MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

4th and 5th Floor, Metro Plaza, Bittan Market, Bhopal - 462 016

Order on

ARR & Retail Supply Tariff including provisional True-Ups for Special Economic Zone (SEZ) area,

Pithampur of MPAKVN(Indore) Ltd.

Petition No. 16/2012

PRESENT:

Rakesh Sahni, Chairman

C. S. Sharma, Member

IN THE MATTER OF:

Determination of Aggregate Revenue Requirement and Tariff for Financial Years 2010-11, 2011-12 and 2012-13 based on the applications filed by 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 20th Day of September, 2012)

1. This Order relates to Petition No. 16/2012 filed by MP Audyogik Kendra Vikas Nigam (Indore) Ltd., (hereinafter referred to as "MPAKVN(I)L" or "SEZ" or the "Petitioner") before 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 years 2010-11, 2011-12 and 2012-13. 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, 2009 (herein after referred to as the "Regulations").

2. The petition was filed on 1st February, 2012. The Commission held the motion hearing on 06.03.2012 and vide its Order dated 07.03.2012 admitted the petition. Subsequently, the petition was scrutinized in the Commission and it was observed that the petition was deficient in certain aspects particularly in respect of power purchase, details of working of distribution losses, O&M expenses, depreciation, return on equity, interest and finance charges etc. It was further observed that the petitioner had not filed the tariff proposal. Therefore, considering that it is the first tariff petition filed by petitioner, the Commission directed that an Officer level meeting be convened with the representatives of the petitioner to discuss the issues involved in the filing of a proper petition. The minutes of the meeting were forwarded to the petitioner on 23.04.2012. Next hearing was scheduled on 28.05.2012 wherein the petitioner was required to file the fresh petition by taking cognizance of the deficiencies as indicated in the minutes of the meeting of April 19, 2012 but none on behalf of the petitioner appeared in the hearing and later a facsimile communication was received in the Commission's Office seeking adjournment of the hearing. The Commission scheduled the next hearing on 12.06.2012. During the hearing, the Commission observed that the petitioner had not filed the revised petition but had requested additional time up to 03/07/2012 for filing a revised comprehensive petition. The Commission vide its Order dated 13/06/2012 allowed additional time up to 3rd July, 2012.

3. The petitioner filed the revised petition on 03/07/2012. It was observed that certain data / information included in the petition were required to be validated by the petitioner.

Accordingly, a meeting was held with representatives of the petitioner on 09/07/2012 by the Commission staff. The petitioner was directed to revise the petition again by comprehensively incorporating the information in respect of power purchase, sale of power, details of assets and other ARR items. The petitioner was also directed to file a draft of public notice for the approval of the Commission. The petitioner filed the requisite information on 27/07/2012. The Commission accepted the petition for further deliberation in the matter and approved the draft of the public notice to be published by the petitioner for inviting the comments / suggestions / objections from the stakeholders. The public notice was published in the newspapers on 2nd Aug., 2012. Last date for filing the comments / objections / suggestions by stakeholders was 25.08.2012. In response to the public notice, only one stakeholder i.e. Pithampur Audhogik Sangathan filed their suggestions/ comments/ objections. The Commission scheduled the public hearing in the matter on 01/09/2012.

4. Meanwhile, the Commission observed that the petitioner had earlier filed some petitions at different points of time before the Commission on some of the issues covered under the subject petition. The status of these petitions is given below:

A. For Power Purchase

i. **Petition No. 55/2010:** The petitioner vide its Petition (No.55/2010), among other requests, had pleaded with the Commission for issue of directions to MP Paschim KVVCL for supply of 14 MVA power at the tariff determined by the Commission for HV-3.1 Industrial category consumers. The Commission vide its Order of 30.08.2010 allowed the petitioner to avail 14 MVA power from MP Paschim KVVCL, *ad interim*, at 33 KV HV-3.1 Industrial tariff up to **31st March, 2011**. Inter alia, the Commission had also directed the petitioner to approach the Commission within a month with their plans of meeting the SEZ power requirement without depending on West Discom and consequent proposal for procurement of power. The Petition No. 55/2010 was disposed of on 30th August, 2010.

ii. **Petition No. 90/2010:** In compliance of the aforementioned directions of the Commission in Petition No. 55/2010, the petitioner filed a petition in the matter of approval of quantum of power to be purchased under the appropriate regulations of the Commission on 20.12.2010 (No. 90/2010). In this petition, the petitioner had indicated that as per the directions of the Commission, the petitioner had initiated the process of procurement of power through medium term and long term arrangements under case 1 guidelines issued by the Ministry of Power, Government of India. The petitioner requested the Commission to approve the proposed quantum of power to be procured under medium term and long term arrangements. The petitioner further requested the Commission to approve the draft of the bidding documents prepared for procurement of medium term and long term power through bidding process under Section 66 of the Electricity Act, 2003 and also sought approval for deviations proposed from the standard bidding document. The case was heard on 02.02.2011 and vide Commission's Order dated 10.02.2011, the Commission admitted the petition and directed the petitioner to issue Expression of Interest for inviting the bids for purchase of power in accordance with the Standard Bidding Guidelines. The Commission further directed that the petitioner should review the requests and, if required, submit a revised petition.

iii. **Petition No. 27/2011:** The petitioner filed a fresh petition in April, 2011 (No. 27/2011) wherein it sought directions to MP Paschim KVVCL to continue supply of 14MVA power during the year FY 2011-12 at Retail Supply Tariff (HV-3.1 Industrial). The Commission held the hearing on 31.05.2011 and vide its Order-sheet dated 04.06.2011 directed the petitioner to submit a revised petition as per the additional submissions made by the petitioner before the Commission during the course of the hearing on 31.05.2011. In response, the petitioner did not file the revised petition but submitted some information on power purchase. The Commission, taking cognizance of the deficiencies in the petition filed, directed the petitioner vide its letter dated 27.06.2011 to file a comprehensive revised petition containing point-wise details. Since there was no response from the petitioner a notice was issued on 20.07.2011 under section 142 of the Electricity Act, 2003 for non-compliance of the directions of the Commission. The petitioner did not respond to this notice. A final notice dated 09.08.2011 was issued to the MPAKVN(I)L for compliance of the Commission's directions by 31.08.2011. In response, the petitioner informed the Commission vide its letter dated 19.08.2011 that it was being contemplated that the power supply/distribution in SEZ Indore be handed over to MP Paschim KVVCL very soon; and, therefore, further needful in the matter would be undertaken by the West Discom. The Commission scheduled a hearing in the matter on 20th September, 2011. During the hearing, the petitioner requested that it be allowed additional time in light of the fact that a new Chairman had taken over MPAKVN(I)L and it would also require some more time for evaluating all possible options for finalising the electricity supply arrangements for the SEZ area. The Commission allowed time and directed the petitioner to file an appropriate reply which was not forthcoming. A letter was then sent to the petitioner to file the reply by 31/01/2012. In response, the petitioner submitted that after long deliberation it had decided to continue with the power distribution activity in the SEZ area instead of handing it over to the West Discom as informed earlier. The petitioner further indicated that it did not wish to continue the power procurement process through competitive bidding and instead had requested MP Power Management Company Ltd to procure 36 MW power on medium term basis. Further, the petitioner requested the Commission to issue direction to West Discom to continue the supply of 14 MVA power up to 31.03.2012. The petitioner also requested the Commission to issue suitable directions to West Discom, to regularize procurement of power from 01.04.2011 onwards and to regularize short term 7 MW power from MP Power Management Company Ltd till date. The Commission vide its letter of 14.03.2012 directed the petitioner to submit month-wise power procurement details along with rates and supporting documents. No further communication in the petition was received. However, the petitioner filed the instant ARR petition covering the above requirement.

B. For Determination of ARR and Tariff

i. **Petition No. 58/2010:** The petitioner had earlier filed a petition for determination of ARR and retail supply tariff for 2010-11 in August, 2010 (No. 58/2010). Scrutiny of this petition revealed that it was not filed in accordance with the Commission's Regulations and was found generally deficient. The matter was discussed with representatives of the petitioner and the deficiencies were pointed out. They were advised to submit a revised petition in accordance with the Regulations. When the petitioner did not respond to these directions, the Commission issued notices for compliance. The petitioner requested time up to 18.10.2011 for filing the revised petition and subsequently requested further extension up to 31.01.2012. Meanwhile, the Commission directed the petitioner to file appropriate petitions for determination of ARR for the years 2011-12 and 2012-13 also.

ii. **Petition No. 16/2012:** In response to the above, the petitioner filed the subject petition on 31.01.2012 for determination of ARR and distribution and retail supply tariff for the financial years 2010-11 to 2012-13.

5. In light of the developments indicated in the foregoing paragraphs, the Commission observed that although the petitioner had earlier filed petitions on various ARR/ tariff related issues, the compliance on further directions given by the Commission during the hearings was not forthcoming. The present petition no. 16/2012 has been filed for determination of ARR for FY 2010-11 to 2012-13. Since the earlier petitions were related to some of the issues of ARR, the Commission decided that all these petitions be merged under the petition no. 16/2012 for further consideration.

