

EXECUTIVE SUMMARY

A. BACKGROUND

- The Hon'ble Commission has issued the MYT Regulations 2011 for the 2nd Control Period (FY 2011-12 to FY 2015-16) on 4th February 2011 which came into force from 1st April 2011. However, expressing concern over the MYT Regulations, MSEDCL has filed a petition on 22nd February 2011 requesting for deferment of implementation of MYT Regulations followed by addendum dated 22nd March 2011 to the said petition seeking reconsideration of MYT Regulations. The Hon'ble Commission heard the petition and by its Order dated August 23, 2011 (Case No. 24 of 2011) has exempted the determination of tariff of MSEDCL under the Multi-Year Tariff framework till March 31, 2013 (i.e., for a period of 2 years).
- Subsequently the Hon'ble Commission has issued Amendment to MERC (Multi Year Tariff) Regulations 2011 on 21st October 2011 providing that the Distribution Licensee exempted from determining tariff under MYT framework shall continue to file the Annual Petitions for approval of ARR and tariff during the period of exemption, in accordance with the MERC (Terms and Conditions of Tariff) Regulations, 2005.
- MSEDCL vide letter no. SE/TRC/MYT FY 13-16/2258 dated 22nd January 2014 has requested the Hon'ble Commission for extension for submission of MYT Petition for Second Control Period for one year considering the uncertainty in the electricity market in India and the difficulty in correct prediction of power purchase, sales and thereby annual revenue requirement.
- Accordingly, MSEDCL is submitting True Up Petition as per provisions of MERC (Terms and Conditions of Tariff) Regulations, 2005. MSEDCL is also submitting the Annual Accounts for the period 1st April 2011 to 31st March 2012 and 1st April 2012 to 31st March 2013 duly audited by the statutory auditors for the purpose of truing up of expenses and revenue for FY 2011-12 and FY 2012-13.

B. FINAL TRUING UP FOR 2011-12

- Based on the audited accounts of MSEDCL, the Aggregate Revenue Requirement (ARR) for FY 2011-12 is determined as Rs. **41,786** Crs. Power Purchase, O&M Expenses, Depreciation, Interest on Working Capital, Incentives/Discounts, Return on Equity and Revenue from Sale of Power are certain areas where true up amount has varied as compared to the amount approved by the Hon'ble Commission. True up for FY 2011-12 and the variation in actual expenditure vis-à-vis the approval of the Commission vide its Order in Case No. 19 of 2012 is summarized below.

Rs. Crs

Sr. No.	Particulars	FY 2011-12 (Approved)	FY 2011-12 (Actual)	Deviation
1	Power Purchase Expenses as per Audited Accounts	31,334	32,920	1,586
1.1	Less: Power Purchase Expenses for ZLS Power	218	218	-
1.2	Net Power Purchase Cost (1.2=1-1.1)	31,116	32,702	1,586
2	Operation & Maintenance Expenses	3,063	3,295	232
2.1	Employee Expenses	2,204	2,299	95
2.2	Administration & General Expenses	290	444	154
2.3	Repair & Maintenance Expenses	569	553	(16)
3	Depreciation, including advance against depreciation	1,014	893	(121)
4	Interest on Long-term Loan Capital	803	845	42
5	Interest on Working Capital and on consumer security deposits	317	709	392
6	Provisions for Bad Debts	567	593	26
7	Other Expenses	9	28	19
8	Income Tax	-	12	12
9	Transmission Charges paid to Transmission Licensee	2,200	2,200	0
10	Contribution to contingency reserves	48	48	-
11	Incentives/Discounts to consumer as per MERC Order	150	221	71
12	Total Revenue Expenditure	39,287	41,547	2,260
13	Return on Equity Capital	849	1,009	160
14	Aggregate Revenue Requirement	40,136	42,555	2,419
15	Less: Non Tariff Income	1,314	1,247	67
16	Less: Income from wheeling charges	17	13	4
17	Less: Income from CSS	4	5	1
18	Add: Net Prior Period Credit / Charges		73	73
19	Add: RLC Refund	443	419	(24)
20	Add: ASC Refund		4	4
21	Aggregate Revenue Requirement from Retail Tariff	39,244	41,786	2,542
22	Revenue As per Audited Accounts	38,135	39,542	1,407
23	Less: Revenue from ZLS Power	321	321	-
24	Net Revenue	37,814	39,221	1,407
25	Revenue Gap	1,430	2,566	1,136

C. TRUING UP FOR 2012-13

- Based on the audited accounts of MSEDCL, the Aggregate Revenue Requirement (ARR) for FY 2012-13 is determined as Rs. **50,089** Crs. Power Purchase, O&M Expenses, Depreciation, Interest on Working Capital, Incentives/Discounts, Return on Equity and Revenue from Sale of Power are certain areas where true up amount has varied as compared to the amount approved by the Hon'ble Commission. True up for FY 2012-13 and the variation in actual expenditure vis-à-vis the approval of the Commission vide its Order in Case No. 19 of 2012 is summarized below.

