in Interest and Finance Charges, Return on Equity, and Depreciation, shall be shared between the Generating Company, ESSD or Licensee or MSLDC or STU and the respective Beneficiary or consumer in the manner stipulated by the Commission in its Order after prudence check.

24.4 The approved capital cost shall be considered for determination of Tariff, and any escalation in the capital cost for which sufficient justification is provided may be

considered by the Commission subject to prudence check and in accordance with the conditions and methodology specified in Regulation 39:

Provided that, in case the actual capital cost is lower than the approved capital cost, the actual capital cost, subject to prudence check and in accordance with the conditions and methodology specified in Regulation 39 for the capital cost of new generating Unit/Station, shall be considered for determination of Tariff of the Generating Company.

24.5 The Petitioner may project the capital expenditure and capitalisation plan for each year of the Control Period as per its projected capital investment outlay and annual phasing plan with due justifications in accordance with provisions outlined under MERC (Approval of Capital Investment Schemes) Regulations, 2022, as amended from time to time.

24.6 For the purpose of approval of projected capital expenditure plan and capitalisation plan for Control Period, the Commission shall take into consideration historical trend of capitalisation of approved capital schemes (DPR and Non-DPR), projected growth in the distribution network, consumer base & demand, expected growth in generation capacity addition and transmission network augmentation requirement, ongoing/pending capital schemes, status update of in-principal approved schemes, status of tie-up of funds for various capex schemes proposed by generation company, transmission licensee, distribution licensee, STU, SLDC, as the case may be.

24.7 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.

24.8 The actual capital expenditure on a scheme as on COD for the original scope of work based on audited accounts of the Generating Company, ESSD or Licensee or MSLDC or STU or Project, as the case may be, shall be considered subject to prudence check by the Commission.

24.9 The cumulative amount of capitalisation against non-DPR schemes for any Year shall not exceed 30% or such other limit as may be stipulated by the Commission

through an Order, of the cumulative amount of capitalisation approved against DPR schemes for that Year:

Provided that, in case MSLDC and STU the cumulative amount of capitalisation against non-DPR schemes for any Year shall not exceed Average capital expenditure of past three years actually incurred or 30% of approved capital expenditure of previous years, whichever is lower, in case there is no approved capital expenditure for particular year.

Provided further that the Commission may allow capitalisation against non-DPR schemes for any Year in excess of 30% or such other limit as may have been stipulated by the Commission through Order, on a request made by the Generating Company, ESSD or Licensee or MSLDC or STU.

24.10 Where the power purchase agreement or bulk power transmission agreement provides for a ceiling on capital cost, the capital cost to be considered shall not exceed such ceiling.

24.11 The revenue earned from sale of infirm power prior to the COD in excess of fuel cost as specified under Regulation 45, shall be adjusted against the Capital Cost.

24.12 Supply of Coal or Lignite prior to the Date of Commercial Operation of Integrated Mine:

The input price for supply of coal or lignite from the integrated mine(s) prior to their date of commercial operation shall be:

- (a) in case of coal, the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower; and
- (b) in case of lignite, the estimated price available in the investment approval or the last available pooled lignite price as determined by the Commission for transfer price of lignite, whichever is lower:

Provided that any revenue earned from supply of coal or lignite prior to the date of commercial operation of the integrated mine(s) shall be applied in adjusting the capital cost of the said integrated mine(s).

24.13 The capital cost may include initial spares capitalised as a percentage of the Plant and Machinery cost up to the cut-off date, subject to the following ceiling norms:

- (a) Coal based/lignite fired Generating Stations: 4.0%;
- (b) Gas turbine/combined cycle Generating Stations: 4.0%;
- (c) Hydro Generating Stations, including pumped storage

hydro generating Stations:	4.0%;
(d) Battery Energy Storage System	1.0%
(e) Transmission System and Distribution System	
i. Transmission & Distribution Line including underground cable:	1.0%;
ii. Transmission & Distribution sub-Station (green-field):	4.0%;
iii. Transmission sub-Station (brown-field):	6.0%;
iv. Series compensation devices and HVDC sub-Station:	4.0%;
v. Gas Insulated sub-Station (GIS):	5.0%;
vi. Communication System:	3.5%;
vii. Static Synchronous Compensator:	6.0%.
viii. Integrated Mine:	As per Mining Plan:

Provided that where the Emission Control System is installed, the norms of initial spares specified in this Regulation for coal based/ lignite fired Generating Stations as the case may be, shall apply.

24.14 The impact of revaluation of assets shall be permitted provided it does not result in increase in Tariff of the Generating Company or Licensee or ESSD:

Provided that any benefit from such revaluation shall be passed on to persons sharing the capacity charge in case of a Generating Company, to long-term intra-State open access customers of the Transmission Licensee or Distribution Licensee or retail supply consumers of Distribution Licensees, at the time of MYT Tariff determination or in case of Distribution Licensee Mid-Term Review or final Truing-up for the Control Period, as the case may be.

24.15 Any expenditure on replacement, renovation and modernisation or extension of life of old fixed assets, as applicable to Generating Companies, ESSD or Licensees, shall be considered after writing off the net value of such replaced assets from the original capital cost, and shall be computed as follows:

Net Value of Replaced Assets = OCRA – AD;

Where;

OCRA: Original Capital Cost of Replaced Assets;

AD: Accumulated depreciation pertaining to the Replaced Assets:

Provided that, in case the original capital cost of the replaced asset is not available for any reason, it shall be considered by the Commission on a case to case basis:

Provided also that, such condition shall not be applicable for cases where ‘Special Allowance’ has been provided for as part of approved Aggregate Revenue Requirement of Generating Company:

Provided further that the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative loan; and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

Explanation – For the purpose of this Regulation, the term 'renovation and modernisation' shall have the same meaning as in Section 80 IA of the Income-Tax Act, 1961.

25 Additional Capitalisation

25.1 The capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date, may be admitted by the Commission subject to prudence check:

- (i) Undischarged liabilities recognized to be payable at a future date;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 24;
- (iv) Liabilities to meet award of arbitration or for compliance of directions or order of any statutory authority or order or decree of any court of law; and;
- (v) Change in law or compliance of any existing law; and
- (vi) Force majeure events:

Provided that the details of works included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the Petition for determination of final Tariff after the date of commercial operation of the Generating Unit/Station or transmission system.

25.2 The capital expenditure incurred or projected to be incurred in respect of a new Project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of directions or order of any statutory authority or order or decree of any court of law;

- (ii) Change in law or compliance of any existing law;
- (iii) Deferred works relating to ash pond or ash handling system in the original scope of work;
- (iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.;
- (v) Any additional capital expenditure which has become necessary for efficient operation:

Provided that the claim shall be substantiated with the technical justification duly supported by documentary evidence like test results carried out by an independent agency in case of deterioration of assets, damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level:

Provided further that the approval of additional capital expenditure for efficient operation shall be subject to submission of report on impact assessment done by any reputed third-party technical expert/agency on the benefits realised from previous investments under this head in the last five years;

- (vi) Force majeure events;
- (vii) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and
- (viii) Raising of ash dyke as a part of ash disposal system:

Provided that in case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, subject to prudence check on the following grounds:

- a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these Regulations;
- b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;
- c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

- d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

25.3 The capital expenditure, in respect of existing generating Station or the transmission system including communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or directions of any statutory authority or order or decree of any court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Force majeure events;
- (iv) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;
- (v) Deferred works relating to ash pond or ash handling system in addition to the original scope of work, on case to case basis;
- (vi) Usage of water from sewage treatment plant in thermal generating station:

Provided that any expenditure, which has been claimed under Renovation and Modernisation or repairs and maintenance under O&M expenses, shall not be claimed under this Regulation.

25.4 The additional capital expenditure required to be undertaken by the existing generating station for compliance of the Revised Emissions Standards, may be admitted by the Commission, subject to prudence check based on the following details to be submitted by the Generating Company:

- (i) details of proposed technology as specified by the Central Electricity Authority or alternative technology based on appropriate justification;
- (ii) scope of work;
- (iii) phasing of expenditure;
- (iv) schedule of completion;
- (v) estimated completion cost including foreign exchange component, if any;
- (vi) detailed computation of indicative impact on tariff to the beneficiaries; and

(vii) any other information considered to be relevant by the Generating Company:

Provided that the Commission may grant approval after due consideration of the reasonableness of the cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, and such other factors, as may be considered relevant by the Commission.

25.5 Impact of additional capitalisation on Tariff, if any, shall be considered during the subsequent tariff determination process.

26 Consumer Contribution, Deposit Work, Grant and Capital Subsidy

26.1 The expenses on the following categories of works carried out by the Generating Company or Licensee or MSLDC or STU shall be treated as specified in Regulation 26.2:

- (a) Works undertaken from funds, partly or fully, provided by the users, which are in the nature of deposit works or consumer contribution works;
- (b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;
- (c) Other works undertaken with funding received without any obligation of repayment and with no interest costs.
- (d) Capital works undertaken by the Licensee by utilisation of Contingency Reserve.

26.2 The expenses on such capital works shall be treated as follows:-

- (a) normative O&M expenses as specified in these Regulations shall be allowed;
- (b) the debt:equity ratio, shall be considered in accordance with Regulation 27, after deducting the amount of such financial support received;
- (c) provisions related to depreciation, as specified in Regulation 28, shall not be applicable to the extent of such financial support received;
- (d) provisions related to return on equity, as specified in Regulation 29 shall not be applicable to the extent of such financial support received;
- (e) provisions related to interest on loan capital, as specified in Regulation 30 shall not be applicable to the extent of such financial support received.

27 Debt-equity ratio

27.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2025, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 24, after prudence check for determination of Tariff:

Provided that the equity investment to be considered in any year shall not exceed the difference between the sum of cumulative return on equity allowed by the Commission in previous years, efficiency gains and losses, incentives and disincentives, and income earned from investment of return on equity, and the cumulative equity investment approved by the Commission in previous years, unless the Generating Company or ESSD, or Licensee or MSLDC or STU submits documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided further that the Generating Company or Licensee or MSLDC or STU or Energy Storage system Developer shall substantiate such investment of return on equity and income thereon through documentary evidence:

Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Generating Company or Licensee or MSLDC or STU or ESSD for determination of Tariff:

Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Explanation.- The premium, if any, raised by the Generating Company or the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the Scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the Generating Station or the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

27.2 In case of the Generating Company or Licensee, if any fixed asset is capitalised on account of capital expenditure Scheme prior to April 1, 2025, the debt-equity ratio allowed by the Commission for determination of Tariff for the period ending March 31, 2025 shall be considered:

Provided that in case of retirement or replacement or de-capitalisation of the assets, the balance equity capital invested in the regulated business approved in accordance with Regulation 27.1, shall be deducted from the regulatory equity of the business:

Provided further that in case of retirement or replacement or de-capitalisation of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of outstanding debt component based on documentary evidence, or the outstanding normative loan component, as the case may be, of the original cost of such assets.

- 27.3** Any expenditure incurred or projected to be incurred on or after April 1, 2025, as may be admitted by the Commission as additional capital expenditure for determination of Tariff, and renovation and modernisation expenditure for life extension, shall be serviced in the manner specified in this Regulation.

28 Depreciation

- 28.1** The Generating Company, Licensee, ESSD, MSLDC and STU shall be permitted to recover depreciation on the value of fixed assets used in their respective businesses, computed in the following manner:

- (a) The approved original cost of the fixed assets shall be the value base for calculation of depreciation:

Provided that the depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

- (b) Depreciation for the Existing Capital Schemes or Existing Assets shall be calculated annually based on the straight-line method at the rates specified in the **Annexure I** to these Regulations for the assets of the Generating Company or Licensee or ESSD or MSLDC or STU:

Provided that the Generating Company or Licensee or ESSD or MSLDC or STU shall ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing after the period of twelve years from the Commercial Operation Date or the date of assets capitalised shall be spread over the balance Useful Life of the asset including the Extended Life, as provided in this Regulation:

Provided further that the Generating Company or Licensee or ESSD or MSLDC or STU shall submit all such details or documentary evidence as may be required, to substantiate the above claims.

Explanation: The term “Existing Capital Schemes” or “Existing Assets” here means the Capital Schemes or the Assets, including Non-DPR schemes which are commissioned on or before the March 31, 2025 or Assets in-principally approved by the Commission before the notification of these Regulations for the Generating Company or Licensee or MSLDC or STU or ESSD.”

- (c) Depreciation for the New Capital Schemes or New Assets shall be computed annually based on the straight-line method at the rates specified in the **Annexure II** to these Regulations for the assets of the Generating Company or Licensee or MSLDC or STU or ESSD:

Provided that the Generating Company or Licensee or MSLDC or STU or ESSD shall ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing after the period of fifteen years from the Commercial Operation Date or the date of assets capitalised shall be spread over the balance Useful Life of the asset including the Extended Life, as provided in this Regulation:

Provided further that the Generating Company or ESSD or Licensee or MSLDC or STU shall submit all such details or documentary evidence as may be required, to substantiate the above claims.

Explanation: The term “New Capital Schemes” or “New Assets” here means the Capital Schemes or the Assets, which not covered under Existing Assets.

- (d) The salvage value of the asset shall be considered as 10.00%, and depreciation shall be allowed up to the maximum of 90.00% of the allowable capital cost of the asset:

Provided that the Generating Company, ESSD or Licensee or MSLDC or STU shall submit certification from the Statutory Auditor for the capping of depreciation at ninety per cent of the allowable capital cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL or 0.00% and 100% or entire value of the assets shall be considered depreciable.

- (e) Where the Emission Control System is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the Emission Control System are the same, depreciation of the generating station or unit thereof including the Emission Control System shall be computed in accordance with Clauses (a) to (c) of this Regulation.

- (f) Depreciation of the Emission Control System of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, with salvage value of 10%, over a period of —
- (i) twenty-five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or
 - (ii) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or
 - (iii) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life.

28.2 Land other than the land held under lease and the land for reservoir in case of Hydro Generating Station or Pumped Storage Hydro Project shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

28.3 In case of existing assets, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2025, from the gross depreciable value of the assets: Provided that depreciation shall be chargeable from the first year of commercial operation.

28.4 In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets.

28.5 The depreciation on capital investment schemes undertaken by Generating Companies shall be allowed proportionately correlated to the remaining tenure of the Power Purchase Agreement with the Distribution Licensee.

28.6 Depreciation on capital investment schemes shall be computed annually from the date of operation of such capital investment based on straight line method, with salvage value of 10%, over a period of —

- (i) Twenty-five years, in case the principal asset is in operation for fifteen years or less as on the date of operation of the capital investment; or
- (ii) balance useful life of the principal asset plus fifteen years, in case the principal asset is in operation for more than fifteen years as on the date of operation of the capital investment.

28.7 Depreciation shall be re-computed for assets capitalised at the time of Truing-up along with the Mid-term Review (in case of Distribution Licensees) or at the end of the Control Period, based on documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission, such that the depreciation is allowed proportionately from the date of capitalisation.

28.8 The Generating Company or Licensee or MSLDC or STU shall submit the depreciation computations separately for assets added upto March 31, 2025 and assets added on or after April 1, 2025.

29 Return on Equity

29.1 Return on Equity shall be allowed in two parts viz. Base Return on Equity, and Performance Linked Return on Equity linked with actual performance:

Provided that, the Return on Equity allowed at the time of MYT Proceedings shall be inclusive of both Base Return on Equity and Performance Linked Return on Equity:

Provided further that Performance Linked Return on Equity considered at the time of MYT Proceedings is on provisional basis and may undergo change at the time of True-up based on level of performance on various parameters stipulated in these Regulations:

Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%:

Provided also that in case the Generation Company or Licensee or MSLDC or STU or ESSD claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional:

Provided also that such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone

permanently for that year and shall not be allowed to be recouped at the time of Mid-Term Review or true-up as may be applicable.

29.2 Return on Equity at the time of MYT Proceedings

- i. Return on equity for the Generating Company having thermal, gas or hydro plants, Transmission Licensee and Distribution Wires Business, shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 15.50 (base rate – 14 + performance linked - 1.50) per cent per annum in Indian Rupee terms.
- ii. Return on equity for Retail Supply Business shall be allowed on the amount of equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 17.50 (base rate – 15.50 + performance linked -2.00) per cent per annum in Indian Rupee terms.
- iii. Return on equity for Energy Storage System shall be allowed on the amount of equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 18.00 (base rate – 16.00 + performance linked -2.00) per cent per annum in Indian Rupee terms.
- iv. Return on equity for MSLDC and STU shall be allowed on the amount of equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 14.00 per cent per annum in Indian Rupee terms and additionally Performance Linked Incentive shall be allowed subject to the conditions as specified in the Regulation 125 and Regulation 134, respectively.

29.3 Return on Equity at the time of Truing Up Proceedings

Performance Linked Return on Equity considered at the time of MYT Proceedings shall be reviewed and allowed at the time of truing up of respective year based on actual performance, after prudence check by the Commission.

29.4 In case of a thermal generating Unit, with effect from April 1, 2025, at the time of true-up performance linked RoE allowed in MYT proceeding shall be retained subject to performance related to Ramp Rate, Mean Time Between Failure and Free Governor Mode of Operation as follows:

- (a) For a Coal/Lignite based Thermal Unit, Performance Linked Return on Equity for Ramp Rate (incremental/decremental) shall be allowed as per the following schedule, subject to the ceiling of Performance Linked RoE of 0.50%:
 - (i) For Ramp Rate 1% per minute, no reduction of Performance Linked RoE;

(ii) For Ramp Rate $\geq 0.9\%$ but $< 1\%$ per minute, then reduction of Performance Linked RoE of 0.25%;

(iii) For Ramp Rate $\geq 0.8\%$ but $< 0.9\%$ per minute, then reduction of Performance Linked RoE of 0.50%;

Provided that the MSLDC shall formulate the procedure for certification of Ramp Rate of thermal plants and submit for the approval of the Commission upon undertaking the due consultation of the stakeholders.

(b) For a Gas based Thermal Unit, Performance Linked Return on Equity for Ramp Rate shall be allowed as per the following schedule, subject to the ceiling of Performance Linked RoE of 0.50%:

(i) For Ramp Rate 3.0% per minute, no reduction of Performance Linked RoE;

(ii) For Ramp Rate $\geq 2.9\%$ but $< 3.0\%$ per minute, then reduction of Performance Linked RoE of 0.25%;

(iii) For Ramp Rate $\geq 2.8\%$ but $< 2.9\%$ per minute, then reduction of Performance Linked RoE of 0.50%;

Provided that the MSLDC shall formulate the procedure for certification of Ramp Rate of Gas based thermal plants and submit for the approval of the Commission upon undertaking the due consultation of the stakeholders.

(c) Performance Linked Return on Equity for Mean Time Between Failure (MTBF) shall be allowed as per the following schedule, subject to the ceiling of Performance Linked RoE of 0.50%:

(i) If MTBF > 120 days, no reduction in Performance Linked RoE;

(ii) If MTBF ≥ 90 days but < 120 days, then reduction of Performance Linked RoE of 0.20%;

(iii) If MTBF ≥ 45 days but < 90 days, then reduction of Performance Linked ROE of 0.40%;

(iv) If MTBF < 45 days, then reduction of Performance Linked RoE of 0.50%:

Provided that the Mean Time Between Failure (MTBF) shall be computed as provided in **Annexure-VII** to these Regulations:

(d) In case of an existing and new thermal generating unit, a Performance Linked Return on Equity of 0.50% shall be reduced if the Free Governor Mode Operation (FGMO) of the thermal generating station is not operational.

Provided that the MSLDC shall certify Plant wise the operationalisation and availability of FGMO during the control period.

29.5 In case of a hydro generating Unit, with effect from 1.4.2025, at the time of true-up performance linked RoE allowed in MYT proceeding shall be retained subject to performance related to Mean Time Between Failure and Free Governor Mode of Operation as follows:

(a) Performance Linked Return on Equity for Mean Time Between Failure (MTBF) shall be allowed as per the following schedule, subject to the ceiling of Performance Linked RoE of 0.75%:

- (i) If $MTBF > 120$ days, no reduction in Performance Linked RoE;
- (ii) If $MTBF \geq 90$ days but < 120 days, then reduction of Performance Linked RoE of 0.25%;
- (iii) If $MTBF \geq 45$ days but < 90 days, then reduction of Performance Linked ROE of 0.50%;
- (iv) If $MTBF < 45$ days, then reduction of Performance Linked RoE of 0.75%:

Provided that the Mean Time Between Failure (MTBF) shall be computed as provided in **Annexure-VII** to these Regulations:

(b) In case of an existing and new hydro generating unit, a Performance Linked Return on Equity of 0.75% shall be reduced, if the new hydro generating station declares commercial operational without Free Governor Mode Operation (FGMO) or until existing hydro generating station declares put to use of FGMO.

Provided that the MSLDC shall certify Plant wise the operationalisation and availability of FGMO during the control period.

29.6 In case of Transmission, a Performance Linked of Return on Equity considered in MYT Order shall be retained based on Transmission Availability, at time of truing up as per the following schedule:

(a) For the AC Transmission System, the Performance Linked RoE shall be allowed based on the following schedule, subject to the maximum reduction linked to performance parameters of 1.50%;

- (i) For Availability 99.75% and above, no reduction in Performance Linked RoE;

- (ii) For Availability $< 99.75\%$ and $\geq 99.50\%$, then reduction of Performance Linked RoE of 0.25%;
 - (iii) For Availability $< 99.50\%$ and $\geq 99.25\%$, then reduction of Performance Linked ROE of 0.50%;
 - (iv) For Availability $< 99.25\%$ and $\geq 99.00\%$, then reduction of Performance Linked RoE of 1.00%:
 - (v) For Availability below 99.00% then reduction of Performance Linked RoE of 1.50%
- (b) For the HVDC bi-pole links and HVDC back-to-back stations, the Performance Linked RoE shall be allowed based on the following schedule, subject to the maximum reduction linked to performance parameters of 1.50%;
- (i) For Availability 96.75% and above, no reduction in Performance Linked RoE;
 - (ii) For Availability $< 96.75\%$ and $\geq 96.50\%$, then reduction of Performance Linked RoE of 0.25%;
 - (iii) For Availability $< 96.50\%$ and $\geq 96.25\%$, then reduction of Performance Linked ROE of 0.50%;
 - (iv) For Availability $< 96.25\%$ and $\geq 96.00\%$, then reduction of Performance Linked RoE of 1.00%:
 - (v) For Availability below 96.00% then reduction of Performance Linked RoE of 1.50%

Provided further that Target Availability for additional rate of Return on Equity shall be as per Regulation 79.

29.7 In case of Distribution Wires Business, a Performance Linked Return on Equity considered in MYT Order shall be retained based on Wires Availability at the time of true-up as per the following schedule, subject to the maximum reduction linked to performance parameters of 1.50%:

- (a) The target Wires Availability for recovery of Return on Equity (Base + Performance Linked) shall be 99.50% for all Distribution Licensees;
- (b) The Performance Linked RoE for the Distribution Wires Availability shall be allowed as per the following schedule, subject to the maximum reduction linked to performance parameters of 1.50%;

- (i) For Availability 99.50% and above, no reduction in Performance Linked RoE;
 - (ii) For Availability < 99.50% and \geq 98.50%, then reduction of Performance Linked RoE of 0.50%;
 - (iii) For Availability < 98.50% and \geq 97.50%, then reduction of Performance Linked ROE of 1.00%;
 - (iv) For Availability below 97.50% then reduction of Performance Linked RoE of 1.50%.
- (c) Wires Availability shall be computed in accordance with the following formula:

$$\text{Wires Availability} = (1 - (\text{SAIDI} / 8760)) \times 100:$$

Provided that the System Average Interruption Duration Index (SAIDI) shall be calculated from the automated measurement records through Smart Meters and in accordance with the definition specified in MERC (Electricity Supply Code and Standards of Performance for Distribution Licensees, including Power Quality) Regulations, 2021, as amended from time to time.

29.8 In case of the Retail Supply Business, the Performance Linked Return on Equity considered in MYT Order shall be retained at the time of true-up, as per the following schedule, subject to the maximum reduction linked to performance parameters of 2.00%:

Performance Parameter		Reduction in Performance Linked RoE
Collection Efficiency	$\geq 99\%$	0.00%
	< 99% and $\geq 95\%$	Reduction of 0.50% of RoE
	< 95%	Reduction of 1.00% of RoE
Assessed Billing	$\leq 1.5\%$	0.00%
	> 1.50% and $\leq 5.00\%$	Reduction of 0.50% of RoE
	> 5.00%	Reduction of 1.00% of RoE

29.9 The Commission may either disallow the capitalisation claimed against the respective DPR Scheme, in part or in full, as appropriate, or allow lower Return on Equity on such investment in the following cases:

- (a) If the in-principle approval has not been obtained for the Capital Investment Scheme in accordance with Regulation 4.3 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022; or
- (b) If the Applicant is unable to establish the benefits as submitted in the Application for in-principle approval either fully or partly; or
- (c) If asset replacement has been permitted despite not meeting criteria specified in Regulation 3.23 of MERC (Approval of Capital Investment Schemes) Regulations, 2022.

29.10 In case of an Energy Storage Systems, with effect from April 1, 2025, at the time of true-up Performance Linked Return on Equity considered in MYT Order shall be retained based on average Ramp Rate at the time of true-up as per the following schedule, subject to the maximum reduction linked to performance parameters of 2.0%.

- (i) Average Ramp Rate for ESS more than or equal to 85% of rated capacity/minute - no reduction of ROE
- (ii) Average Ramp Rate for ESS more than or equal to 75% but below 85% of rated capacity/minute- reduction of ROE by 1%
- (iii) Average Ramp Rate for ESS below 75% of rated capacity/minute reduction of ROE by 2%

Provided that the MSLDC shall formulate the procedure for certification of Ramp Rate of ESS and submit for the approval of the Commission upon undertaking the due consultation of the stakeholders.

29.11 MSLDC and STU shall be allowed to recover an incentive maximum upto 3% of its Net Annual Revenue Requirement for a performance level of 90% against the KPIs. The performance of the previous year ending on 31st March shall be considered for calculation and recovery of incentive in the year.

Provided that the incentive shall increase by 1% of Net Annual Revenue Requirement for every 5% increase of performance above 90% on a pro-rata basis.

Provided further that incentive shall be reduced by 1% on a pro-rata basis for every 3% decrease in performance level below 90%.

30 Interest on loan

30.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

30.2 The normative loan outstanding as on April 1, 2025, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2025, from the gross normative loan.

30.3 The loan repayment during each year of the Control Period from FY 2025-26 to FY 2029-30 shall be deemed to be equal to the depreciation allowed for that year.

30.4 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the Scheme and shall be equal to the annual depreciation allowed.

30.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year:

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

Provided further that if there is no actual long-term loan for a particular year but normative long-term loan is still outstanding, the last available weighted average rate of interest for actual long-term loan shall be considered:

Provided also that if Generating Company or Licensee or MSLDC or STU or ESSD as the case may be, does not have actual long-term loan even in the past, the weighted average rate of interest of its other businesses regulated by the Commission shall be considered:

Provided also that if Generating Company or Licensee or MSLDC or STU or ESSD as the case may be, does not have actual long-term loan, and its other businesses regulated by the Commission also do not have actual long-term loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:

Provided also that if the entity as a whole does not have actual long-term loan, then the Base Rate at the beginning of the respective year shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

30.6 The interest on loan shall be computed on the normative average loan of the year by applying the weighted average rate of interest:

Provided that at the time of Truing-up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.

30.7 The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Deposit Works, Grants or Capital Subsidy, Contingency Reserves.

30.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

30.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission based on the justification to be submitted by the Generating Company or Transmission Licensee or Distribution Licensee along with documentary evidence, as applicable:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Generating Entity or the Transmission Licensee, any liquidated damages recovered from such agency or contractor, or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission:

Provided also that the Commission may also take into consideration the impact of time overrun on the supply of electricity to the concerned Beneficiary/ies.

30.10 The Generating Company or Licensee or MSLDC or STU or ESSD, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check by the Commission:

Provided that refinancing shall not be done if it results in net increase on interest:

Provided further that rate of interest of the refinanced loan shall be lower than the than the rate of interest of the loan, which is being refinanced;

Provided also that the re-financing shall not be subject to any adverse terms and conditions and additional cost and conditions of refinanced loan agreement shall not be considered for the purpose of determination of ARR:

Provided further that if refinancing is done and it results in net increase on interest, then the rate of interest shall be considered equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed:

Provided also that the Generating Company or the Licensee or the MSLDC or the STU or ESSD, as the case may be, shall submit documentary evidence of the costs associated with such re-financing:

Provided also that the net savings in interest shall be computed after factoring all the terms and conditions, and based on the weighted average rate of interest of actual portfolio of loans taken from Banks and Financial Institutions recognised by the Reserve Bank of India for Indian institutions, before and after re-financing of loans:

Provided also that the net savings in interest shall be calculated as an annuity for the term of the loan, and the annual net savings shall be shared between the entity and Beneficiaries in the specified ratio.

30.11 Interest shall be allowed only on the amount held in cash as security deposit from Transmission System Users, Distribution System Users and Retail consumers at the Bank Rate as on 1st April of the Year for which the interest is payable:

Provided that at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.

31 Foreign Exchange Rate Variation

31.1 The Generating Company or Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the generating Station or the transmission system or distribution system, in part or in full at its discretion.

31.2 The Generating Company or Licensee shall be permitted to recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant year as expense, subject to prudence check by the Commission, and extra rupee liability corresponding to such variation shall not be allowed against the hedged foreign debt.

31.3 To the extent that the foreign exchange exposure is not hedged, any extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant year shall be allowed subject to prudence check by the Commission, provided it is not attributable to such Generating Company or the Licensee or its suppliers or contractors.

31.4 The Generating Company or ESSD or Licensee shall follow prudent contract practice by incorporating necessary safeguard clauses against risk of price increment on account of Foreign Exchange Rate Variation on imported material.

31.5 Any extra rupee liability towards Foreign Exchange Rate Variation on import of material may be disallowed.

Explanation: The incidence of Foreign Exchange Rate Variation is invariably expected to be negligible, unless such equipment is not available in India.

32 Interest on Working Capital

32.1 Generation

- (a) In case of coal based/lignite-fired Generating Stations, working capital shall cover:
- (i) Cost of coal or lignite and limestone towards stock, if applicable, for ten days for pit-head Generating Stations and twenty days for non-pit-head Generating Stations, for generation corresponding to target availability, or the maximum coal/lignite stock storage capacity, whichever is lower;
 - (ii) Cost of coal or lignite and limestone for thirty days for generation corresponding to target availability;
 - (iii) Cost of secondary fuel oil for two months corresponding to target availability;
 - (iv) Normative Operation and Maintenance expenses for one month;
 - (v) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and
 - (vi) Receivables for sale of electricity equivalent to forty-five days of the sum of annual fixed charges and energy charges approved in the Tariff Order for ensuing year/s, computed at target availability and excluding incentive, if any:

minus

(vii) Payables for fuel (including oil and secondary fuel oil) to the extent of thirty days of the cost of fuel computed at target availability, depending on the modalities of payment:

Provided that in case the Fuel Supply Agreement provides for payment of cost of fuel in advance, the payables for fuel shall not be deducted for the purpose of computing the working capital requirement to the extent of actual payment of such advance, as substantiated by documentary evidence:

Provided further that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating Station, whichever is lower:

Provided also that for the purpose of Truing up, the working capital shall be computed based on the actual average stock of coal or lignite and limestone or normative stock of coal or lignite and limestone of the generating Station, whichever is lower:

Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses:

Provided also that in case of multi-fired fuel based generating stations, the interest on working capital shall be allowed on actual basis at the time of Truing-up, subject to prudence check.

(aa) In case of Emission Control System of coal or lignite based thermal generating stations, working capital in addition to working capital computed in accordance with Regulation 32.1 (a) shall be allowed covering:

- (i) Cost of limestone or reagent towards stock for 20 days for generation corresponding to the target availability;
- (ii) Advance payment for 30 days towards cost of reagent for generation corresponding to the target availability;
- (iii) Normative Operation and maintenance expenses in respect of emission control system for one month;
- (iv) Maintenance spares at one per cent of the opening Gross Fixed Assets in respect of emission control system.

(b) In case of oil-fired Generating Stations, working capital shall cover:

- (i) Cost of oil for thirty days towards stock, if applicable, for generation corresponding to target availability, or the maximum oil stock storage capacity, whichever is lower;
- (ii) Cost of oil for thirty days for generation corresponding to target availability;
- (iii) Normative Operation and Maintenance expenses for one month;
- (iv) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and
- (v) Receivables for sale of electricity equivalent to forty-five days of the sum of annual fixed charges and energy charges approved in the Tariff Order for ensuing year/s, computed on target availability and excluding incentive, if any:

minus

- (vi) Payables for fuel to the extent of thirty days of the cost of fuel computed at target availability, depending on the modalities of payment:

Provided that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating Station, whichever is lower:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (c) In case of Open Cycle Gas Turbine/Combined Cycle Generating Stations, working capital shall cover:
 - (i) Fuel cost for thirty days corresponding to target availability duly taking into account the mode of operation of the Generating Station on gas fuel and liquid fuel;
 - (ii) Liquid fuel stock for fifteen days corresponding to target availability;
 - (iii) Normative Operation and maintenance expenses for one month;
 - (iv) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and

- (v) Receivables for sale of electricity equivalent to forty-five days of the sum of annual fixed charges and energy charges approved in the Tariff Order for ensuing year/s, computed on target availability and excluding incentive, if any:

minus

- (vi) Payables for fuel (including liquid fuel stock) to the extent of thirty days of the cost of fuel computed at target availability, depending on the modalities of payment:

Provided that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or target availability of the generating Station, whichever is lower:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (d) In case of Hydro power Generating Stations, working capital shall cover:

- (i) Normative Operation and maintenance expenses for one month;
- (ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and
- (iii) Receivables for sale of electricity equivalent to forty-five days of the annual fixed charges for ensuing year/s, approved in the Tariff Order, computed on normative capacity index and excluding incentive, if any:

Provided that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (e) In case of own Generating Stations of the Retail Supply Business, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with this Regulation.

- (f) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points:

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

32.2 Transmission

- (a) The working capital requirement of the Transmission Licensee shall cover:
- (i) Normative Operation and maintenance expenses for one month;
 - (ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and
 - (iii) One and a half months equivalent of the expected revenue from transmission charges at the Tariff approved in the Order for ensuing year(s);

minus

- (iv) Amount held as security deposits in cash, if any, from Transmission System Users:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from Transmission Charges excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points:

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

32.3 Distribution Wires Business

- (a) The working capital requirement of the Distribution Wires Business shall cover:
- (i) Normative Operation and maintenance expenses for one month;

(ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and

(iii) One and half month equivalent of the expected revenue from charges for use of Distribution Wires at the Tariff approved by the Commission for ensuing year(s);

minus

(iv) Amount held as security deposits in cash from Distribution System Users:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

(b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points:

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

32.4 Retail Supply of Electricity

(a) The working capital requirement of the Retail Supply Business shall cover:

(i) Normative Operation and maintenance expenses for one month;

(ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and

(iii) One and half months equivalent of the expected revenue from sale of electricity at the Tariff approved by the Commission for ensuing year/s, and including revenue from cross-subsidy surcharge and additional surcharge, if any;

minus

(iv) Amount held as security deposits in cash from retail supply consumers;

(v) One month equivalent of cost of power purchased, including the Transmission Charges, MSLDC Charges and STU Charges, based on the annual power procurement plan:

Provided that in case of power procurement from own Generating Stations of the Retail Supply Business, no amount shall be reduced from working capital requirement towards payables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with these Regulations:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points:

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

32.5 MSLDC

- (a) The working capital requirement of the MSLDC shall cover:

- (i) Operation and maintenance expenses for one month;
- (ii) One and a half months equivalent of the expected revenue from levy of Annual Fixed Charges approved by the Commission for ensuing year(s):

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Fees and Charges is filed, plus 150 basis points:

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

32.6 STU

- (a) The working capital requirement of the STU shall cover:
- (i) Operation and maintenance expenses for one month;
 - (ii) One and a half months equivalent of the expected revenue from levy of Annual Fixed Charges approved by the Commission for ensuing year(s):

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

- (b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Fees and Charges is filed, plus 150 basis points:

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

32.7 For the purpose of Truing-up for each year, the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred by the Generating Company or ESSD or Licensee, MSLDC or STU, substantiated by documentary evidence, shall be considered as an efficiency gain or efficiency loss, as the case may be, on account of controllable factors, and shared between it and the respective beneficiary/ies or consumer as the case may be, in accordance with Regulation 11:

Provided that the Delayed Payment Surcharge and Interest on Delayed Payment as per books of accounts of the Generating Company or Licensee or MSLDC or STU shall be deducted from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, as the case may be:

Provided also that if actual interest on working capital exceeds the normative interest on working capital, then the interest expenses incurred for funding of Regulatory Assets approved by the Commission shall be deducted from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, as the case may be.