6. The Commission observed that there has not been any statutory audit of Annual Accounts of the Petitioner. The petitioner has indicated in the petition that the Annual Accounts for the period up to 31st March 2010 had been audited for the Company as a whole and the portion of the Accounts for the power business had been carved out from these audited accounts. For the year 2010-11, the petitioner has submitted the Accounts statements for the power business only as derived and audited by its Chartered Accountants. For FY 2011-12 the actual details are yet to be finalised and only the estimation has been provided. For FY 2012-13 the petitioner has made projections on the basis of the load growth and past data / information. The Commission noted that the petition has been filed for the period from FY 2010-11 to FY 2012-13 for which no audited figures are available; hence the Commission has decided to provisionally true-up the ARR for FY 2010-11 and 2011-12. The Commission feels it expedient to provisionally true up the ARR of FY 2010-11 and 2011-12 so that the existing consumers are not required to wait further to get the adjustment of income surplus to ARR being now determined. The final true ups would be done on submission of annual accounts for power business of the Company duly audited by the statutory auditors and any further adjustments based on such accounts would be suitably considered.

7. Abstract details of the ARR for the period from FY 2010-11 to FY 2012-13 as filed are indicated in the table below:

Rs in Crore

	FY 2010-11	FY 2011-12	FY2012-13
Particulars			
Revenue			
Revenue from sale of power	76.54	87.96	101.90
Expenditure			
Purchase of Power	67.20	62.27	82.28
Inter-State Transmission charges	0.00	1.95	2.07
Intra-State Transmission (MP Transco) Charges	0.00	1.97	2.09
Employee Expenses	2.16	1.72	1.87
R&M Expense	0.52	0.47	0.53
A&G Expense	1.04	1.15	1.27
Depreciation and Related debits	0.25	0.29	0.37
Interest & Finance Charges	1.24	1.09	1.41
Other Debits, Write-offs (Prior period and Misc. Expenses written off)	0.09	0.00	0.00
Less: Interest and other expenses Capitalized	-		
Income Tax	2.79	5.56	3.27
RoE	0.29	0.30	0.37
Total Expenses Including RoE	75.58	76.76	95.54
Other Income Net of DPS	0.08	0.10	0.10
Revenue Surplus /(Gap)	1.04	11.30	6.45

8. The Commission examined the ARR and deliberated on various issues in detail. The Commission has determined the provisional true up of ARR for FY 2010-11 and 2011-12 and observed that the revenue recovered by the petitioner is more than the ARR. The consumers who existed in the relevant period need to be given adjustments in their bills for revenue earned by the petitioner in excess of ARR now being determined. The petitioner is also required to give adjustment for additional revenue recovered by it for the period from 1st April 2012 till the date of application of this order. This shall be done by the petitioner in the manner specified in the subsequent portions of this Order. Details of filing on various items made by the petitioner and figures as admitted by the Commission for FY 2010-11 and FY 2011-12 are given in the table below:

Amount in Rs. Crore

Particulars	FY 2010-11		FY 2011-12	
	As filed	As admitted	As filed	As admitted
Sale and Power Purchase Requirement				
Sale MUs	164.63	**164.63**	166.55	**166.54**
Distribution Loss (%)	5.74%	**5.74%**	3.99%	**3.99%**
Distribution Loss MUs	10.02	**10.02**	6.93	**6.92**
Intra State Transmission Loss (%)	3.74%	**3.74%**	3.51%	**3.51%**
Intra State Transmission Loss MUs	3.92	**3.92**	4.53	**4.53**
Inter State Losses (%)	4.79%	**4.79%**	3.61%	**3.61%**
Inter State Losses MUs	4.92	**4.92**	3.37	**3.37**
Total Power Purchase Requirement MUs	183.49	**183.49**	181.38	**181.36**
Expenditure				
Purchase of Power	67.20	60.11	62.27	62.27
Inter-State Transmission charges	0.00	1.57	1.95	1.95
Intra-State Transmission (MP Transco) Charges	0.00	2.47	1.97	1.97
Other Power Purchase related expenses incl. SLDC charges	0.00	0.05	0.00	0.23
R&M Expense	0.52	0.52	0.47	0.47
Employee Expenses	2.16	2.16	1.72	1.72
A&G Expense	1.04	1.04	1.15	1.15
Depreciation and Related debits	0.25	0.25	0.29	0.29
Interest & Finance Charges	1.23	0.48	1.09	0.59
Other Debits, Write-offs (Prior period and Misl. Exp written off)	0.09	0.09	0.00	0.00
Less: Interest and other expenses Capitalized	0.00	0.00	0.00	0.00
Income Tax	2.79	0.09	5.56	0.09
Total Expenses	75.28	**68.84**	76.46	**70.73**
RoE including interest on normative loan	0.29	0.65	0.30	0.70
Total Expenses Including RoE	75.57	**69.49**	76.76	**71.43**
Less Other income	-0.08	-0.08	-0.10	-0.10
Total ARR	75.49	**69.41**	76.66	**71.33**
Revenue				
Actual Revenue income earned by the petitioner	76.54	**76.94**	87.96	**87.96**
Revenue Surplus / (Gap)	1.05	**7.13**	11.30	**16.63**

9. The Commission has also determined the ARR for FY 2012-13. The details are given in the table below:

Amount in Rs. Crore

Particulars	FY 2012-13	
	As filed	As admitted
Sale and Power Purchase Requirement		
Sale MUs	187.98	**187.98**
Distribution Loss (%)	3.99%	**3.99%**
Distribution Loss MUs	7.81	**7.81**
Intra State Transmission Loss (%)	3.51%	**3.51%**
Intra State Transmission Loss MUs	5.12	**5.12**
Inter State Losses (%)	3.61%	**3.61%**
Inter State Losses MUs	3.17	**3.17**
Total Power Purchase Requirement MUs	204.08	**204.08**
Expenditure		
Purchase of Power	82.28	83.05
Inter-State Transmission charges	2.07	2.07
Intra-State Transmission (MP Transco) Charges	2.09	1.80
Other Power Purchase related expenses incl. SLDC charges	0.00	0.23
R&M Expense	0.53	0.53
Employee Expenses	1.87	1.87
A&G Expense	1.27	1.27
Depreciation and Related debits	0.37	0.37
Interest & Finance Charges	1.41	0.63
Other Debits, Write-offs (Prior period and Misl. Exp written off)	0.00	0.00
Less: Interest and other expenses Capitalized	0.00	0.00
Income Tax	3.27	0.11
Total Expenses	95.16	**91.93**
RoE including interest on normative loan	0.37	0.91
Total Expenses Including RoE	95.53	**92.84**
Less Other income	-0.10	-0.10
Total ARR	95.44	**92.74**
Revenue		
Revenue from sale of power	101.90	**92.74**
Revenue Surplus / (Gap)	6.46	**nil**

10. With this Order, the Commission has determined the provisional true up of ARR and the tariffs for FY 2010-11 and 2011-12 as the audited financial statements for these years are awaited. The Commission has also determined ARR/ tariff for FY 2012-13.

Implementation of the Order

11. The petitioner must take immediate steps to implement this Order after giving seven (7) days public notice in the newspapers, in accordance with Clause 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. The tariff determined by this

Order for FY 2012-13 shall be applicable from 01st April, 2012 to 31st March, 2013, unless amended or modified by an Order of this Commission. For the period from 01/04/2010 to 30/09/2012 the petitioner is required to adjust in the manner directed in Chapter-6 of the detailed order the amount recovered in excess on account of the tariff applied by it vis-à-vis the tariff determined by the Commission in this order for respective periods i.e. FY 2010-11, FY 2011-12 and from 01/04/2012 to 30/09/2012 in FY 2012-13.

12. 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 2010-11, FY 2011-12 and FY 2012-13. The Commission directs that this Order be implemented along with directions given and conditions mentioned in the detailed Order and 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.

(C. S. Sharma)	**(Rakesh Sahni)**
Member	**Chairman**

2 AGGREGATE REVENUE REQUIREMENT FOR FY 2010-11, 2011-12 & 2012-13 OF MADHYA PRADESH AUDYOGIK KENDRA VIKAS NIGAM (INDORE) LIMITED FOR SPECIAL ECONOMIC ZONE (SEZ) PITHAMAPUR DISTT. DHAR MP.

2.1 Sales estimation / forecast as proposed by Petitioner:-

2.1.1 The petitioner has filed the sale quantum for FY 2010-11 and 2011-12 on the basis of the actual consumption data. For FY 2012-13 the petitioner has projected sale on the basis of the historical data of category wise actual sales for the period 2007-08 to 2010-11 and additional consumption expected from new connections as well as projected addition of load in existing connections.

