

EXECUTIVE SUMMARY

A. Background

Considering the concerns expressed by MSEDCL about certain provisions of MYT Regulations 2011, Hon'ble Commission vide Order dated 23rd August, 2011 (Case No. 24 of 2011) has exempted the determination of tariff of MSEDCL under the Multi-Year Tariff framework till 31st March, 2013 (i.e. for a period of 2 years).

Hon'ble Commission on 26th August 2013 disposed of the MYT Business Plan Petition of MSEDCL. In the said Order, Hon'ble Commission directed MSEDCL to submit the MYT Petition within 60 days from the date of issuance of the Business Plan Order. However, MSEDCL expressed its inability to submit the MYT Petition within the stipulated period and sought extension for submission of the MYT Petition. Considering MSEDCL's request Hon'ble Commission allowed extension to MSEDCL for submission of MYT Petition. Thereafter, MSEDCL sought extension for submission of MYT Petition citing various reasons and uncertainties in the electricity market.

However, Hon'ble Commission in its Interim Order dated 3rd March 2014 in Case No. 38 of 2014 has directed MSEDCL to submit its MYT Petition by 31st May, 2014. Accordingly, MSEDCL has submitted its MYT Petition for Second Control Period FY 13-14 to FY 15-16 as per provisions of MERC (MYT) Regulations, 2011 and based on the latest available information for FY 2013-14 on 7th June 2014.

Subsequently, Audited Accounts for FY 2013-14 were available. Accordingly, on 4th December MSEDCL has submitted its revised MYT Petition for Second Control Period FY 13-14 to FY 15-16 as per provisions of MERC (MYT) Regulations, 2011 and based on the Audited Accounts of FY 2013-14. Technical Validation Session (TVS) regarding the same was held at MERC on 24th December 2014. Hon'ble Commission raised some data gaps and queries on the MYT Petition from Hon'ble Commission and Authorised Consumer Representatives. As a result of compliance to the Data Gaps, the net revenue gap to be recovered from Tariff has changed and Hon'ble Commission has directed MSEDCL to file revised Petition considering the revision in data and compliances of data gaps. Accordingly, MSEDCL hereby is submitting the revised

Petition for FY 2013-14 to FY 2015-16 considering Audited Accounts for FY 2013-14 and modified projections of FY 2014-15 and FY 2015-16.

B. Sales Projections

MSEDCL has considered the actual sales for FY 2013-14 and first half (upto Sept-14) of FY 2014-15 and estimated the sales for balance period of FY 2014-15. For projecting sales for FY 2015-16, MSEDCL has used the historical trend method which is reasonably accurate and well accepted method for estimating sales. Accordingly, MSEDCL has used the year on year, 3 year and 5 year CAGR of category wise sales during the past years. Wherever it is observed that the trend is unreasonable or unsustainable, the growth factors have been corrected to arrive at more realistic projections.

Considering the category wise CAGRs and actual sales for FY 2013-14, MSEDCL has projected the sales for Second Control Period as shown in following Table.

MUs

Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (Projected)	FY 2015-16 (Projected)
HT Category			
HT I - Industry	22,454	24,096	25,707
HT-II Commercial	1,867	2,102	2,138
HT-III Railways	1,435	1,428	1,493
HT-IV Public Water Works (PWW)	1,152	1,152	1,271
HT-V Agricultural	802	865	995
HT-VI Bulk Supply	214	208	214
HT VIII - Temporary Supply	4	4	4
HT-IX Public services	700	825	882
HT X -Port	37	74	74
HT-MSPGCL AUX.SUPPLY	14	70	70
TOTAL HT Category	28,679	30,824	32,849
LT Category			
BPL (0-30 Units)	138	105	138
Consumption > 30 Units per month	15,013	16,514	18,166
Total Domestic	15,152	16,618	18,304
Non Domestic (LT-2)	3,573	3,786	4,091
Public Water Works (LT-III)	588	618	649
Unmetered Tariff	9,991	9,450	8,976
Metered Tariff (Including Poultry Farms)	10,817	12,115	13,437
Total Agriculture (LT-IV)	20,808	21,565	22,413
LT Industries (LT-V)	5,373	5,736	6,209
Street Light (LT-VI)	1,263	1,450	1,613
Temporary Connection (LT-VII)	21	17	17
Advertising and Hording (LT-VIII)	3	3	3
Crematorium & Burial (LT-IX)	2	2	2
LT X - Public services	84	163	174
LT - Prepaid	12	14	14
P.D. Consumers	(20)	(5)	
Total LT Category	46,859	49,967	53,489
Credit Sales	731		
OA Sales	3,414		
MSEDCL sales	79,683	80,791	86,338
Category wise sales of DF	5,949	6,398	6,980
MSEDCL Total sales	85,631	87,189	93,316

C. Power Purchase

MSEDCL intends to procure power from all contracted sources. The Source wise power purchase expenses have been considered based on the actual data for FY 2013-14 and first half (upto Sept-14) of FY 2014-15 and estimated the power purchase for balance period of FY 2014-15. MSEDCL has projected the power purchase for FY 2015-16 considering the estimated power purchase for FY 2014-15 which is summarized below:

Sources	FY 2013-14 (Actual)			FY 2014-15 (Projected)			FY 2015-16 (Projected)		
	MUs	Rs. Crs	Rs./kWh	MUs	Rs. Crs	Rs./kWh	MUs	Rs. Crs	Rs./kWh
MSPGCL	41,336	14,862	3.60	44,398	16,891	3.80	51,087	16,446	3.22
NTPC	24,821	6,783	2.73	25,354	7,908	3.12	27,025	9,033	3.34
NPCIL	5,033	1,213	2.41	5,564	1,367	2.46	5,550	1,440	2.60
SSP	1,539	316	2.05	811	166	2.05	1,200	246	2.05
Pench	131	27	2.05	109	22	2.05	130	27	2.05
RGPPL	1,438	470	3.27						
Dodson	86	27	3.10	119	28	2.34	120	28	2.35
JSW	1,978	614	3.10	2,061	596	2.89	1,927	570	2.96
Adani Power	9,593	2,736	2.85	15,598	4,807	3.08	17,587	5,325	3.03
Mundra UMPP	4,908	1,220	2.49	4,955	1,193	2.41	5,158	1,228	2.38
IndiaBulls	1,034	334	3.23	2,174	682	3.14	5,319	1,915	3.60
NCE	6,409	3,347	5.22	8,834	4,890	5.54	11,218	6,671	5.95
CPP	1,274	377	2.96	1,094	261	2.39	1,977	523	2.64
EMCO Energy	69	19	2.71	1,366	377	2.76	1,370	374	2.73
Traders	1,697	525	3.09	1,952	746				
Others	(1,232)	1,055		57	1,246			1,259	
Total	100,115	33,922	3.39	114,448	41,181	3.60	129,669	45,085	3.48

Others include FBSM, UI and PGCIL Charges

D. Energy Balance

MSEDCL has computed energy balance based on the availability of power, sales forecast and transmission and distribution losses for the Second Control Period.

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. In view of this, it is assumed that the distribution loss in FY 2014-15 and FY 2015-16 shall be reduced by 0.25% per annum.

Based on the Power Procurement Plan for FY 2014-15 and FY2015-16 and projected sales and considering reduction of 0.25 % per annum in Distribution Loss and remaining power available for trading, MSEDCL has calculated the energy balance. Based on this, Energy Balance of MSEDCL for all three years is shown in the following table.

S.No.	Particulars	Units	FY 2013-14	FY 2014-15	FY 2015-16
			(Actual)	(Projected)	(Projected)
1	Within Maharashtra				
a	Purchase from MSPGCL	MUs	41,336	44,398	51,087
b	NPCIL Tarapur	MUs	3,865	4,530	4,500
c	Purchases from other sources & Medium Term	MUs	21,881	31,247	39,519
d	Traders	MUs	1,697	1,952	
e	IBSM + FBSM	MUs	(1,232)	57	
f	Other Power on MSEDCL Network	MUs	4,459		
g	Infirm Power	MUs	570		
A	Total Purchase within Maharashtra	MUs	72,576	82,184	95,105
2	Outside Maharashtra				
a	Central Generating Station + NPCIL + UMPP + Sardar Sarovar + Pench + Banking	MUs	32,568	32,264	34,563
3	Total Purchase outside Maharashtra	MUs	32,568	32,264	34,563
d	Inter-State Transmission Loss	%	5.53%	5.16%	5.07%
e	Total Purchase at Maharashtra Periphery	MUs	30,768	30,600	32,811
f	Total Power Purchase Payable	MUs	105,145	114,448	129,669
B	Total Power Available at Transmission Periphery	MUs	103,344	112,783	127,916
4	Energy Available at Distribution periphery				
a	Intra-state Loss	%	4.08%	4.08%	4.08%
b	Energy at Distribution Periphery injected from 33 kV and above	MUs	99,128	108,182	122,697
c	Energy at Distribution Periphery injected and drawn at 33 kv	MUs	447	447	447
d	Energy at Distribution Periphery	MUs	99,575	108,629	123,144
e	Distribution Losses	%	14.00%	13.75%	13.50%
f	Distribution Losses	MUs	13,944	14,940	16,628
C	Energy Available for Sale	MUs*	85,631	93,689	106,516
a	Retail Energy Sale to Consumers	MUs	85,631	87,189	93,316
D	Surplus Energy available for Trading	MUs	484	6,500	13,200

* The Energy Balance for FY 13-14 is prepared considering the Audited figures of sales to MSEDCL consumers and power purchase as per the audited annual accounts.

E. Segregation of Wires and Supply Business

Hon'ble Commission in its Order dated 26th August 2013 in the matter of approval of Multi Year Tariff Business Plan for the second Control Period from FY 2013-14 to FY 2015-16 (Case No. 134 of 2012) has approved the % segregation of wires and supply business. MSEDCL has considered the same.

Particulars	Wires Business	Supply Business
Power Purchase Expenses Fixed Charges	5%	95%
Power Purchase Expenses Variable Charges	0%	100%
Employee Expenses	75%	25%
Administration & General Expenses	75%	25%
Repair & Maintenance Expenses	95%	5%
Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on Working Capital	100%	0%
Other Finance Charges	90%	10%
Provision for Bad Debts	10%	90%
Other Expenses	0%	100%
Income Tax	90%	10%
Transmission Charges paid to Transmission Licensee	0%	100%
Contribution to contingency reserves	90%	10%
Incentive and Discounts	0%	100%
Return on Equity Capital	90%	10%
Non Tariff Income	0%	100%
Income from wheeling charges	100%	0%

F. ARR for Second Control Period

Aggregate Revenue Requirement of MSEDCL for Second Control Period is projected considering the Audited data for FY 2013-14, projections for FY 2014-15 and FY 2015-16 and Provisions of MERC (MYT) Regulation, 2011.