33 Carrying Cost or Holding Cost

33.1 The Commission shall allow Carrying Cost or Holding Cost, as the case may be, on the admissible amounts, with simple interest, at the weighted average Base Rate prevailing during the concerned Year, plus 150 basis points:

Provided that Carrying Cost or Holding Cost shall be allowed on the net entitlement after sharing of efficiency gains and losses as approved after true-up:

Provided further that in case of Distribution Licensees, the Incentive on account of Distribution Losses, as applicable, shall be deducted from the net entitlement, for the purpose of computing Carrying Cost or Holding Cost.

34 Income Tax

34.1 The Income Tax for the Generating Company or ESSD or Licensee or MSLDC or STU for the regulated business shall be allowed on Return on Equity, including Performance Linked Return on Equity at the income tax rate applicable for the respective financial year, through the Tariff charged to the Beneficiary/ies, subject to the conditions stipulated in Regulations 34.2 to 34.5:

Provided that, at the time Multi Year Tariff Projections, the Income tax rate shall be allowed as the latest available Income Tax Rate approved by the Commission, whereas, at the time of true-up the Income Tax rate shall be approved based on the actual Income Tax paid by the Generating Company or ESSD or Licensee or MSLDC or STU, subject to prudence check;

Provided further that no Income Tax shall be considered on the amount of efficiency gains and incentive approved by the Commission, irrespective of whether or not the amount of such efficiency gains and incentive are billed separately:

Provided further that no Income Tax shall be considered on the amount of income from Delayed Payment Charges or Interest on Delayed Payment or Income from Other Business, as well as on the income from any source that has not been considered for computing the Aggregate Revenue Requirement:

Provided also that the Income Tax rate shall be considered for the Generating Company or ESSD as a whole, and not Unit-wise/Station-wise:

Provided that, in case of the Generating Company or Licensee or MSLDC has engaged in any other regulated or unregulated Business or Other Business, the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded while arriving at actual income tax rate.

34.2 The rate of Return on Equity, including the rate of Performance Linked Return on Equity as allowed by the Commission under Regulation 29 of these Regulations shall be grossed up with actual tax paid, for the previous year:

Provided that in case the Generating Company or ESSD or Licensee or MSLDC or STU for the regulated business has not paid any Income Tax for respective year, the Tax Rate shall be considered as zero at the time of Truing-up, subject to prudence check.

34.3 The Rate of Return on Equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Rate of Return on Equity / (1-t),

Where “t” is the actual tax rate including surcharge and cess.

34.4 Variation between the Income Tax estimated by the Commission for future year during MYT Order and Mid-Term Review Order (in case of Distribution Licensees) and the Income Tax approved by the Commission for the respective Year after truing up for respective year, shall be allowed for recovery as part of the Aggregate Revenue Requirement at the time of Mid-Term Review Order (in case of Distribution Licensees) or Truing-up, subject to prudence check.

35 Contribution to Contingency Reserves

35.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25 per cent of the original cost of fixed assets shall be allowed annually towards such contribution in the calculation of Aggregate Revenue Requirement:

Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:

Provided further that such contribution shall be invested in securities authorised under the Indian Trusts Act, 1882 such as Treasury Bills, Sovereign Bonds, Zero Coupon Bonds or similar kind of financial instruments, within a period of six months of the close of the Year:

Provided also that if the Licensee does not invest the amount of contribution to Contingency Reserves in authorised securities within a period of six months of the close of the Year, then the contribution allowed in the calculation of Aggregate Revenue Requirement shall be disallowed at the time of true-up:

Provided also that if the Licensee does not invest the amount of contribution to Contingency Reserves in authorised securities for two consecutive Years, then

the contribution to Contingency Reserves shall not be allowed in the calculation of Aggregate Revenue Requirement from the subsequent Year onwards.

35.2 The Contingency Reserve shall not be drawn upon during the term of the Licence except to meet such charges on account of:

- (a) Expenses or loss of profits arising out of accidents, strikes, acts of God included, but not limited to lightning, storm, action of the elements, earthquakes, flood, torrential rains, drought and natural disaster or circumstances which the management could not have prevented.
- (b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;
- (c) Compensation payable under any law for the time being in force and for which no other provision is made:

Provided that such drawal from the Contingency Reserve shall be computed after making do adjustments for any other compensation that may have been received by the Licensee as part of an insurance cover and Government Grant, if any.

Provided that, the drawl of such expenses shall be treated as consumer contribution in accordance with Regulations 26.1 of these Regulations.

Provided further that the Licensee shall obtain the Commission's post-facto approval for drawal of Contingency Reserve by submitting the necessary justification for the drawal of Contingency Reserve along with documentary evidence.

35.3 No diminution in the value of Contingency Reserve as mentioned above shall be allowed to be adjusted as a part of Tariff.

36 Rebate, Incentive, and Penalties

36.1 For payment of bills of generation Tariff or ESS or transmission charges or MSLDC Fees and Charges or STU Fees and Charges within 7 days of presentation of bills, through Letter of Credit or otherwise or through NEFT/RTGS, a rebate of 1% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed.

36.2 For payment of bills of retail Tariff by the consumers within 7 days of issue of bills, a rebate of 1% on the billed amount, excluding the taxes, cess, duties, etc., shall be allowed.

36.3 A discount on the monthly bill (excluding taxes and duties) shall be provided to Low Tension 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.:

Provided that the rate of such discount shall be stipulated by the Commission in the relevant Tariff Order.

36.4 All rebates or incentives earned by the Generating Company or ESSD or Licensee or MSLDC or STU shall be considered under its Non-Tariff Income, while all rebates or incentives given by the Generating Company or ESSD or Licensee or MSLDC or STU shall be allowed as an expense for the Generating Company or Licensee or MSLDC or STU.

36.5 Penalties paid, if any, by the Generating Company or Licensee shall not be allowed as an expense for the Generating Company or Licensee.

37 Delayed Payment Charge and Interest on Delayed Payment

37.1 In case the payment of bills of Generation Tariff or ESSD or Transmission Charges or MSLDC Fees and Charges or STU Fees and Charges by the Beneficiary is delayed beyond the due date, Delayed Payment Charge at the Base Rate of Delayed Payment Charge shall be payable on the payment outstanding for the first month of default, notwithstanding anything to the contrary as may have been stipulated in the Agreement or Arrangement with the Beneficiaries:

Provided that the rate of Delayed Payment Charge for the successive months of default shall increase by 0.5 percent for every month of delay subject to the condition that the Delayed Payment Charge shall not be more than three percent higher than the Base Rate of Delayed Payment Charge at any time:

Provided further that the rate at which Delayed Payment Charge shall be payable, shall not be higher than the rate of Late Payment Surcharge specified in the Agreement, if any.

37.2 In case the payment of bills of retail Tariff by the consumers is delayed beyond a period of 15 days for High Tension consumers and Extra High Tension consumers and 21 days for Low Tension consumers from the date of billing, Delayed Payment Charge 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:

Provided that for delay in payment of bills of retail Tariff beyond 60 days and up to 90 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied on simple interest basis at the rate of 12% per annum:

Provided further that for delay in payment of bills of retail Tariff beyond 90 days from the date of billing, Interest on Delayed Payment on the billed amount, including the Delayed Payment Charges, taxes, cess, duties, etc., shall be levied on simple interest basis at the rate of 15% per annum.

37.3 Such Delayed Payment Charge and Interest on Delayed Payment earned by the Generating Company, or the Licensee shall not be considered under its Non-Tariff Income.

37.4 Such Delayed Payment Charge paid or payable by the Distribution Licensee to the Generating Company or the Transmission Licensee shall not be allowed as an expense for such Distribution Licensee.

37.5 All payments by a Distribution Licensee to a Generating Company for power procured from it or by a user of a transmission system to a Transmission Licensee shall be first adjusted towards Delayed Payment Charge and thereafter, towards monthly charges, starting from the longest overdue bill.

37.6 All the bills payable by a Distribution Licensee to a Generating Company or a Transmission Company shall be time tagged with respect to the date and time of submission of the bill and the payment made by the Distribution Licensee shall be adjusted first against the oldest bill and then to the second oldest bill and so on, so as to ensure that payment against a bill is not adjusted unless and until all bills older than it have been paid for:

Provided that any adjustment towards Delayed Payment Charge shall be done in the manner as specified in Regulation 37.5.

PART E: GENERATION

38 Applicability

38.1 The Regulations specified in this Part shall apply to the determination of Tariff for supply of electricity to a Distribution Licensee from conventional sources of generation along with Energy Storage Systems if any or hydro generating stations of capacity exceeding 25 MW:

Provided that determination of Tariff for supply of electricity to a Distribution Licensee from Renewable Energy sources of generation shall be in accordance with terms and conditions specified in the relevant Regulations of the Commission.

38.2 The Commission shall be guided by the terms and conditions contained in this Part in determining the Tariff for supply of electricity by a Generating Company to a Distribution Licensee, in the following cases:

- a) where such Tariff is pursuant to a power purchase agreement or arrangement entered into subsequent to the date of coming into effect of these Regulations; or
- b) where such Tariff is pursuant to a power purchase agreement or arrangement entered into prior to the date of coming into effect of these Regulations, and the Commission has approved such agreement or arrangement, and the agreement or arrangement envisages that the Tariff shall be based on the Tariff Regulations prevailing at that time; or
- c) where the Distribution Licensee is engaged in the Business of generation of electricity, in determining the transfer price at which electricity is supplied by the Generation Business of the Distribution Licensee to its Retail Supply Business.

39 Petition for determination of generation Tariff

39.1 A Generating Company shall file a Petition for determination of Tariff for supply of electricity to Distribution Licensees in accordance with the provisions of **Part B** of these Regulations.

39.2 Tariff in respect of a Generating Station, under these Regulations may be determined Stage-wise, Unit-wise or for the whole Generating Station:

Provided that the terms and conditions for determination of Tariff for Generating Stations specified in this Part shall apply in like manner to Stages or Units or the Generating Station, as the case may be.

39.3 Where the Tariff is being determined for a Stage or Unit of a Generating Station, the Generating Company shall adopt a reasonable basis for allocation of capital

cost relating to common facilities and allocation of joint and common costs across all Stages or Units, as the case may be:

Provided that the Generating Company shall maintain an Allocation Statement providing the basis for allocation of such costs, which shall be duly audited and certified by the statutory auditors and submit such audited and certified statement to the Commission along with the Petition for determination of Tariff:

Provided further that in case the Commission has undertaken study for allocating common cost to unit/station of Generating Company, then such Generating Company shall allocate the cost as per Commission's Order in that regards.

39.4 In the case of existing generating Stations/Units, the Commission may allow the Generating Company; the Tariff based on the approved capital cost as on April 1, 2025 and projected additional capital expenditure for the ensuing Years:

Provided that the Generating Company shall continue to bill the Beneficiaries at the Tariff approved by the Commission and applicable as on March 31, 2025 for the period starting from April 1, 2025 till approval of Tariff by the Commission in accordance with these Regulations.

39.5 The Generating Company shall file the Petition for determination of provisional Tariff for new Generating Station, at least two months prior to the anticipated date of commercial operation of Generating Unit or Stage or Generating Station as a whole, as the case may be.

39.6 The Generating Company shall file a Petition for determination of provisional Tariff for new Generating Station based on capital expenditure incurred and projected to be incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the statutory auditors:

Provided that the Petition shall contain details of underlying assumptions for the projected capital cost and additional capital cost, wherever applicable.

39.7 In the case of new projects, the Generating Company may be allowed provisional Tariff by the Commission from the anticipated date of commercial operation, based on the projected capital expenditure, subject to prudence check.

39.8 If the date of commercial operation is likely to be delayed beyond six months from the date of issue of the order approving the provisional Tariff, the Generating Company may submit a Petition for seeking extension of the validity of the applicability of the provisional Tariff, giving details of the present status of completion and justification for the delay in project completion, which may be considered by the Commission after necessary prudence check.

39.9 The Generating Company shall file the Petition for determination of final Tariff for new Generating Station within six months from the date of commercial operation of Generating Unit or Stage or Generating Station as a whole, as the case may be, based on the audited capital expenditure and capitalisation as on the date of commercial operation:

Provided that in case of more than one Unit in the Generating Station, such Petition shall be filed for each Unit as and when such Unit achieves COD and without waiting for the COD of the entire Station.

39.10 The final Tariff determination for the new Generating Station shall be done by the Commission based on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.

39.11 Where the actual Capital Cost incurred on year to year basis is less than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Generating Company shall refund to the Beneficiaries the excess Tariff realised corresponding to excess Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

39.12 Where the actual Capital Cost incurred on year to year basis is more than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Generating Company shall, subject to the approval of the Commission, recover from the Beneficiaries the shortfall in Tariff corresponding to such decrease in Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

39.13 A Generating Company with integrated mine(s) shall file a Petition for determination of input price of coal or lignite from the integrated mine(s) not later than 60 days from the date of commercial operation of the integrated mine(s)

Provided that the Generating Company having integrated mine(s) shall file Petition before the Commission for determination of the input price of coal or lignite from the integrated mine(s) containing the details of expenditure incurred and projected to be incurred duly certified by the Auditor, in accordance with the Formats that may be stipulated by the Commission.

39.14 In relation to multi-purpose hydroelectric Projects with irrigation, flood control and power components, the capital cost chargeable to the power component of the Project only shall be considered for determination of Tariff.

40 Fuel Utilisation Plan

40.1 The Generating Company shall prepare and submit Fuel Utilisation Plan for the Control Period commencing on April 1, 2025, along with the Petition for determination of Tariff for the Control Period from April 1, 2025 to March 31, 2030, in accordance with **Part A** of these Regulations, to the Commission for approval.

40.2 The Fuel Utilisation Plan should ensure that fuel quantum is allocated to different generating Stations/Units in accordance with the merit order of different generation Stations/Units in terms of variable cost:

Provided that the fuel allocation should be such that, subject to system and other constraints, the least cost generating Stations/Units are operated at maximum availability and other generating Stations/Units are operated at maximum availability thereafter in the ascending order of variable cost.

40.3 The Fuel Utilisation Plan shall comprise the following:

- (a) Forecast of fuel requirement for each unit/station;
- (b) Details of contracted source, annual contracted quantity, estimated availability from contracted sources and resultant shortage of fuel, if any, for each unit/station;
- (c) Use of optimum mix of fuel;
- (d) Alternate arrangement for meeting shortage of fuel along with impact on variable cost of unit/station;
- (e) Plan for swapping of fuel source for optimising the cost, if any, along with detailed justification and cost savings;
- (f) Net cost savings in variable cost of each unit, if any, after optimum utilisation of Fuel:

Provided that the forecast or estimates for the Control Period from FY 2025-26 to FY 2029-30 shall be prepared for each month over the Control Period:

Provided further that Fuel Utilisation Plan shall be prepared based on past data and reasonable assumptions for future.

40.4 The beneficiary/ies shall file comments/suggestions on such Plan during proceedings of Tariff Petition as per Regulation 13.

40.5 The Commission shall approve the Fuel Utilisation Plan and rationalise the variable cost of generation for Generating Unit/Station based on such Plan and

suggestions and comments received from the beneficiary/ies for the Control Period as part of its Order on the MYT Petition.

40.6 A Generating Company shall maintain data of actual performance of Unit/Station wise Fuel Utilisation vis-à-vis Fuel Utilisation plan approved by the Commission, along with justification for variation between approved and actual fuel utilisation plan and, shall put up such data within fifteen days from the end of each month, on the internet website of the Generating Company.

40.7 At time of truing up of respective year, the Commission shall scrutinise the implementation of actual Fuel Utilisation Plan vis-à-vis approved plan, deviations, if any, and justification submitted by a Generating Company thereon and may disallow the variable cost of generation on account of operational inefficiencies in utilisation of fuel.

41 Components of Tariff

41.1 The Tariff for sale of electricity from a thermal power Generating Station including Emission Control System shall comprise two parts, namely, Annual Fixed Charge and Energy Charge.

41.2 The Tariff for sale of electricity from a hydro Generating Station and Energy Storage System shall comprise two parts, namely, Capacity Charge and Energy Charge.

42 Annual Fixed Charges

42.1 The Annual Fixed Charges shall comprise the following components:

- (a) Operation & Maintenance Expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;
- (d) Interest on Working Capital;
- (e) Return on Equity Capital;

Less:

- (f) Non-Tariff Income:

Provided that Depreciation, Interest on Loan Capital, Interest on Working Capital, Return on Equity, and Income tax for Thermal and Hydro Generating Stations shall be allowed, in accordance with the provisions specified in **Part D** of these Regulations:

Provided that Special Allowance in lieu of R&M, if opted in accordance with the provisions of the Regulation 44 of these regulations, shall be recovered separately and shall not be considered for computation of working capital.

Provided further that prior period income/expenses shall be allowed by the Commission at the time of Truing-up based on audited accounts, on a case-to-case basis, if the income/expenses in that prior period have been allowed on actual basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Generating Company to any party for failure to comply with any directions or for damages, as a consequence of the orders of the Commission, Courts, etc., shall not be allowed to recover through the Aggregate Revenue Requirement:

Provided also that the Generating Company shall maintain separate details of such penalties and compensation paid or payable by the Generating Company, if any, and shall submit them to the Commission along with its Petition.

43 Renovation & Modernisation

43.1 For undertaking Renovation and Modernisation for the purpose of extension of life beyond the useful life of the Generating Station or a Unit thereof, the Generating Company shall file a Petition for approval with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost, record of consultation with Beneficiaries and any other relevant information.

Provided further that, the generating company intending to undertake renovation and modernization (R&M) shall be required to obtain the consent of the beneficiary Licensees, for such R&M and submit the same along with the Petition.

Provided that the generating company opting for Renovation and Modernization (R&M) shall not be eligible for Special Allowance under Regulation 44 of these Regulations;

43.2 Approval of such proposal for Renovation and Modernisation shall be granted after consideration of reasonableness of the cost estimates, schedule of completion, use of efficient technology, cost-benefit analysis, and such other factors as may be considered relevant by the Commission.

43.3 In case of gas/ liquid fuel based open/combined cycle thermal generating Unit, any expenditure, which has become necessary for renovation of gas turbines/steam

turbine and any expenditure necessitated due to obsolescence or non-availability of spares for efficient operation of the stations shall be allowed:

Provided that any expenditure included in the Renovation and Modernisation on consumables and cost of components and spares, which is generally covered in the O&M expenses during the major overhaul of gas turbine, shall be suitably deducted after prudence check, from the Renovation and Modernisation expenditure to be allowed.

- 43.4** The expenditure approved by the Commission after prudence check based on the estimates of Renovation and Modernisation expenditure and life extension, and after deducting the accumulated depreciation already recovered from the original Project cost, shall form the basis for determination of Tariff.

44 Special Allowance for Coal-based/Lignite fired Thermal and Hydro Generating Station

- 44.1** In the case of coal-based/lignite fired thermal, Gas based power plants, and Hydro generating stations who have completed the useful life as specified in these Regulations may opt to avail of a 'special allowance' in accordance with the norms specified in this Regulation, as compensation for meeting the requirement of expenses towards additional capital expenditure as per MERC (Approval of Capital Investment Schemes) Regulations, 2022, including capital expenditure arising out of change in law, award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and force majeure.

- 44.2** In case, if the generation plant opts for Special allowance, such Special Allowance shall be included in the annual fixed cost, however, any upward revision of the capital cost or relaxation in the applicable operational norms if any allowed by the Commission shall not be allowed.

Provided that such option shall not be available for a generating station or unit thereof for which Renovation and Modernization has been undertaken and the expenditure has been admitted by the Commission before the commencement of these Regulations;

Provided further that, if the generating plant or unit opted for the Special Allowance for the Control Period and subsequently plans for Renovation and Modernisation during the Control Period, such Plant or Unit shall not be entitled for Specific Allowance for the remaining Control Period from the date of approval of R&M proposal of the Plant or Unit by the Commission.

44.3 The Generating Company shall submit the details of all work to be undertaken through special allowance, with the MYT petition, for the approval of the Commission, which shall be granted after prudence check of reasonableness of the cost estimates, cost-benefit analysis, and such other factors as may be considered relevant by the Commission:

Provided that, the Special Allowance admissible to a generating station shall be maximum upto INR 10.75 lakh per MW per year for the control period:

Provided also that, the Generating Company opting for special allowance shall not be allowed to capitalise the assets created through special allowance and shall not be eligible for Depreciation, Return of Equity, Interest on Loan on such assets created through special allowance:

Provided also that no additional capitalization shall be admissible under MERC Capex Regulations, 2022 once the special allowance is claimed and utilised by the Generating Company subject to prudence check by the Commission.

44.4 In the event of a generating station availing of Special Allowance, the expenditure incurred upon or utilized from special allowance shall be maintained separately in the separate fund by the generating station and the expenditure incurred or utilized from the special allowance shall be made available to the Commission as and when directed.

Provided that special allowance allowed in the MYT Order shall be trued up at the end of Control Period on cumulative basis and unutilized special allowance shall be adjusted in the ARR with the holding cost, if any.

45 Sale of Infirm Power

45.1 The supply of Infirm Power shall be accounted as deviation and shall be paid at Charges for Deviation for Infirm Power in accordance with the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019 amended from time to time:

Provided that any revenue earned by the Generating Company from supply of Infirm Power after accounting for the fuel cost shall be used for reduction in Capital Cost and shall not be treated as revenue.

46 Non-Tariff Income

46.1 The amount of Non-Tariff Income of the Generating Company as approved by the Commission shall be deducted while determining its Annual Fixed Charge:

Provided that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

46.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;
- d) Income from investment of Contingency Reserves
- e) Income from sale of ash/rejected coal;
- f) Interest income on advances to suppliers/contractors;
- g) Net Income from supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, after adjusting the expenses incurred for supply of such electricity;
- h) Income from rental from staff quarters;
- i) Income from rental from contractors;
- j) Income from hire charges from contractors and others;
- k) Income from advertisements;
- l) Income from sale of tender documents;
- m) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Generating Company shall not be included in Non-Tariff Income:

Provided further that all supply of electricity by the Generating Company to the housing colonies of its operating staff and for construction works at the generating Station, shall be metered and billed separately:

Provided also that the tariff for supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, shall be the same as the Tariff approved by the Commission for the supply of electricity to the respective consumer category by the Distribution Licensee for that area of supply.

47 Operational Norms for Thermal Generating Stations

47.1 Target Availability for full recovery of Annual Fixed Charges shall be 85 per cent for all thermal Generating Stations, except those covered under Regulation 47.2

47.2 Target Availability for full recovery of Annual Fixed Charges for the following Generating Stations of Maharashtra State Power Generation Company Ltd. (MSPGCL) shall be:

Particulars	Target Availability (%)
Koradi TPS excluding Unit No. 8, 9 and 10	75.00
Chandrapur TPS excluding Unit No. 8 and 9	80.00

Provided that the Commission may revise the Availability norms for these Generating Stations in case any Renovation & Modernisation is undertaken or these plants/Unit avails for the Special Allowance.

47.3 Target Plant Load Factor for incentive for thermal Generating Stations/Units shall be 85 per cent.

47.4 Gross Station Heat Rate for existing coal-based thermal Generating Stations, other than those covered under Regulation 47.5 and 47.6 shall be:

200/210/250 MW sets	300 MW sets	500 MW sets (sub-critical boilers)	600 MW and above sets (super-critical boilers)
2415 kcal/kWh	2385 kcal/kWh	2375 kcal/kWh	2230 kcal/kWh

Note 1

In respect of 500 MW Units, where the boiler feed pumps are electrically operated, the Gross Station Heat Rate shall be 40 kcal/kWh lower than the gross Station Heat Rate specified above.

Note 2

For Generating Stations having combination of 200/210/250 MW sets and 300 MW and 500 MW sets, the normative gross Station Heat Rate shall be the weighted average Station Heat Rate.

47.5 Gross Station Heat Rate for existing coal-based thermal Generating Stations of Maharashtra State Power Generation Company Ltd. (MSPGCL) shall be:

Koradi excluding Unit No. 8, 9 and 10 (kCal/kWh)	Khaparkheda excluding Unit No. 5 (kCal/kWh)	Chandrapur excluding Unit No. 8 and 9 (kCal/kWh)	Nashik TPS (kCal/kWh)	Bhusawal excluding Unit No. 4 and 5 (kCal/kWh)
2622	2630	2688	2754	2787

Provided that the Commission may revise the Gross Station Heat Rate norms for these Generating Stations in case any Renovation & Modernisation is undertaken or these plants/Unit avails for the Special Allowance.

47.6 Gross Station Heat Rate for existing thermal Generating Unit 5 of The Tata Power Company Ltd.-Generation Business (TPC-G) shall be 2549 kcal/kWh.

Provided that the Commission may revise the Gross Station Heat Rate norms for this Generating Station in case any Renovation & Modernisation is undertaken or avail for the Special Allowance.

47.7 Gross Station Heat Rate for existing Gas Turbine/Combined Cycle Generating Station/Unit shall be:

Mode of operation	Uran GTPS of MSPGCL (kcal/kWh)	Unit-7 of TPC-G (kcal/kWh)
Combined Cycle	2035	2035
Open Cycle	2900	2900

47.8 Gross Station Heat Rate for New Coal and Lignite based thermal power Generating Stations /Units achieving COD after April 1, 2025 shall be equal to:

For 200/210/250 MW Sets: 1.05 X Design Heat Rate (kCal/kWh)

For 500 MW Sets and above: 1.045 X Design Heat Rate (kCal/kWh)

Where the Design Heat Rate of a Unit means the Unit Heat Rate guaranteed by the supplier at conditions of 100% MCR, zero percent make up, design coal and design cooling water temperature/back pressure:

Provided that the Design Heat Rate shall not exceed the following maximum design Unit Heat Rates depending upon the pressure and temperature ratings of the Units:

Pressure Rating (kg/cm ²)	150	170	170	247	247	270	270
SHT/RHT (°C)	535/535	537/537	537/565	537/565	565/593	593/593	600/600
Type of Boiler Feed Pump	Electrical Driven	Turbine driven	Turbine driven	Turbine driven	Turbine driven	Turbine driven	Turbine driven
Maximum Turbine Cycle Heat Rate (kcal/kWh)	1955	1950	1935	1900	1850	1810	1800
Minimum Boiler Efficiency							
Sub-Bituminous Indian Coal	0.86	0.86	0.86	0.86	0.86	0.865	0.865
Bituminous Imported Coal	0.89	0.89	0.89	0.89	0.89	0.895	0.895
Maximum Design Unit Heat Rate (kcal/kWh)							
Sub-Bituminous Indian Coal	2273	2267	2250	2222	2151	2105	2081
Bituminous Imported Coal	2197	2191	2174	2135	2078	2034	2022

Provided further that in case pressure and temperature parameters of a Unit are different from above ratings, the maximum design Unit Heat Rate of the nearest class shall be taken:

Provided also that where Unit Heat Rate has not been guaranteed but turbine cycle Heat Rate and boiler efficiency are guaranteed separately by the same supplier or different suppliers, the Unit Design Heat Rate shall be arrived at by using guaranteed turbine cycle Heat Rate and boiler efficiency:

Provided also that where the boiler efficiency is below 86% for sub-bituminous Indian coal and 89% for bituminous imported coal, the same shall be considered as 86% and 89%, respectively, for sub-bituminous Indian coal and bituminous imported coal for computation of Gross Station Heat Rate:

Provided also that maximum turbine cycle Heat Rate shall be adjusted for type of dry cooling system:

Provided also that if one or more Units are declared under commercial operation prior to the date of coming into effect of these Regulations, the Heat Rate norms for those Units as well as Units declared under commercial operation on or after the effectiveness of these Regulations shall be lower of the Heat Rate norms arrived at by the above methodology and the norms specified in Regulation 47.4:

Provided also that in case of lignite-fired Generating Stations (including stations based on Circulating Fluidised Bed Combustion [CFBC] technology), maximum design Heat Rates shall be increased using the following factors for moisture content:

- a) For lignite having 50% moisture: 1.10
- b) For lignite having 40% moisture: 1.07
- c) For lignite having 30% moisture: 1.04

For other values of moisture content, multiplying factor shall be pro-rated for moisture content between 30-40% and 40-50% depending upon the rated values of multiplying factor for the respective range given under sub-clauses (a) to (c) above.

Note: In respect of Units where the boiler feed pumps are electrically operated, the maximum design Unit Heat Rate shall be 40 kcal/kWh lower than the maximum design Unit Heat Rate specified above with turbine driven boiler feed pumps.

47.9 Gross Station Heat Rate for New Gas-based/Liquid-based Thermal Generating Unit(s) achieving COD after April 1, 2025 shall be:

= 1.05 x Design Heat Rate of the Unit/Block for Natural Gas and Re-gassified Liquefied Natural Gas (RLNG) (in kcal/kWh)

= 1.071 x Design Heat Rate of the Unit/Block for Liquid Fuel (kcal/kWh)

Where the Design Heat Rate of a Unit shall mean the guaranteed Heat Rate for a Unit at 100% MCR and at site ambient conditions; and the Design Heat Rate of a Block shall mean the guaranteed Heat Rate for a Block at 100% MCR, site ambient conditions, zero percent make up, design cooling water temperature/back pressure.

47.10 In case a Generating Station or Unit is directed by MSLDC to operate below normative loading but at or above technical minimum schedule on account of grid security or due to the lower schedule given by the Beneficiaries, increase in Gross Station Heat Rate may be considered by the Commission based on the provisions of Technical Minimum and compensation thereof in Regulation 34 of Maharashtra (State Grid Code), 2020, subject to prudence check.

47.11 Secondary fuel oil consumption norm for all thermal Generating Stations, except those covered under Regulation 47.12 shall be:

- a) Coal-based Generating Stations: 0.50 ml/kWh
- b) Lignite-fired Generating Station except based on CFBC technology: 1.5 ml/kWh
- c) Lignite-fired Generating Stations based on CFBC technology: 1.0 ml/kWh

47.12 Secondary fuel oil consumption norm for the following MSPGCL Stations shall be:

Stations	Secondary Fuel Oil Consumption (ml/kWh)
Koradi TPS excluding Unit No. 8, 9 and 10	2.81
Khaparkheda TPS excluding Unit No. 5	1.20
Chandrapur TPS excluding Unit No. 8 and 9	1.00
Nashik TPS	1.00
Bhusawal TPS excluding Unit No. 4 and 5	1.40

Provided that the Commission may revise the secondary fuel oil consumption norms for these Generating Stations in case any Renovation & Modernisation is undertaken or avail for Special Allowance.

47.13 Auxiliary Energy Consumption for new coal-based thermal Generating Stations shall be as given in the Table below:

Particulars	With Natural Draft cooling tower or without cooling tower
(i) 200/250 MW series	8.50%
(ii) 300/330/350/500 MW & above	
Steam driven boiler feed pumps	5.75%
Electrically driven boiler feed pumps	8.00%

Provided that for thermal Generating Stations with induced draft cooling towers and where tube type coal mill is used, the norms shall be further increased by 0.5% and 0.8%, respectively:

Provided further that additional Auxiliary Energy Consumption as follows may be allowed for plants with Dry Cooling Systems:

Type of Dry Cooling System	(% of gross generation)
Direct cooling air cooled condensers with mechanical draft fans	1.0%
Indirect cooling system employing jet condensers with pressure recovery turbine and natural draft tower	0.5%

Provided also that for thermal Generating Stations with any additional equipment that has been mandated by Statutory Authorities, additional Auxiliary Energy Consumption shall be allowed on case-to-case basis after prudence check.

47.14 Auxiliary Energy Consumption for the following coal-based thermal Generating Stations of MSPGCL shall be as given in the Table below:

Stations	Auxiliary Energy Consumption
Koradi TPS excluding Unit No. 8, 9 and 10	10.81%
Khaparkheda TPS excluding Unit No. 5	9.70%
Chandrapur TPS excluding Unit No. 8 and 9	8.67%
Nashik TPS	10.75%
Bhusawal TPS excluding Unit No. 4 and 5	10.96%

Provided that the Commission may revise the auxiliary energy consumption norms for these Generating Stations in case any Renovation & Modernisation is undertaken or avail for the Special Allowance.

47.15 Auxiliary Energy Consumption for other existing coal-based thermal Generating Stations shall be as given in the Table below:

Particulars	With Natural Draft cooling tower or without cooling tower
(i) 200/250 MW series	8.50%
(ii) 300/500 MW & above	
Steam driven boiler feed pumps	6.00%
Electrically driven boiler feed pumps	8.50%

Provided that for thermal Generating Stations with induced draft cooling towers and where tube type coal mill is used, the norms shall be further increased by 0.5% and 0.8%, respectively:

Provided further that additional Auxiliary Energy Consumption as follows may be allowed for plants with Dry Cooling Systems:

Type of Dry Cooling System	(% of gross generation)
Direct cooling air cooled condensers with mechanical draft fans	1.0%
Indirect cooling system employing jet condensers with pressure recovery turbine and natural draft tower	0.5%

Provided also that for thermal Generating Stations with Flue Gas De-Sulphuriser (FGD), additional Auxiliary Energy Consumption shall be allowed as follows:

- (a) 200/250 MW series : 1.2%
- (b) 300/330/350/500 MW & above : 1.0%

Provided also that for thermal Generating Stations with any additional equipment that has been mandated by Statutory Authorities, additional Auxiliary Energy Consumption shall be allowed on case-to-case basis after prudence check.

47.16 Auxiliary Energy Consumption for Gas Turbine/Combined Cycle Generating Stations/Units shall be:

- (a) Combined cycle : 2.75%
- (b) Open cycle : 1.00%

Provided that where the gas based generating station is using electric motor driven Gas Booster Compressor, the Auxiliary Energy Consumption in case of Combined Cycle mode shall be 3.30% (including impact of air-cooled condensers for Steam Turbine Generators);

Provided further that an additional Auxiliary Energy Consumption of 0.35% shall be allowed for Combined Cycle Generating Stations having direct cooling air cooled condensers with mechanical draft fans;

Provided that additional actual Auxiliary Energy Consumption is allowed, subject to ceiling of 3.00% for Combined Cycle Generating Stations located in coastal regions and using sea water Cooling water system.

47.17 Auxiliary Energy Consumption for Lignite-fired thermal Generating Stations/Units shall be 0.5 percentage points higher than the auxiliary energy consumption norms of coal based Generating Stations specified in Regulation 47.13:

Provided that for the lignite fired stations using CFBC technology, the auxiliary energy consumption norms shall be 1.5 percentage points higher than the auxiliary energy consumption norms of coal based Generating Stations specified in Regulation 47.13.

47.18 Normative Auxiliary Energy Consumption for Emission Control System (AUXen) of thermal generating stations shall be:

Sl.	Name of Technology	AUXen (as per cent of gross generation)
(1)	For reduction of emission of sulphur dioxide	
a)	Wet Limestone based FGD system (without Gas to Gas heater)	1.0%
b)	Lime Spray Dryer or Semi dry FGD System	1.0%
c)	Dry Sorbent Injection System (using Sodium bicarbonate)	NIL
d)	For CBFC Power plant (furnace injection)	NIL
e)	Sea water based FGD system (without Gas to Gas heater)	0.7%
(2)	For reduction of emission of oxide of nitrogen	
a)	Selective Non-Catalytic Reduction system	NIL
b)	Selective Catalytic Reduction system	0.2%

Provided that where the technology is installed with “Gas to Gas” heater, AUXen specified above shall be increased by 0.3% of gross generation.