2.1.2 Summary of actual sale for FY 2010-11 and FY 2011-12 and the sales projections for 2012-13 is given in the table below-

Sale of Electricity (in MU)	**2010-11**	**2011-12**	**2012-13**
LT Consumer Categories (in MU)			
Public Water Works and Street Light	0.14	0.01	0.14
Industrial	0.49	0.46	0.54
Total LT Sale (in MU)	0.63	0.47	0.68
HT Consumer Categories (in MU)			
Industrial and Non-industrial	164.00	166.08	187.30
Total HT Sale (in MU)	164.00	166.08	187.30
Total LT+HT Sale (in MU)	**164.63**	**166.55**	**187.98**

2.2 Commission's analysis of sales:-

2.2.1 As per the filing of the petition, the actual sale for the year 2010-11 was 164.63 MUs and for FY 2011-12 was 166.55 MUs. The petitioner is supplying electricity to a limited number of consumers of which major consumption is in HT categories. The petitioner has filed consumer wise actual consumption data and the Commission has accepted the same as filed.

2.2.2 For FY 2012-13, the petitioner has projected the sale of the order of 187.98 MUs i.e. about 13% more than the actual sale for FY 2011-12. The reasons attributed for such higher projections in the petition indicate the additional requirement from expected addition of new consumers as well as addition of load by existing consumers. The Commission has admitted the sale projections as filed for FY 2012-13.

2.2.3 The sale quantum as admitted by the Commission for the period from FY 2010-11 to 2012-13 is indicated in the table below:–

Particulars	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**
LT sale (MUs)	0.63	0.47	0.68
HT sale (MUs)	164.00	166.08	187.30
Total (MUs)	**164.63**	**166.55**	**187.98**

2.3 Energy Balance as proposed by the Petitioner:-

2.3.1 On the basis of the sale as filed, the petitioner has submitted the energy balance for FY 2010-11 to FY 2012-13. Details are given in the table below:

Sr. No.	Particulars	FY 2010-11		FY 2011-12		FY 2012-13	
		%	MUs	%	MUs	%	MUs
1	**Energy Sales**						
	LT Sales		0.63		0.47		0.68
	HT / EHT Sales		164.00		166.08		187.30
	Total Energy Sales		**164.63**		**166.55**		**187.98**
2	**Distribution Losses**	5.74%	10.02	3.99%	6.91	3.99%	7.81
3	**Energy requirement at T-D boundary**		**174.65**		**173.46**		**195.79**
4	**Intra-State Transmission Losses**	3.74%	3.92	3.51%	4.53	3.51%	5.12
5	**Energy Requirement at State Periphery**		**178.57**		**177.99**		**200.91**
6	**Inter-State Transmission Losses**	4.79%	4.92	3.61%	3.37	3.61%	3.17
7	**Total Energy requirement**		**183.49**		**181.36**		**204.08**

2.3.2 The petitioner has also filed various statements indicating the month wise, source wise purchase of energy from various agencies. The gist of the information filed about power purchase is given below:

Source	Particulars	FY 2010-11	FY 2011-12	FY 2012-13
NTPC	Energy (MUs)	99.55	87.79	87.79
	Amount (Rs. Crore)	19.03	20.30	24.35
	Rate (Rs./kWh)	1.91	2.31	2.77
MP Paschim KVVCL	Energy (MUs)	73.80	48.97	55.04
	Amount (Rs. Crore)	36.40	24.10	30.12
	Rate (Rs./kWh)	4.93	4.92	5.47
MP Tradeco	Energy (MUs)	7.01	38.99	61.25
	Amount (Rs. Crore)	2.84	16.16	27.81
	Rate (Rs./kWh)	4.05	4.15	4.54
UI	Energy (MUs)	3.13	5.61	0
	Amount (Rs. Crore)	1.84	1.70	0
	Rate (Rs./kWh)	5.88	3.03	0.00
Total	**Energy (MUs)**	**183.49**	**181.36**	**204.08**
	Amount (Rs. Crore)	**60.11**	**62.26**	**82.28**
	Rate (Rs./kWh)	**3.28**	**3.43**	**4.03**

2.3.3 The power purchase expenses in ARR as filed by the petitioner are as given below:

Rs. In Crore

Particulars	2010-11	2011-12	2012-13
Power Purchase Cost	67.20*	62.27	82.28
Inter-State Transmission Charges	0.00	1.95	2.07
MP Transco Charges	0.00	1.97	2.09
Total Power Purchase Cost	**67.20**	**66.19**	**86.44**

*Note: Includes Inter-State and Intra-State Transmission and other Charges

2.3.4 Further, the Commission has also obtained the details of power purchase on the basis of source wise, month wise purchases. As per the actual month wise, source wise details submitted by the petitioner the expenditure on power purchase is indicated in the table below:

Rs. In Lakh

Sl.No.	Particulars	Financial Year		
		2009-10	2010-11	2011-12
1	Purchase from NTPC	1522.72	1903.45	2030.11
2	Purchase from MPPKVVCL	618.11	3639.53	2410.01
3	Purchase from MPTradeco / MP PMCL	0.00	283.82	1616.35
4	UI	154.00	183.92	170.26
5	PGCIL Charges	155.11	156.73	195.30
6	MPPTCL Charges	189.53	246.56	196.83
7	SLDC Charges	0.83	0.91	0.85
8	Other Charges	0.00	0.34	0.66
9	Short Term Charges	0.00	4.32	21.61
10	**Total (in Rs. Lakh)**	**2640.30**	**6419.60**	**6641.97**
11	**Total (in Rs. Crore)**	**26.40**	**64.20**	**66.42**

2.3.5 The petitioner, during the discussions informed that the difference in the cost for FY 2010-11 as per the statement of account (Rs. 67.20 Crore) and as per actual details furnished (Rs. 64.20 Crore) is due to the prior period payments against the power purchases made during the year 2010-11. Further for FY 2010-11 and FY 2011-12 the total expenses against the power purchase as indicated in the table above are on actual basis. For FY 2012-13, the energy balance has been estimated by the petitioner by considering the distribution losses as 3.99% and MPPTCL losses as 3.51% and PGCIL system losses as 3.61% as per the actual values for FY 2011-12.

2.4 Commission's analysis on Energy Balance:-

2.4.1 The petitioner has filed the actual details for FY 2010-11 and 2011-12 and projections for FY 2012-13. The energy balance for FY 2010-11 and FY 2011-12 has been filed on the actual basis and is found reasonable and therefore admitted as filed. The energy balance for FY 2012-13 has been worked out on projected distribution loss of 3.99%, intra-state transmission losses of 3.51% and PGCIL system losses of 3.61%. The Commission observed that the losses with regard to intra-state transmission and PGCIL are based on actual values of FY 11-12. The distribution losses are also similar to that of FY 11-12. The Commission has admitted these projections for FY 2012-13 as filed. The Commission however would fix the trajectory of distribution loss levels for next control period appropriately. The energy balance as admitted is indicated below:

Sr. No.	Particulars	FY 2010-11		FY 2011-12		FY 2012-13	
		%	**MUs**	**%**	**MUs**	**%**	**MUs**
1	Energy Sales						
	LT Sales		0.63		0.47		0.68
	HT / EHT Sales		164.00		166.08		187.30
	Total Energy Sales		**164.63**		**166.55**		**187.98**
2	Distribution Losses	5.74%	10.02	3.99%	6.91	3.99%	7.81
3	Energy requirement at T-D boundary		**174.65**		**173.46**		**195.79**
4	Intra-State Transmission Losses	3.74%	3.92	3.51%	4.53	3.51%	5.12
5	Energy Requirement at State Periphery		**178.57**		**177.99**		**200.91**
6	Inter-State Transmission Losses	4.79%	4.92	3.61%	3.37	3.61%	3.17
7	Total Energy requirement		**183.49**		**181.36**		**204.08**

2.5 Reconciliation and estimation of the power purchase cost:

2.5.1 It has been observed that the petitioner has furnished all the details of the power purchase under various heads for FY 2010-11 and 2011-12 including UI. Since the filing of the costs have been made by the petitioner on the basis of the Orders in vogue in respect of NTPC stations, the same as filed by the petitioner have been admitted. For the power purchased from West Discom at tariff applied as per tariff schedule HV 3.1 of the retail supply Order for the Discoms of the State, the power purchase costs in this regard as per the bills raised by the West Discom have been admitted. Similarly, the costs of the power purchased through the MP Power Management Company Limited (formerly MP Tradeco and now MPPMCL) has been filed as per the bills raised by the MPPMCL, hence the same has been admitted. The admission of cost towards the power purchase has been considered after due verification of the details submitted e.g. power purchase bills and energy account of SLDC etc. for the year FY 10-11 and 11-12.

2.5.2 For the year 2012-13, the petitioner has filed the cost of power purchase from NTPC as per the Orders in vogue for the Central Generating Stations. The same has been admitted as filed. The Cost of the power to be purchased from West Discom has been filed as per the rates as filed by the West Discom in its tariff petition for FY 2012-13. Since the final retail supply tariff Order has been issued in this regard, the rates of power purchase accordingly for the category HV 3.1 have been considered. The costs on this account have been considered based on the average load factor, average MD achieved by the petitioner during FY 11-12 from the supply received from the MP Paschim KVVCL. The rates of purchase of power from MP Power Management Company Limited have been filed as per the agreement between petitioner and MP Tradeco. The same has been admitted as filed.