Rs. Crs

Sr. No.	Particulars	FY 2012-13 (Approved)	FY 2012-13 (Actual)	Deviation
1	Power Purchase Expenses	37,238	35,730	(1,508)
2	Operation & Maintenance Expenses	3,363	4,193	830
2.1	Employee Expenses	2,438	3,121	683
2.2	Administration & General Expenses	314	462	148
2.3	Repair & Maintenance Expenses	611	611	(0)
3	Depreciation, including advance against depreciation	1,309	1,235	(74)
4	Interest on Long-term Loan Capital	1,127	1,266	139
5	Interest on Working Capital and on consumer security deposits	559	717	158
6	Provisions for Bad Debts	756	684	(72)
7	Other Expenses	9	19	10
8	Income Tax	-	65	65
9	Transmission Charges paid to Transmission Licensee	3,105	3,128	23
10	Contribution to contingency reserves	63	-	(63)
11	Incentives/Discounts	157	230	73
12	Total Revenue Expenditure	47,686	47,268	(419)
13	Return on Equity Capital	989	1,234	245
14	Aggregate Revenue Requirement	48,675	48,502	(173)
15	Less: Non Tariff Income	(1,379)	(1,430)	(51)
16	Less: Income from wheeling charges	(18)	(39)	(21)
17	Less: Income from Open Access Charges	(9)	(10)	(1)
18	Add: Net Prior Period Credit / Charges	-	133	133
19	Add: RLC Refund (Non PD Consumers)	500	462	(38)
20	Add: RLC Refund (PD Consumers)	166	-	(166)
21	Add: ASC Refund	-	(2)	(2)
22	Capitalisation of FY 2008-09	228	228	-
23	Additional impact of Hon'ble ATE Order	427	427	-
24	Unrecovered gap approved in Case No. 100 of 2011	405	405	-
25	Provisional Amount of sharing gain - Case No. 21 of 2012	750	750	-
26	Approved Gap of FY 2010-11	(767)	(767)	-
27	Approved Gap of FY 2011-12	1,430	1,430	-
28	Aggregate Revenue Requirement from Retail Tariff	50,409	50,089	(320)
29	Revenue from existing tariff	50,409	44,280	(6,129)
30	Revenue Gap	(0)	5,809	5,809

D. POWER PURCHASE

- MSEDCL has been procuring power from all available sources in order to meet the demand. Actual source wise power purchase expenses for FY 2011-12 and FY 2012-13 is summarized below:

Source	FY 2011-12 (Actual)		FY 2012-13 (Actual)	
	Quantum (MUs)	Cost (Rs. Crs)	Quantum (MUs)	Cost (Rs. Crs)
MSPGCL	43,075	13,178	43,280	17,006
NTPC	20,082	5,272	23,471	5,799
NPCIL	5,127	1,197	4,924	1,238
SSP	1,148	235	974	200
Pench	141	29	108	22
RGPPPL	11,224	4,964	4,904	2,133
Dodson	125	29	84	26
Traders	6,439	2,626	6,312	2,404
NCE	4,425	1,938	5,483	2,390
CPP	1,109	474	1,798	862
Powergrid and Other Charges	-	741	-	1,004
UI, FBSM and IBSM	790	332	26	94
ZLS	476	218	-	-
Medium Term	2,614	1,087	3,064	1,266
IPPs	1,887	601	4,641	1,289
Total Power Purchase by MSEDCL	98,662	32,920	99,068	35,730
Less: ZLS Power not to be Claimed by MSEDCL	476	218		
Total Power Purchase Claimed by MSEDCL	98,187	32,702	99,068	35,730

E. SALES

- Category wise sales for FY 2011-12 and FY 2012-13 are summarized below:

Categories	FY 2011-12		FY 2012-13	
	Approved	Actual	Approved	Actual
Residential	13,103	13,099	15,149	14,439
Commercial + Public Service	5,089	5,067	6,098	6,035
HT-Industrial	25,545	25,074	28,435	25,253
LT-Industrial	5,003	4,957	5,347	5,002
PWW	1,658	1,706	1,727	1,821
Street Light	831	934	831	1,159
Agriculture	22,036	21,643	22,054	20,891
Railways	1,344	1,325	1,460	1,477
Group Hsg Soc	272	271	328	251
Credit Sales and Open Access		495		1,229
Others	66	62	75	58
Sales to DF at Input	6,371	6,936	8,052	7,604
Total	81,318	81,568	89,556	85,218

F. REVENUE

- Category wise revenue for FY 2011-12 and FY 2012-13 is summarized below:

Rs.Crs

Categories	FY 2011-12		FY 2012-13	
	Approved	Actual	Approved	Actual
Residential	5,696	5,800	7,408	7,230
Commercial + Public Service	4,364	4,594	5,734	5,624
HT-Industrial	15,643	16,122	20,138	15,611
LT-Industrial (Inc. Powerloom)	3,216	3,093	3,842	3,538
PWW	681	695	817	795
Street Light	351	385	388	555
Agriculture	4,431	4,641	5,327	5,366
Railways	952	1,009	1,141	1,150
Group Hsg Soc	136	127	178	156
Others *	88	249	115	222
Sales to DF at Input	2,181	2,430	3,441	3,613
Standby Charges	396	397	396	419
Additional FAC			1,483	
Total	38,135	39,542	50,408	44,280

G. ENERGY BALANCE

- MSEDCL has computed energy balance based on the actual power purchase, sales and transmission & distribution losses for FY 2011-12 and FY 2012-13. Energy Balance of MSEDCL for FY 2011-12 and FY 2012-13 is shown in the following table.

Particulars	FY 2011-12 (Actual)	FY 2012-13 (Actual)
Within Maharashtra		
Purchase from MSPGCL	43,075	43,280
NPCIL Tarapur	3,935	3,840
Purchases from other sources & Medium Term	21,378	17,528
ZLS	271	-
Traders	3,541	6,312
IBSM + FBSM	54	26
Other Power on MSEDCL Network	1,599	3804
UI	736	
Total Purchase within Maharashtra	74,590	74,790
Outside Maharashtra		
<i>Central Generating Station + NPCIL + UMPP + Case I + Sardar Sarovar + Pench + Banking</i>	22,570	28,082
Traders	2,898	-
ZLS	205	
Total Purchase outside Maharashtra	25,672	28,082
<i>Inter-State Transmission Loss</i>	4.10%	4.25%
<i>Total Purchase at Maharashtra Periphery</i>	24,620	26,888
<i>Total Power Purchase Payable</i>	100,261	102,872
Total Power Available at Transmission Periphery	99,210	101,678
Energy Available at Distribution periphery		
<i>Intra-state Loss</i>	4.29%	4.24%
<i>Energy at Distribution Periphery injected from 33 kV and above</i>	94,953	97,367
<i>Energy at Distribution Periphery injected and drawn at 33 kv</i>	480	479
<i>Energy at Distribution Periphery</i>	95,433	97,846
<i>Distribution Losses</i>	16.03%	14.67%
<i>Distribution Losses</i>	15,298	14,358
Energy Available for Sale	80,132	83,488

- MSEDCL has achieved a significant reduction in distribution losses, during recent years. These efforts shall continue and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss levels come down. The distribution loss in FY 2011-12 was **16.03%** and in FY 2012-13 it was **14.67%**.

H. SUMMARY OF GAP

- Considering the final true up for FY 2011-12 and FY 2012-13, and the carrying costs, the net revenue gap works out to be Rs. **9,312** Crs.

Particulars	Amount Rs.Crs
Total Revenue Gap for FY 2011-12 and FY 2012-13	6,945
Carrying Cost on Deferred Recovery	1,051
Carrying cost on True Up of FY 2011-12 and 2012-13	1,317
Total Revenue Gap to be recovered	9,312

**This gap is over and above, the allowed recovery of Rs. 285 Crs per month as approved by Hon'ble Commission vide its Orders dated 4th and 5th September 2013.*