47.19 Norms for consumption of reagent:

(1) The normative consumption of specific reagent for various technologies for reduction of emission of sulphur dioxide shall be as under:

(a) For Wet Limestone based Flue Gas De-sulphurisation (FGD) system:

The specific limestone consumption (g/kWh) shall be worked out by following formula:

$$[K \times SHR \times S / CVPF] \times [85 / LP]$$

Where,

S = Sulphur content in percentage;

LP= Limestone Purity in percentage;

SHR= Gross station heat rate, in kcal per kWh;

CVPF = (a) Weighted Average Gross calorific value of coal as received, in kcal per kg for coal based thermal generating stations less 85 kcal/kg on account of variation during storage at generating station;

(b)Weighted Average Gross calorific value of lignite as received, in kcal per kg, as applicable for lignite based thermal generating stations:

Provided that value of K shall be equivalent to (35.2 x Design SO₂ Removal Efficiency/96%) for units to comply with SO₂ emission norm of 100/200 mg/Nm³ or (26.8 x Design SO₂ Removal Efficiency/73%) for units to comply with SO₂ emission norm of 600 mg/Nm³;

Provided further that the limestone purity shall not be less than 85%.

(b) For Lime Spray Dryer or Semi-dry Flue Gas Desulphurisation (FGD) system: The specific lime consumption shall be worked out based on minimum purity of lime (LP) as at 90% or more by applying formula [6 x 90 / LP] g/kWh;

(c) For Dry Sorbent Injection System (using sodium bicarbonate): The specific consumption of sodium bicarbonate shall be 12 g per kWh at 100% purity.

(d) For CFBC Technology (furnace injection) based generating station: The specific limestone consumption for CFBC based generating station (furnace injection) shall be computed with the following formula:

$$[62.9 \times S \times SHR / CVPF] \times [85 / LP]$$

Where

S = Sulphur content in percentage;

LP = Limestone Purity in percentage;

SHR = Gross station heat rate, in kcal per kWh;

CVPF = (a) Weighted Average Gross calorific value of coal as received, in kcal per kg for coal based thermal generating stations less 85 kcal/kg on account of variation during storage at generating station;

(b) Weighted Average Gross calorific value of lignite as received, in kcal per kg as applicable for lignite based thermal generating stations;

(e) **For Sea Water based Flue Gas Desulphurisation (FGD) system:** The reagent used in sea water-based Flue Gas Desulphurisation (FGD) system shall be NIL

(2) The normative consumption of specific reagent for various technologies for reduction of emission of oxide of nitrogen shall be as below:

(a) For Selective Non-Catalytic Reduction (SNCR) System: The specific urea consumption of SNCR system shall be 1.2 g per kWh at 100% purity of urea.

(b) For Selective Catalytic Reduction (SCR) System: The specific ammonia consumption of SCR system shall be 0.6 g per kWh at 100% purity of ammonia.

47.20 Transit and handling Losses

Normative transit and handling losses for coal/lignite based Generating Stations, as a percentage of quantity of coal or lignite dispatched by the coal/lignite supply company during the month shall be:

- | | | |
|--------------------------------------|---|------|
| (a) Pit head Generating Stations | : | 0.2% |
| (b) Non-pit head Generating Stations | : | 0.8% |

Provided that in case of pit head stations if coal or lignite is procured from sources other than the pit head mines, which is transported to the Station through rail, normative transit loss of 0.8% shall be applicable:

Provided further that the above norms shall be applicable for domestic coal and washed coal:

Provided also that in case of imported coal, the normative transit and handling losses shall be 0.2%:

Provided also that for procurement of coal on delivery basis, no transit and handling loss shall be allowed.

48 Operation and maintenance expenses for Thermal Generating Stations

48.1 Generating Stations/Units that achieved COD before August 26, 2005

- a) The Operation and Maintenance expenses for Generating Stations which achieved COD before the date of coming into effect of the MERC (Terms and Conditions of Tariff) Regulations, 2005, shall be computed in accordance with this Regulation.
- b) The Operation and Maintenance expenses excluding water charges and including insurance shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the five Years ending March 31, 2024, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:

Provided that, the impact of the wage revision if any during the Trued-up year shall be included in the O&M expenses while determining the norms for the O&M expenses for the future year.

Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2022, and shall be escalated at the respective escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2025:

Provided further that the escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25 shall be computed by considering 50% 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 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India:

Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses, excluding water charges and including insurance, shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the base year ending March 31, 2025, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses.

- c) The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2024-25 by an inflation factor with 50% 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 50% 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 Labour Bureau, Government of India, as reduced by an efficiency factor of 1% of Average escalation factor 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:

Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 50% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% of Average Escalation factor or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year.

- d) Water Charges shall be allowed separately as per actuals, based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check and considering the norms of specific water consumption notified by the Ministry of Environment, Forest and Climate Change:

Provided that in the MYT Order, the Commission shall provisionally approve the Water Charges for each year of the Control Period based on the actual Water Charges as per latest Audited Accounts available for the Generating Company, subject to prudence check.

- e) Wage revision, if any, during the Control Period, shall be treated as part of employee expense as controllable parameter and compared vis-à-vis normative O&M expense. Hence, the impact of arrears of wage revision, if any, booked as part of employee expense in any particular year, shall be normalised annually over Control Period and shall be subject to treatment as per sharing of gains and loss as per Regulation 11 for the purpose of true-up of O&M expense of respective years, subject to prudence check.
- f) Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.

- g) A Generating Company may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission as per the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022:

Provided that the Generating Company shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis (in accordance with Format specified at **Annexure V**) of such schemes as against capex schemes, and savings in O&M expenses, if any as per the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022.

- h) The Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses are lower than normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

- i) If the Generating Station or Unit opts for Special Allowance as per the provisions of the Regulation 44 of these Regulations, the applicable O&M norms for such Generating Station/Unit shall be as per the provisions of the Regulation 48.2 below of these Regulations for the respective category and type of the Generator.

48.2 New Generating Stations and Generating Stations that achieved COD on or after August 26, 2005

- a) For Coal based Generating Stations:

Particulars	200/210/250 MW Sets INR Lakh/MW	300/330/350 MW Sets INR Lakh/MW	500 MW Sets INR Lakh/MW	600/660 MW Sets and above INR Lakh/MW
FY 2025-26	41.33	30.24	28.60	24.21
FY 2026-27	43.12	31.35	30.10	25.26
FY 2027-28	44.99	32.49	31.68	26.36
FY 2028-29	46.94	33.66	33.34	27.50
FY 2029-30	48.97	34.86	35.09	28.69

Provided that for the Generating Stations having combination of above Sets, the weighted average value for operation and maintenance expenses shall be allowed:

Provided further that the norms shall be multiplied by the following factors for arriving at norms of O&M expenses for additional Units in respective Unit sizes for the Units whose COD occurs on or after 1.4.2025 in the same Station:

200/210/250 MW	Additional 5 th & 6 th Units	0.90
	Additional 7 th & more Units	0.85
300/330/350 MW	Additional 4 th & 5 th Units	0.90
	Additional 6 th & more Units	0.85
500 MW and above	Additional 3 rd & 4 th Units	0.90
	Additional 5 th & above Units	0.85

b) For Lignite based Generating Stations:

Particulars	Lignite based Unit/Stations INR Lakh/MW
FY 2025-26	21.43
FY 2026-27	22.36
FY 2027-28	23.33
FY 2028-29	24.34
FY 2029-30	25.39

c) Gas Turbine/Combined Cycle Generating Stations

Particulars	Gas Turbine/Combined Cycle Generating Stations INR Lakh/MW	Small Gas Turbine Generating Stations (less than 50 MW Unit size) INR Lakh/MW	Advance F Class Machines INR Lakh/MW
FY 2025-26	16.17	22.23	14.90
FY 2026-27	16.87	23.19	15.55
FY 2027-28	17.60	24.20	16.22
FY 2028-29	18.37	25.25	16.93
FY 2029-30	19.16	26.34	17.66

48.3 The operation and maintenance expenses on account of Emission Control System in coal or lignite based thermal generating station shall be 2% of the admitted capital expenditure (excluding interest during construction) as on its date of commercial operation, which shall be escalated annually @4.33% during the Control Period ending on 31st March 2030:

Provided that income generated from sale of gypsum or other by-products shall be reduced from the operation and maintenance expenses.

49 Operational Norms for Hydro Generating Stations

49.1 The following Normative Annual Plant Availability Factor (NAPAF) shall apply to hydro Generating Stations:

Sl.	Particulars	Normative Annual Plant Availability Factor
a)	Storage and Pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of up to 8%, and where plant availability is not affected by silt	90%
b)	Storage and Pondage type plants with head variation between FRL and MDDL of more than 8%, and where plant availability is not affected by silt	The month-wise peaking capacity as provided by the Project authorities in the Detailed Project Report, approved by the relevant authority, shall form the basis of fixation of NAPAF.
c)	Pondage type plants where plant availability is significantly affected by silt	85%
d)	Run-of-river type plants	To be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/relevant

Provided that a further allowance may be made by the Commission in NAPAF determination under special circumstances, e.g., abnormal silt problem or other operating conditions, and known plant limitations.

49.2 The following Normative Auxiliary Energy Consumption shall apply to hydel Generating Stations:

Type of Station	Installed Capacity above 200 MW	Installed Capacity up to 200 MW
Surface Hydro Generating Station		
Rotating Excitation	0.7%	0.7%
Static Excitation	1.0%	1.2%
Underground Hydro Generating Station		
Rotating Excitation	0.9%	0.9%
Static Excitation	1.2%	1.3%

50 Operation and Maintenance Expenses for Hydro Generating Stations

50.1 For Existing Stations:

- a) The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the five Years ending March 31, 2024, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:

Provided that, the impact of the wage revision if any during the Trued-up year shall be included in the O&M expenses while determining the norms for the O&M expenses for the future year.

Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2022, and shall be escalated at the respective escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2025:

Provided further that the escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25 shall be computed by considering 50% 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 50% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India:

Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses, including insurance, shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses, after adding/ deducting the sharing of efficiency gains/ losses, for the year ending March 31, 2025, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses.

- b) The Operation and Maintenance expenses for each subsequent year and in the Truing-up of the respective years of the Control Period shall be determined in the same manner as specified in Regulation 48.1 (c)
- c) The Operation and Maintenance expenses incurred by the Generating Company on its housing colonies and related expenses, including medical and other facilities, and on their operating staff shall be excluded from (a) and (b) above and allowed separately, subject to prudence check.
- d) Wage revision, if any, during the Control Period, shall be treated as part of employee expense as controllable parameter and compared vis-à-vis normative O&M expense. Hence, the impact of arrears of wage revision, if any, booked as part of employee expense in any particular year, shall be normalised annually over Control Period and shall be subject to treatment as

per sharing of gains and loss as per Regulation 11 for the purpose of true-up of O&M expense of respective years, subject to prudence check.

- e) Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.
- f) A Generating Company may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission:

Provided that the Generating Company shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis of such schemes as against capex schemes, and savings in O&M expenses, if any.

- g) The Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses are lower than such revised normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

50.2 For New Stations:

- a) The Operation and Maintenance expenses shall be fixed at 2% of the original Project cost (excluding cost of rehabilitation and resettlement works) for the first year of commercial operation, which shall be considered as the Base Year Operation and Maintenance expenses.
- b) The Operation and Maintenance expenses for each subsequent year and in the Truing-up of the respective years of the Control Period shall be determined in the same manner as specified in Regulation 48.1 (c).

51 Computation and Payment of Capacity Charges and Energy Charges for Thermal Generating Stations

A. Capacity Charges

51.1 The fixed cost of a thermal generating station shall be computed on annual basis based on the norms specified under these Regulations and recovered on monthly basis under Capacity Charge. The total Capacity Charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share or allocation in the capacity of the generating station. The Capacity Charge shall be recovered under two segments of the year, i.e., High Demand Season (period

of three months) and Low Demand Season (period of remaining nine months), and within each season in two parts, viz., Capacity Charge for Peak Hours of the month and Capacity Charge for Off-Peak Hours of the month as follows:

Capacity Charge for the Year (CC_y) = Sum of Capacity Charge for three months of High Demand Season + Sum of Capacity Charge for nine months of Low Demand Season.

51.2 The Capacity Charge payable to a thermal generating station for a calendar month shall be calculated in accordance with the following formulae:

Capacity Charge for the Month (CC_m) = Capacity Charge for Peak Hours of the Month (CC_p) + Capacity Charge for Off-Peak Hours of the Month (CC_{op})

Where,

High Demand Season:

$$CC_{p1} = (0.20 \times AFC) \times \left(\frac{1}{12}\right) \times \left(\frac{PAFMp1}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{12}\right)$$

$$CC_{p2} = \{(0.20 \times AFC) \times \left(\frac{1}{6}\right) \times \left(\frac{PAFMp2}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{6}\right)\} - CC_{p1}$$

$$CC_{p3} = \{(0.20 \times AFC) \times \left(\frac{1}{4}\right) \times \left(\frac{PAFMp3}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{4}\right)\} - (CC_{p1} + CC_{p2})\}$$

$$CC_{op1} = \{(0.80 \times AFC) \times \left(\frac{1}{12}\right) \times \left(\frac{PAFMop1}{NAPAF}\right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{12}\right)\}$$

$$CC_{op2} = \{(0.80 \times AFC) \times \left(\frac{1}{6}\right) \times \left(\frac{PAFMop2}{NAPAF}\right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{6}\right)\} - CC_{op1}$$

$$CC_{op3} = \{(0.80 \times AFC) \times \left(\frac{1}{4}\right) \times \left(\frac{PAFMop3}{NAPAF}\right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{4}\right)\} - (CC_{op1} + CC_{op2})\}$$

Low Demand Season:

$$CC_{p1} = \{(0.20 \times AFC) \times \left(\frac{1}{12}\right) \times \left(\frac{PAFMp1}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{12}\right)\}$$

$$CC_{p2} = \{(0.20 \times AFC) \times \left(\frac{1}{6}\right) \times \left(\frac{PAFMp2}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{6}\right)\} - CC_{p1}$$

$$CC_{p3} = \{(0.20 \times AFC) \times \left(\frac{1}{4}\right) \times \left(\frac{PAFMp3}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{4}\right)\} - (CC_{p1} + CC_{p2})$$

$$CC_{p4} = \{(0.20 \times AFC) \times \left(\frac{1}{3}\right) \times \left(\frac{PAFMp4}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{3}\right)\} - (CC_{p1} + CC_{p2} + CC_{p3})$$

$$CC_{p5} = \{(0.20 \times AFC) \times \left(\frac{5}{12}\right) \times \left(\frac{PAFMp5}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{5}{12}\right)\} - (CC_{p1} + CC_{p2} + CC_{p3} + CC_{p4})$$

$$CC_{p6} = \{(0.20 \times AFC) \times \left(\frac{1}{2}\right) \times \left(\frac{PAFMp6}{NAPAF}\right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{1}{2}\right)\} - (CC_{p1} + CC_{p2} + CC_{p3} + CC_{p4} + CC_{p5})$$

$$CC_{p7} = \left\{ (0.20 \times AFC) \times \left(\frac{7}{12} \right) \times \left(\frac{PAFM_{p7}}{NAPAF} \right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{7}{12} \right) \right\} - (CC_{p1} + CC_{p2} + CC_{p3} + CC_{p4} + CC_{p5} + CC_{p6})$$

$$CC_{p8} = \left\{ (0.20 \times AFC) \times \left(\frac{2}{3} \right) \times \left(\frac{PAFM_{p8}}{NAPAF} \right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{2}{3} \right) \right\} - (CC_{p1} + CC_{p2} + CC_{p3} + CC_{p4} + CC_{p5} + CC_{p6} + CC_{p7})$$

$$CC_{p9} = \left\{ (0.20 \times AFC) \times \left(\frac{3}{4} \right) \times \left(\frac{PAFM_{p9}}{NAPAF} \right) \text{ subject to ceiling of } (0.20 \times AFC) \times \left(\frac{3}{4} \right) \right\} - (CC_{p1} + CC_{p2} + CC_{p3} + CC_{p4} + CC_{p5} + CC_{p6} + CC_{p7} + CC_{p8})$$

$$CC_{op1} = \left\{ (0.80 \times AFC) \times \left(\frac{1}{12} \right) \times \left(\frac{PAFM_{op1}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{12} \right) \right\}$$

$$CC_{op2} = \left\{ (0.80 \times AFC) \times \left(\frac{1}{6} \right) \times \left(\frac{PAFM_{op2}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{6} \right) \right\} - CC_{op1}$$

$$CC_{op3} = \left\{ (0.80 \times AFC) \times \left(\frac{1}{4} \right) \times \left(\frac{PAFM_{op3}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{4} \right) \right\} - (CC_{op1} + CC_{op2})$$

$$CC_{op4} = \left\{ (0.80 \times AFC) \times \left(\frac{1}{3} \right) \times \left(\frac{PAFM_{op4}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{3} \right) \right\} - (CC_{op1} + CC_{op2} + CC_{op3})$$

$$CC_{op5} = \left\{ (0.80 \times AFC) \times \left(\frac{5}{12} \right) \times \left(\frac{PAFM_{op5}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{5}{12} \right) \right\} - (CC_{op1} + CC_{op2} + CC_{op3} + CC_{op4})$$

$$CC_{op6} = \left\{ (0.80 \times AFC) \times \left(\frac{1}{2} \right) \times \left(\frac{PAFM_{op6}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{1}{2} \right) \right\} - (CC_{op1} + CC_{op2} + CC_{op3} + CC_{op4} + CC_{op5})$$

$$CC_{op7} = \left\{ (0.80 \times AFC) \times \left(\frac{7}{12} \right) \times \left(\frac{PAFM_{op7}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{7}{12} \right) \right\} - (CC_{op1} + CC_{op2} + CC_{op3} + CC_{op4} + CC_{op5} + CC_{op6})$$

$$CC_{op8} = \left\{ (0.80 \times AFC) \times \left(\frac{2}{3} \right) \times \left(\frac{PAFM_{op8}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{2}{3} \right) \right\} - (CC_{op1} + CC_{op2} + CC_{op3} + CC_{op4} + CC_{op5} + CC_{op6} + CC_{op7})$$

$$CC_{op9} = \left\{ (0.80 \times AFC) \times \left(\frac{3}{4} \right) \times \left(\frac{PAFM_{op9}}{NAPAF} \right) \text{ subject to ceiling of } (0.80 \times AFC) \times \left(\frac{3}{4} \right) \right\} - (CC_{op1} + CC_{op2} + CC_{op3} + CC_{op4} + CC_{op5} + CC_{op6} + CC_{op7} + CC_{op8})$$

Where,

CC_m = Capacity Charge for the Month;

CC_p = Capacity Charge for the Peak Hours of the Month;

CC_{op} = Capacity Charge for the Off-Peak Hours of the Month;

CC_{pn} = Capacity Charge for the Peak Hours of nth Month in a specific Season;

CC_{opn} = Capacity Charge for the Off-Peak of nth Month in a specific Season;

AFC = Annual Fixed Cost;

$PAFM_{pn}$ = Plant Availability Factor achieved during Peak Hours upto the end of nth Month in a Season;

PAFM_{opn} = Plant Availability Factor achieved during Off-Peak Hours upto the end of nth Month in a Season;

NAPAF= Normative Annual Plant Availability Factor.

Provided that in case of generating station or unit thereof under shutdown due to Renovation and Modernisation or installation of Emission Control System (ECS), as the case may be, the Generating Company shall be allowed to recover O&M expenses and interest on loan only.

Provided further that the Generating Company should plan interconnection of ECS with Generating Station during annual overhaul:

Provided also that the Commission shall consider the costs associated with shutdown due to ECS based on prudence check after installation of ECS on case-to-case basis.

51.3 Normative Plant Availability Factor for “Peak” and “Off-Peak” Hours in a month shall be equivalent to the NAPAF specified in Regulations 47.1 and 47.2 of these Regulations. The number of hours of “Peak” and “Off-Peak” periods during a day shall be four and twenty respectively. Hours of Peak and Off-Peak periods during a day shall be declared by MSLDC at least a week in advance. High Demand Season (period of three months, consecutive or otherwise) and Low Demand Season (period of remaining nine months, consecutive or otherwise) in the State shall be declared by MSLDC, at least six months in advance:

Provided that the MSLDC, after duly considering the comments of the concerned stakeholders, shall declare Peak Hours and High Demand Season in such a way as to coincide with the Peak Hours and High Demand Season of the State.

51.4 Any under-recovery or over-recovery of Capacity Charge as a result of under-achievement or over-achievement, vis-à-vis the NAPAF in Peak and Off-Peak Hours of a Season (High Demand Season or Low Demand Season, as the case may be) shall not be adjusted with under-achievement or over-achievement, vis-à-vis the NAPAF in Peak and Off-Peak Hours of the other Season:

Provided that within a Season, the shortfall in recovery of Capacity Charge for cumulative Off-Peak Hours derived based on NAPAF, shall be allowed to be offset by over-achievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Peak Hours in that Season:

Provided further that within a Season, the shortfall in recovery of Capacity Charge for cumulative Peak Hours derived based on NAPAF, shall not be allowed to be

off-set by over-achievement of PAF, if any, and consequent notional over-recovery of Capacity Charge for cumulative Off-Peak Hours in that Season:

Provided also that full Capacity Charges shall be recoverable at target availability specified in Regulations 47.1 and 47.2, and recovery of Capacity Charges below the level of Target Availability shall be on pro-rata basis, irrespective of the reasons for the lower Availability, and no part of the Capacity Charges shall be recoverable except to the extent of Availability:

Provided that at zero availability, no Capacity Charges shall be payable.

B. Energy Charges

51.5 Energy Charges shall cover landed cost of primary fuel and secondary fuel oil and shall be worked out on the basis of total energy scheduled to be supplied to the Beneficiary/ies during the calendar month on ex-power plant basis, at the Energy Charge Rate of the month (with fuel price adjustment) as per the following formula:

Energy Charges (INR) = (Energy Charge Rate in INR/kWh) x [Scheduled Energy (ex-bus) for the month in kWh]

Provided also that in case of supply of coal or lignite from the integrated mine(s), the landed cost of primary fuel shall be based on the input price of coal or lignite, as the case may be, as computed in accordance with these Regulations.

51.6 Energy Charge Rate (ECR) in INR/kWh shall be computed up to three decimal places and shall be the sum of the cost of normative quantities of primary and secondary fuel for delivering ex-bus one kWh of electricity, and shall be computed as per following formula:

$$\text{ECR} = \frac{[P_p \times (Q_p)_n + P_s \times (Q_s)_n + \text{SRC} \times \text{LPR}]}{[1 - (\text{AUX}_n + \text{AUX}_{en})]} \quad (\text{INR/kWh})$$

Provided that, the provision of SRC and LPR shall be applicable only for stations where FGD mandate & approval is notified by MERC.

Where,

P_p = landed cost of primary fuel, namely coal or lignite or gas or liquid fuel and limestone, if applicable, in INR/kg or INR/cum or INR/litre, as the case may be;

$(Q_p)_n$ = Quantity of primary fuel required for generation of one kWh of electricity at generator terminals in kg or litre or standard cubic metre,

as the case may be, and shall be computed on the basis of normative Gross Station Heat Rate (less heat contributed by secondary fuel oil for coal/lignite based Generating Stations) and gross calorific value of coal/lignite or gas or liquid fuel as billed by supplier less:

- (a) Actual loss in calorific value of coal between “as billed by supplier” and “as received at generating station”, subject to the maximum loss in calorific value of 750 kcal/kg; and
- (b) actual stacking loss subject to the maximum stacking loss of 85 kcal/kg for pithead stations and non-pithead stations;

P_s = landed cost of Secondary fuel oil in INR/ml,

$(Q_s)_n$ = Normative Quantity of Secondary fuel oil in ml/kWh as per Regulations 47.11 and 47.12, and

SRC = Specific reagent consumption on account of revised emission standards (in g/kWh);

LPR = Weighted average landed price of reagent for Emission Control System (in INR/kg);

AUX_n = Normative Auxiliary Energy Consumption as % of gross generation as per Regulations 47.13 to 47.17;

AUX_{en} = Normative Auxiliary Energy Consumption of Emission Control System as % of gross generation as per Regulation 47.18:

Provided that the landed cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted average cost of primary fuel and secondary fuel of the three preceding months, and in the absence of landed costs for the three preceding months, latest procurement price of primary fuel and secondary fuel for the generating Station, preceding the first month for which the Tariff is to be determined for existing stations, and immediately preceding three months in case of new generating stations shall be taken into account:

Provided further that the landed cost of fuel shall mean the total cost of coal, lignite or the gas delivered to the generating station and shall include the base price of fuel corresponding to the grade/quality/calorific value of fuel inclusive of royalty, taxes and duties as applicable, washery charges as applicable, transportation cost by rail/road/gas pipe line or any other means, charges for third-party sampling, and, for the purpose of computation of energy charges, shall be arrived at after considering normative transit and handling losses as

percentage of the quantity of fuel dispatched by the fuel supply company during the month as specified in Regulation 47.20:

Provided also that in case of blending of fuel from different sources, the weighted average Gross Calorific Value of primary fuel shall be arrived in proportion to blending ratio:

Provided also that any refund of taxes and duties along with any amount received on account of penalties from fuel supplier shall have to be adjusted in fuel cost:

Provided also that the Energy Charges, for the purpose of billing/Fuel Surcharge shall be worked out Station-wise/Unit-wise based on weighted average rate based on scheduled generation from each Unit.

Provided also that where biomass fuel is used for blending with coal, the landed cost of biomass fuel shall be worked out based on the delivered cost of biomass at the unloading point of the generating station, inclusive of taxes and duties as applicable:

Provided also that the energy charge rate of the blended fuel shall be worked out considering consumption of biomass based on blending ratio as specified by Authority or actual consumption of biomass, whichever is lower:

Provided also that the Generating Company may opt for higher blending ratio subject to techno-economic viability and the benefits in terms of lower tariff being entirely passed through to the beneficiaries, and loss, if any, being entirely borne by the Generating Company.

51.7 The Generating Company shall, after the date of commercial operation of the integrated mine(s) till the input price of coal is determined by the Commission under these Regulations, adopt the notified price of Coal India Limited commensurate with the grade of the coal from the integrated mine(s) or the estimated price available in the investment approval, whichever is lower, as the input price of coal for the generating station:

Provided that the difference between the input price of coal determined under these Regulations and the input price of coal so adopted prior to such determination, for the quantity of coal billed, shall be adjusted in accordance with Regulation 51.9.

51.8 The Generating Company shall, after the date of commercial operation of the integrated mine(s), till the input price of lignite is determined by the Commission under these Regulations, fix the input price of lignite for the generating station at

the last available pooled lignite price as determined by the Commission for transfer price of lignite or the estimated price available in the investment approval, whichever is lower:

Provided that the difference between the input price of lignite determined under these Regulations and the input price of lignite so fixed prior to such determination, for the quantity of lignite billed, shall be adjusted in accordance with Regulation 51.9.

51.9 In case of excess or short recovery of input price under Regulation 51.7 or Regulation 51.8, the Generating Company shall refund the excess amount or recover the shortfall amount, as the case may be, with simple rate of interest, equal to the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points, in six equal monthly instalments.

51.10 Adjustment of ECR [Fuel Surcharge Adjustment] on account of variation in price or heat value of fuels:

Any variation in Price and Gross Calorific Value of coal/lignite or gas or liquid fuel as billed by supplier less actual GCV loss subject to maximum limit specified in the Regulation 51.6 of these Regulations vis-a-vis approved values shall be adjusted on month to month basis on the basis of average Gross Calorific Value of coal/lignite or gas or liquid fuel in stock received and weighted average landed cost incurred by the Generating Company for procurement of coal/lignite, oil, or gas or liquid fuel, as the case may be for a power Station:

Provided that the Generating Company shall upload all GCV related data and supporting for claim for Fuel Surcharge on the website for public scrutiny.

Provided that in its bills, the Generating Company shall indicate Energy Charge Rates at base price of primary and secondary fuel approved by the Commission and the Fuel Surcharge to it separately:

Provided further that the Generating Company shall provide to the Beneficiaries of the generating Station, the details of parameters of GCV and price of fuel for each type of fuel, i.e., domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, etc., as per the forms prescribed by the Commission:

Provided also that in case of part or full use of alternative source of fuel supply by coal based thermal generating stations other than as agreed by the Generating Company and beneficiary/ies in their power purchase agreement for supply of contracted power on account of shortage of fuel or optimization of economical operation through blending, the use of alternative source of fuel supply shall be permitted to generating station:

Provided also that in such case, prior permission from beneficiaries shall not be a precondition, unless otherwise agreed specifically in the power purchase agreement:

Provided also that the weighted average price of alternative source of fuel shall not exceed 5% of base price of primary and secondary fuel approved by the Commission:

Provided also that where the Energy Charge Rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 5% of base Energy Charge Rate as approved by the Commission for that year, prior consultation with beneficiary/ies shall be made at least three days in advance:

Provided also that in case use of alternative source of fuel is not opted for, based on prior consultation with beneficiary/ies, then the Generating Company shall be entitled to consider deemed Availability to the extent of reduced Availability on account of fuel non-availability, for the purpose of Availability computations for recovery of Annual Fixed Charges in accordance with Regulation 51.2:

Provided also that the details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the fuels as billed by supplier shall also be provided separately, along with the bills of the respective month:

Provided also that copies of the bills and details of parameters of GCV and price of fuel, i.e., domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel, etc., details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed month-wise on the website of the Generating Company, and should be available on its website for a period of three months.

C. Incentive

51.11 Incentive shall be payable at a flat rate of 75.00 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor during peak hours and at a flat rate of 55.00 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to target Plant Load Factor during off-peak hours, on a cumulative basis within each Season (High Demand Season or Low Demand Season, as the case may be), as specified in Regulation 47.3 of these Regulations.

52 Computation and Payment of Capacity Charges, Energy Charges and Lease Rent for Hydro Generating Stations

52.1 The Annual Fixed Charges of a Hydro Generating Station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis under Capacity Charge (inclusive of incentive) and Energy Charge, which shall be payable by the Beneficiaries in proportion to their respective share in the capacity of the Generating Station.

52.2 In addition to Annual Fixed Charges to be recovered through Capacity Charge and Energy Charge, the Lease Rent and Water Royalty shall be payable by the Beneficiaries in proportion to their respective share in the capacity of the Generating Station on monthly basis.

52.3 The Capacity Charge (inclusive of incentive) payable to a Hydro Generating Station for a calendar month shall be

$$\text{AFC} \times 0.5 \times \text{NDM} / \text{NDY} \times (\text{PAFM} / \text{NAPAF}) \text{ (in Rupees)}$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees.

NAPAF = Normative Annual Plant Availability Factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = Plant availability factor achieved during the month, in Percentage

52.4 The PAFM shall be computed in accordance with the following formula:

$$\text{PAFM} = \frac{100 \times \sum_{i=1}^N \text{DC}_i}{\{N \times \text{IC} \times (1 - \text{AUX})\}} \%$$

Where,

AUX = Normative auxiliary energy consumption in percentage

DC_i = Declared capacity (in ex-bus MW) for the ith day of the month which the Station can deliver for at least three hours, as certified by the MSLDC after the day is over.

IC = Installed capacity (in MW) of the complete Generating Station

N = Number of days in the month

Note: DCi and IC shall exclude the capacity of generating units not declared under commercial operation and in case of a change in IC during the concerned period, its average value shall be taken.

52.5 The Energy Charge shall be payable by every Beneficiary for the total energy scheduled to be supplied to the Beneficiary/ies, during the calendar month, on ex-bus basis, at the computed Energy Charge Rate. Total Energy Charge payable to the Generating Company for a month shall be:

Energy Charges in INR = (Energy Charge Rate in INR / kWh) x {Scheduled Energy (ex-bus)} for the month in kWh

52.6 Energy Charge Rate (ECR) in Rupees per kWh on ex-bus basis, for a Hydro Generating Station, shall be determined up to three decimal places based on the following formula:

$$\text{ECR} = \text{AFC} \times 0.5 / \{\text{DE} \times (1 - \text{AUX})\}$$

Where,

DE = Annual Design Energy specified for the Hydro Generating Station, in kWh, subject to Regulation 52.7.

52.7 In case the saleable scheduled energy (ex-bus) of a Hydro Generating Station during a year is less than the saleable Design Energy (ex-bus) for reasons beyond the control of the Generating Company, the following treatment shall be applied on a rolling basis on a Petition filed by the Generating Company:

(i) Shortfall in Energy Charges in comparison to fifty percent of the Annual Fixed Cost shall be allowed to be recovered in six equal monthly instalments:

Provided that in case actual generation from a hydel generating Station is less than the Design Energy for a continuous period of 4 years on account of hydrology factor, the generating Station shall approach the Central Electricity Authority with relevant hydrology data for revision of design energy of the Station.

(ii) Any shortfall in the Energy Charges on account of saleable scheduled energy (ex-bus) being less than the saleable design energy (ex-bus) during the Control Period from 2020-21 to FY 2025-26, which was beyond the control of the generating station, and which could not be recovered during the said Control Period shall be recovered in accordance with clause (i) of this Regulation.

52.8 In case the actual saleable energy in a Year exceeds $\{ DE \times (1 - AUX) \}$ kWh, the excess Energy of the Hydro Generating Station shall be billed at the rate 1.33 times the Energy Charge Rate (ECR), as computed in Regulation 52.6, or one hundred and twenty (120) paise per kWh whichever is lower.

52.9 The MSLDC shall finalise the schedules for the Hydro Generating Stations, in consultation with the Beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all Beneficiaries in proportion to their respective allocations in the Generating Station.

Provided that, the MSLDC shall be also guided by the scheduling related provisions specified in the MERC (State Grid Code) Regulations, 2020 and procedures thereof for day-to-day scheduling of Hydro Generating Stations.

53 Demonstration of declared capacity:

53.1 The Generating Company may be required to demonstrate the declared capacity of its Generating Station as and when asked by the MSLDC as per the procedure specified in the Regulation 32 of the MERC State Grid Code, 2020 as amended for time to time.

53.2 In the event of the Generating Company failing to demonstrate the declared capacity, the Annual Fixed Charges due to the Generating Company shall be reduced as a measure of penalty.

53.3 The quantum of penalty for the first mis-declaration for any duration/block in a day shall be the charges corresponding to two days fixed charges.

53.4 For the second mis-declaration, the penalty shall be equivalent to fixed charges for four days and for subsequent mis-declarations in the year, the penalty shall be multiplied in the geometrical progression.

53.5 The operating logbooks of the Generating Station shall be available for scrutiny by the MSLDC, and these books shall keep record of machine operation and maintenance.

54 Billing and Payment of Charges

54.1 The Billing and Payment of Annual Fixed Charges, Energy Charges, Fuel Surcharge Adjustments and Incentive for Thermal Generating Stations, and of Capacity Charges and Energy Charges for Hydro Generating Stations including Pumped Storage Plants, shall be done on a monthly basis.

55 Deviation Charges

55.1 Variations between actual net injection and scheduled net injection for the generating stations, and variations between actual net drawal and scheduled net drawal for the Beneficiary/ies shall be treated as their respective deviations, and charges for such deviations shall be governed by the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019:

Provided that the Deviation Charges paid or earned by the Generating Company/ies in accordance with Regulation 9 of the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019 and Additional Charges for Deviation in accordance with Regulation 10 of the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019, shall not be recoverable/adjusted from the Beneficiary/ies through Tariff:

Provided further that the Deviation Charges paid or earned by the Distribution Licensees in accordance with Regulation 9 of the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019 shall be recoverable/adjusted from the Beneficiary/ies through Tariff:

Provided also that the Additional Charges for Deviation paid or earned by the Distribution Licensees in accordance with Regulation 10 of the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019, shall not be recoverable from the Beneficiary/ies through Tariff.

55.2 Actual net deviation of every Generating Station and Beneficiary shall be metered in accordance with Regulation 10 of the Maharashtra Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulations, 2019.

PART F: DETERMINATION OF INPUT PRICE OF COAL AND LIGNITE FROM INTEGRATED MINE

56 Input Price of coal or Lignite

56.1 Input price of coal or lignite from the integrated mine(s) shall be determined based on the following components:

- (i) Run of Mine (ROM) Cost; and
- (ii) Additional charges:
 - a) crushing charges;
 - b) transportation charge within the mine up to the washery end or coal handling plant associated with the integrated mine, as the case may be;
 - c) handling charges at mine end;
 - d) washing charges; and
 - e) transportation charges beyond the washery end or coal handling plant, as the case may be, and up to the loading point:

Provided that one or more components of additional charges may be applicable in case of the integrated mine(s), based on the scope and nature of the mining activities:

Provided further that the input price of lignite shall be computed based on Run of Mine (ROM) based on the technology such as bucket excavator-conveyor or belt-spreader or its combination and handling charges, if any.