2.5.3 The petitioner has projected the MPPTCL charges and SLDC charges for FY 2012-13 on the basis of the actual details available for FY 2010-11 and FY 2011-12. The Commission has issued the orders for MPPTCL charges and SLDC charges for FY 2012-13. Hence the same have been considered. In addition the petitioner had incurred additional cost towards short term power procurement of Rs. 23 Lakh for FY 2011-12. The same level of expense on this account has been considered for FY 2012-13 also. The source wise availability and power purchase cost for meeting the estimated requirement of 204.08 MUs for FY 12-13 is given below:

Source	Particulars	As filed	As admitted
NTPC	Energy (Mus)	87.79	87.79
	Amount (Rs. Crore)	24.35	24.35
	Rate (Rs./kWh)	2.77	2.77
MP Paschim KVVCL	Energy (Mus)	55.04	55.04
	Amount (Rs. Crore)	30.12	30.89
	Rate (Rs./kWh)	5.47	5.61
MP Tradeco	Energy (Mus)	61.25	61.25
	Amount (Rs. Crore)	27.81	27.81
	Rate (Rs./kWh)	4.54	4.54
UI	Energy (Mus)	0.00	0.00
	Amount (Rs. Crore)	0.00	0.00
	Rate (Rs./kWh)	0.00	0.00
Total	**Energy (Mus)**	**204.08**	**204.08**
	Amount (Rs. Crore)	**82.28**	**83.05**
	Av. Rate (Rs./kWh)	**4.03**	**4.07**

2.5.4 The power purchase cost admitted by the Commission is given below:

Rs. In Lakh

Sl.No.	Particulars	Financial Year		
		2010-11	**2011-12**	**2012-13**
1	Purchase from NTPC	1903.45	2030.11	2435.00
2	Purchase from MPPKVVCL	3639.53	2410.00	3089.00
3	Purchase from MPTradeco / MP PMCL	283.82	1616.35	2781.00
4	UI	183.92	170.26	0.00
5	PGCIL Charges	156.73	195.30	207.29
6	MPPTCL Charges	246.56	196.83	180.00
7	SLDC Charges	0.91	0.85	23.00
8	Other Charges	0.34	0.66	
9	Short Term Charges	4.32	21.61	
10	**Total**	**6419.58**	**6641.97**	**8715.29**
11	**Total Amount in Rs. Crore**	**64.20**	**66.42**	**87.15**

2.6 Other Items of ARR

2.6.1 The petitioner has filed the ARR for the period from FY 2010-11 to FY 2012-13 as indicated in the table below:

Amount in Rs. Crore

Particulars	FY 2010-11	FY 2011-12	FY2012-13
Revenue			
Revenue from sale of power	76.54	87.96	101.90
Expenditure			
Purchase of Power	67.20	62.27	82.28
Inter-State Transmission charges	0.00	1.95	2.07
Intra-State Transmission (MP Transco) Charges	0.00	1.97	2.09
Employee Expenses	2.16	1.72	1.87
R&M Expense	0.52	0.47	0.53
A&G Expense	1.04	1.15	1.27
Depreciation and Related debits	0.25	0.29	0.37
Interest & Finance Charges	1.24	1.09	1.41
Other Debits, Write-offs (Prior period and Misc. Expenses written off)	0.09	0.00	0.00
Less: Interest and other expenses Capitalized	-		
Income Tax	2.79	5.56	3.27
RoE	0.29	0.30	0.37
Total Expenses Including RoE	75.58	76.76	95.54
Other Income Net of DPS	0.08	0.10	0.10
Revenue Surplus /(Gap)	1.04	11.30	6.45

2.6.2 The scrutiny of petition filed by MPAKVN (I) Ltd. has revealed that the petitioner has filed the expenses under various heads of Annual Revenue Requirement (ARR) on estimation basis for FY 2010-11 and for 2011-12 & 2012-13 on projection basis. The petitioner has submitted the audited annual accounts of MPAKVN(I)L, Indore for the years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 along with the abstracts of each of the years for its power business of SEZ at Pithampur. The apportionment of the expenditure on power business of SEZ from the consolidated accounts of the MPAKVN(I)L, Indore has also been claimed as duly audited by practicing Chartered Accountants. The petitioner has also submitted the power business accounts balance sheet for FY 2010-11 audited by the Chartered Accountants. The annual accounts of 2011-12 have not been audited. The petitioner has segregated the expenses for its power business from the consolidated expenditure as indicated in the statements of accounts of various years. On the basis of ascribed percentage the segregated expenses have been got audited from the Charted Accountants for FY 2010-11 as also for earlier years . A chart indicating the percentage considered for basis of allocation has been furnished along with. It is seen from the details submitted that the expenses incurred on the activities directly related to the power business have been 100% attributed to it. Certain expenses such as salary etc. have been apportioned on the basis of ascribed percentage. Similarly, the GFA has also been segregated on the basis of use of the equipments for the purpose of power business to that of other activities of the SEZ.

2.6.3 The Commission’s analysis on the expenses other than power purchase is discussed below:

1. **R&M Expenses:** The petitioner has claimed the R&M expenses as 5% of the opening GFA for electricity business for FY 11-12 and FY 12-13 while for FY 10-11 as 5.55%. It is submitted in the petition that the actual expenses on account of R&M for the past years had been in excess of 5%. The petitioner has stated that the Commission had considered R&M expenses as 2.3 % of GFA for Central Discom, and 2 % for West Discom and East Discom. This percentage was derived on the basis of actual R&M expenses of these utilities in previous years. Therefore, following the same methodology the percentage of the actual R&M expenses to the Opening GFA has been calculated by the petitioner for last three Financial Years which is as under:

Particulars	2008-09	2009-10	2010-11
Opening GFA (Rs. Crore)	**7.52**	**8.19**	**9.39**
R&M Expenses (Rs. Crore)	**0.33**	**0.42**	**0.52**
Percentage	**4.37%**	**5.11%**	**5.55%**

Accordingly, for the subsequent years the R&M expense claimed is as given below:

Particulars	2010-11	2011-12	2012-13
Opening GFA (Rs. Crore)	9.39	9.39	10.55
Percentage	5.55%	5.00%	5.00%
R&M Expenses (Rs. Crore)	0.52	0.47	0.53

The Commission while specifying the norms for R&M expenses for the Discoms of the State had taken actual past expenses in consideration. Same methodology is considered in case of the petitioner. The Commission has examined details of past expenses of the petitioner and has found that actual the R&M expenses have been marginally more than 5% of opening GFA during FY 09-10 and FY 10-11. While the Commission has admitted expenses as 5.55% of opening GFA for FY 2010-11, the norms for the subsequent years FY 2011-12 and FY 2012-13 is pegged down to 5%. The R&M expenses as admitted are given below:

Particulars	2010-11	2011-12	2012-13
Opening GFA (Rs. Crore)	9.39	9.39	10.55
Percentage	5.55%	5.00%	5.00%
R&M Expenses (Rs. Crore)	0.52	0.47	0.53

2. **Employee Expenses:** The petitioner has submitted that the employee cost of the whole group of MPAKVN(I)L has been booked in the Accounts MPAKVN(I)L. Hence for the purpose of the expenses to be worked out for the power business, the petitioner, as per the best judgment of its management and available records, has considered that 30% employee cost of MPAKVN(I)L. In addition some of the salary expenses under SEZ have also been allocated to the power business as given in table below. This issue was raised earlier by the Commission and it was informed by the petitioner that they have carefully considered the available details and find that the proposition made by them is reasonable. Since statutory audited accounts are yet to be received, the proposal of the petitioner has been admitted by the Commission at this juncture subject to final true up. The employee expenses for the control period as per projections made by petitioner have been detailed in Form F-6 of the petition. The gist of expenses admitted under this head is given below:

Amount in Rs. Crore

Sl.No.	**Particulars**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**
1	Salary Related Expenses	3.99	4.63	5.38
2	Terminal & related Expenses	0.36	0.37	0.39
3	6th Pay Commission arrears	2.73	0.59	0.31
4	Total Salary of AKVN (Only AKVN)	7.08	5.59	6.08
5	Salary apportioned to Power business @ 30% of above (4)	2.12	1.68	1.82
6	Salary booked in SEZ and allocated to power business	0.03	0.04	0.05
7.	**Employee Expenses**	**2.16**	**1.72**	**1.87**

3. **A&G Expenses:** The petitioner has considered the actual figures for FY 2010-11 in respect of A&G expenses and then escalated it by 10 % every year for FY 2011-12 and 2012-13. Following table gives the A&G expenses as filed from FY 2008-09 to FY 2012-13:

Amount in Rs. Crore

Particulars	**2010-11**	**2011-12**	**2012-13**
A&G Expenses	1.04	1.15	1.27

The analysis of the A&G expenses filed reveals that the petitioner has sought increase over the actual expenses of FY 2010-11 for FY 2011-12 and FY 2012-13. These expenses also include the expenses of engaging security guard and other SEZ power business related man power. The Commission has admitted these expenses as filed by the petitioner.

