MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
4th and 5th Floor, Metro Plaza, Bittan Market, Bhopal - 462 016

Order on
ARR & Retail Supply Tariff for Special Economic Zone (SEZ) area, Pithampur of MPAKVN (Indore) Ltd.
For Financial Year 2013-14

Petition No. 38/2013

PRESENT:

Rakesh Sahni, Chairman

A.B. Bajpai, Member

Alok Gupta, Member

IN THE MATTER OF:

Determination of Aggregate Revenue Requirement and Tariff for the Financial Year 2013-14 based on application filed by the Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited (MPAKVN(I)L) for Special Economic Zone (SEZ) at Pithampur Area, District Dhar, Madhya Pradesh.

Represented by (Petitioner)

Shri. G.K. Tiwari
General Manager,
MPAKVN(I)L Indore

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ORDER

(Passed on this 10th Day of September, 2013)

1. This Order relates to Petition No. 38/2013 filed by the MP Audyogik Kendra Vikas Nigam (Indore) Ltd., (hereinafter referred to as "MPAKVN(I)L" or "SEZ" or the "petitioner" or the "licensee") before the MP Electricity Regulatory Commission (hereinafter referred to as the "Commission" or "MPERC") for determination of Aggregate Revenue Requirement (ARR) and retail supply tariff for its Special Economic Zone (SEZ) area at Pithampur, District Dhar Madhya Pradesh for the financial year 2013-14. The petition has been filed under MPERC (Terms and Conditions for determination of tariff for supply and wheeling of electricity and methods and principles for fixation of charges) Regulations, 2012 (hereinafter referred to as the "Regulations").

2. The petition was filed on July 12, 2013. The petition was found deficient on various items of ARR such as separate accounts of Power Business, compliance report on past directives, historical data for projection of sales, power purchase, O&M expenses, etc. Accordingly, vide letter dated August 16, 2013, the Commission directed the petitioner to substantiate the claims made in the petition on various items of ARR. Meanwhile, the petitioner was also directed to invite comments / suggestions / objections from the stakeholders through a public notice. The public notice was published on August 8, 2013. Last date for inviting comments / suggestions / objections was August 31, 2013.

3. The Commission held the motion hearing on August 24, 2013 and admitted the petition vide Order dated August 26, 2013. The petitioner was further directed to submit some additional information on power purchase agreements, sale data of consumers, details of actual cash flow on account of terminal benefits and status of compliance of the directives given in the retail supply Tariff Order for FY 2012-13. It was also observed that certain data / information included in the petition needed validation. Accordingly, the Commission directed that a meeting be convened by the Commission's staff with the representatives of the petitioner. The said meeting was held on August 30, 2013.

4. In response to the public notice, two stakeholders i.e. Pithampur Audhogik Sangathan and Ujaas Energy Ltd. Indore filed their suggestions/ comments/ objections and also made their submission in person during the public hearing conducted by the Commission on September 2, 2013.

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5. The Commission observed that the petitioner has submitted abstracts of the Balance Sheet and Profit and Loss Account of MPAKVN (I) Ltd., Indore for FY 2011-12 and FY 2012-13, for its power business of SEZ at Pithampur, certified by Chartered Accountant. These abstracts of Balance Sheet and Profit and Loss Account of power business have been carved out from the annual accounts of MPAKVN (I) Ltd. on pro-rata basis making certain assumptions for each item of expense related to the power business. The petitioner could not submit actual expenses incurred in the power business. Thus, in this Tariff Order the Commission deems it appropriate to admit ARR of MPAKVN (I) Ltd. and determine tariff provisionally for FY 2013-14.

6. The petitioner has made projections in the petition on the basis of the expected load growth and past data / information. The abstract of the ARR for FY 2013-14 as filed is shown in the table below:

Table 1: ARR filed by the petitioner for FY 2013-14 (Rs. Crore)

Particulars	**Amount**
Revenue	
Revenue from sale of power	108.16
Expenditure	
Purchase of power	97.40
Inter-state transmission charges	2.78
Intra-state transmission (MP Transco) charges	2.81
Employee expenses	1.80
R&M expenses	0.60
A&G expenses	1.38
Depreciation and related debits	0.39
Interest & finance charges	1.39
Other debits, write-offs (prior period and misc. expenses written off)	-
Less: Interest and other expenses capitalized	-
Income tax	0.02
RoE	0.42
Total expenses including RoE	108.97
Other income net of DPS	0.02
Revenue surplus /(Gap)	(0.79)

7. The Commission has determined the ARR for FY 2013-14 as per the details given in the following table:

Table 2: ARR filed and admitted by the Commission for FY 2013-14

Particulars	**FY 2013-14**	
	As Filed	**As Admitted**
Sale and Power Purchase Requirement		
Sale MU	224.47	224.47
Distribution loss (%)	3.70%	3.70%
Distribution loss MU	8.62	8.62
Intra state transmission loss (%)	3.16%	3.16%
Intra state transmission loss MU	7.61	3.93*
Inter- state losses (%)	3.53%	3.64%
Inter -state losses MU	4.56	4.71
Total power purchase requirement MU	245.26	241.74
Expenditure		
Purchase of power (Rs Crore)	97.40	89.20
Inter-state transmission charges (Rs Crore)	2.78	2.78
Intra-state transmission (MP Transco) charges (Rs Crore)	2.81	2.80
Other power purchase related expenses incl. SLDC charges (Rs Crore)		0.01
R&M expense (Rs Crore)	0.60	
Employee expenses (Rs Crore)	1.80	
A&G expense(Rs Crore)	1.37	4.28
Total O&M (Rs Crore)	3.78	
MPERC fees (Rs Crore)	0.01	0.01
Depreciation and related debits (Rs Crore)	0.39	0.39
Interest & finance charges(Rs Crore)	1.39	1.33
Other debits, write-offs (prior period and misc. exp written off)	-	-
Less: Interest and other expenses capitalized	-	-
Income tax (Rs Crore)	0.02	0.14
Total expenses(Rs Crore)	**108.56**	**100.94**
RoE(Rs Crore)	0.42	0.42
Total expenses including RoE (Rs Crore)	**108.97**	**101.36**
Less: Other income(Rs Crore)	0.02	0.02
Total ARR (Rs Crore)	**108.95**	**101.34**
Revenue		
Revenue from sale of power (Rs Crore)	**108.16**	**101.34**
Revenue surplus / (Gap) (Rs Crore)	**(0.79)**	**NIL**

**Intra-State losses are on account of power from NTPC stations only*

8. With this Order, the Commission has determined the ARR/ tariff for FY 2013-14.

Implementation of the Order

9. The Commission has determined the distribution and retail supply tariff for various consumer categories based on the ARR as admitted for FY 2013-14. The Commission has taken due cognizance of the fact that the petitioner has recovered the revenue for the first six months of FY 2013-14 based on the retail supply Tariff Order for FY 2012-13. Therefore, the Commission has revised the tariff for the remaining period of the year to balance the ARR and revenue. The tariff determined by this Order for FY 2013-14 shall be applicable from 01st October, 2013 to 31st March, 2014, unless amended or modified by this Commission.

10. The Commission has thus accepted the petition with modifications and conditions, and has determined the retail supply Tariffs and charges recoverable by the petitioner in its licensed area of supply for FY 2013-14. The Commission directs that this Order be implemented along with directions given and conditions mentioned in the detailed Order and Tariff Schedules attached to this Order. It is further ordered that the petitioner is permitted to issue bills to consumers in accordance with the provisions of this Tariff Order and applicable Regulations.

11. The petitioner is directed to take immediate steps to implement this Order after giving seven (7) days public notice in the newspapers, in accordance with Regulation 1.30 of MPERC (Details to be furnished and fee payable by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004.

(Alok Gupta)	**(A. B. Bajpai)**	**(Rakesh Sahni)**
Member	**Member**	**Chairman**

2 AGGREGATE REVENUE REQUIREMENT FOR FY 2013-14 OF THE MADHYA PRADESH AUDYOGIK KENDRA VIKAS NIGAM (INDORE) LIMITED FOR SPECIAL ECONOMIC ZONE (SEZ) PITHAMAPUR DISTT. DHAR MP

Sales estimation / forecast as proposed by the petitioner:-

2.1 The petitioner has projected sale for FY 2013-14 on the basis of the historical data of category wise actual sales for the period from FY 2008-09 to FY 2012-13 and additional consumption expected from new connections as well as projected addition of load in existing connections.

2.2 Summary of sales projections for FY 2013-14 is given in the table below:

Table 3: Summary of sales filed by the petitioner for FY 2013-14 (MU)

Consumer category	Projected sale
LT consumer categories	
Public Water Works and Street Light	0.21
Industrial	0.22
Total LT Sale	**0.43**
HT Consumer Categories	
Industrial	224.04
Non-Industrial	0.00
Total HT Sale	224.04
Total LT+HT Sale	**224.47**

Commission's analysis of sales:-

2.3 For FY 2013-14, the petitioner has projected the sale of 224.47 MU which is 24.48% higher than the sales recorded for FY 2012-13. The reasons attributed for such higher projection of sale in the petition are the additional requirement from expected addition of new consumers as well as enhancement of load by the existing consumers. The Commission has admitted the sale projections as filed by the petitioner for FY 2013-14.

2.4 The sale quantum as admitted by the Commission for FY 2013-14 is indicated in the table below:–

Table 4: Summary of sales admitted by the Commission for FY 2013-14 (MU)

Consumer category	Projected sale
LT Consumer categories	
Public Water Works and Street Light	0.21
Industrial	0.22
Total LT Sale	0.43

Consumer category	Projected sale
HT Consumer Categories	
Industrial	224.04
Non-Industrial	0.00
Total HT Sale	224.04
Total LT+HT Sale	**224.47**

Energy Balance as proposed by the petitioner:-

2.5 Details are given in the table below:

Table 5: Energy balance for FY 2013-14 as filed by the petitioner

Sr. No.	Particulars	FY 2013-14	
		%	MU
1	**Energy sales**		
	LT sales		0.43
	HT / EHT sales		224.04
	Total energy sales		**224.47**
2	**Distribution losses**	3.70%	8.62
3	**Energy requirement at T-D boundary**		**233.10**
4	**Intra-state transmission losses**	3.16%	7.61
5	**Energy requirement at the State periphery**		**240.70**
6	**Inter-state transmission losses**	3.53%	4.56
7	**Total energy requirement**		**245.26**

2.6 The petitioner submitted that the energy balance has been estimated by considering the distribution losses as 3.70% and MPPTCL losses as 3.16% as per the MPERC Regulations for Distribution and Transmission. For PGCIL system losses, the petitioner submitted that it has been considered as 3.53% on the basis of the average loss level of 26 weeks for the Western Region of FY 2012-13.

Assessment of Energy Availability by the petitioner:

2.7 The petitioner submitted the assessment of energy availability based on the following:

a) Allocated generation capacity from NTPC stations, 17.96 MW

b) MPPKVVCL, Indore supplying through HT connection

c) For future long term power requirement MPAKVN (I) Ltd has already initiated the process to approach MP Power Management Company

2.8 The petitioner submitted that the projection of energy availability from the NTPC stations for FY 2013-14 has been done based on the average availability of past three years. Further, for projecting energy availability from the NTPC stations, allocation of power from the NTPC stations as per notification of Western Regional Power Committee (WRPC) dated March 22, 2013 has been considered.

2.9 Further, energy availability from MPPKVVCL has been assessed based on the average availability for past three years taking into account the load enhancement in FY 2013-14. Annual availability from each of the sources as filed is shown in the table below:

Table 6: Energy Availability ex-bus as filed by the petitioner for FY 2013-14 (MU)

Sr. No.	Source	Availability (MU)
1	**NTPC**	**129.13**
	Korba	51.35
	Vindhyachal I	36.93
	Vindhyachal II	29.93
	Kawas	4.75
	Gandhar	6.17
2	**MP Paschim KVVCL**	**116.20**
3	**MTPP**	**(0.07)**
3	**Total**	**245.26**

Assessment of Power Purchase Cost (Fixed and Variable Cost) by the petitioner

2.10 The petitioner submitted that for the NTPC generating stations, fixed costs have been considered (on per MW basis) that of retail supply Tariff Order for FY 2012-13. The variable cost (including Fuel Price Adjustment) for the NTPC stations have been considered as paid for FY 2012-13. The petitioner submitted that the other charges (including Electricity Duty/ Cess, etc.) have been considered as paid for FY 2012-13 and further escalated by 7.93%.

2.11 The cost of power purchase from MPPKVVCL has been considered as per the Tariff admitted by the Commission for HV 3.1 category in the Retail Supply Tariff Order for FY 2013-14 dated March 23, 2013 for the distribution companies of the State.

2.12 Following table provides details of the fixed costs and variable costs for FY 2013-14:

Table 7: Details of fixed cost and variable cost filed by the petitioner for FY 2013-14

Sr. No.	Particulars	Fixed charge (Rs. Crore /MW)	Variable charges (Rs./Unit)	Other charges (Rs./Unit)
1	NTPC			
	Korba	0.39	0.92	0.24
	Vindhyachal I	0.45	1.36	0.49
	Vindhyachal II	0.46	1.26	0.45
	Kawas	0.69	1.93	-
	Gandhar	0.86	1.90	0.01
2	MPPKVVCL	0.41	5.10	-

Assessment of Other Elements of Power Purchase Cost filed by the petitioner:

Inter-State Transmission Charges

2.13 The petitioner submitted that the inter-State Transmission Charge (PGCIL cost) to be paid by them consists of charges to be paid for the transmission system of Western Region. The petitioner submitted that for projecting the Inter-State transmission charges for FY 2013-14, the actual transmission charges paid by the MPAKVN in FY 2012-13 have been considered and 30% component (comprising of O&M cost of PGCIL) has been escalated as per the "Annual inflation rate for escalable transmission charges" of 10.76% notified by CERC for providing transmission service vide notification No. Eco T1/2013- CERC dated 25 March, 2013.

Intra - State Transmission Charges

2.14 The petitioner submitted that for the purpose of calculation of intra-State transmission costs, the MPPTCL cost has been computed as per MW charges admitted by the Commission in the Tariff Order for FY 2013-14 dated 2 April, 2013 for MP Transco. The SLDC charges are added to these costs so as to arrive at total MPPTCL costs. The table below provides the Inter-State Transmission charges, Intra-State Transmission Charges and SLDC Charges filed by the petitioner for FY 2013-14:

Table 8: Other elements of power purchase cost filed by the petitioner for FY 2013-14 (Rs Crore)

Sr. No.	Particulars	Amount
1	Inter-state transmission charges	2.78
2	Intra-state transmission charges	2.80

Sr. No.	Particulars	Amount
3	SLDC charges	0.01

Commission's analysis on Energy Balance and Power Purchase:-

Distribution Losses

2.15 The Commission has notified the MPERC Tariff Regulations, 2012 dated November 29, 2012 for the tariff period from FY 2013-14 to FY 2015-16. The distribution loss level trajectory for the petitioner as specified in the Regulations is given in the table below:

Table 9: Distribution loss Trajectory as per MPERC Tariff Regulation, 2012

Sr. No.	Distribution Licensee	FY 2013-14	FY 2014-15	FY 2015-16
1.	SEZ, Pithampur	3.70%	3.50%	3.30%

2.16 For projecting the energy requirement, the Commission has considered percentage of distribution losses for FY 2013-14 as mentioned in the table above.

External (PGCIL) Losses

2.17 The Commission has considered the Inter-State Transmission losses for Western Region based on past data of 52 weeks till week ending September 1, 2013 as available on the PGCIL website. Accordingly, the Inter-State Transmission losses have been considered as 3.64%.

Intra-State Losses

2.18 The Commission has considered Intra-State transmission losses at 3.16% for FY 2013-14 in accordance with the MPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2012. The energy balance / power purchase requirement on the basis of the sale admitted by the Commission for FY 2013-14 is presented in the following table:

Table 10: Energy balance admitted by the Commission for FY 2013-14

Sr. No.	Particulars	FY 2013-14	
		%	**MU**
1	Energy sales		
	LT sales		0.43
	HT / EHT sales		224.04
	Total Energy sales		**224.47**
2	Distribution losses	3.70%	8.63
3	Energy requirement at T-D boundary		**233.10**

Sr. No.	Particulars	FY 2013-14	
		%	MU
4	Intra-state transmission losses for NTPC stations only	3.16%	3.93
5	Energy requirement at State periphery		**237.03**
6	Inter-state transmission losses	3.64%	4.71
7	Total energy requirement		**241.74**

2.19 In order to ascertain the availability of the energy individually from each station, the availability as filed by the petitioner has been compared with the availability as worked out on the basis of past 3 years performance of the Generating Stations.