Provided also that Statutory Charges, as applicable, shall be allowed as pass-through expenses:

Provided also that the Input Price of coal or lignite determined above shall be capped to the delivered price of coal at the upper price band notified by Coal India Limited for the same Grade of coal from time to time:

Provided also that if the coal rejects generated out of the coal washery are used in own/captive generating plant, then the basic cost of coal rejects shall be considered as Nil, and actual transportation charges, subject to prudence check, shall be considered as input cost.

57 Run of Mine (ROM) Cost

57.1 Run of Mine Cost of coal in case of integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under: ROM Cost = (Quoted Price of coal) + (Fixed Reserve Price)

Where,

i. Quoted Price of coal is the Final Price Offer of coal in respect of the concerned coal block or mine, along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement or Allotment Agreement:

Provided that additional premium, if any, quoted by the generating company during auction, shall not be considered in the Run of Mine Cost;

ii. Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement or Allotment Agreement: and

iii. Capital cost under Regulation 59 and additional capital expenditure under Regulation 60 shall not be admissible for the purpose of ROM cost in respect of integrated mine(s) allocated through auction route.

57.2 Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under: $ROM\ Cost = [(Annual\ Extraction\ Cost / ATQ) + Mining\ Charge] + (Fixed\ Reserve\ Price)$.

Where,

i. Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 61 of these Regulations;

ii. Mining Charge is the charge per tonne of coal paid by the generating company to the Mine Developer and Operator engaged by the Generating Company for mining, wherever applicable; and

iii. Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement or Allotment Agreement:

Provided that in case the Mining Charge includes the Annual Extraction Cost payable to the MDO, then the Annual Extraction Cost shall not be payable separately.

57.3 Run of Mine Cost of lignite in case of integrated mine(s) for lignite shall be worked out as under:

$ROM\ Cost = [(Annual\ Extraction\ Cost / ATQ) + (Mining\ Charge)]$

Where,

i. Annual Extraction Cost is the cost of extraction of lignite as computed in accordance with Regulation 61 of these Regulations; and

ii. Mining Charge is the charge per tonne of lignite paid by the Generating Company to the Mine Developer and Operator engaged by the Generating Company for mining, wherever applicable.

57.4 The Generating Company shall adhere to the Mining Plan for extraction of coal or lignite on annual basis and shall submit a certificate to that effect from the Coal Controller or the competent authority:

Provided that deviations from the Mining Plan shall be considered only if such deviations have been approved by the Coal Controller or the revised Mining Plan has been approved by the competent authority.

57.5 Run of Mine Cost of coal and lignite shall be worked out in terms of Rupees per tonne.

58 Additional Charges

58.1 Where crushing or transportation or handling or washing are undertaken by the Generating Company without engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, additional charges shall be worked out as under:

(i) Crushing Charges = Annual Crushing Cost/Quantity;

(ii) Transportation Charges = Annual Transportation Cost/Quantity:

Provided that separate transportation charges, as applicable, shall be considered from mine up to washery end or coal handling plant associated with the integrated mine(s) and beyond washery end or coal handling plant associated with the integrated mine(s) and up to the loading point, as the case may be;

(iii) Handling charges = Annual Handling Cost/Quantity; and

(iv) Washing Charges = Annual Washing Cost/Quantity.

Where,

a. Annual Crushing Cost, Annual Transportation Cost, Annual Handling Cost and Annual Washing Cost shall be worked out on the basis of following components, for which the generating company shall submit the capital cost separately:

- i. Depreciation;
- ii. Interest on Working Capital;
- iii. Interest on Loan;
- iv. Return on Equity;
- v. Operation and Maintenance Expenses, excluding mining charge;

vi. Statutory charges, if applicable.

b. Quantity shall be the quantity of coal or lignite in tonne crushed or transported or handled or washed, as the case may be, during the year duly certified by the Auditor.

58.2 Where crushing, transportation, handling or washing are within the scope of the Mine Developer and Operator engaged by the Generating Company, no additional charges shall be admitted, as the same shall be recovered through Mining Charge of the Mine Developer and Operator.

58.3 Where crushing, transportation, handling or washing are undertaken by the Generating Company by engaging an agency other than Mine Developer and Operator, the annual charges of such agencies shall be considered as part of the Operation and Maintenance Expenses, provided that the charges have been discovered through a transparent competitive bidding process.

58.4 The crushing charges, transportation charges, handling charges, and washing charges shall be admitted by the Commission after prudence check, considering charges of Coal India Limited or similarly placed coal mines or any other reference charges.

58.5 The crushing charges, transportation charges, handling charges, and washing charges shall be worked out in terms of Rupees per tonne.

59 Capital Cost

59.1 The expenditure incurred, including IDC, duly certified by the Auditor, for development of the integrated mine(s) up to the date of commercial operation, shall be considered for arriving at the capital cost.

59.2 Capital expenditure incurred shall be admitted by the Commission after prudence check.

59.3 Capital expenditure incurred on infrastructure for crushing, transportation, handling, washing and other mining activities required for mining operations shall be arrived at separately in accordance with these Regulations:

Provided that where crushing, transportation, handling or washing are undertaken by the Generating Company, the expenditure incurred on infrastructures of these components shall be capitalized:

Provided further that where mine development and operation, with or without any component of crushing, transportation, handling or washing are undertaken by the Generating Company by engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, the capital expenditure incurred by Mine

Developer and Operator, or such agency shall not be capitalised by the Generating Company and shall not be considered for the determination of input price.

59.4 The capital expenditure shall be determined by considering, but not limited to, the Mining Plan, detailed project report, mine closure plan, cost audit report and such other details as deemed fit by the Commission.

60 Additional Capital Expenditure

60.1 The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of commercial operation and up to the date of achieving the Peak Rated Capacity may be admitted by the Commission, subject to prudence check and shall be capitalized in the respective year of the Control Period as additional capital expenditure corresponding to the Annual Target Quantity of the year as specified in the Mining Plan or actual extraction in that year, whichever is higher, on following counts:

- a) expenditure incurred on activities as per the Mining Plan;
- b) expenditure for works deferred for execution and un-discharged liabilities recognized for works executed prior to date of commercial operation;
- c) expenditure for works required to be carried out for complying with directions or orders of any statutory authorities;
- d) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;
- e) expenditure for procurement and development of land as per the Mining Plan;
- f) expenditure for procurement of additional heavy earth moving machineries for replacement, on completion of their useful life; and
- g) liabilities due to Change in Law or Force Majeure events:

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de- capitalization:

Provided further that the Generating Company shall prepare guidelines for procurement and replacement of heavy mining equipment such as Heavy Earth Moving Machineries and share the same with the beneficiaries and submit it to the Commission along with its Petition.

60.2 The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of achieving the Peak Rated Capacity may be admitted by

the Commission subject to prudence check, and shall be capitalized as Additional Capital Expenditure, corresponding to the Annual Target Quantity of the respective years as specified in the Mining Plan, on following counts:

- a) expenditure incurred on activities, if any, as per Mining Plan;
- b) expenditure for works required to be carried out for complying with directions or order of any statutory authority;
- c) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;
- d) expenditure for procurement and development of land as per the Mining Plan; and
- e) liabilities due to Change in Law or Force Majeure events:

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets, cumulative depreciation and cumulative repayment of loan of the assets replaced on account of de-capitalization.

60.3 The expenditure on following counts shall not be considered as additional capital expenditure for the purpose of these Regulations:

- a) expenditure incurred but not capitalized as the assets have not been put in service (capital work in progress);
- b) mine closure expenses;
- c) expenditure on works not covered under Mining Plan, unless covered under sub-clause (g) of Regulation 60.1 or sub-clause (e) of Regulation 60.2
- d) expenditure on replacement due to obsolescence of assets on account of completion of the useful life or due to obsolescence of technology, if the original cost of such assets have not been de-capitalised from the gross fixed assets.

61 Annual Extraction Cost

61.1 The Annual Extraction Cost of integrated mine(s) shall consist of the following components:

- a) Depreciation;
- b) Interest on Loan;
- c) Return on Equity;
- d) Operation and Maintenance Expenses, excluding mining charge;

- e) Interest on Working Capital;
- f) Mine closure expenses, if not included in mining charge; and
- g) Statutory charges, if applicable.

62 Capital Structure, Return on Equity and Interest on Loan

- 62.1** For integrated mine(s), debt-equity ratio as on the date of commercial operation and as on the date of achieving Peak Rated Capacity shall be considered in the manner as specified under these Regulations.
- 62.2** For integrated mine(s), debt-equity ratio for additional capital expenditure admitted by the Commission under these Regulations shall be considered in the manner as specified under Regulation 62.1
- 62.3** Return on equity shall be computed in rupee terms on the equity base arrived under Regulation 62.1 at the base rate of 14%.
- 62.4** The base rate of return on equity as per Regulation 62.3 shall be grossed up with the effective tax rate computed in the manner specified under these Regulation.
- 62.5** Interest on loan, including normative loan, if any, determined under Clause (1) of this Regulation, shall be arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio, in accordance with Clauses (2) to (7) of Regulation 30 of these Regulations.

63 Depreciation

- 63.1** Depreciation in respect of integrated mine(s) shall be computed from the date of commercial operation by applying Straight Line Method.
- 63.2** The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that,

- a. freehold land or assets purchased from grant shall not be considered as depreciable assets and their cost shall be excluded from the capital cost while computing depreciable value of the assets;
- b. where the allotment of freehold land is conditional and is required to be returned, the cost of such land shall be part of value base for the purpose of depreciation, subject to prudence check by the Commission; and
- c. lease hold land shall be amortized over the lease period or remaining life of the integrated mine(s), whichever is lower.

63.3 The salvage value of an asset shall be considered as 10% of the capital cost of the asset:

Provided that the salvage value shall be:

- i. zero for IT equipment and software;
- ii. zero or as agreed by the Generating Company with the State Government for land; and
- iii. as notified by the Ministry of Corporate Affairs under the Companies Act, 2013 for specialized mining equipment.

63.4 Depreciation in respect of integrated mine(s) shall be arrived at annually by applying depreciation rates or on the basis of expected useful life specified in **Annexure-II** of these Regulations:

Provided that specialized mining equipment shall be depreciated as per the useful life and depreciation rate as notified by the Ministry of Corporate Affairs under the Companies Act, 2013.

64 Operation and Maintenance Expenses

64.1 The Operation and Maintenance expenses in respect of integrated mine(s) of coal, for the Control Period ending on March 31, 2025 shall be allowed based on the projected Operation and Maintenance Expenses for each year of the tariff period subject to prudence check by the Commission:

Provided that the Operation and Maintenance expenses allowed under this clause shall be trued up based on actual expenses for the Control Period ending on March 31, 2025.

64.2 Where the development and operation of the integrated mine(s) is undertaken by the Generating Company by engaging Mine Developer and Operator, the Mining Charge of such Mine Developer and Operator shall not be included in Operation and Maintenance Expenses under Regulation 64.1.

64.3 Where an agency other than Mine Developer and Operator is engaged by the Generating Company, through a transparent competitive bidding process, for crushing or transportation or handling or washing or any combination thereof, the annual charges of such agency shall be considered as part of Operation and Maintenance Expenses under Regulation 64.1, subject to prudence check by the Commission.

65 Interest on Working Capital

65.1 The working capital of the integrated mine(s) of coal shall cover:

- (i) Input cost of coal stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year;
- (ii) Consumption of stores and spares including explosives, lubricants and fuel @ 15% of operation and maintenance expenses, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the Generating Company; and
- (iii) Operation and maintenance expenses for one month, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the Generating Company.

65.2 The working capital of the integrated mine(s) of lignite shall cover:-

- (i) Input cost of lignite stock for 7 days of production corresponding to the Annual Target Quantity for the year;
- (ii) Consumption of stores and spare including explosives, lubricants and fuel @ 20% of Operation and Maintenance expenses, excluding Mining Charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer or Operator, engaged by the Generating Company; and
- (iii) Operation and Maintenance expenses for one month, excluding Mining Charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the Generating Company.

65.3 The rate and payment of interest on working capital shall be determined in accordance with these Regulations.

66 Mine Closure Expenses

66.1 Where the mine closure is undertaken by the Generating Company, the amount deposited in the Escrow Account as per the Mining Plan, after adjusting interest earned, if any, on the said deposits shall be admitted as Mine Closure Expenses:

Provided that,

- a) the amount deposited in the Escrow Account as per the Mining Plan prior to the Date of Commercial Operation of the integrated mine(s) shall be indicated separately and shall be recovered over the useful life of the integrated mine(s) in the form of annuity linked to the borrowing rate;

- b) the amount deposited in the Escrow Account as per the Mining Plan or any expenditure incurred towards mine closure shall be excluded from the capital cost for computing input price;
- c) where the expenditure incurred towards mine closure falls short of or is in excess of the reimbursement received from the Escrow Account during the Control Period till March 31, 2025, the shortfall or excess shall be carried forward to the subsequent years for adjustments.

66.2 The amount towards mine closure shall be deposited in the Escrow Account as per the Mining Plan and shall be recovered as part of input price irrespective of the expenditure incurred towards mine closure during any of the years of the Control Period.

66.3 Where mine closure is within the scope of Mine Developer and Operator engaged by the Generating Company and mine closure expenses are part of the Mining Charge of Mine Developer and Operator, the mine closure expenses shall be met out of the Mining Charge and no mine closure expenses shall be admissible to the Generating Company separately:

Provided that,

- a) the amount deposited in the Escrow Account by the Mine Developer and Operator or by the Generating Company and any amount received from the Escrow Account against expenditure incurred towards mine closure shall not be considered for computing input price; and
- b) the difference between the borrowing cost, arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio in accordance with the methodology specified in these Regulation, and the amount deposited in Escrow Account and the interest received from Escrow Account in a year shall be adjusted in the input price of coal or lignite of the respective year, as part of mine closure expenses, on case-to-case basis.

66.4 Where the mine closure is within the scope of Mine Developer and Operator engaged by the Generating Company only for a part of useful life of the integrated mine(s) and the Generating Company undertakes the mine closure for the balance useful life, the treatment of mine closure during the period undertaken by the Generating Company shall be in accordance with Regulation 66.1 and mine closure during the period undertaken by the Mine Developer and Operator shall be in accordance with Regulation 66.3:

Provided that the treatment of mine closure at the end of useful life of the integrated mine(s) shall be decided by the Commission on case-to-case basis.

66.5 The mine closure expenses worked out in accordance with this Regulation shall not be applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.

67 Determination of Input Price

67.1 The input price of coal or lignite shall be determined as under:

$$\text{Input Price} = [\text{ROM Cost} + \text{Additional charges}]$$

67.2 The credit arising on account of adjustment due to shortfall in overburden removal, GCV Adjustment and Non-tariff Income, if any, shall be dealt separately in the manner specified in these Regulations.

67.3 Statutory Charges, as applicable, shall be allowed.

68 Recovery of Input Charges

68.1 The input charges of coal or lignite shall be recovered as under:

$$\text{Input Charges} = [\text{Input Price} \times \text{Quantity of coal or lignite supplied}] + \text{Statutory charges, as applicable:}$$

Provided that energy charge rate based on input price of coal does not lead to higher energy charge rate throughout the tenure of power purchase agreement than that, which would have been obtained as per terms and conditions of the existing power purchase agreement.

68.2 The Generating Company shall work out the comparative energy charge rate based on the input price of coal and notified price of Coal India Limited for the commensurate grade of coal for every month from the date of commercial operation of integrated mine(s) and share the same with beneficiaries.

69 Adjustment on account of Shortfall of Overburden Removal (OB Adjustment)

69.1 The Generating Company shall remove overburden as specified in the Mining Plan.

69.2 In case of shortfall of overburden removal during a year, the generating company shall be allowed to adjust such shortfall against excess of overburden removal, if any, during subsequent three years.

69.3 In case of excess of overburden removal during a year, the generating company shall be allowed to carry forward such excess for adjustment against the shortfall, if any, during subsequent three years.

69.4 Where the shortfall of overburden removal of any year is not made good by the generating company in accordance with Clause (2) of this Regulation, the adjustment on account of shortfall of overburden removal (OB Adjustment) for that year shall be worked out as under:

Where,

- (i) Factor of adjustment for shortfall of overburden removal during the year shall be computed as under:
- (ii) $[(\text{Actual quantity of coal or lignite extracted during the year} \times \text{Annual Stripping Ratio as per Mining Plan}) - (\text{Actual quantity of overburden removed during the year} / \text{Annual Stripping Ratio as per Mining Plan})] / (\text{Annual Target Quantity});$
- (iii) Annual Stripping ratio is the ratio of volume of overburden to be removed for one unit of coal or lignite as specified in the Mining Plan.

Mining Charge is the charge per tonne of coal or lignite paid by the Generating Company to the Mine Developer and Operator engaged by the Generating Company for mining, wherever applicable.

69.5 The provisions of this Regulation regarding adjustment on account of shortfall of overburden removal shall not be applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.

70 Adjustment on account of shortfall in GCV (GCV Adjustment)

70.1 In case the weighted average GCV of coal extracted from the integrated mine(s) in a year is higher than the declared GCV of coal for such mine(s), no GCV adjustment shall be allowed.

70.2 In case the weighted average GCV of coal extracted from the integrated mine(s) in a year is lower than the declared GCV of coal of such mine(s), the GCV adjustment in that year shall be worked out as under:

70.3 Where the integrated mine(s) are allocated through auction route under Coal Mines (Special Provisions) Act, 2015:

$$\text{GCV Adjustment} = (\text{Quoted Price of coal} + \text{Fixed Reserve Price}) \times [(\text{Declared GCV of coal} - \text{Weighted Average GCV of coal extracted in the year}) / (\text{Declared GCV of coal})]$$

Where,

- (i) Quoted Price of coal is the Final Price Offer of coal in respect of the concerned coal Block or Mine, along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement or Allotment Agreement:

Provided that additional premium, if any, quoted by the Generating Company in auction, shall not be considered; and

- (ii) Declared GCV of coal shall be the GCV of coal as specified or quoted in the auction.

- a) Where the integrated mine(s) are allocated through allotment route under Coal Mines (Special Provisions) Act, 2015:

$$\text{GCV Adjustment} = [(\text{Annual Extraction Cost}/\text{ATQ}) + (\text{Mining Charge})] \times [(\text{Declared GCV of coal} - \text{Weighted Average GCV of coal extracted in the year})/(\text{Declared GCV of coal})]$$

Where,

- (i) Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 61.
- (ii) Mining Charge is the charge per tonne of coal paid by the Generating Company to the Mine Developer and Operator engaged by the Generating Company for mining, wherever applicable; and
- (iii) Declared GCV of coal shall be the average GCV as per the Mining Plan or as approved by the Coal Controller.

71 Adjustment on account of Non-Tariff Income (NTI Adjustment)

71.1 Adjustment on account of Non-Tariff Income (NTI Adjustment) for any year, such as income from sale of washery rejects in case of integrated mine of coal and profit, if any, from supply of coal to the Coal India Limited or merchant sale of coal as allowed under the Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

$$\text{NTI Adjustment} = (\text{All Non-Tariff Income during the year})/(\text{Actual quantity of coal or lignite extracted during the year}):$$

Provided that the price of sale of washery rejects shall not be lesser than actual transport cost incurred.

71.2 The adjustment on account of Non-Tariff Income worked out in accordance with this Regulation shall not be applicable in case of the integrated mine(s) allocated through auction route under Coal Mines (Special Provisions) Act, 2015.

72 Credit Adjustment Note

72.1 The credit arising on account of OB Adjustment, GCV Adjustment and NTI Adjustment shall be dealt through Credit Adjustment Note for any year.

72.2 The Credit Adjustment Note shall be issued in favour of the specified end use generating stations on account of OB Adjustment, GCV Adjustment or NTI Adjustment, as the case may be, for that year as under:

- (i) OB Adjustment for the year X Quantity of coal or lignite supplied in that year;
- (ii) GCV Adjustment for the year X Quantity of coal or lignite supplied in that year; and
- (iii) NTI Adjustment in the year X Quantity of coal or lignite supplied in that year.

72.3 The amount in Credit Adjustment Note shall be adjusted against the charges of coal or lignite supplied after the date of issue of Credit Adjustment Note and the integrated mine(s) shall prepare an annual reconciliation statement of such adjustment and furnish the same to all the end use plants and also publish the same on its website.

73 Quality Measurement

73.1 The quality of coal or lignite supplied from the integrated mine(s) shall be measured at the loading point through third party sampling as per the guidelines and procedure specified by the Ministry of Coal, Government of India and records of such measurement of quality of coal shall be made available to the beneficiaries on demand.

74 Special Provision

74.1 Provisions of Part D of these Regulations shall not be applicable in case of integrated mine(s), except to the extent specifically provided for or referred to in Part F.

Provided that the financial parameters required for determination of input price of coal or lignite from integrated mine(s), if not specifically provided for or referred to in Part F shall be considered as per provisions of these Regulations as applicable to the coal or lignite based generating stations.

PART G: TRANSMISSION

75 Applicability

75.1 The Regulations contained in this Part shall apply to the determination of Tariff for access and use of the Intra-State transmission system pursuant to a Bulk Power Transmission Agreement or other arrangement entered into with a Transmission System User, which is not covered under Regulation 75.3 dealing with the adoption of tariff through Tariff Based Competitive Bidding (TBCB) Route under Section 63 of the Act:

Provided that in case a new transmission system set up by a new Transmission Licensee is added to the existing system during the Control Period, the Commission shall redetermine the Tariff for the remaining years of the Control Period having regard to the Petition for determination of Aggregate Revenue Requirement submitted by such Transmission Licensee for the remaining years of the Control Period.

75.2 The Commission shall be guided by the terms and conditions contained in this Part in specifying the rates, charges, terms and conditions for use of intervening transmission facilities pursuant to a Petition filed in this regard by a Transmission Licensee under the proviso to Section 36 (1) of the Act.

75.3 All the new intra-State transmission systems costing above a Threshold Limit and meeting other conditions as laid out in **Annexure-IV**, shall be developed through Tariff Based Competitive Bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Act.”

76 Components of Tariff

76.1 The transmission charges for access to and use of the intra-State transmission system shall comprise any of the following components or a combination of the following components:

- (a) transmission system access charges;
- (b) annual transmission charges;
- (c) per unit charges for energy transmitted;
- (d) reactive energy charges.

76.2 Any person who is eligible to apply for access to the intra-State transmission system shall be entitled to obtain such access in accordance with the Regulations of the Commission governing Transmission Open Access and shall be liable to pay the charges for obtaining such access as specified in this Regulation.

Explanation: For the purpose of this Regulation, such person who, being eligible for transmission open access, has applied for allocation of transmission capacity rights and has agreed to the carrying out of works for obtaining such access shall hereinafter be referred to as the “intending Transmission System User”, and may include an existing Transmission System User in respect of any increase in allocated transmission capacity rights applied for by such existing user.

76.3 Where the access of the intending Transmission System User entails works, relating to the intra-State transmission system, the Transmission Licensee shall recover the expenses relating to such works through annual transmission charges for each Year of the Control Period, in accordance with Regulation 76.9 of these Regulations.

76.4 Where any works for obtaining access have been carried out by the intending Transmission System User, the Transmission Licensee shall be entitled to recover supervision charges at the rate of 15 per cent of the cost of labour employed for carrying out such works and shall not be entitled to recover any other expenses with regard to such works:

Provided that such supervision charges shall form part of the Non-Tariff Income of the respective Transmission Licensee and shall also be treated as O&M expense incurred by the intending transmission system users, which shall be capitalised in the respective year of asset capitalisation.

76.5 The works for providing access to the intra-State transmission system shall be maintained by the Transmission Licensee for the duration of the Bulk Power Transmission Agreement between the Transmission Licensee and the Transmission System User.

76.6 Where the Transmission System User has paid for the works carried out to provide it access to the intra-State transmission system, the Transmission System User shall be entitled to the depreciated value of such works paid for by it upon termination of the Bulk Power Transmission Agreement:

Provided that where the Transmission System User has carried out the works to provide it access to the intra-State transmission system of the Transmission Licensee, the Transmission System User shall be entitled to retain such works upon termination of the Bulk Power Transmission Agreement.

76.7 The transmission system access charges may be recovered by any one of the following methods, in accordance with the terms of the Bulk Power Transmission Agreement:

- (a) As a one-time payment by the Transmission System User at the time of obtaining access; or
- (b) As a series of payments over the duration of the Bulk Power Transmission Agreement; or
- (c) As any combination of (a) and (b) above.

76.8 Any dispute between the Transmission Licensee and the intending Transmission System User with regard to the works to be carried out to give access to the intending Transmission System User or with regard to the transmission system access charges shall be referred to the Commission for adjudication or to such other forum as may be stipulated.

76.9 The Annual Transmission Charges for each Year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective Year of the Control Period, as approved by the Commission and comprising the following components:

- (a) Operation and Maintenance expenses;
 - (b) Depreciation;
 - (c) Interest on Loan Capital;
 - (d) Interest on working capital and deposits from Transmission System Users;
 - (e) Contribution to contingency reserves;
 - (f) Return on Equity Capital;
- minus:**
- (g) Income from Open Access Charges;
 - (h) Non-Tariff Income;
 - (i) Income from Other Business, to the extent specified in these Regulations:

Provided that Depreciation, Interest on Loan Capital, Interest on working capital and deposits from Transmission System Users, Contribution to Contingency Reserves, Return on Equity, and Income Tax for Transmission Licensees shall be allowed in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that the components of the Aggregate Revenue Requirement corresponding to the transmission lines owned by Maharashtra State Electricity

Transmission Company Limited (MSETCL) and conveying electricity to other States, being recovered through transmission charges under General Network Access in accordance with the Regulations and Orders of the Central Electricity Regulatory Commission, shall not be recovered from the Annual Transmission Charges determined under these Regulations:

Provided also that in case any such components have already been recovered through the intra-State transmission tariff, then such excess recovery shall be deducted from the Aggregate Revenue Requirement of MSETCL for the future years, along with associated holding cost, as applicable:

Provided also that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, if the income/expenses in that prior period have been allowed on actual basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, etc., shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Transmission Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

76.10 The Annual Transmission Charges of the Transmission Licensee shall be determined by the Commission on the basis of a Petition for determination of Aggregate Revenue Requirement, filed by the Transmission Licensee in accordance with **Part B** of these Regulations, or Petition for adoption of Annual Transmission Charges in case of competitively awarded transmission system Project, as the case may be.

77 Petition for determination of Provisional Tariff

77.1 A new Transmission Licensee shall file the Petition for determination of provisional Tariff, six months prior to the anticipated date of commercial operation of the transmission assets.

77.2 The new Transmission Licensee shall file a Petition for determination of provisional Tariff based on capital expenditure incurred and projected to be incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the statutory auditors:

Provided that the Petition shall contain details of underlying assumptions for the projected capital cost and additional capital cost, wherever applicable

77.3 In case of new Transmission Licensee is added to the Intra state transmission network during the control period, then the TTSC, Base Transmission Capacity Rights and Base Transmission Tariff shall be re-determined for each remaining year as per the provisions under “Determination of Intra-State Transmission Tariff” section.

77.4 The new Transmission Licensee may be allowed provisional Tariff by the Commission from the anticipated date of commercial operation, based on the projected capital expenditure, subject to prudence check.

77.5 If the date of commercial operation is likely to be delayed beyond six months from the date of issue of the order approving the provisional Tariff, the Transmission Licensee may submit a Petition for seeking extension of the validity of the applicability of the provisional Tariff, giving details of the present status of completion and justification for the delay in project completion, which may be considered by the Commission after necessary prudence check.

77.6 The new Transmission Licensee shall file the Petition for determination of final Tariff within six months from the date of commercial operation, based on the audited capital expenditure and capitalisation as on the date of commercial operation.

77.7 The final Tariff determination for the new Transmission Licensee shall be done by the Commission based on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.

77.8 Where the actual Capital Cost incurred on year to year basis is less than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Transmission Licensee shall refund to the Beneficiaries, the excess Tariff realised corresponding to excess Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

77.9 Where the actual Capital Cost incurred on year to year basis is more than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the Transmission Licensee shall, subject to the approval of the Commission, recover from the Beneficiaries the shortfall in Tariff corresponding to such decrease in Capital Cost along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

78 Capital Investment Plan

78.1 The Transmission Licensee shall submit a detailed capital investment plan, financing plan and physical targets for each year of the Control Period for strengthening and augmentation of the intra-State transmission system of the Transmission Licensee, meeting the requirement of load growth, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-year Aggregate Revenue Requirement for the entire Control Period.

78.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value as specified in the Regulation 4.1 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022. The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of bays, name, configuration and location of grid substations, substation capacity (MVA), transmission line length (circuit kilometres) showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the transmission charges.

78.3 The Capital Investment Plan of the Transmission Licensee shall be consistent with the transmission system plan for the intra-State transmission system developed by the State Transmission Utility bearing in mind the transmission system plan for the inter-State transmission system developed by the Central Transmission Utility:

Provided that any capital expenditure incurred by the Transmission Licensee based on the specific requirement of a Generating Company or Distribution Licensee shall be substantiated with necessary documentary evidence in the form of request for the same and undertaking given as appropriate.

78.4 The Commission shall consider the Capital Investment Plan along with the Multi-year Aggregate Revenue Requirement for the entire Control Period submitted by the Transmission Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on transmission charges and also taking into considerations factors outlined under Regulation 24.5 and Regulation 24.6 of these Regulations.

78.5 The Transmission Licensee shall submit, along with the Petition for determination of Aggregate Revenue Requirement or along with the Petition for truing up, as the case may be, details showing the progress of capital expenditure projects,

together with such other information, particulars or documents as the Commission may require assessing such progress.

79 Operational Norms

79.1 Target availability for the Transmission Licensee shall be as under:

- (a) For full recovery of Annual Transmission Charges:
 - (i) AC system : 98 per cent
 - (ii) HVDC bi-pole links and HVDC back-to-back stations : 95 per cent
- (b) For Incentive consideration:
 - (i) AC system : 99 per cent;
 - (ii) HVDC bi-pole links and HVDC back-to-back stations : 96 per cent;

Note 1:

Recovery of annual transmission charges below the level of target availability shall be on pro-rata basis, and at zero availability, no transmission charges shall be payable.

Note 2:

The target availability shall be computed in accordance with procedure provided in the **Annexure-VI** to these Regulations and be certified by MSLDC.

Provided that for AC system, two tripping per element per year shall be allowed, and after two tripping in a year, additional 12 hours outage for that particular element for each such tripping shall be considered in addition to the actual outage: Provided further that in case of outage of a transmission element affecting evacuation of power from a generating Station, outage hours shall be multiplied by a factor of 2.0.

Provided also that the computation of additional rate of Return on Equity shall be undertaken as per these Regulations.

80 Operation and Maintenance expenses

80.1 The norms for O&M expenses for existing and new Transmission Licensees have been specified on the basis of circuit kilometre of transmission lines, number of Bays and MVA Capacity of Transformers in the substation of the Transmission Licensee, as given below:

Explanation: For the purpose of applying normative O&M expenses under these Regulations, a 'Bay' shall mean a set of accessories that are required to connect an electrical equipment such as Transmission Line, Bus Section Breakers,

Potential Transformer, Power Transformers, Inter-Connecting Transformers, Capacitors and Transfer Breaker and the feeders emanating from the bus at sub-Station of Transmission Licensee. Further, the Bays referred to shall include only the Bays at the Transmission substation and shall exclude any Bays of the Generating Station switchyard whose maintenance is usually the responsibility of the Generating Company.

Further, for the purpose of applying normative O&M expenses under these Regulations, ‘Transformation Capacity’ shall be considered as the capacity of the Inter-Connecting Transformer or the Power Transformer as the case may be.

Provided that for computing the allowable O&M expenses for any Year, 50 per cent of the circuit kilometre of transmission lines, number of Bays and transformation capacity in the substation of the Transmission Licensee added during the Year shall also be considered.

Provided further that at the time of Truing up at the end of the Control Period, the allowable O&M expenses for any Year shall be based on the norms for O&M expenses specified by the Commission in this Regulation and documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission:

Provided also that the number of Bays considered for allowing O&M expenses shall exclude the unutilised Bays and unutilised transformation capacity;

Provided that, the Commission may determine the separate O&M norms on case to case basis for HVDC having technology other than Back to Back stations or Bipole scheme technology in accordance with provision of these Regulations.

Norms for O&M expenses for the Maharashtra State Electricity Transmission Company Limited shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HVDC (INR Lakh)	1800.00	1905.00	2010.00	2130.00	2252.93
INR Lakh/ckt km					
400 kV	4.02	4.20	4.38	4.57	4.78
Less than 400 kV and greater than 66 kV	1.59	1.66	1.74	1.81	1.90
66 kV and less	0.95	1.00	1.04	1.09	1.14
INR Lakh/Bay					
765 kV	50.62	52.89	55.26	57.74	60.34
400 kV	36.16	37.78	39.48	41.25	43.10
Less than 400 kV and greater than 66 kV	5.24	5.47	5.72	5.98	6.24
66 kV and less	1.09	1.14	1.19	1.25	1.30
INR Lakh/MVA	0.51	0.53	0.55	0.58	0.61

80.2 Norms for O&M expenses for The Tata Power Company Ltd. - Transmission (TPC-T) shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
>66 kV & <400 kV	7.37	7.70	8.04	8.41	8.78
INR Lakh/Bay					
above 66 kV and less than 400 kV	13.07	13.66	14.27	14.91	15.58
66 kV and less	2.73	2.85	2.98	3.12	3.26
INR Lakh/MVA	0.84	0.88	0.91	0.96	1.00

80.3 Norms for O&M expenses for Adani Electricity Mumbai Ltd. - Transmission (AEML-T) shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
220 kV	6.12	6.39	6.68	6.98	7.29
INR Lakh/Bay					
220 kV	9.28	9.70	10.13	10.59	11.06
33 kV	1.94	2.03	2.12	2.21	2.31
INR Lakh/MVA	0.56	0.59	0.62	0.64	0.67

80.4 Norms for O&M expenses for Jaigad Power Transmission Company Limited (JPTL) shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
400 kV	0.54	0.56	0.59	0.61	0.64
INR Lakh/Bay					
400 kV	95.83	100.14	104.63	109.33	114.24

80.5 Norms for O&M expenses for Maharashtra Eastern Grid Power Transmission Company Ltd. (MEGPTCL) shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
765 kV	1.31	1.37	1.43	1.49	1.56
400 kV	0.66	0.69	0.72	0.76	0.79
INR Lakh/Bay					
765 kV	124.22	129.80	135.63	141.72	148.08
400 kV	61.19	63.94	66.81	69.81	72.95
INR Lakh/MVA	0.95	0.99	1.04	1.08	1.13

80.6 Norms for O&M Expenses for Adani Transmission India Ltd. (ATIL) shall be:

Voltage Level*	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
400 kV	0.85	0.89	0.93	0.97	1.02
INR Lakh/Bay					
400 kV	186.51	194.89	203.64	212.78	222.33

* No Transformer capacity; recovery only through lines and bays

80.7 Norms for O&M Expenses for Vidarbha Industries Power Limited- Transmission (VIPL-T) shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
220 kV	3.07	3.20	3.35	3.50	3.66
INR Lakh/Bay					
220 kV	15.71	16.42	17.15	17.92	18.73

* No Transformer capacity; recovery only through lines and bays

80.8 Norms for O&M Expenses for Amravati Power Transmission Company Ltd. (APTCL) shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
INR Lakh/ckt km					
400 kV	0.83	0.86	0.90	0.94	0.98
INR Lakh/Bay					
400 kV	179.94	188.02	196.46	205.29	214.50

* No Transformer capacity; recovery only through lines and bays

80.9 Norms for O&M expenses for New Transmission Licensees shall be:

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HVDC Station*					
HVDC Back-to-Back stations (INR Lakh per MW)	2.15	2.27	2.41	2.55	2.70
HVDC bipole scheme (INR Lakh per MW)	1.13	1.20	1.27	1.34	1.42
INR Lakh/ckt km					
765 kV	1.31	1.37	1.43	1.49	1.56
400 kV	0.54	0.56	0.59	0.61	0.64
Less than 400 kV and greater than 66 kV	1.59	1.66	1.74	1.81	1.90
66 kV and less	0.95	1.00	1.04	1.09	1.14
INR Lakh/Bay					
765 kV	124.22	129.80	135.63	141.72	148.08
400 kV	95.83	100.14	104.63	109.33	114.24

Voltage Level	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Less than 400 kV and greater than 66 kV	5.24	5.47	5.72	5.98	6.24
66 kV and less	1.09	1.14	1.19	1.25	1.30
INR Lakh/MVA	0.51	0.53	0.55	0.58	0.61

Explanation: The term "New Transmission Licensee" shall mean the transmission Licensee(s) for which Transmission Licence is granted by the Commission prior to or after the date of coming into effect of these Regulations, and for whom the O&M norms have not been specified in Regulations 80.1 to 80.9.