Rs. Crs

Particulars	FY 2013-14 (Actual)	FY 2014-15 (Projected)	FY 2015-16 (Projected)
Power Purchase Expenses (including inter-State transmission charges)	33,922	41,181	45,085
Operation & Maintenance Expenses	5,320	6,289	7,123
Depreciation Expenses	1,859	2,088	2,289
Interest on Long-term Loan Capital	1,438	1,446	1,501
Interest on Working Capital and on consumer security deposits	1,129	2,445	962
Provisioning for Bad & Doubtful Debts	353	353	353
Other Expenses	256	93	98
Income Tax	103	103	103
Transmission Charges - intra-State	5,604	5,490	6,320
Contribution to contingency reserves	-	95	105
Incentives/Discounts	219	230	242
Prior Period Expenses	739	-	-
Total Revenue Expenditure	50,942	59,812	64,181
Return on Equity Capital	1,517	1,665	1,784
Aggregate Revenue Requirement	52,459	61,477	65,965
Less: Non Tariff Income	1,640	1,722	1,807
Less: Income from wheeling charges	19	20	21
Less: Income from Open Access Charges	404	424	445
Add: RLC refund	402	488	-
Aggregate Revenue Requirement from Retail Tariff	50,798	59,800	63,692
Less: Revenue from Sale of Power	50,961	54,020	59,419
Less: Revenue from Trading of Surplus Power	98	2,339	4,590
Revenue Gap	(261)	3,442	(316)

Considering the revenue gap for FY 2013-14 to FY 2015-16, Balance Revenue Gap of Final True Up of FY 11-12 and FY 12-13 in Case No. 38 of 2014, Refund of difference of Continuous and Non- Continuous Tariff in Case No. 105 of 2013, disallowed Capex Related expenses for FY 2007-08 and Income Tax for FY 2011-12 & FY 2012-13, the total revenue gap works out to be Rs. **4,717** Crs as shown in the following table.

Particulars	Amount (Rs. Crs)
Revenue Gap for FY 2013-14	(261)
Revenue Gap for FY 2014-15	3,442
Revenue Gap for FY 2015-16	(316)
Balance Gap in Final True Up for FY 11-12 and FY 12-13	1,639
Impact of APTEL Order on Capex Related Expenses	54
Refund as per MERC Order (Case No.105 of 2013)	83
Income Tax disallowed in Case No. 38 of 2014	77
Total Revenue Gap of MSEDCL	4,717

G. Suggestions about Tariff Design

○ **Cost Recovery and Economic Use of Electricity**

MSEDCL submits that the present Petition is based on full cost recovery model of the total revenue gap computed for MYT control period. MSEDCL is of the opinion that since available period for recovery through MYT in current MYT control period is around one year only, it needs to work on commercial principles to sustain growth and avoid any financial losses. MSEDCL further requests the Hon'ble Commission may provide such provisions in order where by electricity is used efficiently by all consumers and consumers pay reasonable tariffs. Such guidelines / provisions may help MSEDCL and Consumers giving signals for restricting consumption / efficient use of electricity and bring in discipline in consumption by having appropriate price indicators.

○ **Rationalization of Fixed Cost**

Considering the improved power supply position in the State, uninterrupted supply of power to majority of consumers and mismatch between fixed cost payments against fixed charges recovery, MSEDCL has proposed rationalizing the Fixed/Demand Charges for various categories by around 15% and 25% in Domestic Category. This is in line with the Hon'ble Commission's observation that the recovery of fixed costs should come from fixed charges and the fixed charge component of tariff needs to be gradually increased in due course to cover the actual fixed costs incurred.

○ **Merger of Continuous and Non Continuous Category**

With the concentrated efforts and additional availability of power, MSEDCL has withdrawn the load shedding in majority of the State (almost 85% of Feeders). MSEDCL submits that with sufficient power availability time has come to do away with the bifurcation of continuous and non continuous categories. Therefore MSEDCL has proposed to bridge the gap between continuous and non continuous categories and have Tariffs for these two sub categories in such a manner that resultant tariff component (Fixed as well as Energy Charge) payable

by both the type of (continuous and non continuous) consumers on express and non express feeders may be same.

○ **Introduction of New Tariff Slabs for Domestic Category**

The present telescopic slabs and tariff in the Domestic categories has been in practice since long time and the change in socio- economic status & electricity usage requires reviewing the present telescopic slabs.

Based on the discussions at various levels and issues in the present slab structure of domestic category, it is proposed to have various slab structure for domestic category of consumers based on the monthly consumption.

The Tariffs for first Two Sub-Categories which comprise of around 80% of the total domestic consumers are proposed for realigning the consumption keeping in view the paying capacity and monthly electricity requirement.

- (i) **Below Poverty Line** : Consumption less than 30 Units Per Month
(ii) **Other Domestic** : Consumption more than 30 Units Per Month

1. Consumption Upto 125 units per month
a) 0-75 Units
b) 76 - 125 Units
2. Consumption 126 to 300 units per month
a) 0-125 Units
b) 126 - 300 Units
3. Consumption 301 to 500 units per month
a) 0-125 Units
b) 126 - 300 Units
c) 301 - 500 Units
4. Consumption 501 to 1000 Units per month
5. Consumption above 1000 Units per month

In Slabs at Sr. No. 1 to 3 above, MSEDCL proposes to have sub slabs (telescopic tariffs) considering the paying capacity and monthly electricity requirement. Further, for slab 0-75 Units (Consumption up to 125 units per month), MSEDCL has not proposed any change in tariff. For Slabs at Sr. No. 4 and 5 above, considering the luxurious usage and paying capacity, MSEDCL has proposed uniform rate for entire consumption.

○ **Tariff for Agriculture Consumers**

Historically and rightly so, agriculture consumers have lower subsidized tariffs considering the capacity to pay as envisaged in the National Tariff Policy (NTP) . Considering the difficulties and hardships faced by the Agriculture consumers, MSEDCL has proposed no increase in the tariffs for Agriculture consumers.

