

Explanatory Memorandum for Draft MERC (Transaction of Business and Fees and Charges) (Second Amendment) Regulations, 2025

The Maharashtra Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2022 (“**Capex Regulations**”) notified on 12 July 2022 lays down the framework to be followed by all State entities for obtaining the Commission’s in-principle approval for proposed Capital Investment as well as the approval to be granted to the final completed cost.

As per Regulation 4.21 of Capex Regulations, Applicant has to make the payment towards fees as specified by the MERC (Fees and Charges) Regulations, 2017 as amended from time to time for every scheme for which the Applicant is seeking the in-principle approval and revised approval as applicable. The relevant extract of the said Regulation is as given below:

“4.21

Provided also that the Applicant shall make the payment towards fees in the office of the Commission as specified in the MERC (Fees and Charges) Regulations, 2017 as amended from time to time, for every Scheme for which the Applicant is seeking in-principle approval and revised approval, as applicable”

The Commission had already made enabling provisions in the Capex Regulations in respect of the levy of fees for approval of Capital Expenditure Schemes. Accordingly, the Commission has proposed an amendment to the MERC (Transaction of Business and Fees and Charges) Regulations, 2022 to include the fee for seeking approval of Capital Expenditure Schemes.

The Commission has been receiving Schemes/DPR for approval from the Generating Companies and Licensees. The number of Schemes/DPR received for approval has increased substantially in recent times, resulting in an increased workload. Furthermore, the complexity of DPRs necessitates engaging relevant field experts and utilizing resources to review them. The levy of fees will help cover the administrative and operational costs that the Commission incurs in reviewing, evaluating, and approving DPRs. This will include costs related to technical evaluations, financial scrutiny and validations, third-party verifications, and resource deployment to ensure the reports meet regulatory standards. Consequently, the thorough analysis of capital investment schemes will ensure a moderate impact on tariffs, thereby preventing any undue burden on consumers. Since the Commission has already made enabling provisions in the Capex Regulations, it has proposed to levy the fees from the date of publication in the Official Gazette of this amendment to the Capex Regulations.

The proposed addition under the Schedule of MERC (Transaction of Business and Fees and Charges) Regulations, 2022 to include the fees for seeking approval of Capital Expenditure Schemes under (Approval of Capital Investment Schemes) Regulations, 2022 is as given below:

S.No. (1)	Description (2)	Fees (in Rupees) (3)
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18	<p>Proposal for in principle / post facto approval of Capital Investment Schemes as specified under Regulation 4.21 of MERC (Approval of Capital Investment Schemes) Regulations, 2022</p> <p>Provided that fees paid for approval of Capital Expenditure Scheme shall be capitalised on completion of scheme/put to use as specified in the MYT Regulations</p> <p>Provided further that if Capital Expenditure Scheme is not approved/referred back, the fees paid by the Generating Company/ Licensee/SLDC/STU shall be included in the Operation and Maintenance Expense.</p>	<table border="1"> <thead> <tr> <th data-bbox="865 277 959 651">Sr. No</th> <th data-bbox="959 277 1294 651">Capital Investment Schemes of a value exceeding DPR Cost as specified under Regulation 4.1 of MERC (Approval of Capital Investment Schemes) Regulations, 2022, in following slabs</th> <th data-bbox="1294 277 1458 651">Fees (Rs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="865 651 959 696">a</td> <td data-bbox="959 651 1294 696">Rs 1 Crore</td> <td data-bbox="1294 651 1458 696">25,000</td> </tr> <tr> <td data-bbox="865 696 959 786">b</td> <td data-bbox="959 696 1294 786">Rs 25 Crore to 100 Crore</td> <td data-bbox="1294 696 1458 786">1,00,000</td> </tr> <tr> <td data-bbox="865 786 959 875">c</td> <td data-bbox="959 786 1294 875">Above Rs 100 Crore to Rs 300 Crore</td> <td data-bbox="1294 786 1458 875">3,00,000</td> </tr> <tr> <td data-bbox="865 875 959 920">d</td> <td data-bbox="959 875 1294 920">Above 300 Crore</td> <td data-bbox="1294 875 1458 920">5,00,000</td> </tr> </tbody> </table>			Sr. No	Capital Investment Schemes of a value exceeding DPR Cost as specified under Regulation 4.1 of MERC (Approval of Capital Investment Schemes) Regulations, 2022, in following slabs	Fees (Rs)	a	Rs 1 Crore	25,000	b	Rs 25 Crore to 100 Crore	1,00,000	c	Above Rs 100 Crore to Rs 300 Crore	3,00,000	d	Above 300 Crore	5,00,000
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