The O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 to the normative O&M expenses for bays as allowed in Regulations 80.1 to 80.9.

80.10 A Transmission Licensee may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission:

Provided that the Transmission Licensee shall submit detailed justification, cost benefit analysis, and life cycle cost analysis of such schemes as against capex schemes, and savings in O&M expenses, if any as per the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022.

80.11 The Commission may consider any request for revision of the normative O&M expenses of the Transmission Licensee on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses are lower than such revised normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

81 Non-Tariff Income

81.1 The amount of non-Tariff income relating to the Transmission Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Annual Transmission Charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of non-Tariff income to the Commission in such form as may be stipulated by the Commission.

81.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;

- b) Income from sale of scrap;
- c) Income from investments;
- d) Income from investments of Contingency Reserves;
- e) Interest income on advances to suppliers/contractors;
- f) Income from rental from staff quarters;
- g) Income from rental from contractors;
- h) Income from hire charges from contractors and others;
- i) Supervision charges for capital works;
- j) Income from advertisements;
- k) Income from sale of tender documents;
- l) Any other Non-Tariff Income

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Transmission Licensee shall not be included in Non-Tariff Income.

82 Income from Other Business

82.1 Where the Transmission Licensee has engaged in any Other Business under Section 41 of the Act for optimum utilisation of its assets, an amount equal to two-third of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the Annual Transmission Charges of the Transmission Licensee:

Provided that the Transmission Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Transmission Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor, to the Commission along with its Petition for determination of Aggregate Revenue Requirement:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Transmission Licensee on account of such Other Business.

83 Determination of Intra-State Transmission Tariff

83.1 The aggregate of the yearly revenue requirement for all Transmission Licensees shall form the "Total Transmission System Cost" (TTSC) of the Intra-State

transmission system, to be recovered from the Transmission System Users (TSUs) for the respective year of the Control Period, in accordance with the following Formula:

$$TTSC_{(t)} = \sum_{i=1}^n ARR_i$$

Where,

$TTSC_{(t)}$ = Pooled Total Transmission System Cost of year (t) of the Control Period;

n = Number of Transmission Licensee(s);

ARR_i = Yearly revenue requirement approved by the Commission for i^{th} Transmission Licensee for the yearly period (t) of the Control Period:

Provided that in case of transmission system projects undertaken in accordance with the Guidelines for competitive bidding for transmission under Section 63 of the Act, the Aggregate Revenue Requirement as per the annual Transmission Service Charges (TSC) quoted by such projects, shall be considered, for aggregation under the TTSC.

83.2 The Commission shall approve yearly ‘Base Transmission Capacity Rights’ as average of Coincident Peak Demand and Non-Coincident Peak Demand for TSUs as projected for 12 monthly period of each year (t) of the Control Period, representing the ‘Capacity Utilisation’ of Intra-State transmission system and accordingly determine yearly ‘Base Transmission Tariff’, in accordance with the following formula:

$$\begin{aligned} \text{Base Transmission Capacity Rights} \\ \text{(Base TCR) for the yearly period (t)} \end{aligned} = \sum_{u=1}^n ([CPD(t) + NCPD(t)]/2)$$

Where,

$CPD_{(t)}$ = Average of projected monthly Coincident Peak Demand for the yearly period (t) of Control Period for each Transmission System User (u)

$NCPD_{(t)}$ = Average of projected monthly Non-Coincident Peak Demand for the Yearly period (t) of Control Period for each Transmission System User (u):

Provided that for the first year of the Control Period, the Base Transmission Capacity Rights for all Transmission System Users shall be determined based on average monthly CPD and NCPD of the Transmission System Users prevalent during the 12 months prior to date of coming into effect of these Regulations or

12 months prior to filing of the Petition by the Transmission Licensees, depending on availability of such data:

Provided further that the Allotted Capacity for long-term Open Access Users shall be considered in lieu of the average monthly CPD and NCPD for calculating the Base Transmission Capacity Rights:

Provided also that in case of a Deemed Distribution Licensee whose monthly CPD and NCPD data is not available for 12 months at the time of determination of Base TCR, the monthly CPD and NCPD data if available for at least 4 months, or the quantum of Short-term/Medium-Term Open Access applied for by the Deemed Distribution Licensee for the available period, shall be considered in lieu of the average monthly CPD and NCPD for calculating the Base Transmission Capacity Rights:

Provided also that the Yearly CPD and NCPD or the Allotted capacity, as the case may be, to be considered for determination of the subsequent yearly Base Transmission Capacity Rights shall be computed at the beginning of the Control Period based on the past trend and on the basis of demand projections made by various TSUs connected to the Intra-State transmission system as part of their MYT Petitions for the Control Period:

83.3 Base Transmission Tariff for each Year shall be determined as ratio of approved ‘TTSC’ for intra-State transmission system and approved ‘Base Transmission Capacity Rights’ and shall be denominated in terms of “INR/kW/month” (for long-term/medium-term usage) or in terms of “INR/kWh” (for short-term bilateral open access transactions usage, short-term collective transactions over Power Exchange and for Renewable Energy transactions) in accordance with the following formula:

$$\text{Base Transmission Tariff}_{(t)} \text{ (long-term/medium-term)} = \text{TTSC}_{(t)} / \text{Base TCR}_{(t)} \text{ (INR/kW/month or INR/MW/day)}$$

$$\text{Base Transmission Tariff}_{(t)} \text{ (Short-term) (INR/kWh)} = \frac{\text{TTSC}_{(t)}}{\sum_{i=1}^n \text{(Energy Transmitted by Tx } i)}$$

Where,

TTSC_(t) = Pooled cost for InSTS for yearly period (t) of the Control Period;

Base TCR_(t) = Base Transmission Capacity Rights for the yearly period (t);

n = Total number of Transmission Licensee(s) in that particular year of Control Period;

$T_{X_i} = i^{\text{th}}$ Transmission Licensee:

Provided that the energy units transmitted by the Transmission Licensees shall be based on the energy input requirement of the Distribution Licensees at Generation-InSTS interface point, as projected by each Distribution Licensee as part of its MYT Petition for the Control Period and as approved by the Commission:

Provided further that any revisions in Base Transmission Capacity Rights and Base Transmission Tariff as determined in Regulations 83.2 and 83.3 due to the variation in the actual and approved CPD and NCPD shall be made at the end of the Control Period for the subsequent years:

Provided also that in case new Transmission Licensees are added to the intra-State transmission network during the Control Period, then the TTSC, Base Transmission Capacity Rights and Base Transmission Tariff as referred under Regulations 83.1, 83.2 and 83.3 shall be re-determined for each remaining Year of the Control Period.

83.4 The Base Transmission Tariff shall continue to be billed at the Tariff approved by the Commission and applicable as on March 31, 2025 for the period starting from April 1, 2025 till approval of Base Transmission Tariff by the Commission in accordance with these Regulations.

83.5 The State Transmission Utility shall file the Petition for determination of Intra-State Transmission Tariff for the MYT Control Period latest by November 30, 2024 on the basis of Base Transmission Capacity Rights of each TSU, and the summation of the Aggregate Revenue Requirement projected by the Transmission Licensees for each Year of the Control Period:

Provided that the State Transmission Utility shall file the Petition for true-up of share of intra-State transmission tariff for FY 2025-26 to FY 2028-29 and provisional true-up of share of intra-State transmission tariff for FY 2029-30 latest by November 30, 2029-on the basis of the actual CPD and NCPD of Transmission System Users in the respective years, or the quantum of Short-term/Medium-Term Open Access applied for by the Deemed Distribution Licensee for the available period, as applicable:

Provided further that in case of a Deemed Distribution Licensee whose monthly CPD and NCPD data is not available for 12 months at the time of determination of Base TCR, the monthly CPD and NCPD data if available for at least 4 months, or the quantum of Short-term/Medium-Term Open Access applied for by the Deemed Distribution Licensee for the available period, shall be considered in lieu

of the average monthly CPD and NCPD for calculating the Base Transmission Capacity Rights.

84 Sharing of TTSC by long-term TSUs

84.1 The long-term Transmission System Users shall share the TTSC of the intra-State transmission system in the proportion of Adjusted Base Transmission Capacity Rights of each Transmission System User to the total Adjusted Base Transmission Capacity Rights allotted in the intra-State transmission system.

Provided that a Partial Open Access Consumer shall pay the Transmission Charges to the Distribution Licensee instead of the Transmission Licensee for using a transmission network which shall be passed on to the STU within the stipulated time period as specified under Regulations 14.5 of MERC Distribution Open Access Regulation, 2016 and its amendments thereof.

Provided also that the Distribution Licensee shall submit billed Open Access Demand of Partial Open Access consumers to STU and MSLDC on monthly basis for calculating Adjusted Base Transmission Capacity Rights.

84.2 The Annual Transmission Charge payable by Transmission System User shall be computed in accordance with the following formula:

$$ATC(u)_{(t)} = TTSC_{(t)} \times ([Adjusted\ Base\ TCR(u)]_{(t)} / \sum_{u=1}^n [Adjusted\ Base\ TCR(u)]_{(t)})$$

Where,

$ATC(u)_{(t)}$ = Annual Transmission Charges to be shared by Transmission System User (u) for the yearly period (t);

Adjusted Base TCR (u) = Base TCR(u) – Billed OA Demand of POA(u)

Where,

Adjusted Base TCR represents the Base Transmission Capacity Right of each Transmission System User (u) adjusted for billed OA Demand of a Partial Open Access Users for the yearly period (t).

85 Usage of Intra-State Transmission System

85.1 The charges for intra-State transmission usage shall be shared among various TSUs in the following manner:

- a) Long-Term TSU with Recorded Demand in any 15-minute time block up to Base TCR shall not be subjected to payment of Short-Term Transmission Charges.
- b) Long-Term TSU with Recorded Demand in any 15-minute time block greater than Base TCR but lower than Contracted Capacity shall make

payment of Short-Term Transmission Charges for the recorded demand in excess of Base TCR.

- c) Long-Term TSU with Recorded Demand in any 15-minute time block lower than Base TCR and greater than Contracted Capacity shall not be subjected to payment of Short-Term Transmission Charges.
- d) Long-Term TSU with Recorded Demand in any 15-minute time block greater than Contracted Capacity, where Contracted Capacity is greater than Base TCR, shall make payment of Short-Term Transmission Charges for the Recorded Demand in excess of Base TCR and shall also make payment of Additional Regulatory Charge for Recorded Demand in excess of Contracted Capacity as specified in Regulation 14.5 of the MERC (Transmission Open Access) Regulations, 2016, as amended time to time.
- e) Long-Term TSU with Recorded Demand in any 15-minute time block greater than Base TCR, where Contracted Capacity is less than Base TCR, shall make payment of Short-Term Transmission Charges for the Recorded Demand in excess of Base TCR and shall also make payment of an Additional Regulatory Charge for Recorded Demand in excess of Base TCR as specified in Regulation 14.5 of the MERC (Transmission Open Access) Regulations, 2016 as amended time to time:

Provided that the calculation of the Short-Term Transmission Charges and Additional Regulatory Charge shall be based on the 15-minute time block basis or as amended time to time:

Provided further that the applicability and calculation of the Short-Term Transmission Charges and Additional Regulatory Charge shall be as shown in the Table below:

Sr. No.	Scenario	Applicable Charges	Calculations of charges on 15-minute time block basis
a.	RD < Base TCR < CC	Only Monthly Transmission Charges (MTC)	STTC will not apply as RD is within Base TCR. TSU pays Transmission charges upto Base TCR.
b.	Base TCR < RD < CC	STTC in accordance with Regulation 85 b) of these Regulations	STTC = (RD – Base TCR) in kW x S.T. Rate (INR/kWh)
c(i)	CC < RD < Base TCR	Only MTC	STTC will not apply as RD is within Base TCR. TSU pays Transmission charges upto Base TCR.

Sr. No.	Scenario	Applicable Charges	Calculations of charges on 15-minute time block basis
c(ii)	Base TCR < CC < RD	STTC in accordance with Regulation 85 b) of these Regulations. ARC equal to 25% of the LTTC for the use of InSTS in excess of its CC in accordance with Regulation 85 (c) of these Regulations and Regulation 14.5 of MERC (Transmission Open Access) Regulations, 2016.	$STTC = (RD - \text{Base TCR}) \text{ in kW} \times \text{S.T. Rate (INR/kWh)}$ $ARC = (RD - CC) \text{ in kW} \times 0.25 \times \text{LTTC (INR/kW/month)}$
c(iii)	CC < Base TCR < RD	STTC in accordance with Regulation 85 (b) of these Regulations. ARC=25% of the LTTC for the use of an InSTS in excess of its Base TCR.in accordance with 14.5 of MERC (Transmission Open Access) Regulations, 2016.	$STTC = (RD - \text{Base TCR}) \text{ in kW} \times \text{S.T. Rate (INR/kWh)}$ $ARC = (RD - \text{Base TCR}) \text{ in kW} \times 0.25 \times \text{LTTC (INR/kW/month)}$

86 Billing and Payment of InSTS Charges

86.1 The STU shall raise monthly bill for Intra-State Transmission Charges on every Transmission System User (TSU) on the first working day of the month for the Transmission Charges of preceding month:

86.2 All TSUs shall ensure timely payment of Transmission Tariff to STU so as to enable STU to make timely settlement of claims raised by Transmission Licensees.

86.3 Consumer setting up manufacturing Units exclusively for Green Hydrogen Manufacturing during the period from April 1, 2025 to March 31, 2030 shall be exempted from levy of intra-state transmission charges to the extent stipulated in table below, on the Renewable Energy sourced through Open Access:

Sr	Category	Period of COD	Number of years from COD	% of Transmission Charges Waiver
1	Existing Exclusive Manufacturing Units for Green Hydrogen		10	100%
2	Exclusive Manufacturing Units for Green Hydrogen	1.4.2025 to 31.03.2027	10	100%
3	Exclusive Manufacturing Units for Green Hydrogen	1.4.2027 to 31.03.2028	10	75%

Sr	Category	Period of COD	Number of years from COD	% of Transmission Charges Waiver
4	Exclusive Manufacturing Units for Green Hydrogen	1.4.2028 to 31.03.2030	10	50%

87 Transmission Losses

87.1 The energy losses in the intra-State transmission system, as determined by the State Load Despatch Centre and approved by the Commission, shall be considered as Transmission Losses and borne by the Transmission System Users in proportion to their usage of the intra-State transmission system:

Provided that the quantum of energy consumed by the auxiliary equipment of a transmission sub-station and the station transformer losses within the sub-station shall not be accounted for under the Transmission Losses:

Provided further that the energy consumed for supply of power by the transmission sub-station to the associated offices of the Licensee, its housing colony and other facilities, and for construction works at the sub-station, shall not be considered as energy consumed by the auxiliary equipment of a transmission sub-station.

88 Reactive Energy Charges

88.1 A Generating Station shall inject/absorb the reactive energy into the grid on the basis of machine capability as per the provisions of MERC (State Grid Code) Regulations, 2020 and directions of MSLDC.

88.2 Reactive energy exchange, only if made as per the directions of MSLDC, for the applicable duration (injection or absorption) shall be compensated/levied by the MSLDC to the Generating Station, as specified in the MERC (State Grid Code) Regulations, 2020 and amendments thereof.

88.3 The Transmission System Users shall be subjected to Incentive/Disincentive to be compensated/levied by the MSLDC for maintaining the reactive energy balance in the transmission system, as specified in the MERC (State Grid Code) Regulations, 2020 and amendments thereof.

PART H: DISTRIBUTION WIRE BUSINESS

89 Separation of Accounts of Distribution Licensee

89.1 Every Distribution Licensee shall maintain separate accounting records for the Distribution Wires Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately for:

- (a) Distribution Wires Business;
- (b) Retail Supply of electricity:

89.2 Distribution Licensee shall follow guidelines stipulated in **Annexure III** for allocation of asset and cost:

Provided that in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, the Aggregate Revenue Requirement of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the following Allocation Matrix:

Particulars	Distribution Wires Business (%)	Retail Supply Business (%)
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Operation & Maintenance Expenses	65%	35%
Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on Working Capital	10%	90%
Interest on Consumer Security Deposits	10%	90%
Provision for Bad & Doubtful Debts	10%	90%
Income Tax	90%	10%
Contribution to Contingency Reserves	90%	10%
Return on Equity	90%	10%
Non-Tariff Income	10%	90%

Provided further that the above Allocation Matrix shall be applied for all or any of the heads of expenditure and revenue, where actual accounting separation has not been done between the Distribution Wires Business and Retail Supply Business:

89.3 The Commission may direct the Distribution Licensee to file separate Petitions for determination of Tariff for the Distribution Wires Business and Retail Supply Business.

Provided that the Commission may require the Distribution Licensee to file separate Petitions for determination of Tariff for specified geographic area out of its Licence Area of operation for Distribution Wire Business and Retail Supply Business for catering to consumers within such specified geographic area in case there are more than one distribution licensee hold licence to distribute electricity within such geographic area.

90 Applicability

90.1 The Regulations contained in this Part shall apply to the determination of Wheeling Charges payable for usage of distribution wires of a Distribution Licensee by a Distribution System User.

91 Components of Aggregate Revenue Requirement for Distribution Wires Business

91.1 The Wheeling Charges of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement of the Distribution Wires Business for the respective Years of the Control Period, as approved by the Commission and comprising the following components:

- (a) Operation and maintenance expenses;
 - (b) Depreciation;
 - (c) Interest on Loan Capital;
 - (d) Interest on working capital;
 - (e) Interest on deposits from consumers and Distribution System Users;
 - (f) Provision for Bad and doubtful debts;
 - (g) Contribution to contingency reserves;
 - (h) Return on Equity Capital;
- minus:
- (i) Non-Tariff income;
 - (j) Income from Other Business, to the extent specified in these Regulations:

Provided that Depreciation, Interest on Loan Capital, Interest on working capital, Interest on deposits from consumers and Distribution System Users, Contribution to Contingency Reserves, Return on Equity, and Income Tax for Distribution Wires Business shall be allowed in accordance with the provisions specified in Part D of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, if the income/expenses in that prior period have been allowed on actual basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

91.2 The Wheeling Charges of the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee in accordance with Part B of these Regulations:

Provided that the Wheeling Charges may be denominated in terms of Rupees/kWh or Rupees/kVAh or Rupees/kW/month or Rupees/kVA/month, for the purpose of recovery from the Distribution System User, or any such denomination, as may be stipulated by the Commission:

Provided further that the Wheeling Charges shall be determined separately for LT voltage, HT voltage, and EHT voltage, as applicable:

Provided also that in case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the date of coming into of these Regulations, the Commission may determine the ceiling Wheeling Charges that may be charged by such Deemed Distribution Licensee till such time as considered appropriate by the Commission.

91.3 The Wheeling Charges shall continue to be billed at the Tariff approved by the Commission and applicable as on March 31, 2025, for the period starting from April 1, 2025 till approval of Wheeling Charges by the Commission in accordance with these Regulations.

92 Capital Investment Plan

92.1 The Distribution Licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each Year of the Control Period for strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in

quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-Year Tariff Petition for the entire Control Period

92.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value as specified in the Regulation 4.1 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022. The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of distribution sub-stations, consumer sub-stations, transformation capacity in MVA and details of distribution transformers of different capacities, HT:LT ratio as well as distribution line length, under-ground distribution cable length, use of IT tools and communication infrastructure, remote monitoring features covered as part of scheme, showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the Wheeling Charges:

Provided that the Distribution Licensee shall submit separate details of Capital Investment being undertaken in each Distribution Franchisee area within its Licence area.

92.3 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the Distribution Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on Wheeling Charges and also taking into consideration the factors outlined under Regulation 24.5 and Regulation 24.6 of these Regulations.

92.4 The Distribution Licensee shall submit, along with the Petition for determination of Wheeling Charges, or along with the Petition for Mid-term Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require assessing such progress.

93 Operation and Maintenance Expenses

93.1 The Distribution Licensees shall be permitted to recover Operation and Maintenance expenses relating to the Distribution Wires Business as specified in the norms below for each year of the Control Period:

Explanation: For the purpose of applying normative O&M expenses with respect to Gross Fixed Assets (GFA) growth under these Regulation, the average

GFA pertaining to Distribution Wires Business (in INR Crore) shall be multiplied by the O&M Norms in terms of “percentage of Average GFA”, for the respective years.

93.2 For applying normative O&M expenses with respect to Consumer’s growth, the O&M Norms in terms of “INR Lakhs/’000 Consumers” or “INR Lakhs/’00 Consumers” (in case of Deemed Distribution Licensees) shall be multiplied by the closing total Wheeling Consumers inclusive of full Open Access Consumers, if any, of the Distribution Wires Business, during the respective financial year.

Provided that the Partial Open Access consumers are embedded within the Wheeling Consumers of the Distribution Wires Business, hence, no separate addition of such Partial Open Access consumers will be allowed to avoid double accounting:

Provided further that the Distribution Licensee shall submit the details of its consumer base having the break-up of its direct consumers, Partial Open Access consumers and Full Open Access consumers for the respective years at the time of filing MYT Petition for Distribution Wires Business.

MSEDCL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	9.66%	10.10%	10.55%	11.03%	11.52%
O&M (INR Lakhs/’000 Consumers)	2.16	2.25	2.35	2.46	2.57

TPC-D	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	5.16%	5.40%	5.64%	5.89%	6.16%
O&M (INR Lakhs/’000 Consumers)	9.72	10.16	10.62	11.09	11.59

AEML-D	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	9.56%	9.99%	10.44%	10.91%	11.40%
O&M (INR Lakhs/’000 Consumers)	3.23	3.38	3.53	3.69	3.85

BEST	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	14.43%	15.08%	15.76%	16.46%	17.20%
O&M (INR Lakhs/’000 Consumers)	4.43	4.63	4.84	5.06	5.28

MBPPL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	5.91%	6.18%	6.45%	6.74%	7.05%
O&M (INR Lakhs/’00 Consumers)	25.02	26.14	27.32	28.54	29.83

GEPL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	4.67%	4.88%	5.10%	5.33%	5.57%
O&M (INR Lakhs/’00 Consumers)	17.84	18.64	19.47	20.35	21.26

KRCIPPL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Wires)	1.94%	2.02%	2.12%	2.21%	2.31%
O&M (INR Lakhs/'00 Consumers)	8.14	8.51	8.89	9.29	9.71

Provided that in case of the Distribution Licensee or the Deemed Distribution Licensee tariff is yet to be determined by the Commission till coming into force of these Regulations, the Commission may determine the O&M Norms on case-to-case basis.

93.3 Wage revision, if any, during the Control Period, shall be treated as part of employee expense as controllable parameter and compared vis-à-vis normative O&M expense. Hence, the impact of arrears of wage revision, if any, booked as part of employee expense in any particular year, shall be normalised annually over Control Period and shall be subject to treatment as per sharing of gains and loss as per Regulation 11 for the purpose of true-up of O&M expense of respective years, subject to prudence check.

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

Provided that this limitation shall not be applicable for Deemed Distribution Licensees for the first five years after commencement of operations as a Distribution Licensee.

93.5 A Distribution Licensee may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission:

Provided that the Distribution Licensee shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis of such schemes as against capex schemes, and savings in O&M expenses, if any

93.6 The Commission may consider any request for revision of the normative O&M expenses of the Distribution Licensee on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses are lower than such revised normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

94 Provision for Bad and Doubtful Debts

94.1 In the MYT Order, for each Year of the Control Period, the Commission may allow a provision for writing off of bad and doubtful debts up to 1.5% of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the latest Audited Accounts of the Distribution Licensee in accordance with the procedure laid down by the Licensee, subject to prudence check:

Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts during the year, subject to the above ceiling of 1.5% of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee for that Year, after prudence check:

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

Provided also that in the Year when the cumulative provisioning for write-off of bad and doubtful debts allowed by the Commission, duly allocated for the Distribution Wires Business, exceeds five per cent of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee, no such appropriation shall be allowed, which would have the effect of increasing the cumulative provisioning beyond the said maximum:

Provided also that for Distribution Licensees having agricultural sales in excess of 20 percent of their total sales, the ceiling of cumulative provisioning in the above proviso shall be 7.5 per cent of the amount shown as Trade Receivables or Receivables from Wheeling Charges in the audited accounts of the Distribution Licensee.

95 Non-Tariff Income

95.1 The amount of Non-Tariff Income relating to the Distribution Wires Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Wheeling Charges of the Distribution Wires Business:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

95.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;
- d) Interest income on advances to suppliers/contractors;
- e) Income from rental from staff quarters;
- f) Income from rental from contractors;
- g) Income from hire charges from contactors and others;
- h) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;
- i) Supervision charges for capital works;
- j) Income from advertisements;
- k) Income from sale of tender documents;
- l) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Distribution Wires Business shall not be included in Non-Tariff Income.

96 Income from Other Business

96.1 Where the Distribution Wires Business of the Distribution Licensee has engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, an amount equal to two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in determining the Wheeling Charges of Distribution Wires Business:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Wires Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor of the Company, to the Commission along with its Petition for determination of Wheeling Charges:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Wires Business on account of such Other Business.

97 Wheeling Charges

97.1 The Commission shall determine the Wheeling Charges for High Tension (HT) and Low Tension (LT) voltage level for the Distribution Wires Business in terms of the following formula:

Wheeling Charges for HT Consumers

$$(\text{INR/kVAh}) = \frac{W_{ARR(HT)} * 10}{EW_{HT}}$$

Where,

$W_{ARR(HT)}$ = ARR of Distribution Wires Business pertaining to HT level in INR Crore.

EW_{HT} = Projected Wheeling Energy pertaining to HT level in Million kVAh or M kVAh.

Wheeling Charge for LT Consumers

$$(\text{INR/kWh}) \text{ or } (\text{INR/kVAh}) = \frac{W_{ARR(LT)} * 10}{EW_{LT}}$$

Where,

$W_{ARR(LT)}$ = ARR of Distribution Wires Business pertaining to LT level in INR Crore.

EW_{LT} = Projected Wheeling Energy pertaining to LT level in Million kWh or MU or MkVAh as the case may be.

Provided that in case the Commission adopts the kVAh based Tariff at LT level, the Wheeling Charges for LT Consumers shall then be determined in INR/kVAh.

97.2 The Distribution Licensee shall submit the actual allocation of its voltage wise assets in accordance with the Guidelines stipulated in Annexure III, as part of its Tariff Petition:

Provided that the Annual Revenue Requirement of the Distribution Wires Business pertaining to HT and LT voltage level may be allocated by considering such actual voltage wise asset details submitted by the Distribution Licensee.

98 Wheeling Losses

98.1 The Distribution Wires Business shall be allowed to recover, in kind, the approved target level of Wheeling Losses arising from the operation of the distribution system:

Provided that the Commission may stipulate a trajectory for Wheeling Losses at different voltage level in accordance with Regulation 7 as part of the Order on the Multi-Year Tariff Petition filed by the Distribution Licensee.

Provided further that, in case the Commission adopts the Uniform Wheeling Charge approach, for specified geographic area of supply served by more than one distribution licensee(s), the Commission may stipulate a common trajectory for Wheeling Losses in accordance with Regulation 7 as part of the MYT Order on the Petition filed by the Distribution Licensee.

PART I: RETAIL SUPPLY OF ELECTRICITY

99 Applicability

99.1 The Regulations contained in this Part shall apply to the determination of Tariff for retail supply of electricity by a Distribution Licensee to its consumers.

100 Components of Aggregate Revenue Requirement for Retail Supply Business

100.1 The Tariff for retail supply of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement of the Retail Supply Business for the respective Years of the Control Period, as approved by the Commission and comprising the following components:

- (a) Cost of own power generation /power purchase expenses;
 - (b) Inter-State Transmission Charges;
 - (c) Intra-State Transmission Charges;
 - (d) MSLDC Fees & Charges;
 - (e) Operation and Maintenance expenses;
 - (f) Depreciation;
 - (g) Interest on Loan Capital;
 - (h) Interest on working capital;
 - (i) Interest on consumer security deposits;
 - (j) Provision for Bad and doubtful debts; and
 - (k) Contribution to contingency reserves;
 - (l) Supply Margin;
- minus:
- (m) Non-Tariff income;
 - (n) Income from Other Business, to the extent specified in these Regulations;
 - (o) Receipts on account of Cross-Subsidy Surcharge;
 - (p) Receipts on account of Additional Surcharge;

Provided that Depreciation, Interest on Loan Capital, Interest on working capital, Interest on consumer security deposits, Contribution to Contingency Reserves, Supply Margin, and Income Tax for Retail Supply Business shall be allowed in accordance with the provisions specified in Part D of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, if the income/expenses in that prior period have been allowed on actual basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

100.2 The Tariff for retail supply by the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee in accordance with Part B of these Regulations:

Provided that the Aggregate Revenue Requirement of the Distribution Licensee shall be allocated or apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the provisions of Regulation 89:

Provided further that the Tariff for retail supply may comprise any combination of fixed/demand charges, energy charges, and any other charges, for the purpose of recovery from the consumers, as may be stipulated by the Commission:

Provided also that the Commission may determine the area-wise Tariff for Distribution Licensee based on the performance parameters as may be stipulated by the Commission:

Provided also that in case of Parallel Distribution Licensee operating in same geographical area, the Commission may determine 'Ceiling Retail Tariff' subject to fulfilment of the certain specified conditions so as to enable retail supply competition:

Provided also that 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 ceiling Tariff for retail supply that may be charged by such Distribution Licensee till such time as considered appropriate by the Commission.

100.3 The Tariff for retail supply by the Distribution Licensee shall continue to be billed at the Tariff approved by the Commission and applicable as on March 31,

2025 for the period starting from April 1, 2025 till approval of Tariff for retail supply by the Commission in accordance with these Regulations.

100.4 The Distribution Licensee may propose other rebates for inter-alia, taking supply at higher voltages, bulk consumption, power factor, etc., as a part of their Petition, and the revenue impact of rebates shall be passed on through the Aggregate Revenue Requirement and tariffs, subject to the Commission's approval.

100.5 The Distribution Licensee may offer a rebate to the consumers on the Tariff and charges determined by the Commission:

Provided that the Distribution Licensee shall submit details of such rebates to the Commission every quarter, in the manner and format, as stipulated by the Commission:

Provided further that the impact of such rebates on the Distribution Licensee shall be borne entirely by the Distribution Licensee and the impact of such rebate shall not be passed on to the consumers, in any form:

Provided also that such rebates shall not be offered selectively to any consumer/s and shall have to be offered to the entire consumer category/sub-category/consumption slab in a non-discriminatory manner.

101 Sales forecast

101.1 The Distribution Licensee shall submit a month-wise forecast of the expected sales of electricity to each Tariff category/sub-category and to each Tariff slab within such Tariff category/sub-category to the Commission for approval along with the Multi-Year Tariff Petition, as specified in these Regulations:

Provided that the Distribution Licensee shall submit relevant details regarding category-wise sales separately for each Distribution Franchisee area within its Licence area, as well as the aggregated category-wise sales in its Licence area.

101.2 The sales forecast shall be consistent with the load forecast prepared as part of the power procurement plan under Part C of these Regulations and shall be based on past data and reasonable assumptions regarding the future:

Provided that where the Commission has stipulated a methodology for forecasting sales to any particular Tariff category, the Distribution Licensee shall incorporate such methodology in developing the sales forecast for such Tariff category.

102 Capital Investment Plan

102.1 The Distribution Licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each Year of the Control Period for

meeting the requirement of growth in number of consumers, reduction in distribution losses, metering, etc., to the Commission for approval, as a part of the Multi-Year Tariff Petition for the entire Control Period.

102.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value as specified in the Regulation 4.1 of the MERC (Approval of Capital Investment Schemes) Regulations, 2022. The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the Tariff for retail supply of electricity.

102.3 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the Distribution Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on the Tariff for retail supply of electricity and taking into consideration the factors outlined under Regulation 24.5 and Regulation 24.6 of these Regulations.

102.4 The Distribution Licensee shall submit, along with the Petition for determination of the Tariff for retail supply of electricity, or along with the Petition for Mid-term Performance Review, as the case may be, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require in assessing such progress.

103 Operation and Maintenance Expenses

103.1 The Distribution Licensees shall be permitted to recover Operation and Maintenance expenses relating to the Retail Supply of electricity as specified in the norms below for each year of the Control Period:

Explanation: For the purpose of applying normative O&M expenses with respect to Gross Fixed Assets (GFA) growth under these Regulation, the average GFA pertaining to Retail Supply Business (in INR Crore) shall be multiplied by the O&M Norms in terms of “percentage of Average GFA”, for the respective years.

103.2 For applying normative O&M expenses with respect to Consumer’s growth, the O&M Norms in terms of “INR Lakhs/’000 Consumers” or “INR Lakhs/’00 Consumers” (in case of Deemed Distribution Licensees) shall be multiplied by the closing total Retail Supply Consumers, if any, of the Retail Supply Business, for the respective financial year.

Provided that the Partial Open Access consumers are embedded within the Retail Supply Consumers of the Retail Supply Business, hence, no separate addition of such Partial Open Access consumers will be allowed to avoid double accounting:

Provided further that the Distribution Licensee shall submit the details of its consumer base having the break-up of its direct consumers and Partial Open Access consumers for the respective years at the time of filing MYT Petition for its Retail Supply Business.

MSEDCL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	5.20%	5.44%	5.68%	5.94%	6.20%
O&M (INR Lakhs/'000 Consumers)	10.44	10.91	11.40	11.92	12.45

TPC-D	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	3.26%	3.40%	3.56%	3.72%	3.88%
O&M (INR Lakhs/'000 Consumers)	11.39	11.90	12.43	12.99	13.57

AEML-D	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	7.66%	8.01%	8.37%	8.74%	9.13%
O&M (INR Lakhs/'000 Consumers)	19.33	20.19	21.10	22.05	23.04

BEST	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	7.77%	8.12%	8.48%	8.87%	9.26%
O&M (INR Lakhs/'000 Consumers)	21.48	22.44	23.45	24.50	25.60

MBPPL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	7.00%	7.32%	7.65%	7.99%	8.35%
O&M (INR Lakhs/'00 Consumers)	121.25	126.69	132.38	138.33	144.54

GEPL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	4.99%	5.22%	5.45%	5.70%	5.95%
O&M (INR Lakhs/'00 Consumers)	86.43	90.31	94.37	98.61	103.04

KRCIPPL	FY 26	FY 27	FY 28	FY 29	FY 30
O&M (% of Average GFA - Retail Supply)	4.51%	4.71%	4.93%	5.15%	5.38%
O&M (INR Lakhs/'00 Consumers)	39.47	41.24	43.09	45.03	47.05

Provided that in case of the Distribution Licensee or the Deemed Distribution Licensee tariff is yet to be determined by the Commission till coming into force of these Regulations, the Commission may determine the O&M Norms on case-to-case basis.

103.3 Wage revision, if any, during the Control Period, shall be treated as part of employee expense as controllable parameter and compared vis-à-vis normative O&M expense. Hence, the impact of arrears of wage revision, if any, booked as part of employee expense in any particular year, shall be normalised annually over Control Period and shall be subject to treatment as per sharing of gains and loss as per Regulation 11 for the purpose of true-up of O&M expense of respective years, subject to prudence check.

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

Provided that this limitation shall not be applicable for Deemed Distribution Licensees for the first five years after commencement of operations as a Distribution Licensee.

103.5 The Distribution Licensee may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission:

Provided that the Distribution Licensee shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis of such schemes as against capex schemes, and savings in O&M expenses, if any.

103.6 In the case of a Deemed Distribution Licensee whose tariff is yet to be determined by the Commission till the coming into force of these Regulations, the Commission may determine the Operation and Maintenance expenses on a case-to-case basis.

103.7 The Commission may consider any request for revision of the normative O&M expenses of the Distribution Licensee on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis,

depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses are lower than such revised normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

104 Implementation of Demand Side Management Measures

104.1 The Distribution Licensee shall consider the implementation of Energy Efficiency Schemes under the provision of the MERC (Approval of Capital Investment Schemes) Regulations, 2022 as amended from time to time.