4. **Depreciation:** The petitioner has submitted that it has considered the depreciation on the basis of the rates defined by the Commission in the Regulations. The petitioner has calculated the depreciation from the Financial Year 2005-06 on the assets as per the rates specified by the Commission. The petitioner has also submitted that it has

reduced the value of the assets created with the consumer contributions from the gross value of the assets and thereafter worked out the depreciation for the purpose of the ARR determination. Working details of the assets for FY 2010-11 to 2012-13 are given in the table below:

Amount in Rs. Lakh

Sl. No	Particulars	FY 2010-11						FY2011-12						FY2012-13					
		Gross Block			Depreciation		Net Block	Gross Block			Depreciation		Net Block	Gross Block			Depreciation		Net Block
		Opening	Addition During Year	At End Of Year	Total Dep. During Year	Clos. Accmu. Dep. Amount (Cal.)		Opening	Addition During Year	At End Of Year	Total Dep. During Year	Clos. Accmu. Dep. Amount (Cal.)		Opening	Addition During Year	At End Of Year	Total Dep. During Year	Clos. Accmu. Dep. Amount (Cal.)	
1	FURNITURE & FIXTURES	1.38	0.00	1.38	0.09	0.35	1.03	1.38	0.00	1.38	0.09	0.44	0.94	1.38	0.00	1.38	0.09	0.52	0.85
2	COMPUTERS	0.73	3.87	4.59	0.17	0.43	4.16	4.59	0.00	4.59	0.29	0.72	3.87	4.59	0.00	4.59	0.29	1.02	3.58
3	BUILDINGS	177.68	0.41	178.10	5.94	17.50	160.60	178.10	0.00	178.10	5.95	23.45	154.65	178.10	0.00	178.10	5.95	29.40	148.70
4	PLANT & MACHINERY	639.84	115.51	755.35	36.85	112.54	642.81	755.35	115.51	870.86	42.95	155.49	715.37	870.86	270.00	1140.86	53.13	208.62	932.25
	Grand Total	819.62	119.80	939.42	43.05	130.82	808.59	939.42	115.51	1054.93	49.28	180.10	874.83	1054.93	270.00	1324.93	59.45	239.55	1085.38

The petitioner has further reduced the depreciation of the assets capitalised with the consumer contributions. The details of the depreciation and consumer contribution amortised as filed are give below:

Amount in Rs. Crore

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Depreciation and Related debits	0.11	0.12	0.18	0.23	0.25	0.43	0.49	0.59
Less: Consumer Contribution amortized	0.00	0.04	0.05	0.08	0.12	0.18	0.21	0.23
Net Depreciation and Related debits	**0.11**	**0.08**	**0.12**	**0.15**	**0.13**	**0.25**	**0.29**	**0.37**

Thus the petitioner has claimed the depreciation as given below:

Sl. No.	Financial Year	Amount of Depreciation
1.	2010-11	Rs. 0.25 Crore
2.	2011-12	Rs. 0.29 Crore
3.	2012-13	Rs. 0.37 Crore

The Commission has admitted the amount of depreciation as claimed above.

5. **Interest and Finance Charges:**

a. **Interest on Project Loan:** 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 interest thereon by applying prevailing State-Bank Advance Rate (SBAR). The petitioner has considered the 70:30 as debt equity ratio on its year wise value of the fixed assets capitalised and notionally worked out the interest burden thereon. The details as filed are given in table below:

Amount in Rs. Crore

Interest on Project Loans				
Sl. No.	**Particular**	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**
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	2.48	2.48
	Repayment during the year	0.11	0.11	0.11
	Total Debt Associated with GFA at the end of the year	2.38	2.38	2.38
2	**FY07**			
	Debt Associated with GFA as on the beginning of the year	2.48	2.48	2.48
	70% of addition to net GFA considered as funded through Debt	0.10	0.10	0.10
	Repayment during the year	0.08	0.08	0.08
	Total Debt Associated with GFA at the end of the year	2.50	2.50	2.50
3	**FY08**			
	Debt Associated with GFA as on the beginning of the year	2.59	2.59	2.59
	70% of addition to net GFA considered as funded through Debt	1.32	1.32	1.32
	Repayment during the year	0.12	0.12	0.12
	Total Debt Associated with GFA at the end of the year	3.78	3.78	3.78
4	**FY09**			
	Debt Associated with GFA as on the beginning of the year	3.90	3.90	3.90
	70% of addition to net GFA considered as funded through Debt	0.27	0.27	0.27
	Repayment during the year	0.15	0.15	0.15
	Total Debt Associated with GFA at the end of the year	4.03	4.03	4.03
5	**FY10**			
	Debt Associated with GFA as on the beginning of the year	4.17	4.17	4.17
	70% of addition to net GFA considered as funded through Debt	0.00	0.00	0.00
	Repayment during the year	0.13	0.13	0.13
	Total Debt Associated with GFA at the end of the year	4.05	4.05	4.05
6	**FY11**			
	Debt Associated with GFA as on the beginning of the year	4.17	4.17	4.17
	70% of addition to net GFA considered as funded through Debt	0.00	0.00	0.00
	Repayment during the year	0.25	0.25	0.25
	Total Debt Associated with GFA at the end of the year	3.92	3.92	3.92
7	**FY12**			
	Debt Associated with GFA as on the beginning of the year		4.17	4.17
	70% of addition to net GFA considered as funded through Debt		0.46	0.46
	Repayment during the year		0.29	0.29
	Total Debt Associated with GFA at the end of the year		4.35	4.35
8	**FY13**			
	Debt Associated with GFA as on the beginning of the year			4.63
	70% of addition to net GFA considered as funded through Debt			1.64
	Repayment during the year			0.37
	Total Debt Associated with GFA at the end of the year			5.91
	Rate of Interest & Finance charges	11.75%	11.75%	14.75%
A	**Interest & Finance charges on Normative basis for project Loans**	0.48	0.50	0.78

The Commission has noted from the records filed by the petitioner that it does not have any loan with it, therefore there is no interest burden on the petitioner. Hence the Commission has not considered any claim under this head.

b. **Interest on Working Capital Loan:** The petitioner has submitted the details of calculations of the interest on working capital loan as per the norms in the Regulations. The details are indicated below:

Amount in Rs. Lakh

Sl.No.	Particular	2010-11	2011-12	2012-13
For wheeling activity				
A)	1/6th of annual requirement of inventory for previous year	1.09	1.25	1.41
B)	O&M expenses			
	R&M expenses	52.09	46.97	52.75
	A&G expense	104.32	114.75	127.38
	Employee expenses	215.68	154.33	271.06
B) i)	Total of O&M expenses	372.09	316.05	451.18
B) ii)	1/12th of total	31.01	26.34	37.60
C)	Receivables			
C) i)	Annual Revenue from wheeling charges			
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	0.00	0.00	0.00
D)	Total Working capital (A), B) ii), C) ii))	32.10	27.59	39.00
E)	Rate of Interest	11.75%	11.75%	14.75%
F)	**Interest on Working capital**	3.77	3.24	5.75
For Retail Sale activity				
A)	1/6th of annual requirement of inventory for previous year	0.27	0.31	0.35
B)	Receivables			
B) i)	Annual Revenue from Tariff and charges	7667.38	8813.20	10199.39
B) ii)	Receivables equivalent to 2 months average billing	1277.90	1468.87	1699.90
C)	Power Purchase expenses	6719.74	6592.56	10820.04
C) i)	1/12th of power purchase expenses	559.98	549.38	901.67
D	Consumers Security Deposit	952.94	1002.94	1096.94
E)	Total Working capital (A+B ii) - C i) - D)	-234.75	-83.14	-298.36
F)	Rate of Interest	11.75%	11.75%	14.75%
G)	**Interest on Working capital**	-27.58	-9.77	-44.01
	Summary			
1	**For wheeling activity**	3.77	3.24	5.75
2	**For Retail Sale activity**	-27.58	-9.77	-44.01
	Total Interest on working Capital	**Nil**	**Nil**	**Nil**

The petitioner has not made any claims under this head which is admitted by the Commission.

c. **Interest on consumer security deposits:** The petitioner has made following claims in this regard:

Rs. in Crore

Sl.No.	Particular	2010-11	2011-12	2012-13
1.	Consumer security deposit	9.53	10.03	10.97
2.	Interest amount claimed	0.75	0.59	0.63

The interest on consumer security deposit is to be worked out on the average of opening and closing balances of the amount for a particular year. The Commission has admitted the interest on security deposit as per calculations given in following table:

Rs. in Crore

Sl.No.	Particular	2009-10	2010-11	2011-12	2012-13
1.	Consumer Security Deposit held	6.50	9.53	10.03	10.97
2	Average CSD Considered for interest	0.00	8.01	9.78	10.50
3	Rate of Interest		6%	6%	6%
4.	CSD Interest admitted		0.48	0.59	0.63

d. The **interest and finance charges** as claimed and as admitted are given in table below:

Amount in Rs. Crore

Sl. No.	Interest on	2010-11		2011-12		2012-13	
		As filed	As admitted	As filed	As admitted	As filed	As admitted
1.	Project Loans	0.48	0.00	0.50	0.00	0.78	0.00
2	Working Capital Loan	0.00	0.00	0.00	0.00	0.00	0.00
3	Consumer Security Deposit	0.75	0.48	0.59	0.59	0.63	0.63
4.	Total	1.23	**0.48**	1.09	**0.59**	1.41	**0.63**

6. Return on Equity: The petitioner has claimed return on equity as per the provisions of the Regulations. The petitioner has considered the equity 30% of the total capital employed in completed assets for the purpose of computation of return on equity. However the petitioner has not indicated the sources of funding for creation of the assets over a period. The study of the balance sheets for power business filed by the petitioner has revealed that sources of funding are own contribution, reserves and surplus, capital contribution from consumers. The consumer security deposits are not considered as sources of funds creation of the assets. Capital contribution from the consumers has been removed from the GFA for the purpose of loans / equity. Hence the capital cost employed for creation of the assets comprises own contribution and reserves and surplus. The filing is given below:

Amount in Rs.Crore

Particular	**FY 2010-11**	**FY 2011-12**	**FY 2012-13**
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	1.06	1.06
Total Equity Associated with GFA at the end of the year	1.06	1.06	1.06
FY07			
Equity Associated with GFA as on the beginning of the year	1.06	1.06	1.06
30% of addition to net GFA considered as funded through equity	0.04	0.04	0.04
Total Equity Associated with GFA at the end of the year	1.11	1.11	1.11
FY08			
Equity Associated with GFA as on the beginning of the year	1.11	1.11	1.11
30% of addition to net GFA considered as funded through equity	0.56	0.56	0.56
Total Equity Associated with GFA at the end of the year	1.67	1.67	1.67
FY09			
Equity Associated with GFA as on the beginning of the year	1.67	1.67	1.67
30% of addition to net GFA considered as funded through equity	0.12	0.12	0.12
Total Equity Associated with GFA at the end of the year	1.79	1.79	1.79
FY10			
Equity Associated with GFA as on the beginning of the year	1.79	1.79	1.79
30% of addition to net GFA considered as funded through equity	0.00	0.00	0.00
Total Equity Associated with GFA at the end of the year	1.79	1.79	1.79
FY11			
Equity Associated with GFA as on the beginning of the year	1.79	1.79	1.79
30% of addition to net GFA considered as funded through equity	0.00	0.00	0.00
Total Equity Associated with GFA at the end of the year	1.79	1.79	1.79
FY12			
Equity Associated with GFA as on the beginning of the year		1.79	1.79
30% of addition to net GFA considered as funded through equity		0.10	0.20
Total Equity Associated with GFA at the end of the year		1.89	1.99
FY13			
Equity Associated with GFA as on the beginning of the year			1.99
30% of addition to net GFA considered as funded through equity			0.35
Total Equity Associated with GFA at the end of the year			2.34
Return on Equity @ 16%	0.29	0.30	0.37

The regulations further provide that for a project declared under commercial operation on or after 01/04/2010, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan. Accordingly, the balance 70% of the capital employed for creation of the assets which are included in the GFA may also be treated as equity but with the return at the weighted average rate of interest of the Distribution Licensee as a whole. The petitioner does not have any loans therefore actual weighted average rate of interest cannot be worked out. The weighted average rate of interest of the financial institutions funding the electricity sector has been considered for the purpose i.e. 8.60%, which has been permitted to the MP Paschim KVVCL, Indore. The return on equity and interest admitted on the equity in excess of 30% of GFA treating it as Normative Loan is given in the table below:

Particular	2010-11	2011-12	2012-13
GFA Associated with Equity i.e. 30% (Rs. Crore)	1.79	1.89	2.34
Return on Equity @ 16% (Rs. Crore)	0.29	0.30	0.37
Balance GFA (Rs. Crore)	4.17	4.63	6.28
Weighted Average Rate of Interest (%)	8.60%	8.60%	8.60%
Interest admitted on the portion Equity in excess of 30% of GFA (Rs. Crore)	0.36	0.40	0.54
Return on Equity + interest (Rs. Crore) As Admitted	**0.65**	**0.70**	**0.91**

7. **Bad & Doubtful Debt:** The petitioner has not claimed any amount under this head.

8. **Income Tax:** The petitioner has claimed the income tax as given below:

Sl.No.	Particular	2010-11	2011-12	2012-13
1.	Income Tax (Rs. Crore)	2.79	5.56	3.27

For FY 2010-11 the income tax has been claimed as per the balance sheet but for FY 2011-12 & FY 2012-13 no supporting details are submitted. There is no separate statutory audited balance sheet for FY 2010-11 for power business and the amount claimed is obviously apportioned from the total tax paid for all the activities of MPAKVN/ SEZ. The Commission has noted that the income tax claimed in the petition is very high when compared to the profit earned from the power business. 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 admitted cost on account of return on equity. The applicable rate of income tax is 30.90%. The admitted amount of income tax is given below:

Sl.No.	Particular	2010-11	2011-12	2012-13
1.	Admitted Return on Equity (Rs. Crore)	0.29	0.30	0.37
2.	Income Tax (Rs. Crore) @ 30.90% of RoE	0.09	0.09	0.11

9. **Other Expenses:** The petitioner has claimed Rs. 9,10,501.60 as net prior period charges in the ARR for FY 2010-11 on the actual basis. No expenses for FY 2011-12 and 2012-13 have been claimed. The same as filed has been admitted.

10. **Other Income:** The Petitioner has indicated the other income as per the table give below:

Amount in Rs. Crore

Sl.No.	Particular	2010-11	2011-12	2012-13
1.	Other Income (Rs.)	0.14	0.10	0.10
2.	Delayed Payment Surcharge (Rs.)	0.06	0.00	0.00
3.	Other Income for ARR	0.08	0.10	0.10

The same as filed has been admitted.

11. **Revenue from Sale of Power:** The petitioner has filed actual revenue income from sale of power for the years 2010-11 and 2011-12. For the year 2012-13, the petitioner has considered the proposed rate for HV 3.1 by the MP Paschim Kshetra VVCL in their ARR/ Tariff petition for 2012-13 for working out revenue. The Commission has considered the revenue income filed on actual by the petitioner for FY 2010-11 and 2011-12 for working out the revenue surplus/ gap after determination of provisional true up ARR for these years. The projected revenue income for FY 2012-13 has been admitted as Rs. 92.74 Crore based on new tariff. Details of revenue income as admitted are given in table below **:**

Particular	FY 2010-11	FY 2011-12	FY 2012-13
Revenue In Rs Crore	76.54	87.96	92.74

2.6.4 The Commission has determined the provisional true up of ARR for FY 2010-11 and FY 2011-12 subject to final true up when the statements of accounts duly audited by the statutory auditors are available. The details of filing vis-à-vis as admitted by the Commission are given in the table below:

Amount in Rs. Crore

Particulars	FY 2010-11		FY 2011-12	
	As Filed	As Admitted	As Filed	As Admitted
Sale and Power Purchase Requirement				
Sale MUs	164.63	**164.63**	166.55	**166.54**
Distribution Loss (%)	5.74%	**5.74%**	3.99%	**3.99%**
Distribution Loss MUs	10.02	**10.02**	6.93	**6.92**
Intra State Transmission Loss (%)	3.74%	**3.74%**	3.51%	**3.51%**
Intra State Transmission Loss MUs	3.92	**3.92**	4.53	**4.53**
Inter State Losses (%)	4.79%	**4.79%**	3.61%	**3.61%**
Inter State Losses MUs	4.92	**4.92**	3.37	**3.37**
Total Power Purchase Requirement MUs	183.49	**183.49**	181.38	**181.36**
Expenditure				
Purchase of Power	67.20	60.11	62.27	62.27

Inter-State Transmission charges	0.00	1.57	1.95	1.95
Intra-State Transmission (MP Transco) Charges	0.00	2.47	1.97	1.97
Other Power Purchase related expenses incl. SLDC charges	0.00	0.05	0.00	0.23
R&M Expense	0.52	0.52	0.47	0.47
Employee Expenses	2.16	2.16	1.72	1.72
A&G Expense	1.04	1.04	1.15	1.15
Depreciation and Related debits	0.25	0.25	0.29	0.29
Interest & Finance Charges	1.23	0.48	1.09	0.59
Other Debits, Write-offs (Prior period and Misl. Exp written off)	0.09	0.09	0.00	0.00
Less: Interest and other expenses Capitalized	0.00	0.00	0.00	0.00
Income Tax	2.79	0.09	5.56	0.09
Total Expenses	75.28	**68.84**	76.46	**70.73**
RoE	0.29	0.65	0.30	0.70
Total Expenses Including RoE	75.57	**69.49**	76.76	**71.43**
Less Other income	-0.08	-0.08	-0.10	-0.10
Total ARR	75.49	**69.41**	76.66	**71.33**
Revenue				
Revenue income from sale of power	76.54	**76.94**	87.96	**87.96**
Revenue Surplus / (Gap)	1.05	**7.13**	11.30	**16.63**

2.6.5 As may be seen from the foregoing table, there is surplus income in FY 2010-11 and 2011-12 when compared with the ARR as admitted. The Commission decided to determine the provisional tariff considering the adjustments on account of surplus income, subject to the final true up when the statutory audited statements of accounts for the period considered in this order are available.