2.20 As regards, energy availability of NTPC generating station, the Commission observed that the approach adopted by the petitioner for projecting the energy availability is appropriate and hence, the Commission has considered the energy availability as filed by the petitioner for FY 2013-14.

2.21 For projecting energy availability from MPPKVVCL, the difference of the energy availability from NTPC generating station and energy requirement to meet the energy balance has been considered.

2.22 The Commission has considered station-wise allocation for NTPC as per WRPC notification dated March 22, 2013 and allocation for MPPKVVCL as per the petitioner submission.

2.23 The station-wise allocation and energy availability for FY 2013-14 admitted by the Commission is given in the table below:

Table 11: Station-wise Allocation and Energy Availability at ex-bus as admitted by the Commission for FY 2013-14 (MU)

Sr. No.	Source	Allocation (MW)	Availability(MU)
1	**NTPC**		**129.13**
	Korba	7.19	51.35
	Vindhyachal I	4.98	36.93
	Vindhyachal II	3.95	29.93
	Kawas	0.85	4.75
	Gandhar	0.99	6.17
2	**MP Paschim KVVCL**	**20.00**	**112.61**
3	**Total**	**37.96**	**241.74**

Power Purchase Costs

2.24 The power purchase cost has two elements, i.e., fixed cost and variable cost. The working for these costs is discussed in the following paragraphs.

NTPC Generating Stations

2.25 For the purpose of determination of fixed cost of the NTPC's generating stations in the Western Region, the Commission has considered latest available Tariff Orders issued by CERC, as given in the table below –

Table 12: Fixed Cost Order Reference for Thermal Generating Stations

Sr. No.	NTPC- station	Petition No.	CERC Order dated
1	Korba	264 of 2009	12 October, 2012
2	Vindhyachal I	227 of 2009	11 October, 2012
3	Vindhyachal II	258 of 2009	25 May, 2012
4	Kawas	285 of 2009	30 December, 2011
5	Gandhar	226 of 2009	30 December, 2011

2.26 Fixed costs of the thermal power stations have been computed as per CERC (Terms and Conditions of Tariff) Regulations, 2009.

2.27 However, to determine energy charges for FY 2013-14, the Commission has considered average of the variable cost as charged in actual bills for the period May, 2012 to April, 2013 raised by the NTPC to the MPPMCL.

2.28 The claim of the petitioner for levy of escalation factor on other charges has not been found appropriate by the Commission. Any change in the variable charges would be allowed on quarterly basis through Fuel Cost Adjustment charge mechanism which has been provided in this Tariff Order.

Purchase from MPPKVVCL

2.29 The Commission has considered the fixed cost and variable charges as per Retail Supply Tariff Order for FY 2013-14 for HV 3.1 category dated 23rd March, 2013. The power purchase costs have been computed based on the projected contract demand and quantum of purchase. The fixed charge and variable charge considered for FY 2013-14 is given in the table below:

Table 13: Details of fixed cost and variable cost admitted by the Commission for FY 2013-14

Sr. No.	Particulars	Fixed charge (Rs. Crore /MW)	Variable charge including other charges (Rs./Unit)
1	NTPC		
	Korba	0.39	0.99
	Vindhyachal I	0.45	1.57
	Vindhyachal II	0.46	1.52
	Kawas	0.69	2.39
	Gandhar	0.82	2.27
2	MPPKVVCL	0.41	4.87

Inter-State Transmission Charges

2.30 The Commission observed that the claims filed by the petitioner are reasonable and therefore, the Commission has admitted the same as shown in the table below:

Table 14: Inter-State Transmission Charges admitted by the Commission for FY 2013-14 (Rs Crore)

Sr. No.	Particulars	Amount
1	Inter-state transmission charges	2.78

Intra-state Transmission Charges

2.31 The Commission has considered the transmission charges as per the Transmission Tariff Order for FY 2013-14. Accordingly, the intra – State transmission charges for FY 2013-14 in the power purchase cost of the petitioner has been admitted as given in the table below:

Table 15: Intra-State Transmission Charges admitted by the Commission for FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	Amount
1	Intra-state transmission charges	2.80

SLDC Charges

2.32 The Commission has issued the order for recovery of the SLDC charges for FY 2013-14. Cost of SLDC charges as per this order has been considered by the Commission as shown in the Table below:

Table 16: SLDC Charges admitted by the Commission for FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	Amount
1	SLDC charges	0.01

2.33 Total power purchase cost as admitted by the Commission is summarized in the following table:

Table 17: Summary of the total power purchase cost admitted by the Commission for FY 2013-14

Source	Particulars	As filed	As admitted
NTPC	Energy (MU)	129.13	129.13
	Amount (Rs. Crore)	28.27	26.18
	Rate (Rs./kWh)	2.19	2.03
MP Paschim KVVCL	Energy (MU)	116.20	112.61
	Amount (Rs. Crore)	67.40	63.02
	Rate (Rs./kWh)	5.80	5.60
Medium Term	Energy (MU)	-0.07	-
	Amount (Rs. Crore)	1.73	-
	Rate (Rs./kWh)	261	-
Total	**Energy (MU)**	**245.26**	**241.74**
	Amount (Rs. Crore)	**97.40**	**89.20**
	Average Rate (Rs./kWh)	**3.97**	**3.69**

Pooled Power Purchase Cost

2.34 The Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 have stipulated the provision for determining the pooled cost of power purchase for the purpose of computing the Floor and Forbearance price of Renewable Energy Certificates. The relevant provision of the Regulation is reproduced below:

> *"5* ***Eligibility and Registration for Certificates:***
> *(1)*
> *:*
> *:*
> *c. it sells the electricity generated either (i) to the distribution licensee of the area in which the eligible entity is located, at a price not exceeding the pooled cost of power purchase of such distribution licensee, or (ii) to any other licensee or to an open access consumer at a mutually agreed price, or through power exchange at market determined price.*
>
> *Explanation.- for the purpose of these regulations 'Pooled Cost of Purchase' means the weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on renewable energy sources, as the case may be."*

Table 18: Pooled Power Purchase Cost for FY 2013-14

Sr. No.	Particulars	Amount
1	Power purchase requirement excluding renewable energy sources (MU) ex-bus	241.74
2	Total power purchase cost excluding renewable energy sources (Rs. Crore)	89.20
3	Pooled power purchase cost (Rs./kWh)	3.69

Other Items of ARR

2.35 The petitioner has claimed the expenses against the other items of ARR for FY 2013-14 as indicated in the table below:

Table 19: Other items of ARR filed by the petitioner for FY 2013-14 (Rs. Crore)

Particulars	Amount
Employee expenses	1.80
R&M expenses	0.60
A&G expenses including MPERC fees	1.38
Depreciation and related debits	0.39
Interest & finance charges	1.39
Other debits, write-offs (prior period and misc. expenses written off)	0.00
Less: Interest and other expenses capitalized	0.00
Income tax	0.02
RoE	0.42
Other income net of delayed payment surcharge	0.02

2.36 The petitioner has submitted the abstracts of Balance Sheet and Profit and Loss Account of MPAKVN (I) Ltd., Indore for FY 2011-12 and FY 2012-13, for its power business of SEZ at Pithampur, certified by Chartered Accountant. These abstract of Balance Sheet and Profit and Loss Account of power business have been carved out from the annual accounts of MPAKVN (I) Ltd. on some assumptions for each item of expense related to power business. The petitioner could not submit actual expenses against the items related to power business.

2.37 The Commission's analysis on the expenses other than power purchase is discussed below:

Petitioner's Submission

O&M expenses as per MPERC Tariff Regulations, 2012 filed by the petitioner

R&M Expenses

2.38 The petitioner has submitted R&M expenses as per MPERC Tariff Regulations, 2012. Accordingly, R&M expenses have been considered as 5% of the opening GFA for electricity business for FY 2013-14 as shown in the table below:

Table 20: R&M expenses filed by the petitioner for FY 2013-14 (Rs. Crore)

Particulars	Amount
Opening GFA	11.94
Percentage	5.00%
R&M expenses	0.60

Employee Expenses

2.39 The petitioner has claimed employee expenses as per the MPERC Tariff Regulations, 2012 as Rs 0.64 Crore. As regards computation of Dearness Allowance (DA), the petitioner has submitted that 7% increase in every six months has been considered on the basis of the growing trend of DA. Accordingly, 83.50% average DA rate has been considered for projecting employee expenses for FY 2013-14.

2.40 As regards terminal benefits, the petitioner has submitted that only cash outflow has been considered as per the MPERC Tariff Regulations, 2012 as the employee expenses are booked in the accounts of the holding company and 40% of the cash outflow for terminal benefits in FY 2012-13 has been considered for projecting the terminal benefits for FY 2013-14.

2.41 As regards the Commission's query for considering 40% of MPAKVN Terminal benefits to Power Business, the petitioner submitted that as per the best judgment of the management of MPAKVN out of the total employee cost of MPAKVN, 40% is attributable to its power business.

2.42 Claims against Terminal benefit submitted by the petitioner are shown in the table below:

Table 21: Terminal benefits expenses filed by the petitioner for FY 2013-14 (Rs. Crore)

Terminal Benefits and related Expenses	Amount
C.P.F. of staff	0.000
E.D.L.I./ Admn. charges.	0.006
E.D.L. I/Admn. charges.(NMR)	0.000
Gratuity to staff	0.483
Inspection charge to EPF	0.007
Inspection charge to EPF(NMR)	0.000
Leave encashment	0.062
Leave salary & pension cont. (AG staff)	0.000
Leave salary expenditure account	0.000
Medical reimbursement of staff	0.005
Misc.con. EPF (NMR)	0.017
Misc.con. EPF.(AKVN staff)	0.046
Pension contribution of deputation	0.000
Total	**0.624**

2.43 The petitioner further submitted that the incentive/bonus to be paid as per the past trend and cost on account of sixth pay arrears has been considered as per the MPERC Tariff Regulations, 2012**.**

2.44 Accordingly, total employee cost filed by the petitioner is shown in the table below:

Table 22: Total employee cost filed by the petitioner for FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	Amount
1	Employee expenses excluding arrears, DA, terminal benefits and incentives	0.64
2	Arrears	0.00
3	DA	0.53
4	Incentives/ Bonus to the employees	0.00
5	Terminal benefits	0.62
6	**Total employee cost**	**1.80**

A&G Expenses

2.45 The petitioner has filed Administrative and General (A&G) expenses as per MPERC Tariff Regulations, 2012 as Rs 1.37 Crore, which exclude MPERC Fees and Taxes. Further, the petitioner also submitted the MPERC fees as Rs 0.01 Crore. A&G expenses filed by the petitioner for FY 2013-14 are given in the table below:

Table 23: A&G expenses filed by the petitioner for FY 2013-14 (Rs. Crore)

Particulars	Amount
A&G Expenses	1.37
MPERC Fees	0.01

Additional submission on O&M expenses as per Agreement with MPPKVVCL filed by the petitioner

2.46 The petitioner submitted that it has entered into an Agreement with MPPKVVCL, Indore dated March 26, 2013 to undertake all activities related to O&M of its Electrical Network situated in the Special Economic Zone (SEZ) Phase I and Phase II in Pithampur area of the Dhar District and also to provide consultancy services in various techno-commercial matters relating to the distribution and supply of electricity for an initial period of 3 years from the effective date of March 26, 2013**.** The agreement takes in to consideration the amount of O&M expenses allowed in the petitioner's tariff order for FY 2012-13 further escalated by 7.93% and consultancy fee for FY 2012-13 further escalated by 7.93%. The petitioner has requested the Commission to allow the O&M expenses as per agreement made by it with MPPKVVCL. The O&M expenses claimed by the petitioner as per the agreement are shown in the table below:

Table 24: O&M expenses as per agreement with MPPKVVCL filed by the petitioner for FY 2013-14(Rs. Crore)

Sr. No.	Particulars	Amount
1	Fees for O&M expenses	3.96
2	Fees for consultancy services	0.32
3	**Total as per agreement**	**4.29**

Commission's Analysis of O&M expenses

2.47 The Commission noticed that the petitioner has filed O&M expenses as per the Regulations and has also filed the expenses as per the agreement signed with MPPKVVCL, Indore dated March 26, 2013. The petitioner has requested that the expenses in accordance with the agreement executed by them with MPPKVVCL be allowed. MPPKVVCL has to undertake all activities related to O&M expenses and also to provide consultancy services in various techno-commercial matters relating to the distribution and supply of electricity in the SEZ area. The Commission is of the view that looking at the difficulties faced by the petitioner in the past related to its power business, it would be prudent to consider the contract between the petitioner and MPPKVVCL, Indore in the interest of the consumers. MPPKVVCL is a State owned Distribution Licensee and has expertise in operation and maintenance of power distribution system.

2.48 As regards the amount of O&M expenses mentioned in the agreement, the Commission observed that the petitioner has considered the base O&M expenses as admitted by the Commission for FY 2012-13 and the consultancy fee of Rs.30 lakh. It has been further escalated @ 7.93% and 8% for projecting O&M expenses and consultancy fee respectively for arriving at the total O&M expenses for FY 2013-14. The Commission finds it appropriate to admit the O&M expenses as Rs 4.28 Crore as per the agreement.

MPERC Fees

2.49 As regards MPERC fees for FY 2013-14, the petitioner has submitted that it has estimated the MPERC fees as per the provisions of the Regulations as Rs. 0.01 Crore and the same has been admitted by the Commission.

Depreciation

Petitioner's submission

2.50 The petitioner submitted that for computing the depreciation it has considered the depreciation rate specified by the Commission in the MPERC Tariff Regulations, 2012. Further, the petitioner submitted that depreciation has been computed from FY 2005-06 onwards as per the rates specified by the Commission. The petitioner has also submitted that it has reduced the value of the assets created from the consumer contributions from the gross value of the assets and thereafter worked out the depreciation for the purpose of the ARR determination. The broad head-wise depreciation filed by the petitioner for FY 2013-14 is given in the table below:

Table 25: Depreciation expenses filed by the petitioner for FY 2013-14 (Rs. Crore)

Sl. No	Particulars	FY 2013-14					
		Gross Block			Depreciation		Net Block
		Opening	Addition During Year	At End Of Year	Dep. During the Year	Closing Accumulated Dep. Amount	
1	**Furniture & Fixtures**	0.058	0.015	0.073	0.004	0.014	0.059
2	**Computers**	0.046	0.013	0.059	0.003	0.013	0.046
3	**Buildings**	1.832	0.018	1.851	0.062	0.364	1.487
4	**Plant & Machinery**	10.008	1.203	11.211	0.560	2.616	8.595
	Total	**11.944**	**1.249**	**13.193**	**0.629**	**3.007**	**10.183**

2.51 Further, the petitioner has reduced the depreciation on the assets capitalised from the consumer contributions. The details of the depreciation and consumer contribution amortized as filed are given in the table below:

Table 26: Net Depreciation filed by the petitioner (Rs. Crore)

Particulars	Amount
Depreciation and related debits	0.63
Less: Consumer contribution amortized	0.24
Net depreciation and related debits	**0.39**

Commission's Analysis of depreciation

2.52 The Commission found that the computation of the depreciation submitted by the petitioner is as per the Regulations. Accordingly, the Commission has admitted the depreciation amount as claimed by the petitioner of Rs 0.39 Crore for FY 2013-14.