104.2 The Distribution Licensee shall endeavour to reduce its self-consumption by implementing Energy Efficiency/Conservation measures which shall include but not limited to Distribution Transformer efficiency improvement schemes, deployment of LED bulbs and deployment of energy efficiency fans (BLDC fans, etc.), deployment of five star rated air conditioning units at its offices and other substations related establishments, schemes for voltage management measures and Power Factor improvement, Energy Efficiency monitoring and analytical hardware and software tools.

104.3 The Distribution Licensee shall submit its existing level of own energy consumption and Energy Conservation measure at the beginning of the Control Period and provide the trajectory for the reduction of such own energy consumption through the implementation of Energy Efficiency improvement scheme/plan under Capital Expenditure or Opex Expenditure as part of the MYT Petition alongwith the target of Energy Efficiency related savings, and monitoring plan in line with principles provided the MERC (Demand Side Management Implementation Framework) Regulations, 2010 as amended from time to time.

Provided that, the Distribution Licensee shall submit its Energy Efficiency Programmes'/Scheme's Cost Effectiveness Assessment for the expected trajectory.

104.4 The Commission shall specify the Energy Conservation Trajectory for the Control Period for the Distribution Licensee and shall review the actual performance at the time of truing-up, subject to prudence check.

105 Provision for Bad and Doubtful Debts

105.1 In the MYT Order, for each Year of the Control Period, the Commission may allow a provision for writing off bad and doubtful debts up to 1.5% of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the latest

Audited Accounts of the Distribution Licensee in accordance with the procedure laid down by the Licensee, subject to prudence check:

Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off bad debts during the year, subject to the above ceiling of 1.5% of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee for that Year, after prudence check:

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

Provided also that in the Year when the cumulative provisioning for write-off of bad and doubtful debts allowed by the Commission, duly allocated for the Retail Supply Business exceeds five per cent of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee, no such appropriation shall be allowed, which would have the effect of increasing the cumulative provisioning beyond the said maximum:

Provided also that for Distribution Licensees having agricultural sales in excess of 20 percent of their total sales, the ceiling of cumulative provisioning in the above proviso shall be 7.5 per cent of the amount shown as Trade Receivables or Receivables from Sale of Electricity in the audited accounts of the Distribution Licensee.

106 Non-Tariff Income

106.1 The amount of Non-Tariff Income relating to the Retail Supply Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit details of its forecast of Non-Tariff income to the Commission in such form as may be stipulated by the Commission.

106.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;

- d) Interest income on advances to suppliers/contractors;
- e) Income from rental from staff quarters;
- f) Income from rental from contractors;
- g) Income from hire charges from contactors and others;
- h) Supervision charges for capital works;
- i) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;
- j) Income from recovery against theft and/or pilferage of electricity;
- k) Income from advertisements;
- l) Income from sale of tender documents;
- m) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Retail Supply Business shall not be included in Non-Tariff Income.

107 Income from Other Business

107.1 Where the Retail Supply Business of the Distribution Licensee has engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, an amount equal to two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the Tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Retail Supply Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor of the Company, to the Commission along with its Petition for determination of Tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenue from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Retail Supply Business on account of such Other Business.

108 Receipts on account of Cross-Subsidy Surcharge

108.1 The Cross-Subsidy Surcharge determined by the Commission as part of the MYT Tariff Order in accordance with the Regulation 14.7 of the MERC (Distribution Open Access) Regulations, 2016, as amended from time to time.

Provided that the Cross-Subsidy Surcharge determined by the Commission for the respective consumer categories shall not be exceeding the 20% (twenty percent) of the Average Cost of Supply approved by the Commission for the respective financial years over the Control Period.

108.2 The amount received by the Distribution Licensee by way of Cross-Subsidy Surcharge, as approved by the Commission, shall be deducted from the Aggregate Revenue Requirement in determining the Tariff for retail supply of electricity by such Distribution Licensee.

109 Receipts on account of Additional Surcharge

109.1 The Additional Surcharge determined by the Commission as part of the MYT Tariff Order in accordance with the Regulation 14.8 of the MERC (Distribution Open Access) Regulations, 2016, as amended from time to time.

Provided that the Additional Surcharge determined by the Commission for the respective consumer categories shall not be more than the per unit fixed cost of power purchase of the Distribution Licensee concerned.

109.2 The amount received by the Distribution Licensee by way of Additional Surcharge, as approved by the Commission, shall be deducted from the Aggregate Revenue Requirement for determining the Tariff for retail supply of electricity by such Distribution Licensee.

110 Distribution Losses

110.1 The power purchase requirement of the Distribution Licensee at the Transmission-Distribution interface point, shall be computed by grossing up the sales with the distribution losses approved by the Commission:

Provided that the Commission may stipulate the target distribution losses in accordance with Regulation 7 as part of the Order on the Multi-Year Tariff Petition:

Provided that the Distribution Licensee shall submit the details of area-wise distribution losses for the relevant years, in accordance with the formats prescribed by the Commission:

Provided also that the area-wise distribution losses shall separately indicate the distribution losses in each Distribution Franchisee area within its Licence area, for the relevant years.

110.2 The Distribution Licensee as a part of its MYT Petition shall submit the AT&C Loss trajectory agreed by the State Governments and approved by the Central Government under any National Scheme or Programme, or otherwise:

Provided that the Commission may stipulate trajectory for AT&C losses in its Order on the MYT Petition filed by Distribution Licensee.

111 Determination of Retail Supply Tariff

111.1 The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

111.2 The Commission may determine additional or reduced area-specific charges to reflect instances of area peculiarity in terms of high/low distribution losses, high/low reliability of power supply, high reinstatement charges levied by the local body, capital expenditure incurred for purposes beyond Universal Service Obligation and safety measures, etc.:

“Illustration:

Total Capital Investment against all Schemes in FY 2021-22 in a local area = INR 500 Crore;

Total RI Charges included in above Capital Investment = INR 250 Crore;

Total expenditure recoverable as Capital Investment = INR 375 Crore (i.e., INR 250 Crore + 50% of INR 250 Crore of RI);

Balance expenditure recoverable as Additional Charges from concerned Local Area on account of RI in FY 2022-23 = INR 125 Crore (i.e., 50% of INR 250 Crore of RI);

Total Sales of concerned Local Area in FY 2022-23 = 5000 Million Units;

Additional Energy Charges for all categories of consumers in concerned Local Area on account of RI in FY 2022-23 = INR 0.25 per kWh (125*10/5000)

Provided that depending on the local requirements, additional or reduced tariff could be imposed in certain areas, as appropriate:

Provided further that the recovery of Road Reinstatement (RI) charges shall commence only after the concerned asset is put to use:

Provided also that the period of recovery of additional RI Charges from the consumers of the local area shall be one year or such additional period as may be approved by the Commission in the relevant Order:

Provided also that no carrying cost shall be allowed in case recovery of additional RI Charges is spread over more than 1 year.

111.3 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 100, 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.

111.4 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:

Provided that Average Cost of Supply of Retail Supply Business shall be considered for determining cross-subsidy of consumer category.

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

112 Determination of the Demand or Fixed Charges

112.1 The Commission shall determine the consumer category wise Demand/Fixed Charges for the respective Distribution Retail Supply Licensee based on the Contracted Capacity (in kVA or kW) and number of Connections for the respective financial year of the Control Period:

Provided that such Demand/Fixed Charges shall be gradually increased year-on-year basis to recover Fixed Cost of the Licensee from such Demand/Fixed Charges:

Provided further that the basis for the determination of consumer category wise Demand/Fixed Charges for the respective years of the Control Period, shall be in terms of their actual Billing Demand at HT and LT Level, change in Load Factor, change in number of connections in case of LT level, etc.

Provided further that the Distribution Licensee shall submit the details of the actual Billing Demand, Contracted Capacity, Load Factor and Connected number of Consumers for the respective Consumer categories as part of the MYT Tariff Petition.

113 Determination of the Energy Charges

113.1 The Commission shall determine the consumer category wise Energy Charges for the respective Distribution Retail Supply Licensee taking into consideration consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or time at which the supply is required or the geographical position of any are, the nature of supply and the purpose for which the supply is required, prevalent cross-subsidy, adherence to tariff policy provisions etc., for the respective financial year of the Control Period:

Provided that such Energy Charges shall be gradually revised year-on-year basis to reduce the level of cross-subsidy as permissible as per provisions of Tariff Policy and also encourage efficient use of energy by various consumer categories:

Provided further that the basis for the determination of consumer category wise Energy Charges for the respective years of the Control Period, shall be in terms of their actual consumption at HT and LT Level, change in Load Factor, incremental consumption rebate, if any, time of use charge implications, etc.

Provided further that the Distribution Licensee shall submit the required details of the consumption of various consumer categories and slab-wise consumption details for the respective Consumer categories as part of the MYT Tariff Petition.

114 Determination of the 'Ceiling Tariff'

114.1 The Commission in exercise to the powers conferred under second proviso of the Section 62 (1) of the Electricity Act, 2003, may fix the maximum ceiling of tariff for the retail sale of the electricity to promote competition in case of distribution of electricity in the same area by two or more Distribution Licensees.

114.2 The Commission may determine 'Ceiling Tariff' upon careful consideration of various factors including but not limited to following factors such as:

- a. Difference between Average Cost of Supply for Retail Supply Business of such licensees is favourable for the introduction of the Ceiling Tariff
- b. Introduction of Ceiling Tariff shall be beneficial in the long-term interest of retail consumers in the specified geographic area of supply
- c. Any other condition as deemed necessary by the Commission upon undertaking consultation process

114.3 On scrutiny of above factors, if it is decided to levy Ceiling Tariff, then 'Ceiling Tariff' may be determined based on following methodology:

- a. Uniform Wheeling Charges to be determined as per Regulation 114.4

- b. Uniform Demand/Fixed Charges to be decided as per Regulation 114.5.
- c. Consumer category-wise or uniform ceiling rate for Energy Charge to be decided to ensure that approved Retail Supply Aggregate Revenue Requirement of respective Distribution Licensee shall be recovered by considering the approved sales forecast for that Distribution Licensee.
- d. Energy Charge for certain category of consumers which requires to be provided with lower tariff, to be fixed by the Commission and licensee shall levy same tariff to such consumer category:

Provided that to maintain level playing field, parallel licensees in that area shall endeavour to maintain proportion of sales of such consumer categories in its total sales for a given month equal to proportion of total sale of such consumer categories in total sales in that area.

Provided further that in case any Distribution Licensee not able to maintain such proportion of sales of such consumer categories then it shall pay for quantum of such lower proportion 'at the rate of prevalent cross-subsidy for such consumer category (i.e. difference of Average Billing Rate and Average Cost of Supply of licensee with higher proportion of sale of such consumer category)' for such consumer category to other parallel Distribution Licensee who has higher proportion of such sales on monthly basis.

- e. Distribution Licensee may offer 'Energy Charge' lower than Ceiling Energy Charge approved by the Commission:

Provided that Distribution licensee may revise such 'Energy Charge' on quarterly basis to factor in variation in power purchase expenses:

Provided further that during 'Ceiling Tariff' situation, Distribution Licensee may undertake new power procurement without seeking prior approval of the Commission.

- f. No True-up of Retail Supply Business of Distribution Licensees subjected to 'Ceiling Tariff' shall be undertaken under these Regulations.

Provided further that under 'Ceiling Tariff' circumstances, Distribution Licensee shall incorporate Z_{FAC} in their Energy Charge.

114.4 In case more than one distribution licensees are operating within the specified geographic area out of distribution licence area, the Commission may determine uniform wheeling charge at different voltage level for the use of distribution wires by users/consumers of distribution wire business within the same geographic area, as per the following formula:

A. Uniform Wheeling Charge for HT Consumers:

$$(\text{INR/kVAh}) = \frac{\sum(W_{HT1}, W_{HT2}, \dots, W_{HTn}) * 10}{\sum(EW_{HT-D1}, EW_{HT-D2}, \dots, EW_{HT-Dn})}$$

Where,

W_{HTn} = ARR of the n^{th} Distribution Wires Business pertaining to HT level in INR Crore

EW_{HT-Dn} = Projected Wheeling Energy pertaining to HT level of n^{th} Distribution Wires Business in Million kVAh or MkVAh.

B. Uniform Wheeling Charge for LT Consumers:

$$(\text{INR/kWh}) \text{ or } (\text{INR/kVAh}) = \frac{\sum(W_{LT1}, W_{LT2}, \dots, W_{LTn}) * 10}{\sum(EW_{LT-D1}, EW_{LT-D2}, \dots, EW_{LT-Dn})}$$

Where,

W_{LTn} = ARR of the n^{th} Distribution Wires Business pertaining to LT level in INR Crore

EW_{LT-Dn} = Projected Wheeling Energy pertaining to LT level of n^{th} Distribution Wires Business in MU or MkVAh, as the case may be.

Provided that the Commission may stipulate the modalities for operationalisation of the Uniform Wheeling Charge and Uniform Wheeling Loss through separate Order or Practice Directions from time to time, as may be necessary.

114.5 In case more than one Distribution Licensees are operating within the same geographic area, the Commission may determine consumer category wise uniform Demand / Fixed Charges for all Distribution Licensee in that area:

Provided that the determination of such Uniform Demand/Fixed Charges by the Commission, shall be same for a specific consumer category across all the Distribution Licensees in that area.

114.6 The development of distribution wire network in case of more than one Distribution Licensee catering to the same geographic area shall be guided through competitive framework, as far as practicable and principles for development of distribution network shall be outlined through separate Order or practice directions by the Commission from time to time.

114.7 The settlement of the Uniform Wheeling Charges on monthly basis to the extent of the consumers wheeling energy from the wires of the other Distribution Licensee, shall be ensured amongst the Distribution Licensees.

Provided that in case of under-recovery or over-recovery by either of the Distribution Licensees shall be adjusted at the time of truing-up, subject to prudence check.

114.8 Based on above principles, the Commission in its Tariff Order granting ‘Ceiling Tariff’ shall laydown detailed procedure for the implementation of the ‘Ceiling Tariff’.

115 Time of Day Tariff

115.1 The Time-of-Day Tariff shall be applicable to all the Distribution Licensees operating in the State from the date of issuance of the MYT Tariff Order for the Control Period.

115.2 Distribution Licensee shall propose ToD tariff for its consumers with load of 10 kW and above based on following indicative time slots and tariff as percentage of Energy Charge:

ToD Tariff (Additional Charges or (Rebate) in INR/kVAh (or kWh)				
09:00 to 16:00 Hrs	16:00 to 20:00 Hrs	20:00 to 00:00 Hrs	00:00 to 06:00 Hrs	06:00 to 09:00 Hrs
80% of the normal rate of Energy Charge	120% of the normal rate of Energy Charge	110% of Normal Rate of Energy Charge	80% of the normal rate of Energy Charge	110% of the Normal Rate of Energy Charge

Provided that Distribution Licensee may propose seasonal ToD tariff in its Tariff Petition:

Provided further that the distribution licensee to propose their ToD time slots with slot-wise rebate/penalty at the time of MYT or MTR Tariff filing subjected to compliance of the applicable MoP Rules:

Provided further that the Commission at the time of MYT Order proceedings may extend the applicability of the ToD Tariff to the other consumer categories after assessing the growth in the demand.

PART J: FEES AND CHARGES FOR MSLDC

116 Applicability

116.1 The Regulations contained in this Part shall apply in determining the Fees and Charges to be levied by the MSLDC after April 1, 2025.

117 Capital Investment Plan

117.1 The MSLDC shall submit a detailed capital investment plan considering the provisions of the MERC(Approval of Capital Investment Schemes) Regulations, 2022, financing plan and physical targets for each Year of the Control Period based on the operational requirements prescribed by the Commission and recommendations of various Committees constituted for looking into matters related to strengthening and ring fencing of the State Load Despatch Centres by the Ministry of Power, Government of India or any such other statutory authorities, to the Commission for approval, as a part of the Multi-Year Aggregate Revenue Requirement for the entire Control Period.

117.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding the limits prescribed by the Commission from time to time under the MERC (Approval of Capital Investment Schemes) Regulations, 2022.

117.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the MSLDC Fees and Charges.

117.4 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the MSLDC taking into consideration the prudence of the proposed expenditure and estimated impact on MSLDC Fees and Charges.

117.5 The MSLDC shall submit, along with the Petition for determination of Aggregate Revenue Requirement, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require assessing such progress.

118 LDC Development Fund

118.1 The Commission may permit MSLDC to create and maintain a separate development fund for such purposes and from such sources of income, as the Commission may consider appropriate, on a Petition filed by MSLDC.

118.2 MSLDC shall be entitled to utilise the money available in the LDC development fund for creation of new assets, meeting stipulated equity portion in asset creation, margin money for raising loan from the financial institutions and funding of R&D projects.

118.3 The LDC development fund shall not be utilized for revenue expenditure except to meet the short fall, if any, in the annual charges allowed by the Commission or to meet the contingency expenses which were not foreseen at the time of making the application for fees and charges and are considered necessary for the efficient power system operation. However, such drawals from the said fund shall be recouped from the expenditure allowed by the Commission under the respective heads at the time of truing up.

118.4 MSLDC shall not be entitled to claim Return on Equity, Interest on Loan and Depreciation on account of asset created through the LDC development Fund.

118.5 MSLDC shall maintain separate records of the LDC development fund. MSLDC shall also maintain the year wise utilisation of funds and details of assets created out of it. These records shall be submitted to the Commission during the filing of Truing-up Petition.

118.6 Excess corpus available in the LDC development Fund after utilisation for the purpose of undertaking capital expenditure shall be invested by MSLDC in appropriate instruments with the intent to ensure optimum utilisation of the un-utilised funds.

Provided that the income earned through these investments will be passed on to the Beneficiaries as part of the Non-Tariff Income.

Provided that in case the excess corpus is not invested by MSLDC in appropriate interest-bearing instruments, then the normative interest income, computed at the weighted average Bank Rate, as applicable for the year, shall be included under the non-tariff income of the MSLDC.

118.7 MSLDC shall maintain all necessary accounting records as well as documentary evidence to demonstrate that the investments made, and the interest earned out of these investments are prudent. These records shall be submitted to the Commission during the filing of Truing-up Petition.

119 Annual Fixed Charges for MSLDC

119.1 The Annual Fixed Charges to be levied by the MSLDC shall provide for the recovery of the Aggregate Revenue Requirement of the MSLDC for the

respective Year of the Control Period, as reduced by the amount of Non-Tariff Income as approved by the Commission and comprising the following:

- (a) Operation and Maintenance expenses;
- (b) Regional Load Despatch Centre (RLDC) Fees and Western Region Power Committee (WRPC) Charges;
- (c) Depreciation;
- (d) Interest on Loan Capital;
- (e) Interest on working capital
- (f) Return on Equity Capital;

minus:

- (g) Income from Open Access charges;
- (h) Non-Tariff income:

Provided that Depreciation, Interest on Loan, and Return on Equity for the MSLDC shall be allowed in accordance with the provisions specified in **Part D** of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case to case basis, if the income/expenses in that prior period have been allowed on actual basis, subject to prudence check:

Provided also that all penalties and compensation payable by the MSLDC to any party for failure to meet its obligations or for damages, as a consequence of the orders of the Commission and Courts shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the MSLDC shall maintain separate details of such penalties and compensation paid or payable by the MSLDC, if any, and shall submit the same to the Commission along with the Petitions to be submitted under these Regulations.

120 Operation and Maintenance expenses

120.1 The Operation and Maintenance expenses for the MSLDC shall be computed in accordance with this Regulation.

120.2 The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-up Operation and Maintenance expenses after adding/deducting the share of efficiency gains/losses, for the five Years ending

March 31, 2024 excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission:

Provided that, the impact of the wage revision if any during the Trued-up year shall be included in the O&M expenses while determining the norms for the O&M expenses for the future year. Provided that the average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2022, and shall be escalated at the respective escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2025:

Provided further that the escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25 shall be computed by considering 20% 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 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India.

Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses after adding/deducting the sharing of efficiency gains/losses, for the year ending March 31, 2025, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses:

120.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2024-25 by an inflation factor with 20% 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 80% 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 Labour Bureau, Government of India, as reduced by an efficiency factor of 1% of derived inflation factor 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:

Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 20% weightage to the average yearly

inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% of derived inflation factor or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Ex

120.4 Wage revision, if any, during the Control Period, shall be treated as part of employee expense as controllable parameter and compared vis-à-vis normative O&M expense. Hence, the impact of arrears of wage revision, if any, booked as part of employee expense in any particular year, shall be normalised annually over Control Period and shall be subject to treatment as per sharing of gains and loss as per Regulation 11 for the purpose of true-up of O&M expense of respective years, subject to prudence check.

120.5 Provision of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.

120.6 The MSLDC may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission:

Provided that the MSLDC shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis of such schemes as against capex schemes, and savings in O&M expenses, if any.

120.7 The Commission may consider any request for revision of the normative O&M expenses of MSLDC on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses are lower than such revised normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

120.8 The HRD expenses shall be booked under Employee expenses instead of A&G expenses from the first year of the Control Period. Projected HRD expenses will be minimum Five Percentage (5%) of the Employee Expenses for the respective financial year.

Provided that, if the expenses towards HRD falls below 5% of total Employee expenses allowed under these Regulations, then such savings in HRD expenses shall not be set off against Employee expenses.

120.9 MSLDC shall submit the roadmap for planning of HRD expenses in the MYT Petition. All the efforts shall be made to ensure that minimum seven days training per employee per annum is imparted as per the National Training Policy. MSLDC shall identify the institutes for training, capacity building and prepare the detailed plan in MYT Petition.

121 RLDC Fees and WRPC Charges

121.1 The RLDC Fees and Charges payable by the MSLDC in accordance with the relevant Orders issued by the Central Electricity Regulatory Commission from time to time shall be allowed to be recovered by the MSLDC through the Fees and Charges as approved by the Commission.

121.2 The WRPC Charges payable to the WRPC's Secretariat shall be allowed to be recovered by the MSLDC through the Fees and Charges as approved by the Commission.

121.3 The MSLDC shall have to produce documentary proof towards payment of such Charges at the time of Truing up:

Provided that any variation between the approved RLDC Fees and Charges and WRPC Charges and that actually paid by the MSLDC shall be considered during the true-up as per audited accounts, subject to prudence check and any other factor considered appropriate by the Commission.

122 Non-Tariff Income

122.1 The amount of Non-Tariff Income relating to the MSLDC as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Fees and Charges of the MSLDC:

Provided that the MSLDC shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

122.2 The Non-Tariff Income shall include:

- a) Income from sale of scrap;
- b) Income from investments;
- c) Interest income on advances to suppliers/contractors;
- d) Income from rental from staff quarters;
- e) Income from sale of tender documents;

f) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity of the MSLDC shall not be included in Non-Tariff Income.

123 Sharing of MSLDC Charges

123.1 The MSLDC Charges payable by the Transmission System Users shall be computed in accordance with the following formula:

$$AFC(u)_{(t)} = AFC_{(t)} \times ([Base\ TCR(u)]_{(t)} / \sum_{i=1}^n [Base\ TCR(u)]_{(t)})$$

Where,

$AFC(u)_{(t)}$ = MSLDC Charges to be shared by the Beneficiary (u) for the Yearly period (t);

$AFC(t)$ = Total MSLDC Charges to be shared by the Beneficiaries for the Yearly period (t);

$$Base\ TCR\ (u) = [CPD(u)_{(t)} + NCPD(u)_{(t)}] / 2$$

Where,

Base TCR represents the Base Transmission Capacity Right of each Beneficiary (u) for the Yearly period (t);

$CPD\ (u)_{(t)}$ = Average Coincident Peak Demand of the Beneficiary (u) for the Yearly period (t);

$NCPD\ (u)_{(t)}$ = Average Non-coincident Peak Demand of the Beneficiary (u) for the Yearly period (t):

124 Sharing of MSLDC Charges by long-term TSUs

124.1 The long-term Transmission System Users shall share the MSLDC Charges in the proportion of Adjusted Base Transmission Capacity Rights of each Transmission System User to the total Adjusted Base Transmission Capacity Rights allotted in the intra-State transmission system.

Provided that a Partial Open Access Consumer shall pay the MSLDC Charges to the Distribution Licensee instead of the Transmission Licensee for using a transmission network which shall be passed on to the MSLDC within the stipulated time period as specified under Regulations 14.5 of MERC Distribution Open Access Regulation, 2016 and its amendment thereof.

Provided also that the Distribution Licensee shall submit billed Open Access Demand of Partial Open Access consumers to STU and MSLDC on monthly basis for calculating Adjusted Base Transmission Capacity Rights.

124.2 The Annual MSLDC Charge payable by Transmission System User shall be computed in accordance with the following formula:

$$\text{Monthly MSLDC Charges (INR/MW/Month)} = [\text{AFC}(u)_{(t)} \div \sum_{i=1}^n [\text{Adjusted Base TCR}(u)]_{(t)}] \div 12$$

Where,

$$\text{Adjusted Base TCR}(u) = \text{Base TCR}(u) - \text{Billed OA Demand of POA}(u)$$

Where,

Adjusted Base TCR represents the Base Transmission Capacity Right of each Transmission System User (u) adjusted for billed OA Demand of a Partial Open Access Users for the yearly period (t);

124.3 The MSLDC Charges approved for the Year shall be equally spread over the 12 months of the Year and MSLDC Charges per MW per month shall be computed by MSLDC in accordance with the following Formula:

$$\text{Monthly MSLDC Charges (INR/MW/Month)} = [\text{AFC}(u)_{(t)} \div \sum_{i=1}^n [\text{Base TCR}(u)]_{(t)}] \div 12$$

124.4 The Open Access consumers excluding those covered under Regulation 124.1 shall be liable for payment of the MSLDC Charges in proportion to the duration for which they were granted Open Access during the concerned billing period.

124.5 The Charges to be recovered by MSLDC shall continue to be billed at the Tariff approved by the Commission and applicable as on March 31, 2025 for the period starting from April 1, 2025 till approval of Charges by the Commission in accordance with these Regulations.

125 Fees to be Charged by MSLDC

125.1 The MSLDC shall recover the following Fees as approved by the Commission from time to time:

- a) Registration or Connection Fees per connection from all users connecting to the Intra-State Transmission System;
- b) Scheduling Fees per day for intra-State short-term Open Access transactions;
- c) Re-scheduling Fees for each revision in schedule after the finalization of schedules by the MSLDC on a day-ahead basis or for non-submission of schedule as per State Grid Code requirements;
- d) Short-term Open Access Application Processing Fees;

e) Any other Fees approved by the Commission from time to time.

125.2 The revenue from such Fees shall be considered for adjustment of Annual Fixed Charges in subsequent Years unless the same forms part of the LDC Development Fund.

126 Performance Linked Incentives

126.1 Recovery of incentive by the MSLDC shall be based on the achievement of the Key Performance Indicators (KPIs) as specified below or such other parameters as may be specified by the Commission.

126.2 MSLDC shall submit its actual performance against each of the key performance indicators to the Commission on an annual basis alongwith with supporting documents.

126.3 The Commission shall evaluate the overall performance of the MSLDC, on the basis of weightage specified in the table below.

126.4 MSLDC shall be allowed to recover an incentive maximum upto 3% of its Net Annual Revenue Requirement for a performance level of 90% against the KPIs. The performance of the previous year ending on 31st March shall be considered for calculation and recovery of incentive in the year.

Provided that the incentive shall increase by 1% of Net Annual Revenue Requirement for every 5% increase of performance above 90% on a pro-rata basis.

Provided further that incentive shall be reduced by 1% on a pro-rata basis for every 3% decrease in performance level below 90%.

Key Performance Indicators for MSLDC

S.No.		Parameters	Marks	Performance/ Marks obtained
1	(A) Stakeholders Satisfaction (Overall Weightage 40%)	Maintain 99.95% availability of MSLDC website, Web based Scheduling system and Web based STOA websites	80	$P = \text{IF}(A \geq 99.95, 100, (100 - (99.95 - A)) / 100 * 80)$ A= Weighted average monthly performance of 3 websites. Monthly Performance= (M-O)/M M: Minutes in a month (43,800) O: Total minutes of outage i.e. non-availability in month
2		Issuance of weekly DSM bill /	80	$P = \text{IF}(A = 52, 80, \text{IF}(A > 45, 60, \text{IF}(A \geq 40, 40, 0)))$ A= Number of weeks in a year for issuance

S.No.		Parameters	Marks	Performance/ Marks obtained
		Reactive bills to Stake holders		of weekly DSM/Reactive bill to stakeholder.
3		Issuances of monthly State Energy Account Statement	80	$P=IF(A \leq 20, 80, IF(A > 20, 60, IF(A > 30, 40, 0)))$ A= Number of working days (in M+1 month for M month-for 12 months in year) after issuing DSM bill.
4		Declaration of Monthly State Transmission Loss	80	$P=IF(A \leq 25, 80, 0)$ A= Number of Months in a year for issuance of Monthly State Transmission Loss.
5		Submission of Detailed Grid Disturbance report (1000 MW load / generation loss or tripping of 765kV and 400 kV bus in 765/400 kV substation) timely to MERC	80	$P=IF(A \leq 15, 80, IF(A \leq 20, 60, IF(A \leq 25, 40, 0)))$ A= Number of working days within which 100% of detail Grid Disturbance Report is submitted in prescribed format to WRLDC/MERC
Sub-total			400	
6	(B) Financial Prudence (Over-all weightage 20%)	Variance in Capex Utilization: Minimum variance (+/-) of actual CAPEX from CAPEX as allowed by MERC	80	$P=IF(V \leq 15, 100, 100 - (85 - (100 - V))) / 100 * 80$ $V = \text{Mode}(A - B) / B * 100$ A: Actual Expenditure incurred B: CAPEX approved by MERC Target= 15% or less Variance
7		Statutory Compliance of the following Audits: i. Internal Audit (Phase I) ii. Internal Audit (Phase II) iii. Physical Verification Audit	120	$P = A / B * 120$ A: Number of Audits complied during the year Target (B)= 4 Audits
Subtotal			200	

S.No.		Parameters	Marks	Performance/ Marks obtained
8	(C) Learning & Growth (Over-all weightage 20%)	New technology adoption / R&D	60	P= IF (A>=B, 60,0) A: number of new technologies adopted B: Target number (1)
9		Lessons learnt and knowledge dissemination by way of data intensive reports	60	P= IF (A>=B, 60, IF (A=1, 30, 0)) A: Number of reports released B: Target number (2)
10		Adequacy of HR - % of certified operators among eligible operators: 80% or more certified operators among eligible employees	40	P= IF (A>= 80, 100, 100-(80-A))/100*40 A= No. of employees certified as on last date of the financial year/No. of employees eligible for certification as on last date of the financial year*100
11		Capacity Building: No. of man- days per year per eligible employee	40	P= { 100-(100-A)/2}/100*40 A= Percentage no. of employees trained for more than or equal to mandated 7 days as on last date of the financial year
Subtotal			200	
12	(D) Internal Process (Over-all weightage 20%)	Availability of Decision Support System – SCADA	80	P= IF (A>=99.95, 100, (100-(99.95-A))/100*80 A= Average of monthly performance Monthly Performance= (M-D)/M M: Hours in a month D: Downtime in hours in case Monthly Performance of any month is 75% or below, Marks shall be zero
13		Availability of IT infrastructure hardware and software: such as Servers, Firewalls, Routers, Backup Appliances, Managed switches, Websites, IT infrastructure on Cloud etc.	60	P= A/B*60 A= Number of days particular facility/infrastructure available in working condition) B= No. of days in the corresponding year

S.No.		Parameters	Marks	Performance/ Marks obtained
14		ISO Certification	20	$P = A/B * 20$ A= Number of ISO standards that are active for all days in a year. B=Number of ISO standards (4)
15		Process Documentation – Black Start, Reactive Power: Update Black Start Procedure by 31st January every year and Update Reactive Power Document by 31st December every year	40	$P = IF (A=2,40, IF(A=1,20,0))$ A= Number of documents updated and uploaded within stipulated time.
Subtotal			200	
Total			1000	

127 Billing and Payment of Charges

127.1 The MSLDC shall raise monthly bill for MSLDC Charges on every Long-term Beneficiary and Medium-Term Open Access consumer on the first working day of the month for the MSLDC Charges of preceding month.

PART K: FEES AND CHARGES FOR STATE TRANSMISSION UTILITY

128 Applicability

128.1 The Regulations contained in this Part shall apply in determining the Fees and Charges to be levied by the State Transmission Utility (STU) after April 1, 2025.

129 Capital Investment Plan

129.1 The STU shall submit a detailed capital investment plan, financing plan and physical targets for each Year of the Control Period based on the operational requirements prescribed by the Commission or the Ministry of Power, Government of India or any such other statutory authorities, to the Commission for approval, as a part of the Multi-Year Aggregate Revenue Requirement for the entire Control Period.

129.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding INR One Crore or any other limit as may be stipulated by the Commission from time to time and shall be in such form as may be stipulated by the Commission.

129.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the STU Fees and Charges.

129.4 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the STU taking into consideration the prudence of the proposed expenditure and estimated impact on STU Fees and Charges.

129.5 The STU shall submit, along with the Petition for determination of Aggregate Revenue Requirement, details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require assessing such progress.

130 Annual Fixed Charges for STU

130.1 The Annual Fixed Charges to be levied by the STU shall provide for the recovery of the Aggregate Revenue Requirement of the STU for the respective Year of the Control Period, as reduced by the amount of Non-Tariff Income as approved by the Commission and comprising the following:

- (a) Operation and Maintenance expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;

(d) Interest on working capital

(e) Return on Equity Capital;

minus:

(f) Income from application fees for Connectivity, Open Access Charges, General Network Access (GNA);

(g) Non-Tariff income:

Provided that Depreciation, Interest on Loan, and Return on Equity for the STU shall be allowed in accordance with the provisions specified in **Part D** of these Regulations.

Provided further that prior period income/expenses shall be allowed by the Commission at the time of Truing up based on audited accounts, on a case to case basis, if the income/expenses in that prior period have been allowed on actual basis, subject to prudence check:

Provided also that all penalties and compensation payable by the STU to any party for failure to meet its obligations or for damages, as a consequence of the Orders of the Commission and Courts shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the STU shall maintain separate details of such penalties and compensation paid or payable by the STU, if any, and shall submit the same to the Commission along with the Petitions to be submitted under these Regulations.

131 Operation and Maintenance Expenses

131.1 The Operation and Maintenance Expenses for the STU shall be computed in accordance with this Regulation as below.

a) The STU shall segregate the Employee Expenses for the five years i.e. FY 2019-20 to FY 2023-24 from the Maharashtra State Electricity Transmission Company based on sanctioned Employee strength. The other relevant components of the Operation and Maintenance Expenses such as Administrative and General Expenses (A&G) and Repair and Maintenance (R&M) related to STU functioning shall be allocated to derive the Operation and Maintenance Expenses for STU for Five Years.

b) The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the Year ended March 31, 2022, and shall be escalated at the respective escalation rate for

FY 2022-23, FY 2023-24 and FY 2024-25, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2025:

Provided that the escalation rate for FY 2022-23, FY 2023-24 and FY 2024-25 shall be computed by considering 20% 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 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% of Average escalation factor 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:

Provided also that at the time of true-up for each Year of this Control Period, the Operation and Maintenance expenses, including insurance, shall be derived on the basis of the Final Trued-up Operation and Maintenance expenses, after adding/ deducting the sharing of efficiency gains/ losses, excluding abnormal expenses, if any, subject to prudence check by the Commission, and shall be considered as the Base Year Operation and Maintenance expenses.

Provided that if actual O&M expenses are lower than normative O&M expenses on this account, then no sharing of efficiency gains shall be done to that extent.

- c) The Operation and Maintenance expenses for each subsequent year and in the Truing-up of the respective years of the Control Period shall be determined in the same manner as specified in Regulation 130.1(b)
- d) Wage revision, if any, during the Control Period, shall be treated as part of employee expense as controllable parameter and compared vis-à-vis normative O&M expense. Hence, the impact of arrears of wage revision, if any, booked as part of employee expense in any particular year, shall be normalised annually over Control Period and shall be subject to treatment as per sharing of gains and loss as per Regulation 11 for the purpose of true-up of O&M expense of respective years, subject to prudence check.
- e) Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered.