○ **Tariff for LT Industrial above 20 kW**

Recently Hon'ble Commission has issued various Orders in respect of MSPGCL and MSETCL. Further, Hon'ble Commission also issued Interim Order for MSEDCL in March 2014. Considering the methodology approved by Hon'ble Commission, the energy charge for LT V – Industrial above 20 kW (above 27 HP) has been higher than the energy charge for HT Industrial (Express Feeders). At various Forums, the Consumers, Consumer Representatives have raised this issue and requested to rationalize the same. To minimize this, MSEDCL has proposed that the energy charge for consumers of LT V – Industrial above 20 kW (above 27 HP) category shall be brought down to the level of energy charge of HT Industrial Category.

○ **ToD Rebate for Night Consumption to be rationalised**

The impact of increased ToD on shifting of day consumption to night has not been as envisaged. MSEDCL submits that the demand during the day or night is nearly similar and the load curve is almost flattened. Therefore, this additional benefit is being enjoyed by few select consumers and the burden of the same is getting spread on to the other consumers of MSEDCL.

MSEDCL feels that the uniform benefit of ToD must be available without any discrimination to eligible consumers operating in shifts. As a first step, MSEDCL has proposed a reduction in the ToD Rebate applicable for night consumption. MSEDCL has proposed a revised ToD Rebate for night consumption of Rs. 1.50 per Unit which is still higher than the ToD Rebate approved by Hon'ble Commission in its Order in Case No. 19 of 2012.

○ **PF Incentives to be rationalised**

Maharashtra has always been a progressive State and has always promoted the efficient use of electricity. Hon'ble Commission has taken an initiative and incentivised power factor improvement beyond 95% to encourage consumers to adopt energy efficient practices and better load management. Hon'ble Commission has determined the Power Factor incentives for PF of 0.99 and higher such that, if the PF is 0.99, then the reduction in the electricity bills will amount to 5% and for unity PF, the reduction will be 7% considering the fact that a higher power factor is beneficial to the Grid. MSEDCL feels that maintaining Grid discipline is responsibility of all and the Power Factor incentive needs to be gradually reduced. Therefore has proposed to revise the power factor incentive to 5% for Unity PF.

○ **Tariff for Street Light**

Energy efficiency is beneficial for all; however as proper cost signals are not available, the consumers are not shifting to energy efficient lighting system. Lot of Municipal Corporations and Other Local bodies don't use the street lighting effectively. Many a times the street lights remain switched on even during daytime since there are no proper price signals. Proper economic signals will also assist in reduction of wasteful consumption which will be a win-win situation for both. Therefore, MSEDCL proposed to rationalize the Tariffs for Street Lighting for Gram Panchayat A, B & C Class Municipal Councils to the level of average cost of supply for FY 2014-15 and for Municipal Corporation Area around 5% more than the average cost of supply for FY 2014-15.

○ **Inter State Tariff**

Historically depending upon the prevailing circumstances and in pursuance to the Section 27 of the Indian Electricity Act 1910 (now repealed) erstwhile Maharashtra State Electricity Board has released power supply to consumers from neighboring States situated in villages adjacent to State Border.

Similarly, MSEDCL is also receiving power from other States. In present circumstances, presently it is not possible for MSEDCL to make power supply to many of the consumers receiving power supply from neighboring States.

MSEDCL on the basis of present provisions of Tariff has proposed changes in category of all such consumers from neighboring States situated in villages adjacent to State Border and further proposes making following provisions for such Inter-State Supply.

- (i) For Individual Consumers prevailing MERC Tariff based on the Type of the Usage
- (ii) For Bulk supply at single point and further distribution to various consumers, the tariff applicable may be determined by the Hon'ble Commission.
- (iii) In case there is an exchange of power between the two States, then such billing shall be done by netting off the energy and may be billed as per mutually agreed rate.

○ **Creation of new HT Residential Category and removal of Bulk Supply**

MSEDCL has proposed to do away with the HT Bulk Supply Category. As per Hon'ble Commission's directives, the commercial category consumers requiring a single point supply will have to either operate through a franchisee route or take individual connections under relevant category.

MSEDCL has further proposed to introduce the HT Residential category wherein the consumers who have taken power supply on High Tension for residential purpose shall be billed as per the new HT Residential category.

- **New Category for Govt. Owned/Managed Educational Institutions & Hospitals**

MSEDCL has proposed to have a separate consumer category consisting of all Government owned, managed and operated educational institutions including higher educational institutes (viz. Zilla Parishad/ Municipal Council or Corporation Schools, Govt. Medical/Engineering Colleges etc) but excluding Government aided educational institutes. Similarly, the said category is also proposed to include Government owned, managed and operated hospitals (viz. District Civil Hospitals, Primary Health Centre etc.) and it is further proposed that tariffs of such consumers may be to the level of average cost of supply for FY 2014-15.
- **Cross subsidization among various categories**

National Tariff Policy envisages that the consumer tariff should progressively reflect the cost of supply of electricity. MSEDCL submits that presently the tariffs of some categories are more than the limits of $\pm 20\%$ of average cost of supply as specified in the National Tariff Policy. Considering this fact, MSEDCL has rationalised the tariffs of certain categories so as to bring their tariffs nearer to the average cost of supply. Due to this, a decline in tariffs of some of the categories is seen. This way MSEDCL has rationalised the cross subsidy is being paid by these categories.

H. Other Suggestions

- **Decisions of various Regulatory Forums**

ARR has been arrived at on the basis of firmed up data from various Utilities like MSPGCL, MSETCL, RGPPL, NTPC and IPPs etc. which may revise due to decisions by the appropriate regulatory forums and judicial authorities. This is likely to have an additional impact on revenue gap, which cannot be estimated at this stage. MSEDCL requests that Hon'ble Commission may consider such impact when arrived may permit recovery of the same with appropriate mechanism with immediate effect. This will also be applicable for other legal cases which MSEDCL is challenging or has already challenged before various Legal/Judiciary forums.