Interest and Finance Charges

Interest on Project Loan

Petitioner's submission

2.53 The petitioner has stated that it has not borrowed any loan capital but as per the provisions in the Regulations notified by the Commission, it has worked out normative loans and calculated the interest thereon by applying prevailing State-Bank Advance Rate (SBAR). The petitioner has considered debt: equity ratio as 70:30 for the assets capitalised during the year and notionally worked out the interest burden thereon. Details as filed are given in the table below:

Table 27: Interest on normative project loan filed by the petitioner for FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	Amount
1	**FY 06**	
	Debt associated with GFA as on the beginning of the year	-
	70% of addition to net GFA considered as funded through debt	2.48
	Repayment during the year	0.11
	Total debt associated with GFA at the end of the year	2.38
2	**FY07**	
	Debt associated with GFA as on the beginning of the year	2.38
	70% of addition to net GFA considered as funded through debt	0.10
	Repayment during the year	0.08
	Total debt associated with GFA at the end of the year	2.40
3	**FY08**	
	Debt associated with GFA as on the beginning of the year	2.40
	70% of addition to net GFA considered as funded through debt	1.32
	Repayment during the year	0.12
	Total debt associated with GFA at the end of the year	3.59
4	**FY09**	
	Debt associated with GFA as on the beginning of the year	3.59
	70% of addition to net GFA considered as funded through debt	0.27
	Repayment during the year	0.15
	Total debt associated with GFA at the end of the year	3.72
5	**FY10**	
	Debt associated with GFA as on the beginning of the year	3.72
	70% of addition to net GFA considered as funded through debt	0.00
	Repayment during the year	0.13
	Total debt associated with GFA at the end of the year	3.59
6	**FY11**	
	Debt associated with GFA as on the beginning of the year	3.59
	70% of addition to net GFA considered as funded through debt	0.03
	Repayment during the year	0.25
	Total debt associated with GFA at the end of the year	3.36
7	**FY12**	
	Debt associated with GFA as on the beginning of the year	3.36

Sl. No.	Particulars	Amount
	70% of addition to net GFA considered as funded through debt	0.46
	Repayment during the year	0.28
	Total debt associated with GFA at the end of the year	3.54
8	**FY13**	
	Debt associated with GFA as on the beginning of the year	3.54
	70% of addition to net GFA considered as funded through debt	0.83
	Repayment during the year	0.36
	Total debt associated with GFA at the end of the year	4.01
9	**FY14**	
	Debt associated with GFA as on the beginning of the year	4.01
	70% of addition to net GFA considered as funded through debt	0.59
	Repayment during the year	0.39
	Total debt associated with GFA at the end of the year	4.21
	Rate of interest & finance charges	10%
	Interest & finance charges on normative basis for project loans	0.42

Commission's Analysis of Interest and Finance Charges

2.54 The Commission has noted from the records filed by the petitioner that the petitioner has not borrowed any loan, therefore, there is no interest burden on the petitioner. As regards equity in excess of 30% of capital contribution, Regulation 21.2 of the MPERC Tariff regulations, 2012 states that if the equity deployed is more than 30% of the Capital Cost, the additional equity considered shall be treated as normative loan. The appropriate portion of the Regulation is reproduced below:

> *"For a Project declared under commercial operation on or after 1.4.2013, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan."*

2.55 Accordingly, the Commission has considered additional equity contribution, i.e., 70% of the capital employed for creation of the assets as normative loans. Consumer contribution has been reduced from the GFA for the purpose of computing normative loan.

2.56 As regards interest rate, the petitioner does not have any loans, therefore, it may not be possible to compute their actual weighted average rate of interest. The Commission, therefore, has considered the average of weighted average rate of interest admitted by the Commission for the East, West and Central Discoms in the ARR and Retail Supply Tariff Order for FY 2013-14, i.e., 9.48%. The normative loan and interest admitted is given in the table below:

Table 28: Interest on normative project loan admitted by the Commission for FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	Amount
1	**FY 06**	
	Debt associated with GFA as on the beginning of the year	
	70% of addition to net GFA considered as funded through debt	2.48
	Repayment during the year	0.11
	Total debt associated with GFA at the end of the year	2.38
2	**FY07**	
	Debt associated with GFA as on the beginning of the year	2.38
	70% of addition to net GFA considered as funded through debt	0.10
	Repayment during the year	0.08
	Total debt associated with GFA at the end of the year	2.40
3	**FY08**	
	Debt associated with GFA as on the beginning of the year	2.40
	70% of addition to net GFA considered as funded through debt	1.32
	Repayment during the year	0.12
	Total debt associated with GFA at the end of the year	3.59
4	**FY09**	
	Debt associated with GFA as on the beginning of the year	3.59
	70% of addition to net GFA considered as funded through debt	0.27
	Repayment during the year	0.15
	Total debt associated with GFA at the end of the year	3.72
5	**FY10**	
	Debt associated with GFA as on the beginning of the year	3.72
	70% of addition to net GFA considered as funded through debt	0.00
	Repayment during the year	0.13
	Total debt associated with GFA at the end of the year	3.59
6	**FY11**	
	Debt associated with GFA as on the beginning of the year	3.59
	70% of addition to net GFA considered as funded through debt	0.03
	Repayment during the year	0.25
	Total debt associated with GFA at the end of the year	3.36
7	**FY12**	

Sl. No.	Particulars	Amount
	Debt associated with GFA as on the beginning of the year	3.36
	70% of addition to net GFA considered as funded through debt	0.46
	Repayment during the year	0.28
	Total debt associated with GFA at the end of the year	3.54
8	**FY13**	
	Debt associated with GFA as on the beginning of the year	3.54
	70% of addition to net GFA considered as funded through debt	0.83
	Repayment during the year	0.36
	Total debt associated with GFA at the end of the year	4.01
9	**FY14**	
	Debt associated with GFA as on the beginning of the year	4.01
	70% of addition to net GFA considered as funded through debt	0.59
	Repayment during the year	0.39
	Total debt associated with GFA at the end of the year	4.21
	Rate of interest & finance charges	9.48%
	Interest & finance charges on normative basis for project loans	0.39

Interest on Working Capital Loan

Petitioner's submission

2.57 The petitioner has submitted that the interest on working capital loan has been computed as per the norms specified in the Regulations. The computation of the working capital submitted by the petitioner for FY 2013-14 is given in the table below:

***Table 29:** Interest on Working Capital filed by the petitioner for FY 2013-14(Rs. Crore)*

Sl. No.	Particulars	Amount
For wheeling activity		
A)	1/6th of annual requirement of inventory for previous year	0.02
B)	O&M expenses	
	R&M expenses	0.60
	A&G expenses	1.37
	Employee expenses	1.80
B) i)	Total of O&M expenses	3.77

Sl. No.	Particulars	Amount
B) ii)	1/12th of total	0.31
C)	Receivables	
C) i)	Annual revenue from wheeling charges	
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	
D)	Total working capital (A), B) ii), C) ii))	0.33
E)	Rate of interest	13.75%
F)	**Interest on working capital**	0.05
For Retail Sale activity		
A)	1/6th of annual requirement of inventory for previous year	0.00
B)	Receivables	
B) i)	Annual revenue from tariff and charges	108.19
B) ii)	Receivables equivalent to 2 months average billing	18.03
C)	Power purchase expenses	97.40
C) i)	1/12th of power purchase expenses	8.12
D	Consumers security deposit	11.09
E)	Total working capital (A+B ii) - C i) - D)	(1.17)
F)	Rate of interest	13.75%
G)	**Interest on working capital**	(0.16)
	Summary	
1	**For wheeling activity**	0.05
2	**For retail sale activity**	(0.16)
	Total interest on working capital	**Nil**

Commission's Analysis of Interest on Working capital

2.58 MPERC Tariff Regulations, 2012 specifies that the total working capital shall consist of expenses towards working capital required for the supply activity and for the wheeling activity. The parameters that shall be considered for computation of working capital for wheeling and supply activity have also been specified separately. Further, as per the aforementioned Tariff Regulations, the rate of interest on working capital shall be equal to the State Bank Base Rate as on 1st of April of the relevant year plus 3.50%. Accordingly, the interest on working capital has been computed as shown in the table below:

Table 30: Interest on Working Capital admitted by the Commission for FY 2013-14(Rs. Crore)

Sl. No.	Particulars	Amount
For wheeling activity		
A)	1/6th of annual requirement of inventory for previous year	0.02
B)	Total O&M expenses	4.29
B) i)	1/12th of total	0.35
C)	Receivables	

Sl. No.	Particulars	Amount
C) i)	Annual revenue from wheeling charges	
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	
D)	Total working capital (A), B) ii), C) ii))	0.37
E)	Rate of interest	13.20%
F)	**Interest on working capital**	0.05
For Retail Sale activity		
A)	1/6th of annual requirement of inventory for previous year	0.00
B)	Receivables	
B) i)	Annual revenue from tariff and charges	101.34
B) ii)	Receivables equivalent to 2 months average billing	16.89
C)	Power purchase expenses	89.20
C) i)	1/12th of power purchase expenses	7.43
D	Consumers security deposit	11.09
E)	Total working capital (A+B ii) - C i) - D)	(1.63)
F)	Rate of interest	13.20%
G)	**Interest on working capital**	(0.21)
	Summary	
1	**For wheeling activity**	0.05
2	**For retail sale activity**	(0.21)
	Total interest on working capital	**Nil**

Interest on consumer security deposits

2.59 The petitioner has submitted the claim for interest @ 8.50% as per RBI bank rate effective from April 1, 2013 on security deposit as Rs 0.94 Crore for FY 2013-14. The Commission has admitted the same interest rate on security deposit as filed by the petitioner as given in the table below:

Table 31: Interest on Consumer Security deposit filed by the petitioner and admitted by the Commission for FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	Amount
1.	Consumer security deposit	11.09
2.	Interest amount claimed	0.94

Summary of the interest and finance charges as filed and as admitted are given in table below:

Table 32: Interest and Finance charges as filed and admitted by the Commission for FY 2013-14 (Rs. Crore)

Sl. No.	Interest	2013-14	
		As filed	As admitted
1.	Project loans	0.42	0.39

Sl. No.	Interest	2013-14	
		As filed	As admitted
2	Working capital loan	0.00	0.00
3	Consumer security deposit	0.94	0.94
4.	**Total**	**1.39**	**1.33**

Return on Equity

Petitioner's submission

2.60 RoE claim as filed by the petitioner is given in the table below:

Table 33: Return on Equity filed by the petitioner for FY 2013-14 (Rs. Crore)

Particulars	Amount
FY 06	
Equity associated with GFA as on the beginning of the year	
30% of addition to net GFA considered as funded through equity	1.06
Total equity associated with GFA at the end of the year	1.06
FY07	
Equity associated with GFA as on the beginning of the year	1.06
30% of addition to net GFA considered as funded through equity	0.04
Total equity associated with GFA at the end of the year	1.11
FY08	
Equity associated with GFA as on the beginning of the year	1.11
30% of addition to net GFA considered as funded through equity	0.56
Total equity associated with GFA at the end of the year	1.67
FY09	
Equity associated with GFA as on the beginning of the year	1.67
30% of addition to net GFA considered as funded through equity	0.12
Total equity associated with GFA at the end of the year	1.79
FY10	
Equity associated with GFA as on the beginning of the year	1.79
30% of addition to net GFA considered as funded through equity	0.00
Total equity associated with GFA at the end of the year	1.79
FY11	
Equity associated with GFA as on the beginning of the year	1.79
30% of addition to net GFA considered as funded through equity	0.01
Total equity associated with GFA at the end of the year	1.80
FY12	

Particulars	Amount
Equity associated with GFA as on the beginning of the year	1.80
30% of addition to net GFA considered as funded through equity	0.20
Total equity associated with GFA at the end of the year	2.00
FY13	
Equity associated with GFA as on the beginning of the year	2.00
30% of addition to net GFA considered as funded through equity	0.36
Total equity associated with GFA at the end of the year	2.35
FY14	
Equity associated with GFA as on the beginning of the year	2.35
30% of addition to net GFA considered as funded through equity	0.25
Total equity associated with GFA at the end of the year	2.61
Return on Equity @ 16%	0.42

Commission's Analysis of Return on Equity

2.61 Based on the equity identified with the assets, the RoE admitted by the Commission, as per the regulations is given in the table below:

Table 34: RoE admitted by the Commission for FY 2013-14(Rs Crore)

Particulars	Amount
FY 06	
Equity associated with GFA as on the beginning of the year	
30% of addition to net GFA considered as funded through equity	1.06
Total equity associated with GFA at the end of the year	1.06
FY07	
Equity associated with GFA as on the beginning of the year	1.06
30% of addition to net GFA considered as funded through equity	0.04
Total equity associated with GFA at the end of the year	1.11
FY08	
Equity associated with GFA as on the beginning of the year	1.11
30% of addition to net GFA considered as funded through equity	0.56
Total equity associated with GFA at the end of the year	1.67
FY09	
Equity associated with GFA as on the beginning of the year	1.67
30% of addition to net GFA considered as funded through equity	0.12
Total equity associated with GFA at the end of the year	1.79

Particulars	Amount
FY10	
Equity associated with GFA as on the beginning of the year	1.79
30% of addition to net GFA considered as funded through equity	0.00
Total equity associated with GFA at the end of the year	1.79
FY11	
Equity associated with GFA as on the beginning of the year	1.79
30% of addition to net GFA considered as funded through equity	0.01
Total equity associated with GFA at the end of the year	1.80
FY12	
Equity associated with GFA as on the beginning of the year	1.80
30% of addition to net GFA considered as funded through equity	0.20
Total equity associated with GFA at the end of the year	2.00
FY13	
Equity associated with GFA as on the beginning of the year	2.00
30% of addition to net GFA considered as funded through equity	0.36
Total equity associated with GFA at the end of the year	2.35
FY14	
Equity associated with GFA as on the beginning of the year	2.35
30% of addition to net GFA considered as funded through equity	0.25
Total equity associated with GFA at the end of the year	2.61
Return on equity @ 16%	0.42

Bad & Doubtful Debts

2.62 The petitioner has not claimed expenses on account of Bad & Doubtful debts for FY 2013-14. The Commission has accepted the filing of the petitioner in this matter.

Income Tax

Petitioner's submission

2.63 The petitioner has submitted the income tax of Rs. 0.02 Crore as shown in the table below:

Table 35: Income Tax filed by the petitioner for FY 2013-14 (Rs Crore)

Sl. No.	Particular	Amount
1.	Income tax	0.02

Commission's Analysis of Income tax

2.64 As regards Income tax for FY 2013-14, the petitioner has not submitted any supporting details. Therefore, in absence of the requisite information of profit earned and the income tax paid by the petitioner for its power business, the Commission has decided to admit the income tax in the ARR based on return on equity admitted by the Commission. The applicable rate of income tax is 33.99%. The admitted amount of income tax is given below:

Table 36: Income Tax admitted by the Commission for FY 2013-14 (Rs Crore)

Sl. No.	Particular	Amount
1.	Admitted return on equity (Rs. Crore)	0.42
2.	Income tax (Rs. Crore) @ 33.99% of RoE	0.14

Other Income

Petitioner's submission

2.65 The petitioner has submitted the other income of Rs. 0.02 Crore as shown in the table below:

Table 37: Other Income filed by the petitioner for FY 2013-14 (Rs. Crore)

Sl. No.	Particular	Amount
1.	Other income	0.02
2.	Delayed payment surcharge	0.00
3.	**Other income for ARR**	**0.02**

Commission's analysis of other income

2.66 The Commission has admitted the other income for FY 2013-14 as submitted by the petitioner.

Revenue from Sale of Power

2.67 The petitioner has projected revenue income for FY 2013-14 as Rs. 108.16 Crore based on existing tariff. The Commission after due examination has admitted the revenue income as filed by the petitioner for FY 2013-14.

ARR filed and admitted for FY 2013-14

2.68 The Commission has determined the components of the ARR for FY 2013-14 as detailed in above paragraphs. The details of ARR filed by the petitioner and as admitted by the Commission are given in the table below:

Table 38: ARR as filed by the petitioner and as admitted by the Commission for FY 2013-14

Particulars	FY 2013-14	
	As Filed	**As Admitted**
Sale and Power Purchase Requirement		
Sale MU	224.47	224.47
Distribution loss (%)	3.70%	3.70%
Distribution loss MU	8.62	8.62
Intra state transmission loss (%)	3.16%	3.16%
Intra state transmission loss MU	7.61	3.93
Inter- state losses (%)	3.53%	3.64%
Inter-state losses MU	4.56	4.71
Total power purchase requirement MU	245.26	241.74
Expenditure		
Purchase of power (Rs Crore)	97.40	89.20
Inter-state transmission charges (Rs Crore)	2.78	2.78
Intra-state transmission (MP Transco) charges (Rs Crore)	2.81	2.80
Other power purchase related expenses incl. SLDC charges (Rs Crore)		0.01
R&M expense (Rs Crore)	0.60	4.28
Employee expenses (Rs Crore)	1.80	
A&G expense(Rs Crore)	1.37	
Total O&M (Rs Crore)	3.78	
MPERC fees (Rs Crore)	0.01	0.01
Depreciation and related debits (Rs Crore)	0.39	0.39
Interest & finance charges(Rs Crore)	1.39	1.33
Other debits, write-offs (prior period and misc. exp written off)	-	-
Less: Interest and other expenses capitalized	-	-
Income tax (Rs Crore)	0.02	0.14
Total expenses(Rs Crore)	**108.56**	**100.94**
RoE(Rs Crore)	0.42	0.42
Total expenses including RoE (Rs Crore)	**108.97**	**101.36**
Less: Other income(Rs Crore)	0.02	0.02
Total ARR (Rs Crore)	**108.95**	**101.34**
Revenue		
Revenue from sale of power (Rs Crore)	**108.16**	**101.34**
Revenue surplus / (Gap) (Rs Crore)	**(0.79)**	**NIL**

2.69 The Commission has determined the distribution and retail supply tariff for various consumer categories based on the ARR as admitted.