131.2 The STU may undertake Opex schemes for system automation, new technology and IT implementation, etc., and, such expenses may be allowed over and above normative O&M Expenses, subject to prudence check by the Commission:

132 Non-Tariff Income

132.1 The amount of Non-Tariff Income relating to the STU as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Fees and Charges of the STU:

Provided that the STU shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

The Non-Tariff Income shall include:

- a) Income from sale of scrap;
- b) Income from investments;
- c) Interest income on advances to suppliers/contractors;
- d) Income from rental from staff quarters;
- e) Income from sale of tender documents;
- f) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity of the STU shall not be included in Non-Tariff Income.

133 Sharing of STU Charges

133.1 The STU Charges payable by the Transmission System Users shall be computed in accordance with the following formula:

$$AFC(u)(t) = AFC(t) \times ([Base\ TCR(u)](t) / \sum_{ni=1} [Base\ TCR(u)](t))$$

Where,

$AFC(u)(t)$ = STU Charges to be shared by the Beneficiary (u) for the Yearly period (t);

$AFC(t)$ = Total STU Charges to be shared by the Beneficiaries for the Yearly period (t);

$Base\ TCR\ (u) = [CPD(u)(t) + NCPD(u)(t)] / 2$

Where,

Base TCR represents the Base Transmission Capacity Right of each Beneficiary (u) for the Yearly period (t);

CPD (u)(t) = Average Coincident Peak Demand of the Beneficiary (u) for the Yearly period (t);

NCPD (u)(t) = Average Non-coincident Peak Demand of the Beneficiary (u) for the Yearly period (t):

134 Sharing of STU Charges by long-term TSUs

134.1 The long-term Transmission System Users shall share the STU Charges in the proportion of Adjusted Base Transmission Capacity Rights of each Transmission System User to the total Adjusted Base Transmission Capacity Rights allotted in the intra-State transmission system.

Provided that a Partial Open Access Consumer shall pay the STU Charges to the Distribution Licensee instead of the Transmission Licensee for using a transmission network which shall be passed on to the STU within the stipulated time period as specified under Regulations 14.5 of MERC Distribution Open Access Regulation, 2016 and its amendment thereof.

Provided also that the Distribution Licensee shall submit billed Open Access Demand of Partial Open Access consumers to STU and MSLDC on monthly basis for calculating Adjusted Base Transmission Capacity Rights.

134.2 The Annual MSLDC Charge payable by Transmission System User shall be computed in accordance with the following formula:

$$\text{Monthly STU Charges (INR/MW/Month)} = [\text{AFC}(u)_{(t)} \div \sum_{i=1}^n [\text{Adjusted Base TCR}(u)]_{(t)}] \div 12$$

Where,

$$\text{Adjusted Base TCR (u)} = \text{Base TCR}(u) - \text{Billed OA Demand of POA}(u)$$

Where,

Adjusted Base TCR represents the Base Transmission Capacity Right of each Transmission System User (u) adjusted for billed OA Demand of a Partial Open Access Users for the yearly period (t);

134.3 The STU Charges approved for the Year shall be equally spread over the 12 months of the Year and STU Charges per MW per month shall be computed by STU in accordance with the following Formula:

$$\text{Monthly STU Charges (INR/MW/Month)} = [\text{AFC}(u)_{(t)} \div \sum_{i=1}^n [\text{Base TCR}(u)]_{(t)}] \div 12$$

134.4 The Open Access consumers excluding those covered under Regulation 134.1 shall be liable for payment of the STU Charges in proportion to the duration for which they were granted Open Access during the concerned billing period.

134.5 The Charges to be recovered by STU shall continue to be billed at the Tariff approved by the Commission and applicable as on March 31, 2025 for the period starting from April 1, 2025 till approval of Charges by the Commission in accordance with these Regulations.

135 Fees to be Charged by STU

135.1 The STU shall recover the following Fees as approved by the Commission from time to time:

- a) Registration or Connection Fees per connection from all users connecting to the Intra-State Transmission System;
- b) Long Term and Medium-Term open access fees;
- c) Non-refundable application processing fee;
- d) Any other Fees approved by the Commission from time to time.

The revenue from such Fees shall be considered for adjustment of Annual Fixed Charges in subsequent Years.

136 Performance Linked Incentives

136.1 STU shall submit its actual performance against each of the key performance indicators to the Commission on an annual basis along with supporting documents.

136.2 The Commission shall evaluate the overall performance of the STU, on the basis of weightage specified in the table below.

136.3 STU shall be allowed to recover an incentive maximum upto 3% of its Net Annual Revenue Requirement for a performance level of 90% against the KPIs. The performance of the previous year ending on 31st March shall be considered for calculation and recovery of incentive in the year.

Provided that the incentive shall increase by 1% of Net Annual Revenue Requirement for every 5% increase of performance above 90% on a pro-rata basis.

Provided further that incentive shall be reduced by 1% on a pro-rata basis for every 3% decrease in performance level below 90%.

136.4 Recovery of incentive by the STU shall be based on the achievement of the Key Performance Indicators (KPIs) as specified below or such other parameters as may be specified by the Commission.

Key Performance Indicators for STU

S.No.		Parameters	Marks	Performance/ Marks obtained
1	(A) Stakeholders Satisfaction	Planning: Planning of new proposals of InSTS with the use of field data, study and finalization of planning.	100	Use of field data for finalization of planning of new InSTS proposals. Percentage of use of latest field data for planning proposals shall be taken in to consideration deciding marks obtained.
2		Open Access: Grant of non-discriminatory open access to InSTS through grant of Connectivity & GNA.	100	Number of applications in a year for issuance of connectivity and GNA. No. of connectivity not granted and GNA not approved for which no compliance is needed from applicant shall be considered for determining the marks obtained.
3		Project Monitoring: STU is responsible for monitoring of projects. On line data from various projects.	100	Number of ongoing projects of intra-state transmission licensees and details progress reports of project collected. STU efforts for monitoring intra state projects and submitting the progress of on going project to the Commission shall be used for determining the percentage marks obtained.
4		STU is the Nodal Agency for TBCB projects. Monitoring of progress of TBCB projects	100	On going TBCB projects within the state and detail progress reports of project collected and informed to MERC. The progress report submitted to the Commission compared to ongoing projects under TBCB shall be considered for determining the percentage marks obtained.
5		Coordination with CTU for CTU-STU projects by providing state specific data.	100	No. of CTU-STU coordination meeting conducted in year. No. of meetings STU represented by the state and cleared obtained for STU projects shall be considered for the percentage marks obtained.
6		Coordination meetings with intra-state entities for various planning activities.	100	No. of intra-state meetings conducted in years for intra state planning. No. of clearance for intra state projects shall be considered for the percentage marks obtained.

S.No.		Parameters	Marks	Performance/ Marks obtained
7		Submission of 5-year STU plan proposal to the Commission and updating the proposal every year.	100	STU shall submit 5-year plan proposal to the Commission in stipulated time. Every one month delay and part thereof shall reduce 10 marks obtained by STU for every month delay in submission of 5-year plan.
Sub-total			700	
8	(B) Financial Prudence	STU is responsible for raising transmission bills, collection and disbursement of transmission charges to InSTS transmission licensees.	100	Issuance of transmission charges bills as per InSTS order, collection of transmission charges and disbursement of transmission charges to transmission licensees. Short fall of transmission charges for disbursement among transmission licensees. Any delay by one (1) day for issuance and disbursement of transmission charges bills shall reduce 5 % percentage. Overall annual performance shall be considered for determination marks obtained.
9		Statutory Compliance of the following Audits: i. Internal Audit (Phase I) ii. Internal Audit (Phase II) iii. Physical Verification Audit	100	$P = A/B * 100$ A: Number of Audits complied during the year Target (B)= 4 Audits
Subtotal			200	
10	(C) Learning & Growth	New technology adoption / R&D/new software deployed.	50	$P = IF (A \geq B, 50, 0)$ A: number of new technologies adopted B: Target number (1)
11		Availability of IT software: such as Load Flow software, Short Circuit Studies etc.	50	$P = IF (A \geq B, 50, IF (A=1, 30, 0))$ A: Number of times software used. B: Target number (2)
12		Capacity Building: No. of man- days per year per eligible employee	50	$P = \{ 100 - (100 - A) / 2 \} / 100 * 50$ A= Percentage no. of employees deputed for training/Seminar/Workshops for more than or equal to mandated 7 days as on last date of the financial year

S.No.		Parameters	Marks	Performance/ Marks obtained
13		ISO Certification	50	$P = A/B * 50$ A= Number of ISO standards that are active for all days in a year. B=Number of ISO standards
Subtotal			200	
Total			1100	

137 Billing and Payment of Charges

137.1 The STU shall raise monthly bill for STU Charges on every Long-term Beneficiary and Medium-Term Open Access consumer on the first working day of the month for the STU Charges of preceding month.

PART L: ENERGY STORAGE SYSTEMS (ESS)

138 Applicability

138.1 The Regulations specified in this Part shall apply to the determination of Tariff for Energy Storage Systems including Pumped Storage Hydro Project.

138.2 The Commission shall be guided by the terms and conditions contained in this Part in determining the Tariff for ESS, in the following cases:

- a. where the existing Generating company or Transmission Licensee engaged in the business of Energy Storage of Electricity;
- b. where the Energy Storage System Developer (ESSD) engaged in the business of Energy Storage of Electricity and has contractual arrangement with existing Generating Company or Transmission Licensee or Distribution Licensee or MSLDC for providing Energy Storage Services to such Utility;
- c. where the Distribution Licensee is engaged in the business of Energy Storage of electricity, in determining the conversion price at which off-peak electricity is converted into peak electricity by the Energy Storage business of the Distribution Licensee to its Retail Supply business.
- d. where such Tariff is pursuant to a power purchase agreement or arrangement entered into subsequent to the date of coming into effect of these Regulations; or
- e. where such Tariff is pursuant to a power purchase agreement or arrangement entered into prior to the date of coming into effect of these Regulations, and the Commission has approved such agreement or arrangement, and the agreement or arrangement envisages that the Tariff shall be based on the Tariff Regulations prevailing at that time;

139 Petition for determination of Energy Storage Tariff

139.1 An ESSD shall file a Petition for determination of Tariff in accordance with the provisions of **Part B** of these Regulations:

139.2 Tariff in respect of ESS, under these Regulations may be determined Stage-wise, Unit-wise or for the whole ESS:

Provided that the terms and conditions for determination of Tariff for ESS specified in this Part shall apply in like manner to Stages or Units or the ESS, as the case may be.

139.3 Where the Tariff is being determined for a Stage or Unit of an ESS, the ESSD shall adopt a reasonable basis for allocation of capital cost relating to common facilities and allocation of joint and common costs across all Stages or Units, as the case may be:

Provided that the ESSD shall maintain an Allocation Statement providing the basis for allocation of such costs, which shall be duly audited and certified by the statutory auditors and submit such audited and certified statement to the Commission along with the Petition for determination of Tariff.

139.4 The ESSD shall file the Petition for determination of provisional Tariff for new ESS, at least six months prior to the anticipated date of commercial operation of ESS Unit or Stage or System as a whole, as the case may be.

139.5 The ESSD shall file a Petition for determination of provisional Tariff for new ESS based on capital expenditure incurred and projected to be incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the statutory auditors:

Provided that the Petition shall contain details of underlying assumptions for the projected capital cost and additional capital cost, wherever applicable.

139.6 In the case of new projects, the ESSD may be allowed provisional Tariff by the Commission from the anticipated date of commercial operation, based on the projected capital expenditure, subject to prudence check.

139.7 If the date of commercial operation is likely to be delayed beyond six months from the date of issue of the order approving the provisional Tariff, the ESSD may submit a Petition for seeking extension of the validity of the applicability of the provisional Tariff, giving details of the present status of completion and justification for the delay in project completion, which may be considered by the Commission after necessary prudence check.

139.8 The ESSD shall file the Petition for determination of final Tariff for ESS within six months from the date of commercial operation of Energy Storage Unit or Stage or System as a whole, as the case may be, based on the audited capital expenditure and capitalisation as on the date of commercial operation:

Provided that in case of more than one Unit in the ESS, such Petition shall be filed for each Unit as and when such Unit achieves COD and without waiting for the COD of the entire Station.

139.9 The final Tariff determination for the new ESS shall be done by the Commission based on prudence check of the audited capital expenditure and capitalisation as on the date of commercial operation.

139.10 Where the actual Capital Cost incurred on year to year basis is less than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the ESSD shall refund to the Beneficiaries the excess Tariff realised corresponding to excess Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

139.11 Where the actual Capital Cost incurred on year to year basis is more than the Capital Cost approved for determination of provisional Tariff by the Commission, by five percent or more, the ESSD shall, subject to the approval of the Commission, recover from the Beneficiaries the shortfall in Tariff corresponding to such decrease in Capital Cost, along with interest at the Base Rate, as prevalent on the first day of April of the respective Year, plus 150 basis points.

139.12 In relation to multi-purpose Pumped Storage Hydro projects, with irrigation, flood control and power components, the capital cost chargeable to the power component of the Project only shall be considered for determination of Tariff.

140 Adoption of Tariff for ESS under Competitive Bidding

140.1 Notwithstanding anything contained in these Regulations, the Commission shall adopt the Tariff for ESS if such Tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Act:

Provided that the Petitioner shall provide such information as the Commission may require to satisfy itself that the guidelines issued by the Central Government have been duly followed.

141 Components of Tariff of ESS

141.1 The Tariff for ESS shall comprise of two parts, namely, Capacity Charge and Incentive for Cycle Efficiency above Design Cycle Efficiency.

141.2 The Annual Fixed Charges shall comprise the following components:

- a. Operation & Maintenance Expenses;
- b. Depreciation;
- c. Interest on Loan Capital;

d. Interest on Working Capital;

e. Return on Equity Capital;

Less:

f. Non-Tariff Income:

Provided that Return on Equity for the ESS shall be allowed in accordance with the provisions specified in **Part D** of these Regulations.

Provided that all penalties and compensation payable by the ESS Developer or Generating Company or Licensee to any party for failure to comply with any directions or for damages, as a consequence of the orders of the Commission, Courts, etc., shall not be allowed to recover through the Aggregate Revenue Requirement:

Provided also that the ESSD or Generating Company or Licensee shall maintain separate details of such penalties and compensation paid or payable by the ESSD or Generating Company or Licensee, if any, and shall submit them to the Commission along with its Petition.

142 Determination of Tariff of Standalone Battery Energy Storage System (BESS)

142.1 The Petition for BESS shall include the details like:

- i. Capital Cost of BESS,
- ii. Availability of BESS
- iii. Conversion Efficiency or Design Round trip Efficiency of the BESS,
- iv. Other technical parameters such as depth of discharge, deration factors etc.
- v. No of Cycles during the useful life,
- vi. Useful life of BESS. Useful life of Battery System and Useful life of Balance of system separately,
- vii. Operation and Maintenance Expenses,
- viii. Design parameters of number of hours of Charging and number of hours of Discharging during 24 hour cycle.
- ix. Charging power arrangement for charging of BESS.
- x. Rate of charge per minute (Maximum/Minimum) and
- xi. Rate of discharge per minute (Maximum/Minimum)

142.2 Capital Cost: Capital cost shall be considered in the manner as specified under Regulations 24 of these Regulations and the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022.

142.3 Additional Capital Expenditure: Additional capital expenditure shall be considered in the manner as specified under MERC (Approval of Capital Investment Schemes) Regulations, 2022.

142.4 Capital Structure:

- a. Debt-equity ratio as on the date of commercial operation shall be considered in the manner as specified under Regulation 27.
- b. Debt-equity ratio for additional capital expenditure admitted by the Commission under these Regulations shall be considered in the manner as specified under Regulation 142.4.a.

142.5 Operating Parameters for BESS

- a. Round-trip Efficiency of BESS shall be minimum 75% for each monthly operating period.

$$\text{Monthly Round Trip Efficiency of BESS} = \frac{\text{Monthly Energy Discharged}}{\text{Monthly Energy consumed for Charging}} \times 100$$

- b. The Normative annual availability of the BESS shall be 95%

Annual Availability of BESS = Mean of the system availabilities of all time blocks during the year in which Beneficiary has scheduled power for charging/discharging the BESS.

$$\text{Availability in a time block} = \frac{\text{Actual Injection or Drawal } \text{MUi (A)}}{\text{Scheduled Injection or Drawal } \text{MUi (B)}} \times 100$$

Where,

- i. i refers to the ith time-block (15 minutes) in the year where $\text{MUi (B)} \neq 0$.
 - ii. MUi(A) = Agreed Despatch Schedule between Licensee or Beneficiary and BESSD which shall be finally sent to MSLDC for Charging/Discharging in the ith time block, in MUs
 - iii. MUi(B) = Despatch Schedule provided by Distribution Licensee or Beneficiary to BESSD for Charging/Discharging in the ith time block, in MUs.
- c. Normative Depth of Discharge for BESS shall be 90%
 - d. Battery pack performance degradation shall be considered as 1% per year.

- e. Average Ramp Rate for BESS shall be 75% of rated capacity/minute

142.6 Depreciation

- a. Depreciation in respect of BESS shall be computed from the date of commercial operation by applying Straight Line Method.

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

Provided that, Useful life of Battery Pack shall be 12 Years whereas balance of system's useful life shall be 25 years.

- b. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that,

- i. freehold land or assets purchased from grant shall not be considered as depreciable assets and their cost shall be excluded from the capital cost while computing depreciable value of the assets;
 - ii. where the allotment of freehold land is conditional and is required to be returned, the cost of such land shall be part of value base for the purpose of depreciation, subject to prudence check by the Commission; and
 - iii. lease hold land shall be amortized over the lease period or remaining life of the BESS, whichever is lower.
- c. In case of existing assets, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2025, from the gross depreciable value of the assets:
- d. The salvage value of an asset shall be considered as 10% of the capital cost of the asset:
 - i. zero for IT equipment and software;
 - ii. zero or as agreed by the BESS Developer with the State Government for land; and

Provided also that any depreciation disallowed on account of lower availability of the BESS or transmission system, as the case may be, shall not

be allowed to be recovered at a later stage during the useful life or the extended life.

- e. Depreciation in respect of BESS shall be arrived at annually by applying depreciation rates or on the basis of expected useful life as specified in **Annexure II**

142.7 Interest on loan (IOL)

- a. Interest on loan (IOL), including normative loan, if any, shall be arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio, in accordance with Regulation 30 of these Regulations.

142.8 Interest on Working Capital (IoWC)

- a. The working capital of the BESS shall cover:
 - i. Operation and maintenance expenses for one month.
 - ii. Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and
 - iii. Receivables against the availability for Energy Storage Service equivalent to forty-five days of the annual fixed charges approved, and excluding incentive, if any:
- b. The rate and payment of interest on working capital shall be determined in accordance with Regulation 32.1(f).

142.9 O&M Expenses for BESS

- a. The Normative Operation and Maintenance expenses in respect of BESS shall be allowed One Percentage (1%) of the capital expenditure as on its date of commercial operation.

Provided that, the Operation and Maintenance expenses for each subsequent year and in the Truing-up of the respective years of the Control Period shall be determined in the same manner as specified in Regulation 48.1 (c)

Provided also that, the Normative O&M expenses shall be Trued up at the end of the Control Period and Treatment to the variation in the normative and actual O&M expenses shall be as per Regulation 11.

142.10 Computation and Payment of Capacity Charge

- a. The fixed cost of BESS achieving COD after April 1, 2025 shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis as Capacity Charge.

- b. The Capacity Charge shall be payable by the Beneficiaries in proportion to their respective allocation in the saleable capacity of the BESS:

$$\text{Monthly BESS Availability} = \frac{\sum \text{Actual Injection or Drawal MWh (i)(A)}}{\sum \text{Scheduled Injection or Drawal MWh (i)(B)}} \times 100$$

Where,

- a) (i) refers to the i^{th} time-block (15 minutes) in the month where MWh (i) (B) $\neq 0$.
- b) MWh (i)(A) = Agreed Despatch Schedule between Licensee or Beneficiary and BESS which shall be finally sent to MSLDC for Charging/Discharging in the i^{th} time block, in MUs
- c) MWh (i)(B) = Despatch Schedule provided by Distribution Licensee or Beneficiary to BESS for Charging/Discharging in the i^{th} time block, in MUs.
- d) Annual Availability of BESS = Mean of the system availabilities of all time blocks during the year in which Beneficiary has scheduled power for charging/discharging the BESS.
- e) The Normative annual availability of the BESS shall be 95%.

Monthly Capacity Charge payment for BESS linked to Monthly Availability Factor shall be payable as per following formula:

$$CC1=(AFC) \times (1/12) \times (EAFM1 / NAEAF)$$

$$CC2=(AFC) \times (1/6) \times (EAFM2 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/6)\} - \{CC_1\}$$

$$CC3=(AFC) \times (1/4) \times (EAFM3 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/4)\} - \{CC_1 + CC_2\}$$

$$CC4=(AFC) \times (1/3) \times (EAFM4 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/3)\} - \{CC_1 + CC_2 + CC_3\}$$

$$CC5=(AFC) \times (5/12) \times (EAFM5 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (5/12)\} - \{CC_1 + CC_2 + CC_3 + CC_4\}$$

$$CC6=(AFC) \times (1/2) \times (EAFM6 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/2)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5\}$$

$$CC7=(AFC) \times (7/12) \times (EAFM7 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (7/12)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6\}$$

$$CC8=(AFC) \times (2/3) \times (EAFM8 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (2/3)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6 + CC_7\}$$

$$CC9=(AFC) \times (3/4) \times (EAFM9 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (3/4)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6 + CC_7 + CC_8\}$$

$CC_{10} = (AFC) \times (5/6) \times (EAFM_{10} / NAЕAF)$ subject to ceiling of $\{(AFC) \times (5/6)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6 + CC_7 + CC_8 + CC_9\}$

$CC_{11} = (AFC) \times (11/12) \times (EAFM_{11} / NAЕAF)$ subject to ceiling of $\{(AFC) \times (11/12)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6 + CC_7 + CC_8 + CC_9 + CC_{10}\}$

$CC_{12} = (AFC) \times (EAFM_{11} / NAЕAF)$ subject to ceiling of $\{(AFC)\} - \{CC_1 + CC_2 + CC_3 + CC_4 + CC_5 + CC_6 + CC_7 + CC_8 + CC_9 + CC_{10} + CC_{11}\}$

Where,

CC_n= Capacity Charge for the Month (n);

AFC = Annual Fixed Cost;

EAFM_n = Monthly BESS Availability Factor achieved during nth Month;

NAЕAF= Normative Annual BESS Availability Factor.

Provided that, the Availability of BESS shall be considered in both Charging and Discharging mode for the computation of Capacity Charge as specified above.

Provided also that there would be adjustment at the end of the year based on actual generation and actual energy consumed by the BESS during the year.

142.11 Incentive for Cycle Efficiency Above Normative Cycle Efficiency

- a. Incentive for Cycle Efficiency above Normative Cycle Efficiency shall be payable by every Beneficiary for the total energy scheduled to be supplied to the Beneficiary in excess of the 75% of the energy consumed, at a flat rate equal to the 20 paise per kWh on ex bus basis.

Provided that in case the energy generated in a month is less than the 75% of the energy consumed for the month, then the Incentive payable by the Beneficiaries shall be zero.

- b. In case of BESS, the quantum of electricity required for charging the batteries shall be arranged by the Beneficiary/ies duly taking into account the transmission losses and distribution losses up to the bus bar of the BESS system, and in return, Beneficiaries shall be entitled to energy during peak hours equivalent to 75% of the energy utilized in charging the Batteries and the BESS shall be under obligation to supply such quantum of electricity during peak hours:

143 Determination of Tariff of Pumped Storage Hydro Plant

143.1 The Petition shall include the details like

- i. Capital Cost of PSH,

- ii. Availability of PSH
- iii. Cycle Efficiency of the PSH,
- iv. Design parameters of number of Cycles (Generation and pumping) during the useful life,
- v. Useful life of PSH,
- vi. Operation and Maintenance Expenses,
- vii. Design parameters of Number of hours of Pumping and Number of Hours of Generation during 24 hour duration of each operating day,
- viii. Annual deration factor (if any) over useful life
- ix. Pumping power requirement and arrangement for PSH.

143.2 Capital Cost: Capital cost shall be considered in the manner as specified under Regulations 24.

143.3 Additional Capital Expenditure: Additional capital expenditure shall be considered in the manner as specified under MERC (Approval of Capital Investment Schemes) Regulations, 2022.

143.4 Capital Structure

- a. Debt-equity ratio as on the date of commercial operation shall be considered in the manner as specified under Regulation 27.
- b. Debt-equity ratio for additional capital expenditure admitted by the Commission under these Regulations shall be considered in the manner as specified under Regulation 143.4.a).

143.5 Operating Parameters for PSH

- a. The Monthly Cycle Efficiency of PSH shall be minimum 75% with respect to metering point.

$$\text{Monthly/Annual Cycle Efficiency of PSH} = \frac{\text{Annual Energy Generated}}{\text{Annual Energy consumed for Pumping}} \times 100$$

- b. The Normative annual availability of the PSH project shall be 90%. Planned maintenance shutdown, if any has to be informed in 1 month advance.

PSH Annual Availability = Mean of the system availabilities of all time blocks during the year in which Beneficiary has scheduled power for Pumping/ Generation by PSH.

$$\text{Availability in a time block} = \frac{\text{Actual Injection or Drawal MUI (A) by PSH}}{\text{Scheduled Injection or Drawal MUI (B) by PSH}} \times 100$$

Where,

- i. i refers to the i th time-block (15 minutes) in the year where $MU_i(B) \neq 0$.
- ii. $MU_i(A)$ = Agreed Despatch Schedule between Licensee and PSH which shall be finally sent to MSLDC for Generation/Pumping in the i th time block, in MUs
- iii. $MU_i(B)$ = Despatch Schedule provided by Distribution Licensee to PSH for Generation/Pumping in the i th time block, in MUs.

143.6 Depreciation

- a. Depreciation shall be computed from the date of commercial operation by applying Straight Line Method.

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

Provided that, Useful life of PSH shall be 40 years from the date of COD.

- b. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that,

- i. freehold land or assets purchased from grant shall not be considered as depreciable assets and their cost shall be excluded from the capital cost while computing depreciable value of the assets;
 - ii. where the allotment of freehold land is conditional and is required to be returned, the cost of such land shall be part of value base for the purpose of depreciation, subject to prudence check by the Commission; and
 - iii. lease hold land shall be amortized over the lease period or remaining life of the PSH, whichever is lower.
- c. In case of existing assets, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2025, from the gross depreciable value of the assets:
 - d. The salvage value of an asset shall be considered as 10% of the capital cost of the asset:

Provided that the salvage value shall be:

- i. zero for IT equipment and software;
- ii. zero or as agreed by the PSH Developer with the State Government for land; and

Provided also that any depreciation disallowed on account of lower availability of the PSH station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

- e. Depreciation in respect of PSH shall be arrived at annually by applying depreciation rates or on the basis of expected useful life as specified in **Annexure II:**

143.7 Interest on loan (IOL)

- a. Interest on loan (IOL), including normative loan, if any, shall be arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio, in accordance with Regulation 30 of these Regulations.

143.8 Interest on Working Capital (IoWC)

- a. The working capital of the PSH shall cover:
 - i. Operation and maintenance expenses for one month.
 - ii. Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year; and
 - iii. Receivables against the availability for Energy Storage Service equivalent to forty-five days of the annual fixed charges approved, and excluding incentive, if any:
- b. The rate and payment of interest on working capital shall be determined in accordance with Regulation 32.1(f).

143.9 Operation and Maintenance (O&M) Expenses for PSH Plant

- a. The Normative Operation and Maintenance expenses in respect of PSH Plant shall be allowed Two Percentage (2%) of the admitted capital expenditure as on its date of commercial operation.

Provided that, the Operation and Maintenance expenses for each subsequent year and in the Truing-up of the respective years of the Control Period shall be determined in the same manner as specified in Regulation 48.1 (c)

Provided also that, the Normative O&M expenses shall be Trued up at the end of the Control Period and Treatment to the variation in the normative and actual O&M expenses shall be as per Regulation 11.

143.10 Computation and Payment of Capacity Charges

- a. The fixed cost of PSH achieving COD after April 1, 2025 shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis as Capacity Charge.
- b. The Capacity Charge shall be payable by the Beneficiaries in proportion to their respective allocation of in the saleable capacity of the PSH:

The Capacity Charge payable to PSH for a calendar month shall be:

Monthly Availability factor for PSH shall be determined as per following formula:

$$\text{Monthly PSH Availability} = \frac{\sum \text{Actual Injection or Drawal MWh (i)(A)}}{\sum \text{Scheduled Injection or Drawal MWh (i)(B)}} \times 100$$

Where,

- a) (i) refers to the ith time-block (15 minutes) in the month where MWh (i)(B) ≠ 0.
- b) MWh (i)(A)= Agreed Despatch Schedule between Licensee or Beneficiary and PSH which shall be finally sent to MSLDC for Pumping/Generating in the ith time block, in MUs
- c) MWh (i)(B)= Despatch Schedule provided by Distribution Licensee or Beneficiary to PSH for Pumping/Generating in the ith time block, in MUs.
- d) Annual Availability of PSH = Mean of the system availabilities of all time blocks during the year in which Beneficiary has scheduled power for Pumping/Generating the PSH.
- e) The Normative annual availability of the PSH shall be 90%.

Monthly Capacity Charge payment for PSH linked to Monthly Availability Factor shall be payable as per following formula:

$$CC1=(AFC) \times (1/12) \times (EAFM1 / NAEAF)$$

$$CC2=(AFC) \times (1/6) \times (EAFM2 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/6)\} - \{CC_1\}$$

$$CC3=(AFC) \times (1/4) \times (EAFM3 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/4)\} - \{CC_1 + CC_2\}$$

$$CC4=(AFC) \times (1/3) \times (EAFM4 / NAEAF) \text{ subject to ceiling of } \{(AFC) \times (1/3)\} - \{CC_1 + CC_2 + CC_3\}$$

$CC5=(AFC)x (5/12) x (EAFM5 / NAEAF)$ subject to ceiling of $\{(AFC)x (5/12)\} - \{CC_1 + CC_2+ CC_3+ CC_4\}$

$CC6=(AFC)x (1/2) x (EAFM6 / NAEAF)$ subject to ceiling of $\{(AFC)x (1/2)\} - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5\}$

$CC7=(AFC)x (7/12) x (EAFM7 / NAEAF)$ subject to ceiling of $\{(AFC)x (7/12)\} - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6\}$

$CC8=(AFC)x (2/3) x (EAFM8 / NAEAF)$ subject to ceiling of $\{(AFC)x (2/3)\} - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7\}$

$CC9=(AFC)x (3/4) x (EAFM9 / NAEAF)$ subject to ceiling of $\{(AFC)x (3/4)\} - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8\}$

$CC10=(AFC)x (5/6) x (EAFM10 / NAEAF)$ subject to ceiling of $\{(AFC)x (5/6)\} - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8+ CC_9\}$

$CC11=(AFC)x (11/12) x (EAFM11 / NAEAF)$ subject to ceiling of $\{(AFC)x (11/12)\} - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8+ CC_9+ CC_{10}\}$

$CC12=(AFC)x (EAFM11 / NAEAF)$ subject to ceiling of $\{(AFC) - \{CC_1 + CC_2+ CC_3+ CC_4+ CC_5+ CC_6+ CC_7+ CC_8+ CC_9+ CC_{10}+ CC_{11}\}$

Where,

CCn= Capacity Charge for the Month (n);

AFC = Annual Fixed Cost;

EAFMn = Monthly PSH Availability Factor achieved during nth Month;

NAEAF= Normative Annual PSH Availability Factor.

Provided that, the Availability of PSH shall be considered in both Pumping and Generation mode for the computation of Capacity Charge as specified above.

Provided also that there would be adjustment at the end of the year based on actual generation and actual energy consumed by the PSH during the year.

143.11 Incentive for Cycle Efficiency Above Normative Cycle Efficiency:

- (a) Incentive for Cycle Efficiency above Normative Cycle Efficiency shall be payable by every Beneficiary for the total energy scheduled to be supplied to the Beneficiary in excess of the 75% of the energy consumed, at a flat rate equal to the 20 paise per kWh on ex bus basis.

Provided that in case the energy generated in a month is less than the 75% of the energy consumed for the month, then the Incentive payable by the Beneficiaries shall be zero.

- (b) In case of PSH Plant, the quantum of electricity required for pumping water from down-stream reservoir to up-stream reservoir shall be arranged by the Beneficiary/ies duly taking into account the transmission losses and

distribution losses up to the bus bar of the generating Station, and in return, Beneficiaries shall be entitled to energy equivalent to 75% of the energy utilized in pumping the water from the lower elevation reservoir to the higher elevation reservoir, from the generating Station as requested by the Beneficiaries and the PSH Plant shall be under obligation to supply such quantum of electricity.

144 Demonstration of Ramp Rate:

144.1 The ESS may be required to demonstrate the Ramp Rate capability of its ESS as and when asked by the MSLDC as per the provisions of the Regulation 32 of the MERC State Grid Code, 2020.

144.2 In the event of the ESS failing to demonstrate the Average Ramp rate, the Performance linked Return on Equity shall be reduced as a measure of penalty.

Provided that the MSLDC shall formulate the procedure for certification of Ramp Rate of ESS and submit for the approval of the Commission upon undertaking the due consultation of the stakeholders.

144.3 The operating logbooks of the ESS shall be available for scrutiny by the MSLDC, and these books shall keep record of machine operation and maintenance.

145 Billing and Payment of Charges:

145.1 The Billing and Payment of Annual Fixed Charges, Capacity Charges and Incentives for ESS, shall be done on a monthly basis.

146 Deviation Charges:

146.1 Provisions of the MERC (Deviation Settlement Mechanism and Related matters) Regulations, 2019, Procedure thereunder and its Amendments shall be applicable to the ESS.

Provided that, ESS when operating in Charging/Pumping mode shall be treated as Buyer and ESS when operating in Discharging/Generation mode shall be treated as Seller and relevant provisions of MERC (Deviation Settlement Mechanism and Related matters) Regulations, 2019, applicable to Buyer and Seller shall be applicable to ESS appropriately.

Provided that the Deviation Charges paid or earned by the ESS in accordance with Regulation 9 of the MERC (Deviation Settlement Mechanism and Related matters) Regulations, 2019 and Additional Charges for Deviation in accordance with Regulation 10 of the MERC (Deviation Settlement Mechanism and Related matters) Regulations, 2019, shall not be recoverable/adjusted from the Beneficiary/ies through Tariff:

PART M: GRANT OF SUBSIDIES BY STATE GOVERNMENT

147 Manner of grant of subsidy by State Government:

147.1 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the Tariff determined by the Commission, the State Government shall pay in advance the amount to compensate the Distribution Licensee/person affected by the grant of subsidy in the manner specified in this Regulation, with prior intimation to the Commission.

147.2 The amount of subsidy agreed to by the State Government shall be provided in the form of grant by the State Government.

147.3 The subsidy shall be passed on to eligible consumers through credit in their electricity bills only in proportion to the extent to which the total requirement of the Distribution Licensee is paid by the State Government:

Provided that in case of shortfall in actual release of subsidy, either because of errors in estimation or for any other reason, such shortfall, shall be shown clearly in the consumers' bills and shall be distributed proportionately between the concerned eligible consumers until such time as it is reduced or eliminated.

147.4 The Distribution Licensee shall clearly indicate the following details in the consumers' bills:

- (a) the Tariff determined by the Commission;
- (b) the amount of State Government subsidy and the rate and period thereof;
- (c) the net amount payable.

147.5 The Distribution Licensee shall submit to the Commission on quarterly report consisting of details w.r.t demands of subsidy raised by Distribution Licensee to the State Government during the relevant quarter based on the accounts of the energy consumed by the subsidised category and consumer category wise per unit subsidy declared by the State Government, the actual payment of subsidy in accordance with section 65 of the Act and the gap in subsidy due and paid as well as other relevant details, as may be specified by the Commission and / or Ministry of Power vide its Rules framed under the provisions of the Electricity Act 2003. The report on subsidy status shall be hosted on the Distribution Licensee's website.

PART N: MISCELLANEOUS

148 Issue of Practice Directions

148.1 Subject to the provisions of the Act, the Commission may from time to time, issue Orders and Practice Directions in regard to implementation of these Regulations.

149 Power to Relax

149.1 The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

150 Power to amend

150.1 The Commission may, at any time, vary, alter, modify or amend any provisions of these Regulations.

151 Power to remove difficulties

151.1 If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by an order, make such provisions, not inconsistent to the provision of the Act and these Regulations, as may appear to be necessary for removing the difficulty.