I. PROPOSED ADDITIONAL ENERGY CHARGES

- MSEDCL proposes to recover the Revenue Gap in proportion to the Average Billing Rate for the respective category. Since the revised Average Billing Rate for the FY 2013-14 is not available yet, MSEDCL has used the approved figures for Average Billing Rate for FY 2012-13 by Hon'ble Commission in its Order dated 16th August 2012 (Case No. 19 of 2012) for calculation of Additional Energy Charge.
- For recovery of the revenue gap of Rs. 9312 Crs for final true up for FY 2011-12 and FY 2012-13 and the carrying costs, AEC-1 is proposed. Over and above this, Rs. 285 Crs per month already approved for MSPGCL/MSETCL by Hon'ble Commission vide its Orders in September 2013, which will be recovered through AEC-2 as determined in this Petition.
- MSEDCL submits that the proposed Additional Energy Charges shall be over and above the energy charges approved by Hon'ble Commission in its Tariff Order dated 16th August 2012 (Case No. 19 of 2012). Proposed Additional Energy Charges for recovery of the revenue gap and amount already approved for MSPGCL/MSETCL have been shown in following table.

Final True Up for FY 11-12 and FY 12-13
Executive Summary

HT Category	AEC 1-For True Up (Paise/Unit)	AEC- 2 * Sept-13 Orders (Paise/Unit)	Additional Energy Charge (Paise/Unit)	LT Category	AEC 1-For True Up (Paise/Unit)	AEC- 2 * Sept-13 Orders (Paise/Unit)	Additional Energy Charge (Paise/Unit)	LT Category	AEC 1-For True Up (Paise/Unit)	AEC- 2 * Sept-13 Orders (Paise/Unit)	Additional Energy Charge (Paise/Unit)
HT-I - Industries				Domestic (LT-I)				Agriculture (LT-IV)			
HT-I - Cont (Express Feeders)	162	59	221	BPL (0-30 Units)	25	9	34	Unmetered Tariff			
HT-I - NonCont (Non Express Feeders)	153	56	209	1-100 Units	82	30	112	Zones with (Above 1318 Hrs/HP/Annum)			
HT-I - Seasonal Category	187	69	256	101-300 Units	138	51	188	0-5 HP (Rs./HP/Month)	60	22	82
HT-II Commercial				301-500 Units	172	63	235	Above 5 HP (Rs./HP/Month)	60	22	82
Express Feeder	244	90	333	500-1000 Units	187	69	255	Zones with (Below 1318 Hrs/HP/Annum)			
Non-Express Feeder	231	85	316	Above 1000 Units	200	73	273	0-5 HP (Rs./HP/Month)	28	10	38
HT-III Railways	164	60	225	Non Domestic (LT-2)				Above 5 HP (Rs./HP/Month)	28	10	38
HT-IV Public Water Works (PWW)				0-20 KW				Metered Tariff (Including Poultry Farms)	44	16	60
Express Feeders	117	43	160	0-200 Units	149	55	203	LT Industries (LT-V)			
Non-Express Feeders	121	44	165	Above 200 units	229	84	313	0-20 KW	112	41	153
HT-V Agricultural	65	24	89	>20-50 KW	213	78	291	Above 20 KW	179	66	245
HT-VI Bulk Supply	114	42	156	>50 KW	265	98	363	Street Light (LT-VI)			
HT VIII - Temporary Supply	328	120	448	Public Water Works (LT-III)				Grampanchayat A, B & C Class Muni. Council	93	34	127
HT-IX Public services				0-20 KW	58	21	79	Municipal corporation Area	107	39	146
Express feeders	196	72	269	20-40 KW	73	27	100	Temporary Connection (LT-VII)			
Non-Express feeders	185	68	253	40-50 KW	99	37	136	Temporary Connection (Other Purposes)	328	120	448
								Temporary Connection (Religious)	85	31	116
								Advertising and Hording (LT-VIII)	491	180	672
								Crematorium & Burial (LT-IX)	78	29	107
								LT X - Public services			
								0-200 Units	117	43	160
								>200 units	175	64	240
								>20-50 kW	199	73	272
								>50 kW	210	77	286