3 FUEL COST ADJUSTMENT CHARGE

3.1 In view of Regulation 9 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2012, the Commission hereby decides to continue with the FCA formula along with its associated mechanism/modalities with minor modifications as detailed in following paragraphs.

3.2 FCA formula for deriving Fuel Cost Adjustment for recovery/adjustment of un-controllable costs due to increase or decrease in the cost of fuel in case of coal, oil, and gas for generating plants.

$$\textbf{FCA for billing quarter} \left(\frac{p}{u}\right) = \frac{\textbf{IVC (Rs. Crore)x1000}}{\textbf{Normative Sale (MU)}}$$

Where,

IVC = sum of – (a) difference in per unit variable cost actually billed by each long term coal or gas based power generator and variable cost as allowed in the Tariff Order, multiplied by (b) units availed from each such generating station in the preceding quarter. Variable costs of Hydel Generating Stations shall not be considered for the purpose of working out the increase in variable Cost of Power Purchase.

Preceding Quarter = the period of preceding three months excluding the period of two months immediately proceeding to the billing quarter,

Billing Quarter = the period of three months for which FCA is to billed and shall be a period commencing on first day to last day of quarter for the quarter commencing from 1st April ending 30th June and so on.

Normative Sale = the sale grossed down from the total actual ex-bus drawal from all sources (Generators + Other sources) during preceding quarter by the normative PGCIL, transmission and distribution losses for the months of the preceding quarter provided in the Tariff Order.

3.3 FCA shall have to be worked out on the basis of the normative parameters as per respective generation Tariff Orders issued by the appropriate Commissions. Further variation if any, shall need prior approval of the Commission.

3.4 FCA charge shall be in the form of paise per unit (kWh) rounded off to the nearest integer. For this purpose, fraction up to 0.5 shall be ignored and fraction higher than 0.5 shall be rounded off to the next higher integer. This charge shall be added to or deducted from, as the case may be, the energy charges as per the existing tariff for the energy billed to every consumer and shall be indicated separately in the electricity bills issued to the consumers and shall be treated as part of energy charge.

3.5 FCA charge shall be uniformly applicable to all categories of consumers of the petitioner.

3.6 The responsibility of working out the rate of FCA every quarter shall rest with the petitioner.

3.7 The petitioner shall work out the change in variable cost of power purchase during the preceding quarter based on the bills received by them from the long term coal and gas based Generators. The information shall be prepared in the following manner for every month of the "preceding quarter" and summated thereafter for the quarter:

Table 39: Format for FCA charge

Month/ quarter	**Name of generating station/ other source**	**Power Drawn ex-bus**	**Variable cost incurred based on actual variable charges**		**Variable cost as per rates provided in Tariff Order**		**Increase in variable cost of power purchase**
		(MU)	**Rate (paise/unit)**	**Cost (Rs. Crore)**	**Rate (paise/unit)**	**Cost (Rs. Crore)**	**[5-7] (Rs. Crore)**
1	2	3	4	5	6	7	8
Total							

3.8 The petitioner shall workout "normative sale". For this purpose, normative PGCIL, transmission and distribution loss (percentage /quantum) for the months of preceding quarter, as provided in the Tariff Orders, shall be subtracted from the total ex-bus power drawn during the preceding quarter to arrive at normative sale.

3.9 FCA charge shall be worked out by the petitioner based on the formula provided here above and details shall be submitted to the Commission for verification atleast 15 days before the commencement of the billing quarter. After approval of the Commission, FCA charge shall be leviable for the following quarter.

3.10 The petitioner shall commence billing of FCA charge from the first day of the billing quarter.

3.11 The rate and amount of FCA charge shall be shown separately in the consumer bills.

3.12 Following illustration is given for the purpose of understanding:

3.13 If the "billing quarter" is say "July to Sept", then the "preceding quarter" shall mean the period "Feb to April" and the period of May and June months is allowed to collect the data/ details and finalization of FCA charge.

3.14 The details of the normative Losses for PGCIL System and MPPTCL System and normative distribution losses as per the Tariff Orders of the Commission are indicated in the table below:

Table 40: PGCIL, MPPTCL and distribution losses %

Sr. No.	Month/Year	PGCIL Losses*		MPPTCL Losses**	Distribution Losses***
		Region	%	%	%
1	April, 12	W.R.	3.64%	3.16%	3.70%
2	May, 12	W.R.	3.64%	3.16%	3.70%
3	June, 12	W.R.	3.64%	3.16%	3.70%
4	July, 12	W.R.	3.64%	3.16%	3.70%
5	August, 12	W.R.	3.64%	3.16%	3.70%
6	September, 12	W.R.	3.64%	3.16%	3.70%
7	October, 12	W.R.	3.64%	3.16%	3.70%
8	November, 12	W.R.	3.64%	3.16%	3.70%
9	December, 12	W.R.	3.64%	3.16%	3.70%
10	January, 13	W.R.	3.64%	3.16%	3.70%
11	February, 13	W.R.	3.64%	3.16%	3.70%
12	March, 13	W.R.	3.64%	3.16%	3.70%

Note: * PGCIL Losses: % PGCIL loss is based on input from W.R.
** Transmission Losses: % M.P. Transmission losses are based on input at State periphery.
*** Distribution Losses: % Distribution losses are based on input at the petitioner's area periphery.

4 WHEELING CHARGES AND CROSS SUBSIDY SURCHARGE

Determination of "wheeling cost"

4.1 For the purpose of determining wheeling cost, the Commission allocates the fixed costs of distribution (i.e., other than power purchase) for wheeling activity in the following manner:

Wheeling activity shall include:

(a) O&M expenses
(b) Depreciation
(c) Interest on project loans
(d) Interest on working capital loans – on normative working capital for wheeling activity
(e) Return on Equity
(f) Other miscellaneous expenses including MPERC fees
(g) Less : Other Income as attributed to wheeling activity

4.2 On the basis of the admitted ARR for FY 2013-14, the expenditure towards wheeling activity for the petitioner is Rs. 6.57 Crore.

Segregation of costs among voltage levels

4.3 The costs of distribution identified as attributable to wheeling activity must further be distributed among the two voltage levels of distribution, i.e., 33 kV and below 33 kV. Though the EHT consumers (i.e., at voltages above 33 kV) are consumers of the Distribution Companies, they are not connected to the distribution system. Some costs are associated with EHT consumers (mainly costs associated with metering, billing and collection). However, the Commission, at this juncture, did not go into those details, primarily on account of data unavailability.

4.4 The SEZ presently does not maintain account of its costs on a voltage-wise basis. Similar is the case with other Govt. owned Distribution Companies.

4.5 The present accounting practices of SEZ does not permit segregation of GFA among the voltage levels directly. The Commission, therefore, considers it appropriate to adopt the approach to use the transformation capacity in MVA at interfaces of 33/11 kV and 11/0.4 kV.

4.6 The data used for this exercise for the value of the asset base is given below:

Table 41: Identification of asset value

Voltage level of Lines	Cumulative length of lines (ckt-km)	Per unit cost (Lakh Rs./ckt-km)	Total Cost of lines (Rs. Crore)
33 kV	24.40	12.54	3.06
Below 33 kV			
(a) 11 kV	12.00	9.35	1.12
(b) LT	8.00	5.17	0.41
Sub-total			1.54
Total			**4.60**

Table 42: Total Cost of transformer voltage level

Transformer Voltage Level	Cumulative capacity (MVA)	Per unit cost (Lakh Rs./MVA)	Total Cost (Rs. Crore)
33/11 kV Transformer	5.00	38.26	1.91
11/0.4 kV Transformer	2.80	2.28 per 100 KVA	0.64
Total			**2.55**

4.7 For the purpose of above, the data for length of lines and transformation capacity is as supplied by the petitioner as part of their filings.

4.8 In order to identify the asset values at different voltage levels, it is necessary to "assign" the interface transformers to either voltage levels. For this exercise, the Commission considers it appropriate to include the distribution transformers (11/0.4 kV) to be part of the 11 kV network, while the power transformers of 33/11 kV have been considered to be part of the 33 kV network. Based on this, the asset values at different voltage levels works out to:

Table 43: Identification of value of network at each voltage level

Voltage level	Cost of Lines (Rs. Crore)	Cost of Transformation (Rs. Crore)	Total Cost (Rs. Crore)
33KV	3.06	1.91	4.97
Below 33 KV	1.54	0.64	2.18
Total	**4.60**	**2.55**	**7.15**

4.9 The expenses of wheeling activity, identified as incurred for the above different voltage levels of distribution, shall now be worked out using the asset value ratios as obtained from above. This shall be as follows:

Table 44: Identification of network expenses (wheeling cost) at different voltage level

Voltage Level	Assets value (Rs. Crore)	Assets value Ratio (%)	Total wheeling cost (Rs Crore)	Wheeling Cost (Rs Crore)
33 kV	4.97	69.58%	6.57	4.57
Below 33 kV	2.17	30.42%		2.00
	7.15	**100%**		

Sharing of Wheeling costs

4.10 The cost of wheeling identified as above for the different voltage levels is again required to be allocated to the users at the same voltage levels. It is necessary to do so since the 33 kV network is used by the consumers at 33 kV and below 33 kV, while the below 33 kV network is used by the consumers at 11 kV and LT.

4.11 This allocation of wheeling cost at different voltage levels is done based on the usage of the network at different voltage level by consumers. The Commission has chosen to adopt "Units Sold" at different voltage levels as the measure of network usage to allocate the costs as detailed below:

Table 45: Allocation of wheeling cost over distribution system users

	Particulars	Rs Crore
A	Wheeling Cost at 33 kV- Rs Crore	4.57
B	Sales at 33 kV (MU)	223.47
C	Total Sales (MU) {excluding sales at 132 kV}	224.47
D	Proportion of 33 kV sales to total sales	99.55%
	Cost allocation	
E	Wheeling cost of 33 kV allocated to 33 kV users only (A*D)--Rs. Crore	4.55

4.12 The wheeling cost allocated to 33 kV thus works out to Rs. 4.55 Crore. Based on this allocation and considering the consumption at 33 kV, the wheeling charges in Rupees per unit are determined as below :

Table 46: Wheeling Charges

Voltage	Wheeling Cost allocated (Rs. Crore)	Sales (MU)	Wheeling charges (in Rs./unit)
EHT	-	-	-
33KV	4.55	223.47	0.20

Applicability of wheeling charges under different scenarios

4.13 Various scenarios of location of open access generators and their consumers and the consequent applicability of transmission and wheeling charges shall be as below:

(a) Scenario 1: Generator is connected to Transmission network (EHT voltages), while the consumer is connected to the distribution network at 33 kV of Distribution Licensee: The scenario shall attract both transmission and wheeling charges since power required by the open access consumer will flow downstream from the transmission network through the distribution network up to the consumer's connection.

(b) Scenario 2: Both generator and consumer are connected to the distribution system of the Distribution Licensee at 33 KV: The power generated by the open access generator will be consumed within the area of the petitioner and hence it will contribute to meeting the demand of the open access consumer. Therefore, there is no additional usage of transmission network in this transaction. Hence, such transactions shall attract only the wheeling charges.

4.14 For encouraging open access, the Commission has determined the above applicability of charges. The formulations above also conform to the principle that power flows on the network by displacement method.

Determination of Cross-Subsidy Surcharge

4.15 The Tariff Policy prescribes the following formula for determination of cross-subsidy surcharge for various categories of consumers.

"8.5 Cross-subsidy surcharge and additional surcharge for open access

Surcharge formula:

$S = T – [C(1+L/100) + D]$
Where,
S is the surcharge

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power."

D is the Wheeling charge

L is the system Losses for the applicable voltage level, expressed as a percentage

"8.5.5 Wheeling charges should be determined on the basis of same principles as laid down for intra-state transmission charges and in addition would include average loss compensation of the relevant voltage level.

4.16 The first step in the determination of cross-subsidy surcharge is to work out the cost of marginal power purchase of top 5% power. The total energy required in FY 2013-14 is 241.74 MU. The top 5% at the margin requirement shall be 12.09 MU which shall be met from supply by the West Discom @ Rs.5.60 per unit.

4.17 The average tariff for HV industrial consumers works out to Rs.4.51 per unit.

4.18 Since the average tariff for HV industrial consumers is less than the cost of power purchase of top 5% at the margin, therefore cross subsidy surcharge shall be considered "Zero" for billing purposes for FY 2013-14.

5 RETAIL TARIFF DESIGN

Legal Position

5.1 The Commission has determined the Aggregate Revenue Requirement for FY 2013-14 for the petitioner based on the Regulations notified on 29 November, 2012, under Section 181(2) (zd) read with Sections 45 and 61 of the Electricity Act, 2003. The Aggregate Revenue Requirement admitted by the Commission for the petitioner forms the primary basis for recovery of charges from consumers through retail tariffs.

5.2 Further, in determining the consumer category-wise tariffs, the Commission is also guided by the provisions of the Tariff Policy, notified by the Government of India on 6 January, 2006.

Commission’s Approach to Tariff Determination

Linkage to Average Cost of Supply

5.3 In determining the tariffs, the Commission has given due consideration to the requirement of the Electricity Act, 2003 that consumer tariffs should reflect the cost of supply. The average cost of supply for FY 2013-14 works out to Rs.4.51 per unit.

5.4 While determining the tariff for various consumer categories, the Commission has considered the suggestions/ objections of the objectors and the proposals submitted by the petitioner and has made appropriate provisions.

6 DIRECTIONS TO THE PETITIONER

6.1 The petitioner is a deemed licensee and is obliged to submit its ARR/Tariff petition to the Commission for determination of ARR and Retail Supply Tariff for the consumers of MPAKVN (SEZ) area. While carrying out power supply business, the petitioner is required to follow the provisions of the Electricity Act, 03, relevant Rules and Regulations notified applicable to the distribution licensee. The Commission has noticed some issues on which the petitioner needs to focus and take appropriate action.

6.2 The Commission has reviewed the status of compliance submitted by the petitioner. Directives issued to the petitioner in the tariff order for FY 2013-13 , response thereon by the petitioner and further observations/ directions of the Commission for compliance by the petitioner are as given below:-

6.3 Timely submission of ARR/Tariff Proposals

Directive: The Commission directed the petitioner to ensure timely submission of ARR/Tariff proposals as specified in the Regulations.

Response: The petitioner has submitted that it has now entrusted the task of preparing ARR/Tariff petitions to MPPKVVCL and hence shall submit its ARR/Tariff petitions in future in a timely manner before the specified due date.

Commission's observations/directions: There has been inordinate delay in submission of ARR/Tariff proposals for FY 2013-14 by the petitioner. Delayed submission of ARR/Tariff proposals repeatedly, is unacceptable and reflects adversely on the working of the petitioner. The Commission directs that in future the petitioner should ensure submission of ARR/Tariff proposals within time limits specified in the Regulations.

6.4 Long term power purchase arrangements:

Directive: The Commission directed that the petitioner should finalize long term arrangements within next 6 months so as to ensure availability of supply under long term contracts from 1st April, 2013 onwards to the extent required during coming years.

Response: The petitioner has submitted that it has initiated the process of procuring medium/long term power from MP Power Management Co. Ltd. (MPPMCL). The petitioner further submitted that PPA with NTPC is of 5 year or the validity of allocation, whichever is earlier. The petitioner added that validity of allocation is only for FY 2013-14 but in case Government of India (GOI) extends allocation of power in favor of the petitioner this agreement shall be "mutually extended, renewed or replaced by another agreement for such further period of time as the parties mutually agree".

Commission's observations/directions: The Commission has observed that the petitioner has failed to comply with the directions of the Commission to ensure long term power procurement arrangements. Such long term arrangements would not only ensure certainty of supply sources for longer duration but would also help in reducing power purchase costs. Availing supply at retail rate from MP Paschim Kshetra VVCL was allowed as an interim measure only to ensure that the consumers do not suffer from supply shortage. The Commission had directed the petitioner to enter into long term arrangements from Generators/ other supply sources for power purchase. So far nothing tangible has been done by the petitioner. The Commission has taken a serious view of this. The Commission once again directs the petitioner to finalize long term power purchase arrangements by the end of this financial year.