2.6.6 The Commission has also determined the ARR for FY 2012-13. The details of filing by the petitioner and as admitted by the Commission are given in the table below:

Amount in Rs. Crore

Particulars	FY 2012-13	
	As Filed	**As Admitted**
Sale and Power Purchase Requirement		
Sale MUs	187.98	**187.98**
Distribution Loss (%)	3.99%	**3.99%**
Distribution Loss MUs	7.81	**7.81**
Intra State Transmission Loss (%)	3.51%	**3.51%**
Intra State Transmission Loss MUs	5.12	**5.12**
Inter State Losses (%)	3.61%	**3.61%**
Inter State Losses MUs	3.17	**3.17**
Total Power Purchase Requirement MUs	204.08	**204.08**
Expenditure		
Purchase of Power	82.28	83.05
Inter-State Transmission charges	2.07	2.07
Intra-State Transmission (MP Transco) Charges	2.09	1.80
Other Power Purchase related expenses incl. SLDC charges	0.00	0.23
R&M Expense	0.53	0.53

Employee Expenses	1.87	1.87
A&G Expense	1.27	1.27
Depreciation and Related debits	0.37	0.37
Interest & Finance Charges	1.41	0.63
Other Debits, Write-offs (Prior period and Misl. Exp written off)	0.00	0.00
Less: Interest and other expenses Capitalized	0.00	0.00
Income Tax	3.27	0.11
Total Expenses	95.16	**91.93**
RoE	0.37	0.91
Total Expenses Including RoE	95.53	**92.84**
Less Other income	-0.10	-0.10
Total ARR	95.44	**92.74**
Revenue		
Revenue from sale of power	101.90	**92.74**
Revenue Surplus / (Gap)	6.46	**Nil**

2.6.7 The projected revenue income on as filed for FY 2012-13 also indicates a situation of surplus. The Commission has determined the distribution and retail supply tariff for various consumer categories based on the ARR as admitted and has allowed adjustment of surplus income in the tariff for consumers. Details are given in the tariff schedules of this Order**.**

3 FUEL COST ADJUSTMENT CHARGE

3.1 Regulation 9.1 of MPERC (Terms and Conditions for determination of Tariff for supply and wheeling of electricity and methods and principles for fixation of charges) Regulations, 2009 provide that "As provided in Section 62(4) of the Act, the fuel surcharge formula may be specified by the Commission and tariff may be permitted to be charged under the terms of specific formula. The impact of fuel surcharge whenever permitted in respect of Generating Company shall be recoverable from consumers and the Distribution Licensee may approach the Commission for such orders as are necessary under Section 62(4) of the Act."

3.2 Hon'ble Appellate Tribunal for Electricity in the judgment in O.P. No.1 of 2011 dated 11.11.2011 has given directions to the State Commissions in this regard as "65(vi) Fuel and power purchase cost is a major expense of the Distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for fuel and power purchase cost in terms of Section 62(4) of the Act. The fuel and power purchase cost adjustment should preferably be on monthly basis on the lines of Central Commission's Regulations for the Generating Companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of its order put in place such formula/mechanism."

3.3 The Commission taking cognizance of aforementioned narration has specified following formula in the Retail Supply tariff Order for FY 2012-13 in respect of the Distribution companies of the State viz. MP Poorva KVVCL, MP Paschim KVVCL and MP Madhya KVVCL for deriving Fuel Cost Adjustment (hereinafter referred as "FCA") 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. This formula shall also be applicable in case of the petitioner.

$$\text{FCA for billing quarter (p/u)} = \frac{\text{IVC (Rs. in Crore) X 1000}}{\text{Normative sale (MUs)}}$$

Wherein,

- *"IVC"* shall mean 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 this tariff order and the per unit FCA billed by MP Paschim Kshetra VVCL, multiplied by (b) units availed from each such generating station / M.P. Paschim Kshetra VVCL for FCA billed in the preceding quarter. Variable costs of Hydel Generating Stations, short term power purchase or UI charges etc. shall not be considered for the purpose of working out the increase in variable Cost of Power Purchase. Costs in excess of the rates specified in this Order on account of short term power purchase or UI charges etc. shall also not be considered for the purpose of working out the increase in variable Cost of Power Purchase.

- "*Preceding Quarter*" means period of preceding three months excluding the period of two months immediately proceeding to the billing quarter.
- *"Billing quarter"* means the period of three months for which FCA is to be 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*" means the sale grossed down from the total actual ex-bus drawl from all sources (Generators + Other sources) during preceding quarter by the normative PGCIL, transmission and distribution losses for the months of the *preceding* quarter as provided in the tariff Order.

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 The 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 workout 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: 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
		(MUs)	Rate (paise/unit)	Cost (Rs. in Cr)	Rate (paise./unit)	Cost (Rs. in Cr)	Rs. in Cr (Diff. of Col.5-7)
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 herein before and submitted to the Commission for seeking prior approval before levy of FCA on the consumers. The relevant documents/ data in the matter be submitted to the Commission at least a month before the commencement of the billing quarter. However, for the first two quarters, these details shall be submitted within 15 days of the order.

3.10 Based on the documents/ data submitted by the petitioner, the Commission shall finalise the FCA as it may consider appropriate.

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

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

3.13 Following illustration is given for the purpose of understanding:

3.14 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.

3.15 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: PGCIL, MPPTCL and distribution losses %

Sr. No.	Month/Year	PGCIL Losses*		MPPTCL Losses**	Distribution Losses***
		Region	%	%	%
1	November, 11	W.R.	4.79%	3.74%	3.99%
2	December, 11	W.R.	4.79%	3.74%	3.99%
3	January, 12	W.R.	4.79%	3.74%	3.99%
4	February, 12	W.R.	4.79%	3.74%	3.99%
5	March, 12	W.R.	4.79%	3.74%	3.99%
6	April, 12	W.R.	3.61%	3.74%	3.99%
7	May, 12	W.R.	3.61%	3.74%	3.99%

8	June, 12	W.R.	3.61%	3.74%	3.99%
9	July, 12	W.R.	3.61%	3.74%	3.99%
10	August, 12	W.R.	3.61%	3.74%	3.99%
11	September, 12	W.R.	3.61%	3.74%	3.99%
12	October, 12	W.R.	3.61%	3.74%	3.99%
13	November, 12	W.R.	3.61%	3.74%	3.99%
14	December, 12	W.R.	3.61%	3.74%	3.99%
15	January, 13	W.R.	3.61%	3.74%	3.99%
16	February, 13	W.R.	3.61%	3.74%	3.99%
17	March, 13	W.R.	3.61%	3.74%	3.99%

Note: * PGCIL Losses: % PGCIL loss is based on input separately from E.R. & W.R.
** Transmission Losses: % M.P. Transmission losses are based on input at State periphery.
*** Distribution Losses: % Distribution losses are based on input at 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 fee
(g) Less : Other Income as attributed to wheeling activity

4.2 On the basis of the approved ARR for FY 2012-13, the expenditure towards wheeling activity for SEZ is Rs. 5.69 Crs.

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. 33KV and below 33KV. 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, is not inclined to get 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 in most States in India.

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 33/11KV and 11/0.4 KV.

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

Table : Identification of asset value

Voltage level of Lines	Cumulative length of lines (ckt-kms)	Per unit cost (Lakh Rs./ckt-km)	Total Cost of lines (Rs. Crs.)
33KV	23	9.67	2.22
Below 33 KV			
(a) 11 KV	15	8.46	1.27
(b) LT	5	3.74	0.19
(c) Sub-Total			1.46
Total			**3.68**

Table: Total Cost of transformer voltage level

Transformer Voltage level	Cumulative capacity (MVA)	Per unit cost (Lakh Rs./MVA)	Total Cost (Rs. Crs.)
33/11KV Transformer	8.15	21.00	1.71
11/0.4KV Transformer	2.8	2.28 per 100 KVA	0.01
Total			**1.72**

4.7 For the purpose of above, the data for length of lines and transformation capacity is as supplied by SEZ 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 (11/0.4KV) to be part of the 11 KV network, while the power transformers of 33/11KV to be part of the 33 KV network. Based on this, the asset values at different voltage levels works out to:

Table : Identification of value of network at each voltage level

Voltage level	Cost of Lines (Rs. Crs.)	Cost of Transformation (Rs. Crs.)	Total Cost (Rs. Crs.)
33KV	2.22	1.71	3.94
Below 33 KV	1.46	0.01	1.47
Total	**3.68**	**1.72**	**5.41**

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

Voltage level	Assets value (Rs.Crs.)	Assets value Ratio (%)	Total wheeling cost (Rs Crs.)	Wheeling Cost (Rs Crs.)
33KV	3.94	72.77	5.69	4.14
Below 33 KV	1.47	27.23		1.55
	5.41	**100.00**		**5.69**

Sharing of Wheeling costs

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

4.11 This allocation of wheeling cost at different voltage level 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: Allocation of wheeling cost over distribution system users

	Particulars	Rs in Crore
A	Wheeling Cost at 33 KV- Rs Crore	4.14
B	Sales at 33 KV(MU)	186.05
C	Total Sales (MU) {excluding sales at 132 KV}	187.98
D	Proportion of 33 KV sales to total sales	0.99
	Cost allocation	
E	Wheeling cost of 33 KV allocated to 33 KV users only (A*D)--Rs. Crore	4.10

4.12 The wheeling cost allocated to 33 KV thus works out to Rs. 4.22 Crore. Based on this allocation and considering the consumption at 33 KV, the wheeling charges in Rupees per unit are determined as below :

Table: Wheeling Charges

Voltage	Wheeling Cost allocated (Rs. Crore)	Sales (MU)	Wheeling charges (in Rs./unit)
EHT	-	-	-
33KV	4.10	186.05	0.22

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 33KV 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 distribution network up to the consumer's connection.