* AEC-2 is in lieu of amount already approved Vide MERC Orders in September 2013

J. ADDITIONAL SUBMISSION OF MSEDCL

- MSEDCL submits that MSEDCL is passing through a precarious and critical financial situation, which has resulted in MSEDCL availing short term loan from the financial institutions as well as has deferred payments to generators / contractors / employees etc.
- Even though the Hon'ble Commission has allowed certain claims of MSEDCL while disposing off the review petition of the Tariff Order for FY 2012-13, the Hon'ble Commission has not allowed immediate recovery of the same, which has been deferred till the exercise of final true up for year FY 2012-13 is completed. This has put additional burden on the already depleted financial condition of MSEDCL.
- As per the provisions of the MERC (Multi Year Tariff) Regulations, 2011, only after the approval of Business Plan, MSEDCL will have to file a MYT Petition with Tariff proposal for FY 2013-14 to FY 2015-16. MSEDCL submits that Hon'ble Commission has disposed off the Business Plan Petition for MSEDCL (Case No. 134 of 2012) only in August 2013. Therefore, MSEDCL did not get revised tariff on 1st April 2013. This has also added the burden on the depleted financials of MSEDCL.
- In the Business Plan Order dated 26th August 2013, Hon'ble Commission has directed that the approved Business Plan shall form the basis for filing the MYT Petition for the second Control Period. The Hon'ble Commission further directed MSEDCL to submit the MYT Petition within 60 days from the date of issuance of the Business Plan Order. However, due to certain practical difficulties, various pending tariff related matters, proposed change in the legislation and litigation issues related to payment of fixed charges to RGPPL, it is becoming very difficult for MSEDCL to project their Annual Revenue Requirement for MYT Second control period.
- MSEDCL vide letter no. SE/TRC/MYT FY 13-16/2258 dated 22nd January 2014 has requested the Hon'ble Commission for extension for submission of MYT Petition for Second Control Period for one year considering the uncertainty in the electricity market in India and the difficulty in correct prediction of power purchase, sales and thereby annual revenue requirement.

- MSEDCL submits that during the month of September 2013, Hon'ble Commission has allowed recovery of Rs.5,342 Crs which were pertaining to MSPGCL and MSETCL. MSEDCL did not get any share from these charges. Due to delay in revised tariffs, MSEDCL has not received revised tariffs for last 2 years and it has been in a precarious financial situation and urgent dispensation of the present Petition is required so as to financially sustain.
- MSEDCL submits that the than the prescribed in SoP Regulations electricity supply is being sanctioned / released at lower voltages only under exceptional circumstances and that too only as an interim solution. MSEDCL further feels that there is need to impose to change in Contract Demand for the applicability of the current provisions regarding Billing Demand.
- MSEDCL submits that all the above matters are very important for the viability of the running of the MSEDCL. Due to these matters, MSEDCL has been losing significant amount of revenue. However, as directed by Hon'ble Commission in its various Orders, MSEDCL has been complying with the directives of Hon'ble Commission. However, most of the matter pertains to the tariff determination process. Therefore, MSEDCL would like to submit that the details about these matters during the proceedings of the MYT Petition.

K. INTERIM RELIEF

- Considering the present precarious financial situation, MSEDCL requests Hon'ble Commission to provide an interim relief as per the provisions of the Section 94 (2) of the Electricity Act 2003 before finalising the final true up of FY 2011-12 and FY 2012-13. MSEDCL further submits that it is seeking the Interim Relief for the deviation in power purchase cost, revenue etc. along with carrying cost. MSEDCL submits that these deviations are uncontrollable in nature and beyond the control of MSEDCL.
- In line with the above submission, MSEDCL most respectfully prays to the Hon'ble Commission pending final disposal of the Petition of Final true up of FY 2011-12 and FY 2012-13, an Interim Relief to the extent of at least 75% of the proposed Revenue Gap may be provided as per the provisions of the Section 94 (2) of the Electricity Act 2003.

L. PRAYERS

- MSEDCL most respectfully prays to the Hon'ble Commission:
 1. To immediately admit the Petition seeking Final True up of FY 2011-12 and Final True Up of FY 2012-13 as per the provisions of MERC (Terms and Conditions of Tariff) Regulations, 2005;
 2. To approve the Final True up of FY 2011-12 and Final True Up of FY 2012-13 as submitted by MSEDCL;
 3. To allow the carrying cost on the final trued amount of FY 2011-12 and FY 2012-13 as submitted by MSEDCL;
 4. To allow to recover the revenue gap by way of additional charge AEC-1 as proposed by MSEDCL for different categories of consumers;
 5. To approve the cross subsidy surcharge as worked out by MSEDCL considering AEC-1 and AEC-2 which will be applicable for existing as well as new Open Access consumers;
 6. Pending final disposal of the Petition of Final true up of FY 2011-12 and FY 2012-13, an Interim Relief to the extent of at least 75% of the proposed Revenue Gap may be provided as per the provisions of the Section 94 (2) of the Electricity Act 2003.
 7. To grant any other relief as the Hon'ble Commission may deem fit;
 8. To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;
 9. To condone any error/omission and to give opportunity to rectify the same;
 10. To permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time.