6.5 Energy Audit

Directive: The Energy Audit meters be installed on all sections of the distribution network and energy audit reports be compiled on a monthly basis and submitted to the Commission within 15 days after the reporting month.

Response: The petitioner has submitted the details of energy audit for FY 2012-13 and up to July,13 for the current year. The petitioner has also submitted that in future, it shall submit energy audit reports on a monthly basis within 15 days after the reporting month.

Commission's observations/directions: The petitioner did not submit any of the energy audit monthly report in time and these reports were submitted only after the Commission sought these details after filing of the petition. The Commission directs the petitioner to submit these report timely in future.

6.6 AMR metering for consumer connections

Directive: To provide Automated Meter Reading for all LT and HT connections by the end of FY 2012-13.

Response: The petitioner has submitted that it has completed the task of installing AMR meters on all HT consumers in the SEZ area and will also provide AMR meters on all LT consumers shortly.

Commission's observations/directions: The Commission directs the petitioner to provide AMR meters on all LT consumers within 3 months.

6.7 **Maintaining separate account for Power Business**

Directive: The Commission directed the petitioner that separate accounts for all the activities related to power business should be maintained sub-head wise and should be got duly audited and certified by the auditors and submitted to the Commission timely.

Response: The petitioner has stated that it has submitted financial statement pertaining to power business for FY 2012-13 certified by auditors.

Commission's observations/directions: In accordance with the Section 51 of Electricity Act 2003, the Distribution Licensee has to maintain separate Accounts for Power Business. However, the petitioner has failed to comply with the Commission's directions. Separate accounts of power business, as submitted by the petitioner, have been carved out from the total accounts of MPAKVN (I) Ltd. on apportionment basis on some assumptions and are not based on actual expenses against the items of power business. The Commission again directs the petitioner to maintain separate accounts for its power business to ensure that distribution business neither subsidises in any way business other than power business nor encumbers its distribution assets in any way to support other business. After the appointment of MPPKVVCL as the consultants, this should not be a difficult exercise any longer.

6.8 **Compliance of Regulations**

Directive: The Commission directed the petitioner to ensure compliance of all the Regulations, Codes and guidelines that are applicable to the distribution licensee in the State and non-compliance of any of the provisions of these Regulations shall make the licensee liable for appropriate actions against it.

Response: The petitioner has submitted that it is ensuring compliance with all Regulations, codes and guidelines applicable as well as directions given by the Commission from time to time.

Commission's observations/directions: The Commission finds that the petitioner has not submitted prescribed regular periodic returns as is being done by other distribution licensees. The Commission directs the petitioner to ensure compliance with all the Regulations, Codes and guidelines that are applicable to the distribution licensee in the State and also submit prescribed periodic returns to the Commission in the desired manner in future.

6.9 Capex Plan

Directive: The Commission directed the petitioner to file its Capex Plan every year to the Commission on a rolling basis in the month of July as stipulated in MYT Regulations and Capex guidelines,.

Response: The petitioner has submitted that it has prepared its capital investment plan for FY 2013-14 with physical as well as financial details of additions/augmentation planned for the existing distribution network.

Commission's observations/directions: The petitioner's reply is inadequate. The petitioner has to file its Capex Plan every year to the Commission on a rolling basis in the month of July. The Commission directs the petitioner to comply with this requirement in future.

6.10 Accounting of rebates/incentives/surcharge

Directive: The petitioner is directed to capture data related to rebates/incentives/surcharge billed to the consumers for the previous year and submit it with next petition for determination of ARR/Tariff.

Response: The petitioner has submitted details of rebates/incentives/surcharge for FY 2012-13.

Commission's observations/directions: The Commission has made note of the petitioner's submission and directs the petitioner to ensure compliance in future also.

6.11 Filing of ARR and Tariff Proposals in Hindi

Directive: The petitioner is directed that the ARR and Tariff Proposals should also be filed in Hindi in hard copy and soft copy as well along with the English version in the submission for next year.

Response: The petitioner has submitted that ARR and Tariff petitions are required to be filed in Hindi to ensure that the masses, who are consumers of the utility, are able to comprehend all the submissions made in the petition. However, the petitioner has further submitted that it has a very limited consumer base and all its consumers are high profile industrial consumers for whom the medium of official communication is English only. Hence, the petitioner requested the Commission to exempt it from requirement of filing the ARR and Tariff petition in Hindi,

Commission's observations/directions: The Commission does not agree with the petitioner's response. The Commission directs the petitioner to file the ARR and Tariff Proposals in Hindi in hard copy and soft copy as well along with the English version in future.

6.12 **Distribution Loss**

Directive: The Commission directed the petitioner to ensure that the losses do not increase further in future and to take all actions to contain the loss levels.

Response: The petitioner submitted that it has achieved distribution losses among the lowest loss levels recorded by the distribution companies for FY 2011-12 and FY 2012-13, and even lower than the Commission approved loss levels in respective Tariff Orders. The petitioner submitted that to reduce T&D losses further it has capital investment plans aimed at improvement/expansion of existing network.

Commission's observations/directions: The Commission has made note of the petitioner's submission and directs the petitioner to continue to take all required steps to reduce the losses.

6.13 Adjustment of surplus income from the consumers

Directive: The Commission directed the petitioner that the adjustments / credit in consumers bills on account of surplus income be allowed to the consumers in their monthly bills in 18 equal installments commencing from the month of October billed in November, 2012.

Response: The petitioner has submitted that the Commission has postponed the hearing regarding adjustment of surplus income as this matter is pending before the Hon'ble Appellate Tribunal for Electricity.

Commission's observations/directions: The Commission will take a view on receipt of judgment of Hon'ble APTEL.

6.14 **Issue of Tariff cards to all consumers**

Directive: Issue Tariff Card to all consumers containing details of tariff for various categories applicable as per Tariff Order for FY 2012-13.

Response: The petitioner has submitted that all consumers were informed about category-wise rates of tariff.

Commission's observations/directions: The Commission directs the petitioner that tariff card to all consumers be provided within a month of issue of the tariff Order and compliance reported to the Commission within 45 days of the order.

FRESH DIRECTIVE

6.15 **RPO compliance**

Directive: The Commission has notified regulation for Renewable Purchase Obligation (RPO), effect of which on power purchase has not been considered by the Commission in the present order as the petitioner has not filed any availability of power from renewable sources. However, the petitioner is directed to ensure RPO compliance for FY 2013-14 as per RPO Regulations and any variation in power purchase costs will be considered during true-up exercise.

7 PUBLIC OBJECTIONS & COMMENTS ON LICENSEES' PETITIONS

7.1 The petition was filed on July 12, 2013 and Commission directed the petitioner to publish the gist of ARR/ Tariff proposal in the newspapers to invite comments/objections/suggestions by 31st August, 2013 from the stakeholders. Two comments/objections/suggestions from the Pithampur Audyogik Sangathan, Indore and the Ujaas Energy Limited were received in the matter.

7.2 The Commission thereafter issued a public notice inviting all willing stakeholders to present their suggestions/objections related to the ARR and tariff proposal in person during the public hearing which was held on 02nd September, 2013 at the office of the Commission. Two stakeholders namely M/s Pithampur Audyogik Sangathan, Indore and Ujaas Energy Limited participated during the public hearing.

7.3 Suggestions from the objectors and response of the petitioner thereon are summarized in the following paragraphs.

Issue No.1: Direction to file ARR tariff petition well before the commencement of the financial year.

Issue raised by objector:

Objector requested the Commission to issue directive to the petitioner to file its ARR tariff petition well before the commencement of the financial year.

Response from Petitioner:

The petitioner stated that the Commission has condoned the delay in submission of ARR/Tariff petition for FY 2013-14 and submitted that it has entrusted the task of preparing ARR/Tariff petition to MPPKVVCL (West Discom), Indore, hence, shall submit it's ARR/Tariff petitions timely in future.

Commission's view:

The Commission has given the directive to the petitioner that in future it should ensure submission of ARR/Tariff proposals in accordance with time limits specified in the Regulations.

Issue No.2: Clarification of the petitioner' position in respect of "Crystal IT Park Indore Ltd".

Issue raised by objector:

Objector submitted that in Para 5 of Page 6, the petitioner has submitted that:

> *"SEZ Indore Ltd (Specially formed for the operation, development, maintenance and administration of SEZ for which MPAKVN (I) Ltd is a Deemed Distribution Licensee),*
>
> *Crystal IT Park Indore Ltd. and*

Pithampur Auto Cluster Ltd. "

Objector asked the petitioner to clear its position in respect of "Crystal IT Park Indore Ltd" as the present petition is only for SEZ Pithampur.

Response from Petitioner:
The petitioner submitted that the petition only covers Pithampur SEZ and for determination of ARR, only cost attributable to Pithampur SEZ has been considered.

Commission's view:
The Commission agrees with the submission of the petitioner.

Issue No.3: Benchmarking of various efficiency parameters based on performance of equal or similar undertaking.

Issue raised by objector:
Objector suggested that the petitioner's load is primarily from HT consumers, which should be benchmarked based on equal or similar undertakings for future determination of ARR.

Response from Petitioner:
The petitioner has not submitted its response on this issue.

Commission's view:
The Commission while laying down norms for various parameters for the petitioner in the MYT regulations has given due consideration to the relevant factors which are specific to the petitioner. For example, the distribution loss trajectory specified for FY 2013-14 is 3.70% which is very low as compared to the other distribution licensees of the state.

Issue No.4: Agreement with MPPKVVCL for outsourcing O&M and other activities**.**

Issue raised by objector:
Objector submitted that the petitioner has entered into an agreement with the MPPKVVCL on 26th March, 2013 to carry out all O&M of its electrical network in SEZ Phase-I and Phase-II for 3 years. It should have explored other best utilities like NTPC, Tatas etc. by inviting tender bids. It has also been suggested to introduce technological innovations of modern electricity systems like smart grid etc.

Response from Petitioner:
The petitioner has stated that the objector's submission does not pertain to the ARR petition for which the comments were sought.

Commission's view:
The Commission is of the view that considering the difficulties faced by the petitioner in the past related to its power business; it would be prudent to consent to the contract between the petitioner and MPPKVVCL, Indore. The MPPKVVCL is a state owned Distribution Licensee in the area surrounding the SEZ area and has adequate expertise in operation and maintenance of the power distribution system. As regards the suggestion to introduce technological innovations of modern electricity systems like smart grid etc., the Commission appreciates the suggestions of the stakeholder and directs that the petitioner should explore

the possibility of introducing such systems in a phased manner to create an efficient and smart distribution system.

Issue No.5: Estimation of sales should be based on "end use method".

Issue raised by objector:

Objector submitted that as the numbers of consumers of the petitioner are less, CAGR method for consumption determination may lead to unrealistic values as the real conditions like present industrial recession in the country, cannot be addressed under CAGR method. Objector recommended "end use method" as adopted by CEA in Annual Power Survey and also estimated energy sales of 205 MU for FY 2013-14.

Response from Petitioner:

The petitioner submitted that in past it has several applications pending for new connections due to limited transmission capacity and unavailability of power. But now the petitioner has agreement with MPPKVVCL to carry out O&M of distribution network in the SEZ area and for techno-commercial consultancy services, various pending applications have been cleared and this is also encouraging other applicants to come forward with their request for new connections. The petitioner further submitted that projections of consumer base, connected load and energy consumption are in keeping with trends expected in future years due to clearing of pending applications, improved power availability, etc.

Commission's view:

The Commission after due consideration of relevant facts has observed that the sale projections made by the petitioner are reasonable based on past trends and expected additions of new connections during FY 2013-14.

Issue No.6: Energy Requirement

Issue raised by objector:

(1) Objector submitted that with good monsoon, improvement of coal supply and new generating stations being synchronized with the grid, huge power is available in the market; therefore, the petitioner has to procure power for 3 years through open Tender to get reasonable rates.

(2) Objector submitted that monthly losses worked out by the petitioner are inconsistent as in area of SEZ, where bulk of the load being of HT consumers both the consumption and losses will be more or less uniform depending on days in a month. Objector further submitted that figures of losses needs to be reconsidered.

(3) Objector submitted that power delivered by MPPKVVCL is at the periphery of SEZ, therefore, MPPTCL and PGCIL losses should not be considered for computing energy requirement.

Response from Petitioner:

(1) Petitioner has submitted that it has initiated the process of procuring medium/long term power from MP Power Management Co. Ltd. (MPPMCL).

(2) The month-wise losses have been worked out in the same ratio as the trend of monthly distribution losses observed in the previous few years. The petitioner further submitted that the month-wise losses are simply on the basis of trends noticed in the past five years and do not impact the total loss for the year, which is independently projected.

(3) The petitioner has not responded on this issue.

Commission's view:

(1) The Commission has directed the petitioner to finalise long term power purchase arrangement by end of this financial year.

(2) The Commission also finds that the petitioner has considered the total loss for the year as per MPERC Tariff Regulations, 2012, which is independently projected.

(3) The Commission has not considered the inter-State losses and intra-State losses while calculating the energy purchase from MPPKVVCL.

Issue No.7: Assessment of Energy Availability.

Issue raised by objector:

(1) Objector submitted that with good stocks of coal with NTPC, infirm power is available in plenty at fairly low rates.

(2) Objector submitted that MPPKVVCL power is costliest power so the petitioner should not increase the share of MPPKVVCL for FY 2013-14 instead balance power should be purchased from MTPP as done in FY 2012-13.

(3) Objector submitted that the petitioner is a Distribution Licensee, which has an obligation to purchase renewable power under 'Renewable Purchase Obligation". The petitioner has not made any such provision in the power availability.

(4) Objector submitted that few captive plants on gas are operative nearby from which procurement can be possible if the Commission fixes rates for procurement. Objector further submitted that advantage is that the power will be supplied at periphery of SEZ and will not attract MPPTCL and PGCIL losses of around 7%.

Response from Petitioner:

(1) The petitioner submitted that as per Western Regional Power Committee (WRPC) allocation of power from various Central Generating Stations, the petitioner has been given allocation out of 15% unallocated share.

(2) The petitioner submitted that it has contract demand of 10 MVA with MPPKVVCL and utilises power from the WEST Discom to meet the demand over and above the demand fulfilled through other arrangements such as NTPC power.

(3) The petitioner submitted that it relies on the Commission's directive in this regards.

(4) The petitioner has stated that the objector's submission falls within the Commission's purview.

Commission's view:

(1) The Commission finds the petitioner's reply satisfactory that the petitioner can procure power from Central Generating Stations only on the basis of the allocation notification of Western Regional Power Committee.

(2) The Commission has already directed the petitioner to finalise long term power purchase arrangement by end of this financial year to ensure firm availability of power to its consumers.

(3) The Commission has directed the petitioner to fulfil the RPO compliance.

(4) The petitioner can procure power from nearby Captive plants through competitive bidding and accordingly file petition to the Commission for adoption of tariff discovered through competitive bidding in case of shortage in the availability.

Issue No.8: O&M charges

Issue raised by objector:
Objector submitted the following suggestions:

(1) R&M as 5% of opening GFA needs to be reviewed based on benchmarking with other similar undertakings.

(2) Employee cost should be limited to employees directly employed by the petitioner for power business.

(3) A&G expenses needs to be restrained, which has jumped by 12%. The terminal benefits should be limited to direct employees of the company and have to be as per present rules applicable to government undertaking.

(4) Additional cost arising out of O&M agreement with MPPKVVCL should be disallowed and agreement should be made public. Objector further submitted that agreement should include specific improvement the consultant will bring out.

Response from Petitioner:

(1) The petitioner has submitted that R&M is an essential requirement of any network for smooth running of operations. The petitioner further submitted that it is in constant effort to keep the R&M expenses in line with the norms and at an optimal level.

(2) The petitioner has submitted that the no. of employees designated to work on the distribution network is in the level of automation in the system. Moreover, as per the agreement with MPPKVVCL all O&M activities pertaining to distribution network in the SEZ area will be done by MPPKVVCL, which further bring down the cost, because of its expertise in distribution.

(3) The petitioner has submitted that the increases in A&G expenses are due to inflation as well as Rs. 30 Lakh to be paid to MPPKVVCL, Indore as per O&M agreement. The petitioner further submitted that terminal benefits paid out to employees are limited to its direct employees and are as per rules.