○ **Standby charges for CPP**

MSEDCL has proposed to revise the existing provision for standby charges for CPP (both embedded and non-embedded) as follows:

*HT Industrial consumers having captive generation facilities synchronized with the grid will pay **additional demand charges of Rs. 20 per kVA per month** only for the **sanctioned** standby contract demand component, and in the case when the recorded demand exceeds the contract demand then normal demand charges will be applicable for the recorded demand upto the standby demand component. Beyond the total demand (Contract Demand + Standby Demand) penalty for exceeding CD will be applicable.*

○ **Billing Demand during Off-Peak Period**

MSEDCL has requested the Hon'ble Commission to consider modifying the present provision in respect of "Billing Demand" and the Demand recorded during off peak hours also needs to be considered for billing purpose. Similarly, MSEDCL also suggests that such consumers who have exceeded Contract Demand during night hours should also not be considered as eligible for "Load Factor Incentive".

○ **Increase in Load level for release of Connections as per SoP Regulations 2014**

As per the provisions of the SoP regulations 2014, MSEDCL has been releasing connections wherever possible. However, considering the increased load levels and available infrastructure, MSEDCL may face constraints to release connections at higher load as prescribed in SoP Regulations 2014. MSEDCL submits that due to release of connections at revised load levels, the system distribution loss may increase by about 0.1% to 0.2% which translates into ~Rs. 50 Crs to Rs. 100 Crs per year and this distribution loss may permanently prevail in the system. Therefore, in order to avoid the financial burden on the common consumers of MSEDCL, Hon'ble Commission may allow to charge 2% Voltage Surcharge to consumers released on low voltage than prescribed SOP. MSEDCL also requests the Hon'ble Commission to consider the impact of said provisions while deciding the distribution loss reduction trajectory for MSEDCL.

○ **ToD Rebate to Captive Solar Generators**

MSEDCL has requested the Hon'ble Commission for extending ToD Night rebate to captive solar generators, the ToD–A Zone Units less daily solar generation units may be considered.

○ **Other Tariff related issues**

▪ **Tariff for Mobile Towers**

Mobile towers are devices that transmit and process the telecommunication signals and there is no Manufacturing or Industrial Activity. Considering the fact that , there has been no Industrial activity of manufacturing, production or such related activities, MSEDCL has proposed that the Tariff for Mobile Towers shall be Commercial (LT II or HT II as the case may be).

▪ **Tariff for Charging of Hybrid Vehicles**

The hybrid vehicle development is in nascent stage in India. However world wide the technology is being developed and accepted for the mass utilization in future. Considering the future demand and coverage there will be demands of charging stations at various locations. Therefore, MSEDCL submits that the commercial outlets charging Hybrid vehicles shall be charged as per the commercial tariff (LT II or HT II as the case may be) and individuals charging the Hybrid Vehicles at residential, commercial or industrial premises shall be charges as per the parent category of the usage.

▪ **Load Factor Incentives**

With the improved power availability and 24X7 supply, MSEDCL feels that the formula for load factor calculation needs revision. MSEDCL feels that time has come to do way with the in-built provision of Interruption/non-supply to the extent of 60 hours in a 30 day month. Therefore has proposed that following provision *“All interruption/non-supply in a 30 day month is to be deducted from total hours in the month”* needs to be replaced in place of existing provisions of 60 hours of in-built provision of Interruption/non-supply. Accordingly, the eligibility for load factor incentive will be revised and

maximum Load Factor Incentive of 15% is to be given on 100% Load Factor considering present supply scenario.

▪ **Supply to Other Licensees**

MSEDCL has proposed that the supply to all the SEZs in the MSEDCL License area may be as per the following methodology. Demand charges for the demand component demanded from MSEDCL may be Rs 600 per kVA per month. The energy charges for standby power will be billed on block wise frequency base UI rate or MSEDCL Marginal Price (including IEX), whichever is higher. Over-drawl units (i.e. Actual drawal units by Deemed Distribution Licensee minus [Scheduled units by the Generator of Deemed Distribution Licensee plus Scheduled units by MSEDCL against standby supply]) will be charged as per the SMP/ UI charges or temporary tariff of MSEDCL whichever is higher. Considering the social obligations of the Government Organizations, MSEDCL submits that in case of the SEZs owned/managed/controlled by Government of Maharashtra, the electricity supply may be as per the mutually agreed terms and conditions.

▪ **Tariff for Small Shops Operated from Home**

Hon'ble Commission in its Tariff Order dated 16th August 2012 opined that for consumers who consume less than 300 units a month need not be subject to different tariffs. Accordingly, Hon'ble Commission decided that categories of consumers who consume less than 300 units a month would be applied the tariff of LT-I. Hon'ble Commission further ruled that all consumers under LT-II, LT-V and LT-X who consume less than 300 units a month, and who have consumed less than 3600 units per annum in the previous financial year would be applied the tariff of LT-I.

MSEDCL proposes that the Non-Residential/Commercial, Industrial or Public Service Categories may not be extended this benefit since the basic objective of the proposal was to provide relief to small shop owners running commercial activities from home. Further, this is against the basic principle of tariff design on the basis of the purpose of usage of Electric supply.

Therefore, MSEDCL proposes that the relief of domestic category may be extended to only residential category consumers operating small shops from their home.

I. Tariff Applicability

Hon'ble Commission in its Tariff Order dated 16th August 2012 has approved an exhaustive Tariff Applicability considering the modification in applicability suggested by MSEDCL. However, still there have been few ambiguities in the Tariff Applicability and considering this; MSEDCL has proposed few more modifications in the present Tariff Applicability as appearing in the tariff booklet.