Mumbai

19/08/2024

Dr. Rajendra G. Ambekar

(Secretary)

Maharashtra Electricity Regulatory Commission

Annexure-I: DEPRECIATION SCHEDULE

Sr. No.	Depreciation of Assets	Depreciation Rate (Straight line method) - for Existing Assets or Schemes
A	LAND UNDER FULL OWNERSHIP	0.00%
B	LAND UNDER LEASE	
(a)	for investment in the land	3.34%
(b)	For the cost of clearing the site	3.34%
(c)	Land for reservoir in case of hydro generating station	3.34%
C	ASSETS PURCHASED NEW	
(a)	Plant & Machinery in generating stations	
(i)	Hydro electric	5.28%
(ii)	Steam electric	5.28%
(iii)	NHRB & waste heat recovery boilers	5.28%
(iv)	Diesel electric and gas plant	5.28%
(b)	Cooling towers & circulating water systems	5.28%
(c)	Hydraulic works forming part of the Hydro-generating stations	
(i)	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	5.28%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	5.28%
d.	Building & Civil Engineering works	
(i)	Offices and showrooms	3.34%
(ii)	Containing thermo-electric generating plant	3.34%
(iii)	Containing hydro-electric generating plant	3.34%
(iv)	Temporary erections, such as wooden structures	100.00%
(v)	Roads other than Kutcha roads	3.34%
(vi)	Others	3.34%
e.	Transformers, Kiosks, sub-station equipment & other fixed apparatus (including plant)	
(i)	Transformers, including foundations having a rating of 100 KVA and over	5.28%
(ii)	Others	5.28%
f.	Switchgear, including cable connections	5.28%
g.	Lightning arrestor	
(i)	Station type	5.28%
(ii)	Pole type	5.28%
(iii)	Synchronous condenser	5.28%
h.	Batteries	9.50%
(i)	Underground cable, including joint boxes and disconnected boxes	5.28%
(ii)	Cable duct system	5.28%
i.	Overhead lines, including cable support	
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 KV	5.28%

Sr. No.	Depreciation of Assets	Depreciation Rate (Straight line method) - for Existing Assets or Schemes
(ii)	Lines on steel supports operating at terminal voltages higher than 13.2 KV but not exceeding 66 KV	5.28%
(iii)	Lines on steel on reinforced concrete support	5.28%
(iv)	Lines on treated wood support	5.28%
j.	Meters	5.28%
k.	Self-propelled vehicles	9.50%
l.	Air Conditioning Plants	
(i)	Static	5.28%
(ii)	Portable	9.50%
m.		
(i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring, including fittings and apparatus	6.33%
(iv)	Street Light fittings	5.28%
n.	Apparatus let on hire	
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
o.	Communication equipment	
(i)	Radio and high frequency carrier system	15.00%
(ii)	Telephone lines and telephones	15.00%
(iii)	Fibre Optic/OPGW	6.33%
p.	I. T Equipment	15.00%
q.	Software, SCADA system	15.00%
r.	Any other assets not covered above	5.28%

Annexure-II: DEPRECIATION SCHEDULE

Depreciation of Assets		Depreciation Rate (Straight line method) - for New Assets or Schemes
A	LAND UNDER FULL OWNERSHIP	0.00%
B	LAND UNDER LEASE	
(a)	for investment in the land	3.34%
(b)	For the cost of clearing the site	3.34%
(c)	Land for reservoir in case of hydro generating station	3.34%
C	ASSETS PURCHASED NEW	
(a)	Plant & Machinery in generating stations	
(i)	Hydro electric	4.22%
(ii)	Steam electric	4.22%
(iii)	NHRB & waste heat recovery boilers	4.22%
(iv)	Diesel electric and gas plant	4.22%
(b)	Cooling towers & circulating water systems	4.22%
(c)	Hydraulic works forming part of the Hydro-generating stations	
(i)	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	4.22%
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	4.22%
d.	Building & Civil Engineering works	
(i)	Offices and showrooms	3.34%
(ii)	Containing thermo-electric generating plant	3.34%
(iii)	Containing hydro-electric generating plant	3.34%
(iv)	Temporary erections, such as wooden structures	100.00%
(v)	Roads other than Kutcha roads	3.34%
(vi)	Others	3.34%
e.	Transformers, Kiosks, sub-station equipment & other fixed apparatus (including plant)	
(i)	Transformers, including foundations having a rating of 100 KVA and over	4.22%
(ii)	Others	4.22%
f.	Switchgear, including cable connections	4.22%
g.	Lightning arrester	
(i)	Station type	4.22%
(ii)	Pole type	4.22%
(iii)	Synchronous condenser	4.22%
h.	Batteries	9.50%
(i)	Underground cable, including joint boxes and disconnected boxes	4.22%
(ii)	Cable duct system	4.22%
vi.	Overhead lines, including cable support	

Depreciation of Assets		Depreciation Rate (Straight line method) - for New Assets or Schemes
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 KV	4.22%
(ii)	Lines on steel supports operating at terminal voltages higher than 13.2 KV but not exceeding 66 KV	4.22%
(iii)	Lines on steel on reinforced concrete support	4.22%
(iv)	Lines on treated wood support	4.22%
j.	Meters	4.22%
k.	Self-propelled vehicles	9.50%
(i)	Static	4.22%
(ii)	Portable	9.50%
m.		
(i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring, including fittings and apparatus	6.33%
(iv)	Street Light fittings	4.22%
n.	Apparatus let on hire	
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
o.	Communication equipment	
(i)	Radio and high frequency carrier system	15.00%
(ii)	Telephone lines and telephones	15.00%
(iii)	Fibre Optic/OPGW	6.33%
p.	I. T Equipment	15.00%
q.	Software, SCADA system	15.00%
r.	Any other assets not covered above	4.22%

DEPRECIATION FOR INTEGRATED MINE – EXPECTED USEFUL LIFE

Sr. No.	Asset Particulars	Life in Years
1	Land Freehold@	999
2	Land Leasehold	&&&
3	Temporary erections	1
4	HEMM\$	8
5	Roads, bridges, culverts, helipads	25
6	Main Plant Buildings	30
7	Machinery other than HEMM	15
8	Water Supply, Drainage, and sewerage	15
9	Furniture and Fixtures	15
10	Office equipment/s other than computers	15
11	Hospital equipment(s)	15
12	EDP, WP machines, SATCOM & communication equipment	15

Sr. No.	Asset Particulars	Life in Years
13	Electrical installations	15
14	Self-propelled vehicles	10
15	Computers, Software	6.33
16	Mine Development Expenses and Evaluation and Exploration#	20 or life of mine, whichever is lower
17	Evaluation and Exploration#	20 or life of mine, whichever is lower
18	Others not covered above	15
*	Salvage Value shall be other than 5% for the following assets - a. IT Equipment, software Zero (0) b. Zero or as agreed with the state Government in case of land c. For specialized mining equipment as specified by the Ministry of Corporate affairs Mine Development expenses, Evaluation and Exploration Zero (0)	
@	Petitioner to submit if the Freehold Land is attached with any conditions for return. If yes submit the conditions and period after which the land is to be returned. In such a case, the land shall be depreciable based on such details.	
&&&	To be filled by petitioner, least of lease agreement/mine life/right to use period	
\$	List of individual HEMM with the cost of each HEMM be provided separately	
#	In a generic sense Mine Development Expenditure is the expenditure incurred to bring the mine n into usable condition after ensuring the economic viability and decision is taken by the Mine Owner to develop the mine. While filling under this head, details to the extent feasible are to be given separately. Evaluation and exploration expenditure is generally the expenditure incurred associated with finding the mineral by carrying out topographical, geological, geochemical, and geophysical studies, exploratory drilling, trenching, sampling, expenditure for activities in relation to evaluation of technical feasibility and commercial viability, acquisition of rights to explore etc. While filling under this head, details to the extent feasible are to be given separately.	

Annexure-III: Methodology for allocation of Assets and Cost for Distribution Business

1. **ALLOCATION OF ASSETS BETWEEN WIRES, SUPPLY AND COMMON AND FURTHER ALLOCATION OF COMMON ASSETS BETWEEN WIRES AND SUPPLY**
 - 1.1. The Distribution Licensees need to form three Asset Groups - Wires function, Supply function and Common to Business function.
 - 1.2. The **Supply dedicated assets** need to be identified by distribution licensees and would include, but may not be limited to the following:
 - All consumer meters and associated metering accessories including CT/PT, meter reading devices and instruments, AMR infrastructure including remote meter communication assets and facilities, meter housing, meter boards and including board wiring. It is clarified that this shall not include meters installed at various locations on the distribution grid, along with their associated metering accessories, wiring and housing.
 - All assets related to consumption analysis and audit, billing and payment facilities such as IT hardware and software for consumption analysis, billing, etc., cash collection centers, automated payment kiosks, consumer care centers, etc.
 - Apps for allocation of meter readers, for billing and payment, if any.
 - 1.3. The above list of supply dedicated assets is not exhaustive and is only indicative. The Distribution Licensees may propose inclusion of other assets and facilities within Supply dedicated function, citing adequate reasoning and justification.
 - 1.4. **Common to business assets** will comprise of those assets and facilities that cannot be earmarked either to Wires business or to Supply business. The assets in Common to business function of distribution could include but not be limited to the following types of assets:
 - Administrative office buildings of Licensees, including corresponding land parcels.
 - Furniture and fixtures, electrical and electronic appliances and other electrical works, security systems, etc. used in various administrative offices.
 - Common vehicles for use by officers or employees of Licensees, not dedicated to network maintenance functions.
 - Common to business IT software and hardware, including communication facilities, IT hardware for employees and other IT hardware, including monitors, webcams and other communication hardware used in offices, office-use software and Licenses, etc.
 - 1.5. The above list of Common to Business assets is not exhaustive and only

indicative. The Distribution Licensees may propose inclusion of other assets and facilities within this group, citing adequate reasoning and justification.

- 1.6. After identification and exclusion of Supply dedicated and Common to Business assets, the remaining assets of the Distribution Licensees shall be classified under Wires dedicated function.
- 1.7. Further, as more and different type of assets get added in business, the Distribution Licensees shall analyse the primary nature of such assets and allocate them to Wires function, Supply function or Common function and present the same with adequate reasoning and justification during tariff determination process and the Commission, based on prudence check, shall appropriately consider those assets and facilities in corresponding functions.
- 1.8. In order to allocate all assets into Wires and Supply, the Common to Business assets shall be further allocated to Wires and Supply dedicated functions using the Wires and Supply dedicated asset ratio, as obtained after segregation of assets and further defined in this Guidelines.

2. FORMATION OF PURPOSE-BASED ASSET BUNDLES FOR WIRES FUNCTION

- 2.1. The assets dedicated to Wires function as identified shall be divided into three groups –
 - a) assets that voltage identifiable i.e. those assets that clearly and specifically pertain to a single voltage class,
 - b) assets that exist along the boundary of two voltages i.e. power transformers and distribution transformers which serves more than one voltage and
 - c) assets that belong to network (wires) business but are not specific to any voltage level and can be utilized across all or multiple voltage levels within the network.
- 2.2. The identified Wires dedicated assets shall be Bundled based on same purpose. Bundling implies grouping of same purpose assets into a single bundle. Bundling builds in purpose of use and assists in grouping of assets of same purpose, regardless of their individual voltage ratings. For example, in a Distribution Substation, there are station batteries, which are otherwise rated at Low Voltage, but batteries are an integral part of the substation and therefore it cannot be that batteries are put in Low Voltage, while other equipment in substation is classified under high voltage.
- 2.3. The identified asset groups and bundles and indicative list of individual same-purpose assets to be included in the corresponding bundle shall be as indicated below:

Main Group	Suggested bundle	Inclusions
Boundary assets	Distribution Substation (33/11kV or 22/11kV or 33/22kV or Multi-winding)	Power Transformer, all associated civil structures, land, cables and wiring, relays, switchgear, control panels, lightning arrestors, capacitor banks, station batteries, station transformers, earthing equipment and all other appurtenant apparatus being part of the substation
Boundary assets	Consumer Substation (11/0.4kV or 22/0.4 kV or 33/0.4 kV)	Distribution Transformer, all associated civil structures, associated land, relays, cables and wiring, if any, switchgear, control panel, capacitor banks, earthing equipment and other appurtenant apparatus, being part of the substation
Voltage Identifiable	Line – 33kV Line – 11kV Line – LT (depending upon voltage rating)	Overhead Line and associated towers, tower plinth, insulators, gantry and other installed equipment
		Underground cable and cable ducts, if any
		Relays, if any, installed and in case of LT lines, including Distribution Pillars / Boxes, tiles, joints, etc. as installed
Voltage identifiable	Grid Meters	Grid Meters as per voltage of installation
		Meter housing, boards
		Metering accessories, CT/PT and associated wiring
Common to Voltage	Others	Maintenance vehicles
		SCADA, DMS, OMS, Network Planning software and hardware
		Tools and equipment not voltage specific

2.4. The assets included in corresponding bundles are only indicative and not exhaustive. The general guideline in this regard for Distribution Licensees is to bundle same location, same purpose assets into a common bundle as per above bundles. This is important so that purpose-based allocation of assets can be done, and similar purpose assets are grouped together.

2.5. It is clarified that the above groups and bundles are for the purpose of allocation of assets over specific voltage levels only, and do not recommend any change in the maintenance of accounts by the Distribution Licensees. The Licensees shall have the liberty to either make appropriate modifications to their SAP system in order to analyse and present data as per the regulatory requirements or make the required groups and bundles outside the system, using the data dump from the SAP system. Licensees not having ERP / SAP system will necessarily have to organize their asset base data as per these

requirements manually, till such time they install SAP system with appropriate modules to handle asset base data.

3. **IDENTIFICATION / ALLOCATION OF DEFINED WIRE ASSET GROUPS OVER DIFFERENT VOLTAGES**

3.1. As shown above, the three main Asset Groups for Wires function shall be the following, along with the basis of allocation of the same over different voltage levels:

3.1.1. **Voltage-identifiable:**

3.2. This shall include only the distribution lines, cables and associated meters (not including consumer meters, as they are part of retail supply business). These assets shall be allocated to individual voltages depending upon the voltage rating of the line. These assets are clearly earmarked to specific voltage and exist for distribution of power at that specific voltage or for the purpose of recording energy travelling at that specific voltage, as the case may be.

3.2.1. **Boundary Assets:**

3.2.1.1. This group shall include asset bundles of “Distribution Substation” and “Consumer Substation” as shown above.

3.2.1.2. Distribution Substations of 33/11kV or 22/11kV or 33/22kV, should be identified and allocated as per secondary side voltage. The Distribution Substation refers to the said bundle of assets as shown above i.e. including associated civil and electrical assets and appurtenant apparatus.

3.2.1.3. Consumer Substations of 11/0.4 kV or 22/0.4 kV or 33/0.4 kV, as the case may be, shall be identified and allocated to LT voltage level. The Consumer Substation refers to the said bundle of assets as shown above i.e. including associated civil structures, electrical assets and other appurtenant apparatus.

3.2.2. **Common to Voltage assets:**

3.2.2.1. There are some other assets that exist for the various purposes of electricity network business but cannot be classified as identifiable with any specific voltage. These assets serve and exist for the purpose of network as a whole, rather than being dedicated to any specific voltage level. Some examples could include Vehicles used in network maintenance, in general, or SCADA / DMS / OMS, which exist for the whole of distribution network, or could serve only the HT network common to all voltages of HT. Network planning software such as CymeDist could also be categorized under this block, as such assets are again not dedicated to any specific voltage class.

3.2.2.2. The allocation of these assets to specific voltage levels is proposed to be done in the same proportion as the proportion of voltage identifiable + boundary assets put together bears over different voltages, as obtained from above.

3.3. The above list of assets is just for illustrative purpose and should not be considered an exhaustive list. The Licensees are directed to identify all such

assets that are otherwise utilised only for network (wires) function but have no voltage rating or cannot be identified with any specific voltage or have use across all voltage levels. All such assets are required to be categorized under this Group/Bundle.

4. ALLOCATION OF COMMON ASSETS (AS ALLOCATED TO WIRES FUNCTION) OVER DIFFERENT VOLTAGE LEVELS

4.1. The Common to Business Assets as identified from the total Fixed Asset Base of the Distribution Licensees will have to be first allocated between Wires and Supply functions. For this purpose, the ratio of Wires only and Supply only assets to total (Wires + Supply only) assets, as obtained using these guidelines, shall be used.

4.2. In the next step, the Common Assets so allocated to Wires function shall be further allocated to different voltage levels of distribution. For this purpose, the following methodology shall be used:

	Consumer -driven			Network-driven		
GFA value of Common to Business assets, allocated to Wires function (A)	50% of A			50% of A		
	EHT	HT	LT	EHT	HT	LT
Allocation to Voltages in ratio of →	% of EHT consumers to total consumers	% of HT consumers to total consumers	% of LT consumers to total consumers	% of EHT line length in Ckt-km to total distribution line length in Ckt-km	% of HT line length in Ckt-km to total distribution line length in Ckt-km	% of LT line length in Ckt-km to total distribution line length in Ckt-km

**Distribution line length will include Service Lines as well*

4.3. As shown above, 50% value of total GFA value of allocated Common to Business assets shall be considered as Consumer-driven and shall be allocated to the different voltage levels of distribution on the basis of the proportion of number of consumers served by the Licensee at each level. Similarly, the balance 50% value of total GFA value of allocated Common to Business assets shall be considered as Network-driven and shall be allocated to the voltage levels of distribution in the proportion of line length (including service lines) in ckt-km at each voltage level.

4.4. The number of consumers to be considered shall include the retail consumers irrespective of whose wires are used to supply such consumers. Further, the number of consumers and line length shall be the closing numbers pertaining to the latest audited financial year.

5. DETERMINATION OF VARIOUS ASSET RATIOS AND ALLOCATION OF WIRES COST COMPONENTS TO DIFFERENT VOLTAGE LEVELS AND SUPPLY COST

5.1. Based on the allocation of assets as discussed in preceding paragraphs, the entire GFA of distribution can be divided between EHT, HT, LT voltages (Wire Business) and Supply Business. The values so allocated therein will result in different asset ratios obtained for Network Asset Group, Non-network Asset Group and Total Assets. This is shown as under:

Voltage	Network Asset Group			Non-network asset group	Supply	Total
	Voltage Identifiable	Boundary assets	Common to Network	Common to Business		
				Consumer / Network – 50:50		
EHT	A ₁	B ₁	C ₁	D ₁	-	A ₁ to D ₁
HT	A ₂	B ₂	C ₂	D ₂	-	A ₂ to D ₂
LT	A ₃	B ₃	C ₃	D ₃	-	A ₃ to D ₃
TOTAL Wire	A	B	C	D	-	A to D
Supply				D₄	E₁	D₄ + E₁
Total	A_Σ	B_Σ	C_Σ	D_Σ	E_Σ	A_Σ + E_Σ

5.2. Based on the allocation of assets as defined in Step 4, the assets ratio will be determined which will be considered as base for allocation of cost of ARR of Wire business

Asset Ratios	EHT	HT	LT	Supply
Network Assets (P)	$(A_1+B_1+C_1) / (A+B+C)$	$(A_2+B_2+C_2) / (A+B+C)$	$(A_3+B_3+C_3) / (A+B+C)$	-
Non-Network Assets (Q)	$(D_1) / (D)$	$(D_2) / (D)$	$(D_3) / (D)$	-
Total Wire (T)	T_{EHTW} = $(A_1+B_1+C_1+D_1) / (A+B+C+D)$	T_{HTW} = $(A_2+B_2+C_2+D_2) / (A+B+C+D)$	T_{LTW} = $(A_3+B_3+C_3+D_3) / (A+B+C+D)$	-
Total GFA (T_{GFA})	T_{EHTT} = $(A_1+B_1+C_1+D_1) / (A_Σ+B_Σ+C_Σ+D_Σ+E_Σ)$	T_{HTT} = $(A_2+B_2+C_2+D_2) / (A_Σ+B_Σ+C_Σ+D_Σ+E_Σ)$	T_{LTW} = $(A_3+B_3+C_3+D_3) / (A_Σ+B_Σ+C_Σ+D_Σ+E_Σ)$	T_{ST} = $(D_4+E_1) / (A_Σ+B_Σ+C_Σ+D_Σ+E_Σ)$

5.3. Based on the asset values at different voltage levels, the various cost elements of Distribution Wires ARR shall be determined.

5.4. Using the principle that wherever cost at a particular voltage level is directly obtainable, ratios shall not be employed. Using this principle, **Depreciation**

- for Voltage Identifiable Assets and Boundary Assets** shall be determined for different voltage levels directly as the historical cost and accumulated depreciation of each individual asset(s) shall be available directly from the Fixed Asset Register of the Licensee. The Licensees shall, preferably make this categorization of assets in their SAP system itself, so that, to this extent, voltage-wise depreciation can be made available directly from the system.
- 5.5. After determining depreciation for Voltage Identifiable and Boundary Assets, the total depreciation pertaining to the asset blocks of Common to Network Assets and Common to Business Assets shall be allocated over Voltages using the ratio of these assets as obtained over various voltages.
 - 5.6. For projecting depreciation for any given financial year in ARR / Tariff Petitions (Year “n”), the Licensees shall work out depreciation for all assets actually added upto the last audited financial year (Year “n-2”) and incremental assets estimated / projected to be added over different voltage levels and retail supply business, during current and ensuing financial years i.e. Years “n-1” and Year “n” as per the methodology specified in the Guidelines.
 - 5.7. Both **Interest on long-term loans and Return on Equity** shall be distributed over different voltage levels in the voltage-wise ratio of total asset i.e. the ratios of T_{GFA} , T_{EHTT} , T_{HTT} and T_{LTT} , shall be used. (reference from Para 5.2)
 - 5.8. **Contribution to Contingency Reserve** As per MYT Regulations, the Contribution to Contingency Reserves is determined as a percentage of opening GFA. Accordingly, the whole of asset base can be classified into different voltage levels and hence this cost, being a percentage of asset value, can be directly obtained at specified percentage of allocated asset value at each voltage level.
 - 5.9. **O&M cost, net of Non-Tariff Income and Income from other business**, shall be distributed over voltages in the same manner as the Common to Business assets i.e. 50% of total approved O&M cost of Wires business shall be considered Consumer-related and the remaining 50% shall be considered Network-related. Thereafter, the Consumer-related component shall be divided over EHT, HT and LT voltages in the ratio of number of consumers of the Distribution Licensee at each voltage level and the Network-related component shall be divided over EHT, HT and LT voltages in the ratio of line length (including service lines) in ckt-km. at each voltage level.
 - 5.10. **Interest on Working Capital and Provision for Bad debts** shall be allocated over different voltages using the ratio of rest of the Wires ARR at each voltage level, as determined using the principles given above.
 - 5.11. **Income Tax:** As per the present MYT Regulations, 2019, Income Tax is not a separate component in ARR, but is allowed by grossing up RoE itself by the relevant Income Tax rate. However, these guidelines are futuristic and hence, in future, if Income Tax is allowed separately, the same shall be allocated over

different voltages using the same principles as applied for allocation of RoE.

5.12. **Past Revenue Gap / Surplus:** Approved revenue gap / surplus of Wires business of a Distribution Licensee for years prior to FY 2025-26 shall be segregated among voltage levels in the same ratio as the ratio in which the stand-alone ARR, for the year in which pass through of such revenue gap / surplus is approved, is allocated. For years FY 2025-26 onwards, the Commission shall approve voltage-wise allocated trued-up ARR for Wires business and the total revenue gap / surplus of Wires business so approved shall be segregated among voltages in the ratio of such voltage-wise trued-up ARRs.

5.13. **Any other cost:** For any other costs pertaining to Wires or Supply business of a Distribution Licensee, not explicitly covered in these Guidelines, the Distribution Licensees shall propose allocation methodology for the same in their respective tariff petitions, consistent with the underlying principles as specified in these Guidelines and the Commission shall, based on prudence check, approve the methodology for allocation of such costs.

Provided that, in the interest of uniformity, same methodology shall be approved to allocate same type of costs for each Distribution Licensee, even if different Distribution Licensees propose different methodologies for the same, in their respective petitions.

Annexure-IV: Threshold Limit for Intra-State Transmission System to be developed through Tariff Based Competitive Bidding

1. The Threshold Limit for Intra-State Transmission System to be developed through Tariff Based Competitive Bidding shall be Rupees Two Hundred (200) Crore excluding land cost and Reinstatement (RI) Charges.
2. All new Intra-State Transmission Systems excluding the schemes involving the upgradation / augmentation of Assets forming part of the existing Transmission Licensee and excluding the schemes, which appears in the Licence of the Transmission Licensee, costing Rupees Two Hundred (200) Crore or more excluding land cost and RI Charges shall be implemented by STU through Tariff Based Competitive Bidding in accordance with the competitive bidding guidelines notified by the Central Government from time to time.
3. This Threshold Limit shall be applicable for all new Intra-State Transmission Systems Projects and Projects where Commission's earlier approval is not valid or cancelled by the Commission, as the case may be.
4. The entire Intra-State independent transmission systems including any upstream/downstream project shall be designed as single project for inviting bids for development of project through Tariff Based Competitive Bidding.
5. In case the STU intends to implement any Intra-State Transmission System above the Threshold Limit through cost-plus approach under Section 62 of the Act, due to some specific reasons such as project is of critical nature (e.g., Transmission System being developed for Defence, Railways, Airport, etc.) or the Project may lead to ownership or interface issues, i.e., the ownership of new Intra-State Transmission System cannot be delineated from the assets of existing transmission assets, the STU shall obtain prior approval of the Commission for the same. Further, in case the STU intends to implement any Intra-State Transmission System below the Threshold Limit through Tariff Based Competitive Bidding, due to some specific reasons, STU can decide to implement such projects through Tariff Based Competitive Bidding with valid reasons to do so and with prior approval of the Commission.

Annexure-V: Format for Life Cycle Cost Analysis

Annexure IV - Format for Life Cycle Cost Analysis

"Life-cycle Cost Analysis" means the process of assessing the total cost of ownership of an asset over its entire Useful Life, after taking into account all costs of acquiring, owning, maintaining and disposing of such asset."

Name of Applicant: _____
 Project Detail/Code: _____
 Discounted Factor (%): _____

Summary	
	NPV
O&M Expense	₹ -
Capital Investment	₹ -
Difference	₹ -

Life Cycle Cost Analysis

Year	0	1	2	3	4	5	6	7
Discount Factor													

Operations and Maintenance		₹ -	NPV
<i>Generation, Transmission and Distribution Businesses</i>			
	Unit		
Employee Expenses	Rs.		
R&M Expenses	Rs.		
A&G Expenses	Rs.		
Total	Rs.		

Capital Investment		₹ -	NPV
<i>Generation, Transmission and Distribution Businesses</i>			
	Unit		
Return on Equity Capital	Rs.		
Depreciation	Rs.		
Interest on Loan Capital	Rs.		
Total	Rs.		

Annexure-VI: Procedure for calculation of Transmission System Availability for a Month

1. Transmission system availability for a calendar month shall be computed by the respective Transmission Licensee, and certified by the MSLDC, separately for each AC and HVDC transmission system. For the purpose of calculation of Transmission System Availability:
 - i) AC transmission lines: Each circuit of AC transmission line shall be considered as one element.
 - ii) Inter-Connecting Transformers (ICTs): Each ICT bank (three single phase transformer together) shall form one element.
 - iii) Static VAR Compensator (SVC): SVC along with SVC transformer shall form one element. However, 50% credit to inductive and 50% to capacitive rating shall be given.
 - iv) Bus Reactors/Switchable line reactors: Each Bus Reactors/Switchable line reactors shall be considered as one element.
 - v) HVDC Bi-pole links: Each pole of HVDC link along with associated equipment at both ends shall be considered as one element.
 - vi) HVDC back-to-back Station: Each block of HVDC back-to-back Station shall be considered as one element. If associated AC line (necessary for transfer of inter-regional power through HVDC back-to-back Station) is not available, the HVDC back-to-back Station block shall also be considered as unavailable.

2. The Availability of AC and HVDC portion of Transmission system shall be computed as under:

% Availability for AC system

$$= \frac{o \times AV_o + p \times AV_p + q \times AV_q + r \times AV_r}{o + p + q + r} \times 100$$

% Availability for HVDC system

$$= \frac{s \times AV_s + t \times AV_t}{s + t} \times 100$$

Where

o = Total number of AC lines;

AV _o	=	Availability of o number of AC lines;
p	=	Total number of bus reactors/switchable line reactors;
AV _p	=	Availability of p number of bus reactors/switchable line reactors;
q	=	Total number of ICTs;
AV _q	=	Availability of q number of ICTs;
r	=	Total number of SVCs;
AV _r	=	Availability of r number of SVCs;
s	=	Total number of HVDC poles;
AV _s	=	Availability of s number of HVDC poles;
t	=	Total number of HVDC back-to-back Station blocks;
AV _t	=	Availability of t number of HVDC back-to-back Station blocks.

3. The weightage factor for each category of transmission element shall be as under:

- (a) For each circuit of AC line – Surge Impedance Loading (SIL) for Uncompensated line multiplied by ckt-km.

SIL rating for various voltage levels and conductor configurations is given in **Appendix-I**. However, for the voltage levels and/or conductor configurations not listed in Appendix-I, appropriate SIL based on technical considerations may be used for availability calculation under intimation to long-term transmission customers/DICs.

For compensated AC line, SIL shall be as certified by the Maharashtra State Power Committee (MSPC) Secretariat considering the compensation on the line.

For shunt compensated line, the reduced value of SIL shall be taken in accordance with the location of the reactor. Similarly, in case of the lines with series compensation, the higher SIL shall be taken as per the percentage of compensation.

- (b) For each HVDC pole- The rated MW capacity x ckt-km
(c) For each ICT bank – The rated MVA capacity
(d) For SVC- The rated MVAR capacity (inductive and capacitive)
(e) For Bus Reactor/switchable line reactors – The rated MVAR capacity.
(f) For HVDC back-to-back Station connecting two Regional grids- Rated MW capacity of each block.

4. The availability for each category of transmission element shall be computed based on the weightage factor, total hours under consideration and non-available hours for each element of that category. The formulae for calculation of Availability of each category of the transmission elements are as per **Appendix-II**.
5. The transmission elements under outage due to following reasons shall be deemed to be available:
 - i. Shut down availed for maintenance or construction of elements of another transmission scheme. If the other transmission scheme belongs to the Transmission Licensee, the MSLDC may restrict the deemed availability period to that considered reasonable for the work involved.
 - ii. Switching off of a transmission line to restrict over voltage and manual tripping of switched reactors as per the directions of MSLDC.
6. Outage time of transmission elements for the following contingencies shall be excluded from the total time of the element under period of consideration:
 - i. Outage of elements due to acts of God and force majeure events beyond the control of the Transmission Licensee. However, onus of satisfying the MSLDC that element outage was due to aforesaid events and not due to design failure shall rest with the Transmission Licensee. A reasonable restoration time for the element shall be considered and any additional time taken by the Transmission Licensee for restoration of the element beyond the reasonable time shall be treated as outage time attributable to the Transmission Licensee. Circuits restored through ERS (Emergency Restoration System) shall be considered as available.
 - ii. Outage caused by grid incident/disturbance not attributable to the Transmission Licensee, e.g., faults in substation or bays owned by other agency causing outage of the Transmission Licensee's elements, and tripping of lines, ICTs, HVDC, etc. due to grid disturbance. However, if the element is not restored on receipt of direction from RLDC while normalizing the system following grid incident/disturbance within reasonable time, the element will be considered not available for the period of outage after issuance of RLDC's direction for restoration.

Appendix-I

SURGE IMPEDANCE LOADING (SIL) OF AC LINES

Sl. No.	Line voltage (kV)	Conductor Configuration	SIL (MW)
1	765	Quad Bersimis	2250
2	400	Quad Bersimis	691
3	400	Twin Moose	515
4	400	Twin AAAC	425
5	400	Quad Zebra	647
6	400	Quad AAAC	646
7	400	Triple Snowbird	605
8	400	ACKC(500/26)	556
9	400	Twin ACAR	557
10	220	Twin Zebra	175
11	220	Single Zebra	132
12	132	Single Panther	50
13	66	Single Dog	10

Appendix-II

FORMULAE FOR CALCULATION OF AVAILABILITY OF EACH CATEGORY OF TRANSMISSION ELEMENTS

$$AV_o(\text{Availability of } o \text{ no. of AC lines}) = \frac{\sum_{i=1}^o \frac{W_i(T_i - T_{NAi})}{T_i}}{\sum_{i=1}^o W_i}$$

$$AV_s(\text{Availability of } s \text{ no. of HVDC pole}) = \frac{\sum_{j=1}^s \frac{W_j(T_j - T_{NAj})}{T_j}}{\sum_{j=1}^s W_j}$$

$$AV_q(\text{Availability of } q \text{ no. of ICTs}) = \frac{\sum_{k=1}^q \frac{W_k(T_k - T_{NAk})}{T_k}}{\sum_{k=1}^q W_k}$$

$$AV_r(\text{Availability of } r \text{ no. of SVCs}) = \frac{\left[\sum_{l=1}^r 0.5 \frac{W_{jl}(T_{jl} - T_{NAjl})}{T_{jl}} + \sum_{l=1}^r 0.5 \frac{W_{cl}(T_{cl} - T_{ACl})}{T_{cl}} \right]}{\left[\sum_{l=1}^r 0.5 W_{jl} + \sum_{l=1}^r 0.5 W_{cl} \right]}$$

$$AV_p(\text{Availability of } p \text{ no. of Switched Bus reactors}) = \frac{\sum_{m=1}^p \frac{W_m(T_m - T_{NAM})}{T_m}}{\sum_{m=1}^p W_m}$$

$$AV_t(\text{Availability of } t \text{ no. of HVDC Back-to-back Blocks}) = \frac{\sum_{n=1}^t \frac{W_n(T_n - T_{NAn})}{T_n}}{\sum_{n=1}^t W_n}$$

Where W_i = Weightage factor for i^{th} transmission line
 W_j = Weightage factor for j^{th} HVDC pole

W_k = Weightage factor for k^{th} ICT
 $W_{I\&C}$ = Weightage factors for inductive & capacitive operation of l^{th} SVC
 W_m = Weightage factor for m^{th} bus reactor
 W_n = Weightage factor for n^{th} HVDC back to back block.

$T_i, T_j, T_k, T_{I_l}, T_{C_l}, T_m \& T_n$ = The total hours of i^{th} AC line, j^{th} HVDC pole, k^{th} ICT, l^{th} SVC (Inductive Operation), l^{th} SVC (Capacitive Operation), m^{th} Switched Bus Reactor & n^{th} HVDC back-to-back block during the period under consideration (excluding time period for outages not attributable to Transmission Licensee for reasons given in Para 6 of the procedure)

$T_{NAi}, T_{NAj}, T_{NAk}, T_{NAl}, T_{NAcl}, T_{NAM}$ = The non-availability hours (excluding the time period for T_{NAi} , outages not attributable to transmission Licensee taken as T_{NAi} , deemed availability as per Para 5 of the procedure) for i^{th} AC line, j^{th} HVDC pole, k^{th} ICT, l^{th} SVC (Inductive Operation), l^{th} SVC (Capacitive Operation), m^{th} Switched Bus Reactor and n^{th} HVDC back-to-back block.

Annexure-VII: Computation of Mean Time Between Failure for Generating Station or Unit

Mean Time Between Failure means the arithmetic mean of time between failures of the Generating Unit, excluding planned outages.

Mean Time Between Failures shall be computed as under:

$$\text{Mean Time Between Failure (MTBF) in days} = \frac{\sum(Dt_i - Ut_i)}{N}$$

Dt = Start of Downtime, i.e., time at which event of tripping of Generator of Generating or Unit has happened;

Ut = Start of Uptime, i.e., time at which Generator has been restored in the grid after preceding forced outage or failure;

N = Number of failures or forced outages in the year; and

n = Time period, i.e., one year

Provided that planned outages, grid failure, zero scheduling, and reserve shutdown shall not be considered for computation of Mean Time Between Failure:

Provided further that the difference between Start of Downtime (Dt) and Start of Uptime (Ut) shall be calculated in days or fractions thereof:

Provided also that the Generating Company shall submit MTBF for each Generating Station or Unit, as the case may be, for respective year at the time of truing up, duly certified by MSLDC.

Mumbai

19 August 2024

Dr. Rajendra G. Ambekar

Secretary,

Maharashtra Electricity Regulatory Commission