(4) The petitioner submitted that as per agreement with MPPKVVCL it has to pay pre-determined fees/charges for its activities and consequently, it would not be required to incur any employee cost, A&G expenses or R&M expenses pertaining to the field activities that are included in MPPKVVCL's scope of work. The petitioner further submitted that it would be saving on these O&M expenses and would only be paying certain predetermined fees to MPPKVVCL for its activities. The petitioner added that MPPKVVCL's scope of work includes various aspects of improving service levels and standards of performance as laid down in the Distribution Performance Standard Regulation notified by the Commission.

Commission's view:
The Commission has admitted O&M expenses as per the agreement signed with MPPKVVCL and no other charges have been admitted as has been accepted by the petitioner in its response. The Commission expects that with outsourcing of the O&M and other techno-commercial activities to the MPMKVVCL, the working efficiency shall improve.

Issue No.9: Capital Investment Plan.

Issue raised by objector:
Objector submitted that the petitioner's investment plan should be reviewed in the context of modern technological development and has to indicate the likely benefits, which will accrue due to investment like reduction in T&D losses, improvement in reliability, reduction in manpower, etc.

Response from Petitioner:
The petitioner has submitted that a detailed capital investment plan has been submitted to the Commission in which various objectives including capacity building, system strengthening, voltage improvement, consumer service and reliability of service are included.

Commission's view:
The Commission has considered additions to GFA based on past trends and not the projected capex by the petitioner. Normative distribution losses have been considered to determine the ARR.

Issue No.10: Interest on project loans and interest on working capital

Issue raised by objector:
Objector submitted that as the petitioner is not having any actual loan, therefore, it should be allowed same interest rate, which is allowed to consumers for security deposits, i.e., 8.5%.

Response from Petitioner:

The petitioner has submitted that it is the norm among regulators across the country to allow for interest on actual/normative loan amount in line with the prevailing rates of interest in the loan market. Therefore, the prevailing interest rates for the purpose of borrowing funds have to be considered for calculating interest in loans, and not the rate of interest on consumer security deposits.

Commission's view:
While approving the interest on project loans the Commission has considered the average interest rate of all the three Distribution Licensees of Madhya Pradesh approved in the Tariff Order for FY 2013-14. As regards, interest on working capital, the Commission has considered SBI base rate as per MPERC Tariff Regulations. The requirement of interest on working capital, however, has been NIL as filed and admitted.

Issue No.11: Depreciation

Issue raised by objector:
Objector submitted that depreciation should be as per norms prescribed in the Regulations and contribution of the consumer account has to be as per audited balance sheet.

Response from Petitioner:
The petitioner has submitted that it has computed the depreciation in line with the Commission's regulations for tariff determination applicable for the deemed licensee.

Commission's view:
The Commission has computed depreciation as per MPERC Tariff Regulations.

Issue No.12: Return on Equity

Issue raised by objector:
Objector submitted that consumer contribution must be deducted from 30% equity considered for computing RoE.

Response from Petitioner:
The petitioner has submitted that in line with the norms, consumer contribution is reduced from the amount added to net GFA, while calculating the total equity associated with GFA for the purpose of computing RoE.

Commission's view:
The Commission has considered consumer contribution while admitting the return on equity as per MPERC Tariff Regulations.

Issue No.13: Other Income.

Issue raised by objector:
Objector requested the Commission to carefully scrutinise other income of 0.02 Crore, which is very less as compared to other Discoms.

Response from Petitioner:
The petitioner has submitted that due to the nature of Distribution Business in SEZ area there is less income (or no income at all) from certain sources under "Other Income" such as recovery from theft of energy, meter rent, etc., which otherwise forms a substantial part of "other income" for mass-based electricity distribution companies.

Commission's view:
The Commission has examined the other income as filed by the petitioner and has found it acceptable.

Issue No.14: Annual Revenue Requirement

Issue raised by objector:
Objector is of the opinion that realistic assessment of load and reduction of purchase of power from MPPKVVCL will show surplus instead of deficit.

Response from Petitioner:
The petitioner has submitted that its projections of expenditure and revenue are as realistically as possible in consideration of various existing and planned power purchase agreements as well as norms set down by the Commission.

Commission's view:
The Commission has admitted the ARR after detailed analysis of each component of ARR and accordingly has revised tariff which is applicable from 1st October, 13 to 31st March, 14.

Issue No.15: Segregation of Accounts and Gross Fixed Assets.

Issue raised by objector:
Objector submitted that allocation of common expenses to power and others should be examined by the charted accountant appointed by the Commission.

Response from Petitioner:
The petitioner has submitted that it has complied with the direction of the Commission for maintaining separate account for power business. The petitioner further submitted that the financial statements pertaining to power business are being submitted after certification by the Auditor.

Commission's view:
The Commission has already issued directive to the petitioner to segregate its Accounts for Power Business.

Issue No.16: Tariff proposal for FY 2013-14

Issue raised by objector:

(1) Objector submitted that as discussed above, ARR will decrease which results in decreasing tariff, therefore, Objector requested the Commission to apply revised tariff from 1 April, 2013.

(2) Objector requested the Commission to consider and determine the wheeling charges, cross-subsidy surcharge, and additional surcharge and transmission charges for open access customers on the basis of the transmission charges for open access customer on the basis of the present petition.

Response from Petitioner:

(1) The petitioner relies on Commission view regarding this issue.

(2) The petitioner submitted that that the provision for cross subsidy surcharge to be levied from open access consumers has been made in the Electricity Act, 2003 as well as the Commission's Regulations in order to compensate the distribution utility for loss in revenue and implicit cross-subsidy (built in to tariff) from high paying consumers who move to open access. At present, there is no open access consumer within SEZ.

Commission's view:

(1) The Commission has after giving due consideration to the admitted ARR and the fact that the petitioner has recovered revenue from the consumers based on FY 2012-13 tariff from April,13 to Sept,13, determined the tariff to be recovered from 1st October, 13 to 31st March,14 to balance the ARR with revenue requirement.

(2) The Commission has determined the wheeling charges, cross-subsidy surcharge, and additional surcharge and transmission charges for open access customers in this Tariff Order.

Issue No.17: Tariff schedules for LT consumers

Issue raised by objector:

Objector has submitted the following suggestions for LT category consumers:

(1) LT category tariff schedule should have one tariff for all.

(2) It should be mandatory to have demand meters installed and tariff should be two part tariff.

(3) HT connection should be offered to all consumers having demand of 50 kVA and above.

(4) Demand charge should cover fixed expenses and therefore the minimum charges should be abolished.

(5) Load factor incentive and TOD tariff should be offered to all consumers.

(6) Tariff incentives for conservation of energy, prepaid meters and advance payment should be encouraged.

Response from Petitioner:

The petitioner has submitted that the Commission may take appropriate view on the same.

Commission's view:

(1) The Commission has given due consideration to the provisions of the Electricity Act, 2003 while determining tariff for various LT consumer categories. Thus the Commission does not feel it appropriate to have one tariff for all LT consumer categories.

(2) The Commission has considered demand based tariff for relevant consumer categories.

(3) HT connections at 11 kV can be availed with a minimum contract demand of 50 kVA as provided in MP Electricity Supply code, 2013.

(4) The Commission is of the view that normally tariff minimum should not be recovered from consumers if the fixed cost is fully recovered through fixed charges. However, if fixed charges are at a low level then there is no alternative left but to levy minimum charges for some of the categories of consumers so as to keep revenue balance. If the fixed costs of the licensees are fully recovered by levying commensurate fixed charges, it may lead to tariff distortion which may not be desirable for the consumers. Also if the consumption is above the threshold limit of minimum charges then actual consumption charges only are recovered.

(5) TOD tariff is applicable to all HT consumers. The Commission does not consider it appropriate to introduce TOD tariff for LT consumers at this juncture. As regards load factor incentive, the Commission is of the view that no load factor incentive should be allowed. In fact the Commission has been reducing the rate of the load factor incentive gradually in the retail supply Tariff Order issued for the three State Distribution Licensees of Madhya Pradesh. Therefore, the Commission does not feel it appropriate to introduce the same for consumers in the petitioner's area.

(6) Advance payment incentive is already in place. As regards, incentive for conservation of energy, it has been provided to consumers of LV 3 category. Use of prepaid metering needs to be explored by the petitioner, who may after due examination submit proposals.

Issue No.18: Tariff Schedules for HT consumers

Issue raised by objector:

Objector has submitted following suggestions for HT category consumers:

(1) HT category tariff schedule should have one tariff for all categories of load and the voltage offered is only 33 kV. In order to reduce losses and improve the system loads 5 MW and above load should be offered at 132 kV with incentivised tariff.

(2) Demand charge should reflect the actual fixed charge to all HT category consumers and minimum charges should be abolished.

(3) Off peak hour rebate should be increased in TOD tariff.

Response from Petitioner:

(1) The petitioner has not commented as the matter falls under the Commission's purview.
(2) The petitioner has submitted that minimum charges are meant to recover the fixed charges relating to provision of network and power to consumers, to be levied in case the consumer's consumption is significantly lower than the guaranteed annual minimum consumption (in kWh) specified for his category.
(3) The petitioner has not commented as the matter falls under the Commission's purview.

Commission's view:

(1) The Commission has given due consideration to the provisions of the Electricity Act, 2003 while determining tariff for various HT consumer categories. As regards, the load to be offered at 132 kV, the permissible minimum and maximum contract demand has been specified in MP Electricity Supply Code,2013.

(2) The Commission's views on levy of tariff minimum charges have been given at issue 17.

(3) Off peak TOD rebate, which is 7.5%, is considered appropriate.

Issue No.19: Fixing of time limit for submission of True-up petitions.

Issue raised by objector:

Objector submitted that the petitioner should come up for earlier year's true up, which may decrease the future year tariff.

Response from Petitioner:

The petitioner submitted that Retail Tariff Order for FY 2012-13 is currently under challenge before the Hon'ble Appellate Tribunal for Electricity (ATE), New Delhi and true-up proceedings for previous years would be taken up pursuant to the judgement/directions received from the Hon'ble ATE in this regards.

Commission's view:

The regulations stipulate the time limit for submission of True-up petition. Since the petitioner could not submit accounts of the power business based on actual expenses, the Commission has carried out provisional true up for FY 10-11 and FY 11-12 with the tariff order for FY 12-13. The Commission directs the petitioner to submit the true up petition for 2012-13 by end of Oct, 13 along with the ARR/ tariff petition for 2014-15.

Annexure-1 (Tariff Schedules for Low Tension Consumers)

ANNEXURE TO THE TARIFF ORDER PASSED BY MPERC FOR FINANCIAL YEAR 2013-14

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

TARIFF SCHEDULES FOR LOW TENSION CONSUMERS OF MPAKVN (Indore), LTD., SEZ PITHAMPUR

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Tariff Schedule-- LV-1

DOMESTIC: ---

Applicability:

This tariff is applicable for light, fan and power for residential use only. Dharamshalas, old age houses, rescue houses, orphanages, places of worship and religious institutions will also be covered under this category.

Tariff:

Energy charges (paise per unit)	Monthly Fixed Charges (in Rs)
450	50 per connection

Minimum charges: Rs. 60 per connection per month as minimum charges towards energy charges are applicable for above category.

Specific Terms and conditions for LV-1 category

a) In case energy charges for actual consumption are less than minimum charges, minimum charges shall be billed towards energy charges. All other charges, as applicable, shall also be billed.

b) Other terms and conditions shall be as specified under General Terms and Conditions for Low Tension consumers.

Tariff Schedule – LV-2

NON-DOMESTIC: ---

Applicability:

This tariff is applicable for light, fan and power to Railways (for purposes other than traction and supply to Railway Colonies/water supply), Shops/showrooms, Parlours, All Offices, Hospitals and medical care facilities including Primary Health Centres, clinics, nursing homes belonging to either Govt. or public or private organisations, public buildings, guest houses, Circuit Houses, Government Rest Houses, X-ray plant, recognized Small Scale Service Institutions, clubs, restaurants, eating establishments, meeting halls, places of public entertainment, circus shows, hotels, cinemas, professional's chambers (like Advocates, Chartered Accountants, Consultants, Doctors etc.), bottling plants, marriage gardens, marriage houses, advertisement services, advertisement boards/ hoardings, training or coaching institutes, petrol pumps and service stations, tailoring shops, laundries, gymnasiums, health clubs, telecom towers for mobile communication and any other establishment (except those which are covered in LV 2.1), who is required to pay Commercial tax/service tax/value added tax (VAT)/entertainment tax/luxury tax under any Central/State Acts., Educational Institutions including workshops and laboratories of Engineering Colleges / Polytechnics/ITIs (which are registered with /affiliated/ recognized by the relevant Govt. body or university), Hostels for students or working women or sports persons (run either by Govt. or individuals)

Tariff:

Sub category	Energy charges (paise/unit)	Monthly Fixed charges (in Rs)
LV 2.1 Sanctioned load based tariff (only for connected load up to 20kW)		
On all units if monthly consumption is not more than 50 units	425	50 per KW
On all units in case monthly consumption exceeds 50 units	450	85 per KW
LV 2.2 contract demand based tariff		
OPTIONAL Demand based tariff (only for contract demand above 10 KW and up to 20kW)	450	190 per KW or 152 per kVA of billing demand
Mandatory demand based tariff for contract demand above 20 kW	450	190 per KW or 152 per kVA of billing demand

Temporary connections including Multi point temporary connection at LT for Mela*	575	130 per KW or part thereof of sanctioned or connected or recorded load whichever is highest
For X-Ray plant	**Additional Fixed charges (Rs. per machine per month)**	
Single Phase	450	
Three Phase	650	
Dental X-ray machine	50	

*In case permission for organizing Mela is granted by Revenue Authorities of Government of Madhya Pradesh or by MPAKVN(I)/SEZ.

Specific Terms and Conditions for LV-2 category:

a) **Minimum consumption:** The consumer shall guarantee a minimum annual consumption of 360 units per kW or part thereof of **sanctioned load or contract demand (in case of demand based charges).** However, the load of X-Ray unit shall be excluded while considering the load of the consumer for calculation of minimum consumption. The method of billing minimum consumption shall be as given in General Terms and Conditions of Low Tension tariff.

b) **Additional Charge for Excess demand:** Shall be billed as given in General Terms and Conditions of Low Tension tariff.

c) Other terms and conditions shall be as specified under General Terms and Conditions.

Tariff Schedule – LV-3

PUBLIC WATER WORKS AND STREET LIGHTS

Applicability:

The tariff **LV-3.1** is applicable for Public Utility Water Supply Schemes, Sewage Treatment Plants, Sewage Pumping Installations run by SEZ or any other organization authorised by the Government in the area of SEZ to supply/ maintain public water works / sewerage installations and shall also be applicable to electric crematorium maintained by local bodies/trusts.

Note: Private water supply scheme, water supply schemes run by institutions for their own use/employees/townships etc. shall not fall in this category. These shall be billed under the appropriate tariff category to which such institution belongs. In case water supply is being used for two or more different purposes then entire consumption shall be billed for purpose for which the tariff is higher.

The tariff **LV-3.2** is applicable to traffic signals and lighting of public streets or public places including parks, town halls, monuments and its institutions, museums, public toilets, public libraries, reading rooms run by Government or Local Bodies or SEZ and Sulabh Shochalaya**.**

Tariff: For Public Water Works and Street Light

Category	Energy Charges (paise per unit)	Monthly Fixed Charges (in Rs. per KW)	Minimum Charges (Rs)
LV 3.1 **Public Water Works**	450	NIL	300 per kW
Temporary supply for **Public Water Works**	1.3 times the applicable tariff		
LV 3.2 **Street light**	450	NIL	300 per kW

Specific Terms and Conditions for LV-3 category:

(a) **Incentives for adopting Demand Side Management**

An **incentive** equal to 5 % of energy charges shall be given on installation and use of energy saving devices (such as ISI energy efficient motors for pump sets and programmable on-off/ dimmer switch with automation for street lights). **Incentive** will be admissible only if full bill is paid within due dates failing which all consumed units will be charged at normal rates. Such incentive will be admissible from the month following the month in which energy saving devices are put to use and are verified by a person authorized by the licensee. This incentive will continue to be allowed till such time these energy saving devices remain in service. The licensee is required to arrange wide publicity of above incentive.

(b) Other terms and conditions shall be as specified under General Terms and Conditions.