MSEDCL further submits that FY 2013-14 of the control period is already over and by the time this Petition is processed by Hon'ble Commission, considerable time of FY 2014-15 would have also been elapsed. Considering this situation, MSEDCL requests Hon'ble Commission to allow MSEDCL to recover the revenue gap in 12 months (From April 2015 to March 2016). Considering the shorter period of recovery and Hon'ble Commission has still to finalize the road map and its philosophy on cross subsidy, MSEDCL has not proposed the road map for cross subsidy reduction. However, in the present Petition, MSEDCL has proposed tariff for various categories in such manner to bring the consumer Tariff nearer to the average cost of supply.

Wheeling Charges

Considering the Network and supply cost segregation ratio and the methodology approved by Hon'ble Commission in its Review Order dated 2nd December 2010 and distribution loss 0.5% less (0.25% reduction for FY 2014-15 and 0.25% reduction for FY 2015-16) than opening distribution loss FY 2013-14 (as approved in its Order dated 29th October 2013) for consumers seeking open access at LT level, MSEDCL has proposed the wheeling charges and wheeling losses at HT and LT level for FY 2014-15 and FY 2015-16 as summarized in following table:

Particulars	FY 2014-15		FY 2015-16	
	Wheeling Loss %	Wheeling Charges (Rs./kWh)	Wheeling Loss %	Wheeling Charges (Rs./kWh)
33 kV level	6%	0.23	6%	0.22
22/11 kV level	9%	1.27	9%	1.23
LT Level	12.25%	2.17	12%	2.11

Cross Subsidy Surcharge

Considering the methodology adopted by Hon'ble Commission in its Order in Case No. 43 of 2010 dated September 09, 2011 and subsequent Orders for determination of cross subsidy surcharge and projected ARR for FY 2014-15 and FY 2015-16, MSEDCL has proposed Cross Subsidy Surcharge, which is summarised in the following tables:

Sr. No.	Category	Sub category	CSS for FY 2014-15
			Rs/unit
EHV			
1	HT-I Industrial	Express Feeders	4.44
		Non-Express Feeders	3.66
		Seasonal	6.92
2	HT-II Commercial	Express Feeders	9.36
		Non-Express Feeders	8.22
3	HT-III Railways	Railways	4.39
4	HT-IV PWW	Express Feeders	1.69
		Non-Express Feeders	1.86
5	HT-VI Residential	Residential	1.70
6	HT-VIII Public Service	Express Feeders	5.68
		Non-Express Feeders	5.36
7	HT-IX Ports	Ports	7.26
HT 33KV			
1	HT-I Industrial	Express Feeders	3.93
		Non-Express Feeders	3.15
		Seasonal	6.41
2	HT-II Commercial	Express Feeders	8.85
		Non-Express Feeders	7.71
3	HT-III Railways	Railways	3.88
4	HT-IV PWW	Express Feeders	1.18
		Non-Express Feeders	1.36
5	HT-VI Residential	Residential	1.19
6	HT-VIII Public Service	Express Feeders	5.17
		Non-Express Feeders	4.85
7	HT-IX Ports	Ports	6.75

Sr. No.	Category	Sub category	CSS for FY 2014-15	
			Rs/unit	
HT 22/11 kV				
1	HT-I Industrial	Express Feeders	2.75	
		Non-Express Feeders	1.97	
		Seasonal	5.23	
2	HT-II Commercial	Express Feeders	7.67	
		Non-Express Feeders	6.53	
3	HT-III Railways	Railways	2.70	
4	HT-IV PWW	Express Feeders	-	
		Non-Express Feeders	0.18	
5	HT-VI Residential	Residential	0.01	
6	HT-VIII Public Service	Express Feeders	3.99	
		Non-Express Feeders	3.67	
7	HT-IX Ports	Ports	5.57	
LT Level				
1	Non Domestic			
		Upto 20 KW	0-20 KW	
		0-200 units		0.60
		Above 200 units		3.98
		>20KW & <50KW	>20KW & <50KW	4.59
		Above 50KW	Above 50KW	7.51
2	Industrial			
		Below 20 KW load	0-20 kW	-
		Above 20 KW load	Above 20 kW	2.00

Generally, Cross Subsidy Surcharge (CSS) as and when determined by Hon'ble Commission is made applicable prospectively from the date of issue of order. Hon'ble Commission, vide its orders in Case No. 38 of 2014, allowed certain charges which resulted into increase in tariff of MSEDCL consumers during FY 2014-15. Therefore, the need to re-determine the CSS arose due to change in ABR i.e. "T" component of CSS formula. Accordingly, the proposal for re-determination of CSS was submitted before the Hon'ble Commission vide MERC Case No. 169 of 2014. The CSS sought, as above, was to be made applicable for those open access consumers who are / were availing open access during FY 2014-15. However, subsequently MSEDCL withdrew the Petition with liberty to file additional submissions in the subject matter in the ongoing proceedings of MYT petition.

As stipulated in the Open Access Regulations, the cross-subsidy surcharge shall be based on the current level of cross subsidy of the tariff category / tariff slab and/ or voltage level to which such consumer or person belong or are connected to. Accordingly, the consumers who opted for Open Access in FY 2014-15 need to be charged for the compensation of current level of cross subsidy which prevailed during FY 2014-15 by virtue of MERC orders in Case No. 38 of 2014 and avoid the burden of the same on other consumers. Therefore, MSEDCL requests the Hon'ble Commission to approve the CSS for FY 2014-15 as computed above and applicability of the same may be from 1st April 2014.

