

**Before the  
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION  
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**Case No. 165 of 2016**

**Date: 21 March, 2017**

**CORAM:**     **Shri. Azeez M. Khan, Member**  
                  **Shri. Deepak Lad, Member**

**In the matter of Petition filed by the Tata Power Company Limited (TPC-D) seeking review of the Tariff Order issued on 21st October, 2016 by the Commission in Case No. 47 of 2016 for approval of Truing up for FY 2014-15, Provisional Truing Up for FY 2015-16 and Aggregate Revenue Requirement for the 3rd Control Period from FY 2016-17 to FY 2019-20.**

The Tata Power Company Limited (TPC-D)

.....Petitioner

Advocate for the Petitioner:

Shri. Rahul Ranade  
Smt. Swati Mehandale

**Daily Order**

Representative of TPC-D made a detailed presentation, on its claim on the following issues regarding which review has been sought.

1. Consideration of actual depreciation rate of 8.69% instead of depreciation rate of 4.75% for supply business approved by the Commission for FY 2014-15
2. Consideration of total DSM Expenses, including staff and miscellaneous expenses, in the truing up of FY 2014-15 to the tune of Rs.2.82 Crore, and clarification with regard to incurring DSM expenses towards staff and miscellaneous expenses which has not been considered for FY 2015-16 & third Control Period
3. Consideration of Transmission Charges collected from Open Access Consumers for FY 2014-15 to the tune of Rs.2.02 crore as revenue for TPC-D
4. Consideration of power purchase cost from Unit 8 according to the PPA allocation, i.e., 60% instead of 48.83% for third Control Period
5. Correction of Energy Balance for FY 2014-15 & FY 2015-16

6. Giving reference of Schedule of Charges as per Review Order dated 25 July,2014 in Case No. 83 of 2014 & Mid-Term Review Order in Case No. 18 of 2015 dated 26 June 2015

Representative of TPC-D stated that the depreciation rates submitted during the MYT proceeding were higher on account of assets comprising IT equipment, software, etc. In the MYT Order, the Commission has taken the approved average depreciation rates of FY 2013-14, even after TPC-D had provided all required details.

The Commission observed that the depreciation rate for assets purchased second hand and on assets not otherwise provided in the Schedule of depreciation of the Regulations is 5.28%. However, TPC-D clarified that a higher depreciation rate is provided for IT assets.

Further, Representative of TPC-D stated that DSM expenses of Rs. 2.82 crore as part of its Aggregate Revenue Requirement (ARR) for FY 2014-15 were excluded from the total O&M expenses to avoid duplication, and has been claimed under a separate head in line with the earlier practice.

The Commission directed TPC-D to produce material showing that employee expenses for DSM are distinct and separate from the employee expenses considered under O&M expenses.

Representative of TPC-D submitted that the energy balance has to be revised for FY 2014-15 and FY 2015-16, considering the changeover sales arrived at after consultation with RInfra-D. The higher sales considered may increase TPC-D's Renewable Purchase Obligation.

The Commission directed TPC-D to submit details within 10 days, of the head-wise asset depreciation considered for FY 2014-15 and supporting material regarding actual employee expenses which are specific to DSM and are hence not covered under O&M expenses.

**The Case is reserved for Order.**

**Sd/-  
(Deepak Lad)  
Member**

**Sd/-  
(Azeez M. Khan)  
Member**