Tariff Schedule – LV-4

LT INDUSTRIAL

Applicability:

Tariff **LV-4** is applicable to light, fan and power for operating equipment used by printing press and any other industrial establishments and workshops (where any processing or manufacturing takes place including tyre re-treading). These tariffs are also applicable to cold storage, gur (jaggery) making machines, flour mills, Masala Chakkies, hullers, khandsari units, ginning and pressing units, sugar cane crushers (including sugar cane juicing machine), power looms, dal mills, besan mills, and ice factories and any other manufacturing or processing units (excluding bottling plant) producing/processing food items or processing agriculture produce for preservation/increasing its shelf life and Dairy units (where milk is processed to produce other end products of milk other than chilling, pasteurization etc.)

Tariff: For industrial consumers

	Category	Monthly Fixed Charges (in Rs.)	Energy Charges (paise per unit)
4.1	**Industrial consumers**		
4.1 a	Demand based tariff (for Contract demand up to 150 HP)	125 per kW or 100 per kVA of billing demand	400
4.1 b	Temporary connection	1.3 times of the applicable tariff	

Terms and Conditions:

(a) The maximum demand of the consumer in each month shall be reckoned as four times the largest amount of kilovolt ampere hours delivered at the point of supply of the consumer during any continuous fifteen minutes in that month.

(b) Demand based tariff is mandatory and the licensee shall provide Tri vector/ Bi vector Meter capable of recording Demand in kVA/ kW, kWH, kVAh and Time of Use consumption

(c) **Minimum Consumption:** Shall be as per following:

i. The consumer shall guarantee a minimum annual consumption (kWH) based on 360 units per HP or part thereof of contract demand irrespective of whether any energy is consumed or not during the year.

ii. The consumer shall be billed monthly minimum 30 units per HP per month in case the actual consumption is less than above specified units.

iii. Method of billing of minimum consumption shall be as given in the General Terms and Conditions of Low Tension tariff.

(d) **Additional Charge for Excess Demand:** Shall be billed as given in the General Terms and Conditions of Low Tension tariff.

(e) Other terms and conditions shall be as specified under General Terms and Conditions.

GENERAL TERMS AND CONDITIONS OF LOW TENSION TARIFF

1. **SEZ Area** means the area notified by Government of Madhya Pradesh (GoMP) as may be amended from time to time.

2. Rounding off: All bills will be rounded off to the nearest rupee i.e. up to 49 paisa shall be ignored and 50 paisa upwards shall be rounded off to next Rupee.

3. Billing Demand: In case of demand based tariff, the billing demand for the month shall be the actual maximum kVA demand of the consumer during the month or 90% of the contract demand, whichever is higher. The billing demand shall be rounded off to the nearest integer number i.e. fraction of 0.5 or above will be rounded to next higher integer and the fraction of less than 0.5 shall be ignored.

4. Fixed charges billing: Unless specified otherwise, fractional load for the purposes of billing of fixed charges shall be rounded off to nearest integer i.e. fraction of 0.5 or above will be rounded to next higher integer and the fraction of less than 0.5 shall be ignored. However for loads less than one kW/HP, it shall be treated as one kW/HP.

5. **Method of billing of minimum consumption:**

    a. The consumer shall be billed one twelfth of guaranteed annual minimum consumption (KWH) specified for his category each month in case the actual consumption is less than above mentioned minimum consumption.

    b. During the month in which actual cumulative consumption equals or is greater than the annual minimum guaranteed consumption, no further billing of monthly minimum consumption shall be done in subsequent months of the financial year and only actual recorded consumption shall be billed.

    c. Tariff minimum consumption shall be adjusted in the month in which cumulative actual or billed monthly consumption exceeds cumulative monthly prorated minimum annual guaranteed consumption. If actual cumulative consumption does not get fully adjusted in that month, adjustment shall continue to be provided in subsequent months of the financial year. The following example illustrates the procedure for monthly billing of consumption where prorated monthly minimum consumption is 100 kWh based on annual consumption of 1200 kWh

Month	Actual cumulative consumption (kwh)	Cumulative minimum consumption * (kwh)	Higher of 2 and 3 (kwh)	Already billed in the year (kwh)	To be billed in the month = (4-5) (kwh)
1	2	3	4	5	6
April	95	100	100	0	100
May	215	200	215	100	115
June	315	300	315	215	100
July	395	400	400	315	85
Aug	530	500	530	400	130
Sept	650	600	650	530	120
Oct	725	700	725	650	75
Nov	805	800	805	725	80
Dec	945	900	945	805	140
Jan	1045	1000	1045	945	100
Feb	1135	1100	1135	1045	90
March	1195	1200	1200	1135	65

6. **Additional Charge for Excess Demand:** Shall be billed as per following procedure:

a) **Consumers availing supply at demand based tariff:** The consumers availing supply at demand based tariff shall restrict their actual maximum demand within the contract demand. However, in case the actual maximum demand recorded in any month exceeds 105% of the contract demand, the tariff in this schedule shall apply to the extent of 105 % of the contract demand only. The consumer shall be charged for demand recorded in excess of 105% of contract demand (termed as Excess Demand) and consumption corresponding thereto at the following rates:-

b) **Energy charges for Excess Demand**: The consumer shall pay charges @ 1.3 times the tariff for energy charges for consumption corresponding to excess demand in case the maximum demand recorded exceeds the 105% of the contract demand.

Example: If a consumer having a contract demand of 50 kVA records a maximum demand of 60 kVA, the billing of energy charges for excess demand of (60 kVA- 52.5 kVA)= 7.5 kVA shall be = (total consumption recorded during the month* 7.5 kVA/maximum recorded demand)*1.3* energy charge unit rate.

c) **Fixed charges for Excess Demand:** These charges shall be billed as per following:

1. **Fixed charges for Excess Demand when the recorded maximum demand is up to 115% of the contract demand**:- fixed charges for Excess Demand

over and above the 105 % of contract demand shall be charged at 1.3 times the normal rate of fixed charges

2. **Fixed charges for Excess Demand when the recorded maximum demand exceeds 115% of contract demand** :- In addition to fixed charges in 1 above, recorded demand over and above 15 % of the contract demand shall be charged at 2 times the normal rate of fixed charges

d) The above billing for Excess Demand, applicable to consumers is without prejudice to the licensee's right to ask for revision of agreement and other such rights that are provided under the regulations notified by the Commission or under any other law.

e) The maximum demand of the consumer in each month shall be reckoned as four times the largest amount of kilovolt ampere hours delivered at the point of supply of the consumer during any continuous fifteen minutes in that month.

7. Other Terms and Conditions:

(a) For **advance payment** made before commencement of consumption period for which bill is prepared, a rebate of 1 % per month on the amount (excluding security deposit) which remains with the licensee at the end of calendar month shall be credited to the account of the consumer after adjusting any amount payable to the licensee.

(b) **Incentive for prompt payment**: An incentive for prompt payment @0.25% of the bill amount (excluding electricity duty and Cess) shall be given in case the payment is made at least 7 days in advance of the due date of payment where the current month billing amount is equal to or greater than Rs. One lack. The consumers in arrears shall not be entitled for this incentive.

(c) The Sanctioned load or connected load in case of connected load based tariff should not exceed 112.5 kW / 150 HP. In case of demand based tariff the contract demand should not exceed 112.5 kW / 150 HP without any ceiling on connected load. If the consumer exceeds his load / demand beyond this ceiling on more than two occasions in two billing months during the tariff period, the Licensee may insist on the consumer to avail HT supply.

(d) Metering Charges shall be billed as per schedule of Metering and Other Charges as prescribed in MPERC (Recovery of expenses and other charges for providing electric line or plant used for the purpose of giving supply), Regulations (Revision-I),2009. Part of a month will be reckoned as full month for purpose of billing.

(e) In case the cheque presented by the consumer is dishonoured, without prejudice to Licensee's rights to take recourse to such other action as may be available under the relevant law, a service charge of Rs. 150 per cheque shall be levied in addition to delayed payment surcharge

(f) Other charges as stated in schedule of miscellaneous charges shall also be applicable.

(g) **Welding surcharge** is applicable to installations with welding transformers, where the connected load of welding transformers exceeds 25% of the total connected load and where suitable capacitors of prescribed capacity have not been installed to ensure power factor of not less than 0.8 (80%) lagging. Welding Surcharge of 75 (seventy five) paisa per unit shall be levied for the consumption of the entire installation during the month. However, no welding surcharge shall be levied when recorded power factor is 0.8 or more.

(h) For purposes of computing the connected load in kW of the welding transformers, a power factor of 0.6 (60%) shall be applied to the maximum current or kVA rating of such welding transformers.

(i) Existing LT power consumer shall ensure that LT capacitor of proper rating is provided. In this regard, Madhya Pradesh Electricity Supply Code 2013 may be referred for guidance. It shall be the responsibility of the consumer to ensure that overall average power factor during any month is not less than 0.8 (80%) failing which the consumer shall be liable to pay low power factor surcharge on the entire billed amount against energy charges during the month at the rates given below:

1. **For the consumer whose meter is capable of recording average power factor**:

   a. Surcharge @ 1 % of energy charges for every 1% fall in power factor below 80% up to 75 %.

   b. Surcharge of 5% plus 1.25% of energy charges for every 1% fall in power factor below 75% up to 70%.

   The maximum limit of surcharge will be 10 % of the energy charges billed during the month.

2. **For LT consumer having meter not capable of recording average power factor**: The consumer shall ensure that LT capacitors of proper rating are provided and are in good working condition. In this regard, Madhya Pradesh Electricity Supply Code, 2013 may be referred for guidance. In case of failure to meet the above criteria, the consumer would be levied a low power factor surcharge of 10% on the entire billed amount against energy charges during the month and would be continued to be billed till such time the consumer meets the above criteria .

(j) Levy of welding / power factor surcharge as indicated hereinabove shall be without prejudice to the rights of the Licensee to disconnect the consumer's installation, if steps are not taken to improve the power factor by installing suitable shunt capacitors.

(k) In case of any dispute on applicability of tariff on a particular LT category, the decision of the Commission shall be final.

(l) The tariff does not include any tax, cess or duty, etc. on electrical energy that may be payable at any time in accordance with any law then in force. Such charges, if any, shall also be payable by the consumer in addition to the tariff charges and applicable miscellaneous charges.

(m) **Delayed payment Surcharge for all categories:** Surcharge at the rate of 1.00 % per month or part thereof on the amount outstanding (including arrears) will be payable if the bills are not paid up to due date subject to a minimum of Rs.5/- per month for total outstanding bill amount up to Rs. 500/- and Rs 10/ per month for amount of bill more than Rs.500/. The part of a month will be reckoned as full month for the purpose of calculation of delayed payment surcharge. The delayed payment surcharge will not be levied for the period after supply to the consumer is permanently disconnected.

(n) In case of conversion of LT connection into HT connection, it is mandatory on the part of both the consumer and the licensee to get the HT agreement executed before availing supply at HT.

(o) **Power Factor Incentive:**

If the average monthly power factor of the consumer is equal to or more than 85%, incentive shall be payable as follows:

Power Factor	Percentage incentive payable on billed energy charges
Above 85% up to 86%	0.5
Above 86% up to 87%	1.0
Above 87% up to 88%	1.5
Above 88% up to 89%	2.0
Above 89% up to 90%	2.5
Above 90% up to 91%	3.0
Above 91% up to 92%	3.5
Above 92% up to 93%	4.0
Above 93% up to 94%	4.5
Above 94% up to 95%	5.0
Above 95% up to 96%	6.0
Above 96% up to 97%	7.0
Above 97% up to 98%	8.0
Above 98% up to 99%	9.0
Above 99%	10.0

For this purpose, the "average monthly power factor" is defined as the ratio in percentage of total Kilo Watt hours to the total kilo volt Ampere hours recorded during the month.

(p) Use of mix loads in one connection: Unless otherwise permitted specifically in the tariff category, the consumer requesting for use of mix loads for different purposes shall be billed for the purpose for which the tariff is higher.

(q) No change in the tariff or the tariff structure including minimum charges for any category of consumer is permitted except with prior written permission from the Commission. Any action taken without such written permission of the Commission shall be treated as null and void and shall also be liable for action under relevant provisions of the Electricity Act, 2003.

(r) All conditions prescribed herein shall be applicable to the consumer notwithstanding if any contrary provisions exist in the agreement entered into by the consumer with the licensee.

8. Additional conditions for Temporary Supply at LT:

(a) Temporary supply cannot be demanded by a prospective/ existing consumer as a matter of right but will normally be arranged by the licensee when a requisition giving due notice is made. The temporary additional supply to an existing consumer also shall be treated as a separate service and charged subject to following conditions. However service under Tatkal Scheme shall be made available within 24 hours according to the charges specified in the order of the Commission regarding Schedule of Miscellaneous Charges.

(b) Fixed Charge and energy charge for temporary supply shall be billed at **1.3** times the normal charges as applicable to relevant category if not specified otherwise specifically.

(c) Estimated bill amount is payable in advance before serving the temporary connection subject to replenishment from time to time and adjustment as per final bill after disconnection. No interest shall be given to consumers for this advance payment.

(d) The Sanctioned load or connected load in case of connected load based tariff should not exceed 112.5 kW / 150 HP. In case of demand based tariff the contract demand should not exceed 112.5 kW / 150 HP without any ceiling on connected load.

(e) The month for the purpose of billing of charges for temporary supply shall mean 30 days from the date of connection. Any period less than 30 days shall be treated as full month for the purpose of billing.

(f) Connection and disconnection charges and other miscellaneous charges shall be paid separately as may be specified in the Schedule of Miscellaneous Charges.

(g) Power factor incentive/penalty shall be applicable at the same rate as applicable for permanent connection.

Annexure-3 (Tariff Schedules for High Tension Consumers)

ANNEXURE TO THE TARIFF ORDER PASSED BY MPERC FOR FINANCIAL YEAR 2013-14

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

TARIFF SCHEDULES FOR HIGH TENSION CONSUMERS OF MPAKVN (Indore), LTD., SEZ PITHAMPUR

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Tariff Schedule – HV - 1

INDUSTRIAL AND NON-INDUSTRIAL

Applicability:

The **tariff HV-1.1(Industrial)** shall apply to all HT industrial consumers including Mini Steel Plants (MSP), MSP with rolling mills/ sponge iron plants in the same premises, electro chemical/ electro thermal industry, Ferro alloy industry etc for power, light and fan etc. which shall mean and include all energy consumed for factory and lighting in the offices, main factory building, stores, canteen, residential colonies of industries, compound lighting, common and ancillary facilities such as Banks, General purpose shops, Water supply, Sewage pumps, Police Stations etc. in the premises of the industrial units and Dairy units where milk is processed (other than chilling, pasteurization etc.) to produce other end products of milk.

The **tariff HV-1.2 (Non Industrial)** shall apply to establishments like Railway Stations, Offices, Hotels, Hospitals, Institutions etc. (excluding group of consumers) having mixed load for power, light and fan etc. which shall mean and include all energy consumed for lighting in the offices, stores, canteen, compound lighting etc. This shall also cover all other categories of consumers, defined in LT non-domestic category subject to the condition that the HT consumer shall not redistribute/sub-let the energy in any way to other person.

Tariff:

S. No.	Category	Monthly Fixed Charges (Rs./kVA of billing demand per month)	Energy charges (Paise / unit)
1.1	**Industrial**		
	11 KV supply	200	390
	33 KV supply	240	370
1.2	**Non-Industrial**		
	11 KV supply	250	410
	33 KV supply	260	380

Specific Terms and Conditions:

(a) **Guaranteed Minimum Consumption** for all the above categories shall be on following basis :

Supply Voltage	Sub- category	Guaranteed annual minimum consumption in units(KWH) per kVA of contract demand
For supply at 33 kV or 11 kV	Contract demand up to 100 kVA	600
	Others	1200

Note: The method of billing of minimum consumption shall be as given in General Terms and Conditions of High Tension tariff.

(b) **Time of Day Surcharge / Rebate:** This surcharge/ rebate shall be as specified in General Terms and Conditions of High Tension tariff.

(c) Other terms and conditions shall be as specified under General Terms and Conditions of High Tension Tariff.

Tariff Schedule – HV - 2

PUBLIC WATER WORKS

Applicability:

The Tariff Category HV-2 shall apply to supply of power to Public Utility Water Supply schemes, sewage treatment plants /sewage pumping plants and for energy used in lighting pump house and dairy (for those dairy units where only extraction of milk and its processing such as chilling, pasteurization etc. is done)..