Sr. No.	Category	Sub category	CSS for FY 2015-16
			Rs/unit
EHV			
1	HT-I	Industrial	3.88
		Seasonal	6.99
2	HT-II	Commercial	8.64
3	HT-III	Railways	4.84
4	HT-IV	Public Water Works	2.18
5	HT-VI	Residential	3.30
6	HT-VIII	Public Service	6.08
7	HT-IX	Ports	7.78
HT 33KV			
1	HT-I	Industrial	3.37
		Seasonal	6.47
2	HT-II	Commercial	8.13
3	HT-III	Railways	4.33
4	HT-IV	Public Water Works	1.67
5	HT-VI	Residential Complex	2.78
6	HT-VIII	Public Service	5.57
7	HT-IX	Ports	7.26

Sr. No.	Category	Sub category	CSS for FY 2015-16	
			Rs/unit	
HT 22/11KV				
1	HT-I	Industrial	2.21	
		Seasonal	5.32	
2	HT-II	Commercial	6.97	
3	HT-III	Railways	3.17	
4	HT-IV	Public Water Works	0.51	
5	HT-VI	Residential Complex	1.63	
6	HT-VIII	Public Service	4.41	
7	HT-IX	Ports	6.11	
LT Level				
1	LT II			
		Upto 20 KW	0-20 KW	
		0-200 units		0.86
		Above 200 units		3.91
		>20KW & <50KW	>20KW & <50KW	4.62
		Above 50KW	Above 50KW	6.25
2	LT V			
		Above 20 KW load	Above 20 kW	1.36

Tariff Schedule

MSEDCL submits that Regulation 8.4 of the MERC (MYT) Regulations 2011 provides for Forecast of expected revenue from tariff and charges. The relevant provisions are reproduced below for reference:

The applicant shall develop the forecast of expected revenue from tariff and charges based on the following:

- (a) ...
- (b) *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 financial year within the Control Period; and*
- (c) *Prevailing tariff as at the date of making the application.*

Accordingly, MSEDCL has projected the revenue at existing tariff considering the prevailing tariff as on the date of filing the MYT Petition. MSEDCL would like to further submit that Hon'ble Commission in Interim Order dated 3rd March, 2014 in

Case No. 38 of 2014 has ruled that Interim Charge shall come into force with effect for the energy bills issued by MSEDCL from 1 March, 2014 to 28 February, 2015. Hon'ble Commission has also ruled that AEC-2, as proposed by MSEDCL, shall be continued to be levied by MSEDCL subject to the conditions specified in paragraph 43 of the said Interim Order. Accordingly, MSEDCL has started recovery of MSPGCL and MSETCL charges as per the relevant MYT Orders of the respective Company.

Therefore, MSEDCL has shown the prevailing tariff (considering additional charges) as on the date of filing the MYT Petition and compared the proposed tariff with the same.

Considering the tariff philosophy suggested above, MSEDCL has proposed the revised tariff as indicated herein below.

Category	Fixed/Demand Charges		% Change	Energy Charges		% Change
	Existing	Proposed		Existing Charges	Proposed	
	Rs./kVA/Month	Rs./kVA/Month		paise/unit	paise/unit	
HT Category						
HT-I Industrial						
Express Feeders	190	220	16%	859	816	-5%
Non-Express Feeders	190	220	16%	782	816	4%
HT I Seasonal	190	220	16%	960	955	0%
HT II Commercial						
Express Feeders	190	220	16%	1,282	1,240	-3%
Non-Express Feeders	190	220	16%	1,208	1,240	3%
HT-III Railways				941	1,012	8%
HT-IV PWV						
Express Feeders	190	220	16%	619	676	9%
Non-Express Feeders	190	220	16%	590	676	15%
HT-V Agriculture	30	30	0%	351	351	0%
HT-VI Bulk Supply	160			594-989		
HT-VI Residential (newly proposed)		220			750	
HT VII Temporary						
Religious Purpose	250	290	16%	394	420	7%
Other Purpose	250	290	16%	1,600	1,671	4%
HT-VIII Public Service						
Express Feeders	190	220	16%	1,012	1,050	4%
Non-Express Feeders	190	220	16%	945	1,050	11%
HT IX Port	190	220	16%	1,186	1,257	6%
HT X Govt. School/Hospitals (newly proposed)		220			659	

Multi Year Tariff for FY 13-14 to FY 15-16
Executive Summary

Category	Fixed/Demand Charges		% Change	Energy Charges		% Change
	Existing	Proposed		Existing Charges	Proposed	
	Rs./Connection/month	Rs./Connection /month		paise/unit	paise/unit	
LT Category						
LT I Domestic						
BPL (0-30 Units)	10	10	0%	100	100	0%
Above 30 Units						
0-125 units per month						
0-75 Units	40	50	25%	416-739	416	
76 - 125 Units	40	50	25%		555	
126 - 300 units per month						
0-125 Units	40	50	25%	416-739	575	
126 - 300 Units	40	50	25%		710	
301-500 units per month						
0-125 Units	40	50	25%	416-959	750	
126-300 Units	40	50	25%		800	
Above 300 Units	40	50	25%		950	
501-1000 Units	40	50	25%	416-1059	975	
Above 1000 Units	40	50	25%	416-1138	1050	
Three Phase Connection	130	150	15%			
LT-II Non Domestic						
0-20 KW						
0-200 Units	190	220	16%	730	760	4%
Above 200 units	190	220	16%	1061	1,056	0%
>20-50 KW*	190	220	16%	1051	1,046	0%
>50 KW*	190	220	16%	1349	1,215	-10%
LT-III PWW						
0-20 KW*	50	60	20%	291	362	24%
20-40 KW*	60	70	17%	382	453	19%
40-50 KW*	90	105	17%	517	588	14%

Note:

* Fixed charges / Demand Charges in Rs./kVA/Month

** Fixed charges / Demand Charges in Rs./ HP/ Month

*** Fixed charges / Demand Charges in Rs./ kW/ Month

Multi Year Tariff for FY 13-14 to FY 15-16
Executive Summary

Category	Fixed/Demand Charges		% Change	Energy Charges		% Change
	Existing	Proposed		Existing Charges	Proposed	
	Rs./Connection/month	Rs./Connection /month		paise/unit	paise/unit	
LT Category						
LT-IV Agriculture						
Unmetered Tariff						
Zones with (Above 1318 Hrs/HP/Annum)**						
0-5 HP	353	353	0%			0%
Above 5 HP	383	383	0%			0%
Zones with (Below 1318 Hrs/HP/Annum)**						
0-5 HP	268	268	0%			0%
Above 5 HP	293	293	0%			0%
Metered Tariff	20	20	0%	258	258	0%
LT-V Industrial						
0-20 KW	190	220	16%	615	610	-1%
Above 20 KW*	130	150	15%	875	816	-7%
LT-VI Street Light***						
Grampanchayat A, B & C Class Municipal Council	40	50	25%	502	659	31%
Municipal corporation Area	40	50	25%	604	692	15%
LT-VII Temporary						
Temporary Connection (Religious)	250	290	16%	409	480	17%
Temporary Connection (Other Purposes)	310	360	16%	1825	1896	4%
LT-VIII Advertising and Hoardings	500	575	15%	2555	2626	3%
LT-IX Crematorium and Burial Ground	250	290	16%	413	484	17%
LT X Public Services						
0-200 Units	190	220	16%	650	721	11%
>200 units	190	220	16%	958	1029	7%
>20-50 kW*	190	220	16%	972	1043	7%
>50 kW*	190	220	16%	1028	1099	7%
LT XI Ports (newly proposed)		220			917	
LT XII Govt. Schools/Hospitals (newly proposed)		220			659	

Note:

* Fixed charges / Demand Charges in Rs./kVA/Month

** Fixed charges / Demand Charges in Rs./ HP/ Month

*** Fixed charges / Demand Charges in Rs./ kW/ Month

MSEDCL requests Hon'ble Commission to provide Tariff Schedule from 1st April 2015 considering the Tariff Design principles, new categories proposed and Other Suggestions suggested by MSEDCL.

J. Prayers to the Hon'ble Commission

MSEDCL most respectfully prays to the Hon'ble Commission:

- 1) To admit the revised MYT Petition as per the provisions of MERC (MYT) Regulations 2011 as amended from time to time and present Petition may please be considered for further proceedings before Hon'ble Commission;
- 2) To approve the total recovery of Annual Revenue Requirement and revenue gap for FY 2013-14 to FY 2015-16 along with other claims as proposed by MSEDCL;
- 3) To allow to recover the additional charges in case of any variation in the fixed cost of the Central Government Power Station as approved by CERC in line with the CERC (Terms & Conditions of Tariff) Regulations, 2014;
- 4) To approve mechanism for recovery of computed revenue gap and Tariff Schedule from 1st April 2015 considering the Tariff Design principles and other suggestions proposed by MSEDCL;
- 5) To allow to rationalize the fixed charges for all consumers except BPL Consumers and Agriculture (Metered) consumers to ensure that the fixed expenditure is fully recovered through fixed charges;
- 6) To approve the revision in the ToD rebate as applicable to consumers having ToD meters from existing level of 250 paise per unit to 150 paise per unit applicable for consumption during night hours (10.00 p.m. to 06.00 a.m. next day).
- 7) To approve the rationalization of Power factor incentive to 5% for Unity Power Factor;
- 8) To approve the new tariff slabs and tariffs for the domestic category as proposed by MSEDCL;

- 9) To approve the merger of continuous and non continuous categories for relevant HT category of consumers considering the improved power supply situation;
- 10) To approve the proposed energy charges for consumers of LT V – Industrial above 20 kW (above 27 HP) Category equal to energy charge of HT Industrial Category Consumers;
- 11) To approve the rationalization of Tariffs for Street Lighting for Gram Panchayat A, B & C Class Municipal Councils to the level of average cost of supply for FY 2014-15 and for Municipal Corporation Area around 5% more than the average cost of supply for FY 2014-15;
- 12) To allow introducing a new consumer category within Low / High Tension category as Government owned, managed and operated educational institutions including higher educational institutes (viz., Zilla Parishad / Municipal Council or Corporation Schools, Govt. Medical/Engineering Colleges etc.) but excluding Government aided educational institutes. Similarly, the said category is proposed to also include Government owned, managed and operated hospitals (viz., District Civil Hospitals, Primary Health Centre etc.);
- 13) To approve the proposal of MSEDCL to remove the HT Bulk Supply Category requiring a single point supply;
- 14) To approve the separate category of HT Residential category for the residential consumers availing supply on high tension;
- 15) To provide tariffs for individual categories as proposed by MSEDCL;
- 16) To approve the proposal of MSEDCL for revision on conditions for levy of standby charges to CPP;
- 17) To modify the present provision in respect of “Billing Demand” and the Demand recorded during off peak hours to be considered for billing purpose.

- 18) To approve cross subsidy surcharge and all such other charges including Wheeling Charges and Losses for Open Access consumers as proposed for FY 2014-15 and FY 2015-16.
- 19) To allow to charge CSS for FY 2014-15 as calculated by MSEDCL from 1st April 2014.
- 20) To approve certain charge to the polluting industries towards recovering incremental cost of renewable power purchase,
- 21) To consider the issue of tariffs for Inter-State Power supply to and from the neighboring States situated in villages adjacent to State Border;
- 22) To approve the suggested categorization for different type of activities as proposed by MSEDCL in applicability of tariff;
- 23) To allow carrying cost on the deferred recoveries which were approved earlier but the recovery was allowed through MYT Proceedings;
- 24) To allow MSEDCL to file a separate Petition seeking revision in present Schedule of Charges as and when need arises;
- 25) To grant any other relief as the Hon'ble Commission may consider appropriate;
- 26) 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;
- 27) To condone any error/omission and to give opportunity to rectify the same;
- 28) To permit MSEDCL to make further submissions, addition and alteration to this Petition as may be necessary from time to time;