Note: Private water supply scheme, water supply schemes run by institutions for their own use/employees/townships etc. will not fall in this category but billed under the appropriate tariff category to which such institution belongs. In case water supply is being used for two or more different purposes then the highest tariff shall be applicable.

Tariff:

Category	Monthly Fixed charges (Rs. / kVA of billing demand per month)	Energy Charges (paise per unit)
11 kV supply	200	390
33 kV supply	250	370

Specific Terms and Conditions:

(a) **Guaranteed Annual Minimum Consumption** shall be 720 units (KWH) per kVA of contract demand. The method of billing of minimum consumption shall be as given in General Terms and Conditions of High Tension tariff

(b) **Time of Day Surcharge / Rebate:** This surcharge/ rebate shall be as specified in General Terms and Conditions of High Tension tariff.

(c) Other terms and conditions shall be per the General Terms and Conditions of High Tension Tariff.

Tariff Schedule – HV - 3

SYNCHRONIZATION AND START UP POWER FOR GENERATORS CONNECTED TO THE GRID

Applicability:

This Tariff shall apply to those generators who are already connected to the grid but who are not consumers of the Distribution Licensee and seek to avail power for synchronization with the grid or for start-up.

Tariff for all voltages:

Category	**Energy Charge (Paise/unit)**
Generators for Start up power or synchronization with Grid	550

Terms and Conditions:

(a) The supply for synchronization with the grid or for start-up power shall not exceed 15% of the capacity of unit of highest rating in the Power Plant.

(b) The condition for minimum consumption shall not be applicable to the generators including CPP. Billing shall be done for energy recorded on each occasion of availing supply.

(c) The supply shall not be allowed to the CPP for production purpose for which they may avail stand-by support under the relevant Regulations.

(d) The synchronization with the grid or the start-up power shall only be made available after commissioning of plant and in the event of outages for annual planned maintenance, other maintenance, forced outages of generating units or also in the event of separation of generator from grid.

(e) The synchronization with the grid, power shall be provided for a maximum period of 2 hours on each occasion. This time limit shall not be applicable to start up activity

(f) The generator including CPP shall execute an agreement with the Licensee for meeting the requirement of synchronization with the grid or for start-up power incorporating the above terms and conditions.

GENERAL TERMS AND CONDITIONS OF HIGH TENSION TARIFF

The following terms and conditions shall be applicable to all HT consumer categories subject to specific terms and conditions for that category as mentioned in the tariff schedule of respective category:

1.1 The contract demand shall be expressed in whole number only.

1.2 Character of Service: The character of service shall be as per Madhya Pradesh Electricity Supply Code, 2013.

1.3 Point of Supply: The point of supply shall be as per provisions of Madhya Pradesh Electricity Supply Code, 2013.

1.4 **Determination of Demand:** The **maximum demand** of the supply in each month shall be four times the largest number of kilovolt ampere hours delivered at the point of supply during any continuous 15 minutes during the month as per sliding window principle of measurement of demand.

1.5 **Billing demand:** The billing demand for the month shall be the actual maximum kVA demand of the consumer during the month or 90% of the contract demand, whichever is higher. The billing demand shall be rounded off to the nearest integer number i.e. the fraction of 0.5 or above will be rounded off to next integer figure and the fraction of less than 0.5 shall be ignored.

1.6 **Tariff minimum consumption shall be billed** as follows :

1) The consumer shall be billed for guaranteed annual minimum consumption (KWH) based on number of units per kVA of contract demand specified for his category, irrespective of whether any energy is consumed or not during the year.

2) The consumer shall be billed one twelfth of guaranteed annual minimum consumption (KWH) specified for his category each month in case the actual consumption is less than above mentioned minimum consumption.

3) During the month in which actual cumulative consumption equals or greater than the annual minimum guaranteed consumption, no further billing of monthly minimum consumption shall be done in subsequent months of the financial year.

4) In the month which cumulative actual or billed monthly consumption of the consumer exceeds the cumulative monthly prorated minimum annual guaranteed consumption and if the consumer was charged in earlier months for tariff minimum difference consumption on account of his actual consumption being less, then such tariff minimum consumption shall be adjusted in the month in which cumulative actual or billed monthly consumption exceeds cumulative monthly prorated minimum annual guaranteed consumption. If such tariff

difference consumption does not get fully adjusted in that month, such adjustment shall continue to be done in subsequent months of the financial year. The following example illustrates the procedure for monthly billing of consumption where prorated monthly minimum consumption is 100 kWH based on annual consumption of 1200 kWH.

Month	Actual cumulative consumption (kwh)	Cumulative minimum consumption * (kwh)	Higher of 2 and 3 (kwh)	Already billed in the year (kwh)	To be billed in the month = (4-5) (kwh)
1	2	3	4	5	6
April	95	100	100	0	100
May	215	200	215	100	115
June	315	300	315	215	100
July	395	400	400	315	85
Aug	530	500	530	400	130
Sept	650	600	650	530	120
Oct	725	700	725	650	75
Nov	805	800	805	725	80
Dec	945	900	945	805	140
Jan	1045	1000	1045	945	100
Feb	1135	1100	1135	1045	90
March	1195	1200	1200	1135	65

1.7 **Rounding off:** All bills will be rounded off to the nearest rupee i.e. up to 49 paisa shall be ignored and 50 paisa upwards shall be rounded off to next Rupee.

Incentive/ Rebate / penalties

1.8 **Power Factor Incentive**

Power factor incentive shall be payable as follows:

Power Factor	Percentage incentive payable on billed energy charges
Above 95% and up to 96%	1.0 (one percent)
Above 96% and up to 97%	2.0 (two percent)
Above 97% and up to 98%	3.0 (three percent)
Above 98 % up to 99%	5 (five percent)
Above 99 %	7 (seven percent)

1.9 For **advance payment** made before commencement of consumption period for which bill is prepared, an incentive of 1 % per month on the amount which remains with the licensee at the end of calendar month (excluding security deposit) shall be credited to the account of the consumer after adjusting any amount payable to the licensee.

1.10 An incentive for prompt payment @0.25% of the bill amount (excluding electricity duty and other Government levies) shall be given in case the payment is made at least 7 days in advance of the due date of payment where the current month billing amount is equal to or greater than Rs. One lack. The consumers in arrears shall not be entitled for this incentive.

1.11 **Time of Day Surcharge / Rebate:** This scheme is applicable to the categories of consumers where it is specified. This is applicable for different periods of the day i.e. normal period, peak load and off-peak load period. The surcharge / rebate on energy charges according to the period of consumption shall be as per following table:

S. No.	Peak / Off-peak Period	Surcharge / Rebate on energy charges on energy consumed during the corresponding period
1.	Evening peak load period (6PM to 10 PM)	15% of Normal rate of Energy Charge as Surcharge
2.	Off peak load period (10 PM to 6 AM next day)	7.5 % of Normal rate of Energy Charge as Rebate

Note: Fixed charges shall always be billed at normal rates i.e. ToD Surcharge / Rebate shall not be applied on Fixed Charges

1.12 **Power Factor Penalty**

(i) If the average monthly power factor of the consumer falls below 90 percent, the consumer shall be levied a penalty @ 1% (one percent), for each one percent fall in his average monthly power factor below 90 percent, on total amount of bill under the head of "Energy Charges".

(ii) If the average monthly power factor of the consumer falls below 85 percent, the consumer shall be levied a penalty of 5% (five percent) plus @ 2% (two percent) for each one percent fall in his average monthly power factor below 85 percent. , on the total amount of bill under the head of "Energy Charges". This penalty shall be subject to the condition that overall penalty on account of low power factor does not exceed 35%.

(iii) Should the average monthly power factor fall below 70%, the Licensee reserves the right to disconnect the consumer's installation till steps are taken to improve the same to the satisfaction of the Licensee. This is, however, without prejudice to the levy of penalty charges for low power factor in the event of supply not being disconnected.

(iv) For this purpose, the "average monthly power factor" is defined as the ratio expressed in percentage of total Kilo Watt hours to the total kilo volt Ampere hours recorded during the billing month. This ratio (%) shall be rounded off to the nearest integer figure and the fraction of 0.5 or above will be rounded to next higher integer and the fraction of less than 0.5 shall be ignored.

(v) Notwithstanding what has been stated above, if the average monthly power factor of a new consumer is found to be less than 90% in any month during the first 6 (six) months from the date of connection, the consumer shall be entitled to a maximum period of six months to improve it to not less than 90% subject to following conditions:

a) This period of six months shall be reckoned from the month following the month in which the average power factor was found for the first time to be less than 90%.

b) In all cases, the consumer will be billed the penal charges for low power factor, but in case the consumer maintains the average monthly power factor in subsequent three months (thus in all four months) to not less than 90%, the charges on account of low power factor billed during the said six months period, shall be withdrawn and credited in next monthly bills.

c) The facility, as mentioned herein, shall be available not more than once to new consumer whose average monthly power factor is less than 90% in any month during 6 months from the date of connection. Thereafter, the charges on account of low average power factor, if found less than 90%, shall be payable as applicable to any other consumer.

1.13 **Additional Charges for Excess Demand**

i. The consumer shall at all times restrict their actual maximum demand within the contract demand. In case the actual maximum demand in any month exceeds 105% of the contract demand, the tariffs given in various schedules shall apply to the extent of the 105% of the contract demand only. The consumer shall be charged for excess demand computed as difference of recorded maximum demand and 105% of contract demand on energy charges and fixed charges and while doing so, the other terms and conditions of tariff, if any, shall also be applicable on the said excess demand. The excess demand so computed, if any, in any month shall be charged at the following rates from all consumers except Railway Traction

ii. **Energy charges for excess demand**: The consumer shall pay charges @ 1.3 times the tariff for energy charges for consumption corresponding to excess demand in case the maximum demand recorded exceeds 105% of the contract demand.

Example: If a consumer having a contract demand of 200 kVA records a maximum demand of 250 kVA, the billing of energy charges for excess demand of (250 kVA- 210 kVA)= 40 kVA shall be = (total consumption recorded during the month* 40 kVA/maximum recorded demand)*1.3* energy charge unit rate.

iii. **Fixed charges for excess demand: -** These charges shall be billed as per following:

1. **Fixed charges for Excess Demand when the recorded maximum demand is up to 115% of the contract demand :-** fixed charges for Excess Demand over and above the 105 % of contract demand shall be charged at 1.3 times the normal fixed charges

2. **Fixed charges for Excess Demand when the recorded maximum demand exceeds 115% of contract demand** :- In addition to fixed charges in 1 above, recorded demand over and above 15 % of the contract demand shall be charged at 2 times the normal fixed charges

Example for fixed charges billing for excess demand: If the contract demand of a consumer is 100 kVA and the maximum demand recorded in the billing month is 140 kVA, the consumer shall be billed towards fixed charges as under:-

a) Up to 105 kVA at normal tariff.

b) Above 105 kVA up to 115 kVA i.e. for 10 kVA at 1.3 times the normal tariff.

c) Above 115 kVA up to 140 kVA i.e. for 25 kVA at 2 times the normal tariff.

While doing so, other provisions of electricity tariff (such as tariff minimum charge etc.) will also be applicable on aforesaid excess demand.

iv. The excess demand computed in any month will be charged along with the monthly bill and shall be payable by the consumer.

v. The billing of excess demand at higher tariff is without prejudice to the Licensee’s right to discontinue the supply in accordance with the provisions contained in the Electricity Supply Code, 2013.

1.14 **Delayed Payment Surcharge:** Surcharge at the rate of 1.00 % per month or part thereof on the amount outstanding (including arrears) will be payable if the bills are not paid up to due date. The part of a month will be reckoned as full month for the purpose of calculation of delayed payment surcharge. The delayed payment surcharge will not be applicable after supply to the consumer is permanently disconnected.

1.15 **Service Charge for Dishonoured Cheques:** In case the cheque(s) presented by the consumer are dishonoured, a service charge at the rate of Rs. 1000/- per cheque shall be levied in addition to delayed payment surcharge as per rules. This is without prejudice to the Licensee's rights to take action in accordance with any other applicable law.

1.16 **Temporary supply at HT:** If any consumer requires supply for a temporary period, the temporary supply shall be treated as a separate service and charged subject to the following conditions:

(a) Fixed Charges and Energy Charges shall be charged at 1.3 times the normal tariff. The fixed charge shall be recovered for the full billing month or part thereof.

(b) The consumer shall guarantee minimum consumption (KWH) as applicable to the permanent consumers on pro-rata basis based on number of days as detailed below:

$$\text{Minimum consumption for additional supply for temporary period} = \frac{\text{Annual minimum consumption as applicable to permanent supply X No. of days of temporary connection}}{\text{No. of days in the year}}$$

(c) The billing demand shall be the demand requisitioned by the consumer or the highest monthly maximum demand during the period of supply commencing from the month of connection ending with the billing month, whichever is higher. For example:

Month	Recorded Maximum Demand (kVA)	Billing Demand (kVA)
April	100	100
May	90	100
June	80	100
July	110	110
August	100	110
September	80	110
October	90	110
November	92	110
December	95	110

January	120	120
February	90	120
March	80	120

(d) The consumer shall pay the estimated charges in advance, before serving the Temporary Connection subject to replenishment from time to time and adjustment as per final bill after disconnection. No interest shall be given on such advance payment.

(e) The consumer shall pay rental for the metering system.

(f) Connection and Disconnection Charges shall also be paid.

(g) In case of existing HT consumer, the temporary connection may be given through existing permanent HT connection on following methodology of assessment :

(i) Deemed contract demand for the month to be billed for the fixed charge= C.D. (existing) on normal tariff for permanent connection + C.D. for temporary connection on normal tariff for temporary supply.

(ii) Billing demand for the month shall be as per tariff order for the deemed contract demand for that month.

(iii) Consumption during the month may be billed for Permanent connection (A)

$$A = \frac{\text{Contract demand (Permanent)}}{\text{Deemed contract demand}} \times \text{Total consumption}$$

Consumption of Temporary connection = Total consumption - (A)

(iv) The consumption worked out above for temporary connection shall be billed at 1.3 times the normal energy charges.

(v) The demand in excess of deemed contract demand as calculated above at **(g)** (i) shall be treated as Excess Demand. For billing purposes such Excess demand, if any, in any month shall be treated as pertaining to temporary connection load and shall be charged at 1.5 times the normal fixed charges & energy charges of temporary connection. Additional charges for excess demand recorded during the period of temporary connection shall be calculated as given below :

Fixed charges for excess demand = fixed charges per kVA for temporary connection * excess demand* 1.5 (one and half)

Energy charges for excess demand = energy charges per unit for temporary connection * 1.5(one and half)*(excess demand/deemed contract demand)*total consumption

(h) Power factor incentives/penalties and the condition for Time of Day Surcharge/ rebate shall be applicable at the same rate as for permanent connection.

Other Terms and Conditions for permanent connections:

1.17 The existing 11KV consumer with contract demand exceeding 300 kVA who want to continue to avail supply at 11kV at his request, shall be required to pay additional charge at 5 % on the total amount of Fixed Charges and, Energy Charges billed in the month.

1.18 The existing 33KV consumer with contract demand exceeding 10,000 kVA who want to continue to avail supply at 33kV at his request, shall be required to pay additional charge at 3% on the total amount of Fixed Charges and Energy Charges billed in the month.

1.19 Metering Charges shall be billed as per schedule of Metering and Other Charges as prescribed in MPERC (Recovery of expenses and other charges for providing electric line or plant used for the purpose of giving supply), Regulations (Revision-I), 2009 as amended from time to time. Part of a month will be reckoned as full month for purpose of billing.

1.20 The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law then in force. Such charges, if any, shall be payable by the consumer in addition to the tariff charges.

1.21 In case any dispute arises regarding interpretation of this tariff order and/or applicability of this tariff, the decision of the Commission will be final and binding.

1.22 No changes in the tariff or the tariff structure including minimum charges for any category of consumer are permitted except with prior written permission of the Commission. Any order without such written permission of the Commission will be treated as null and void and also shall be liable for action under relevant provisions of the Electricity Act, 2003.

1.23 In case a consumer, at his request, avails supply at a voltage higher than the standard supply voltage as specified under relevant category, he shall be billed at the rates applicable for actually availed supply voltage and no extra charges shall be levied on account of higher voltage.

1.24 All consumers to whom fixed charges are applicable are required to pay fixed charges in each month irrespective of whether any energy is consumed or not.

1.25 All conditions prescribed herein shall be applicable notwithstanding if any contrary provisions, exist in the agreement entered into by the consumer with the licensee.