(b) Scenario 2: Both generator and consumer are connected to the distribution system of any of the Distribution Licensee at 33 KV: The power generated by the open access generator will be consumed within the Discoms under the conditions of uniform retail tariff throughout the M.P. 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 formulae 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 2012-13 is 204.08 MUs. The top 5% at the margin requirement shall be 10.20 MUs which shall be met from supply by the West Discom @ Rs.5.61 per unit.

4.17 The average tariff for HV industrial consumers works out to Rs.4.93 per unit.

4.18 Since the average tariff for HV industrial consumers is less than the cost of power purchase of top 5%, therefore cross subsidy surcharge shall be considered "Zero" for billing purposes for FY 2012-13.

5 RETAIL TARIFF DESIGN

Legal Position

5.1 The Commission has determined the Aggregate Revenue Requirement for FY 2010-11, FY 2011-12 and FY 2012-13 for the petitioner based on the Regulations notified on 9th December 2009, under Sec 181(2) (zd) read with sec 45 and 61 of the Electricity Act, 2003. The aggregate revenue requirement approved by the Commission for 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 6th 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 the year FY 2012-13 works out to Rs.4.94 per unit as against Rs.4.28 for FY 2011-12 and Rs.4.22 for FY 10-11. The petitioner is operating Special Economic Zone meant for development of the industries. Therefore the Commission considering that usually the consumers of this area are likely to be industries or associated activities has kept the average realisation across different consumer categories as near as possible to the average cost of supply.

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 made appropriate provisions.

6 DIRECTIONS TO THE PETITIONER:

6.1 The SEZ is a deemed licensee and is obliged to submit their ARR/Tariff petition to the Commission for determination of ARR and Retail Supply Tariff for the consumers of M.P. A.K. V.N. (SEZ) area. While carrying out power supply business, they are 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 licensee needs to focus and take appropriate action. The licensee is directed to ensure compliance of following directives:-

6.1.1 **Timely submission of ARR/Tariff Proposals:** There has been inordinate delay in submission of ARR/Tariff proposals in the desired manner. Since this is the first instance of submission of ARR/Tariff proposals by the licensee, the Commission condones the delay on the part of the licensee. The Commission, however, directs that in future the licensee should ensure submission of ARR/Tariff proposals in time limits specified in the Regulations.

6.1.2 **Long term power purchase arrangements:** The present arrangement for power purchase during the period of this Order has not been found to be inconsonance with the requirement that the licensee should adhere to wherein most of his power should be sourced through long term power purchase arrangements. Only in case of exigency wherein there is an abnormal variation in demand, the licensee may resort to mid-term or short term purchase to mitigate the shortfall. This issue has also been separately under active consideration in the recent past but efforts for procuring long term power were found lacking. The licensee has failed to enter into long term power purchase arrangements to meet its long term power requirement. The Commission is of the opinion that the expenses on account of power purchase are likely to go down if the licensee makes long term power purchase agreements with the generators/suppliers. The licensee should invite competitive bids for long term power purchase as had been advised in the past and follow due procedure as provided under the relevant law and regulations/guidelines. The Commission directs that the licensee should finalize such 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.

6.1.3 **Energy Audit:** Energy Audit is essential for maintaining any distribution system efficiently. The distribution system of the licensee is limited to a compact area with a small number of consumers. The demand and the network are however likely to grow in future. It is necessary that all the supply points i.e., 33 KV input, 11 KV input, supply through power transformer and distribution transformer have proper metering to ensure accurate measurement of supply of electricity. The meters should preferably be AMR type wherein it is possible to receive and compile the data online without any hassle. The Energy Audit reports for all sections of the distribution network be compiled on a monthly basis and submitted to the Commission within 15 days after the reporting month. This would also indicate location/area where the licensee is required to create or augment the system to contain the losses. The petitioner should strive to have such systems in place by the end of current financial year.

6.1.4 **AMR Metering for consumer connections:** The Commission directs that all HT and LT connections should be provided with Automated Meter Reading having ToD feature. This work should be completed by the end of current financial year i.e. FY 2012-13.

6.1.5 **Maintaining separate account for power business:** In the current petition, the licensee has submitted previous audited accounts of MPAKVN and has apportioned expenses to its power business. The apportioning of expenses from that of MPAKVN as a whole to its power business is observed to be a very cumbersome, difficult and subjective exercise which also has been one of the reasons for delay in finalizing the expenses by the licensee. The SEZ power business account should have adequate clarity so that the expenses against the power business are properly identifiable. The Commission directs that separate accounts for all the activities related to power business should be maintained sub-head wise henceforth. These accounts should be got duly audited and certified by the auditors and submitted to the Commission timely.

6.1.6 **Compliance of Regulations:** The SEZ being a deemed licensee is directed to ensure compliance of all the Regulations, Codes and guidelines that are applicable to the distribution licensee in the State. This includes Regulations viz. M.P. Electricity Supply Code, Performance Standards, Ombudsman and Electricity Consumer Grievance Redressal Forum, License Conditions, Terms and conditions for determination of tariff, Power Purchase Regulations, Capex guidelines, etc and other applicable regulations. Non-compliance of any of the provisions of these Regulations shall make the licensee liable for appropriate actions against it.

6.1.7 **Capex Plan:** Under the terms of the MYT Regulations and Capex guidelines, the licensee should file its Business Plan/Capex Plan every year to the Commission on a rolling basis in the month of July. The licensee should ensure submission of requisite plan timely.

6.1.8 **Accounting of rebates/incentives/surcharge:** The licensee 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.

6.1.9 **Filing of ARR and Tariff Proposals in Hindi:** The licensee 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.

6.1.10 **Distribution loss:** Review of distribution losses indicates a marginal increase as compared to the previous years. Although the overall losses are still well within reasonable limits, however, the licensee should not be complacent on this issue and should ensure that the losses do not increase further in future and should take all actions as required to contain the loss levels.

6.1.11 **Adjustment of surplus income from the consumers:** After finalizing the expenses for the year FY 2010-11 and FY 2011-12, the Commission has observed that there has been surplus income to the licensee on account of the tariff charges and due to the fact that the ARRs for these years were not finalized. The Commission has now finalized the expenses for FY 2010-11 and FY 2011-12 also and has found that revenue earned by the licensee during these 2 years has been more than that of the expenses as admitted by the Commission. The tariff to be billed for these years to the consumers who availed supply during these years has been indicated in the tariff schedules for the respective year. The billing done for these two years for then existing consumers should be revised accordingly. The billing already done based on HV 3.1 of the tariff Order for distribution and retail supply applicable to the Discoms of the State during the year FY 12-13 till the issue of this Order should also be reworked based on the tariff being prescribed in this Order.

The rate of fixed charges and energy charges to be billed for FY 2010-11 and 2011-12 have been given in tariff schedules at annexure I.

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.

6.1.12 **Issue of Tariff Cards to all the consumers:** The licensee is directed to issue a Tariff Card to all consumers containing details of tariff for various categories applicable as per the Tariff Order for the year 2012-2013.

7 PUBLIC OBJECTIONS & COMMENTS ON LICENSEES' PETITIONS

7.1 After the admission of the ARR and tariff proposal for FY 2010-11, 2011-12 and 2012-13 filed by Petitioner, the Commission directed the petitioner to publish in the newspapers the gist of ARR/ Tariff proposal to invite comments/objections/suggestions by 25th August, 2012 from stakeholders. Only one representation from Pithampur Audyogik Sangathan, Indore was received in the matter within due date.

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 01st September, 2012 at the Office of the Commission.

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

Issue no. 1: Direction to file ARR petitions for future MYT period

Issue raised by objector:

Representative of respondent suggested that under MYT framework, ARR petitions can be considered for FY12-13 only. As regards ARR petitions for FY2010-11 and FY2011-12 are concerned , they are subject to true up only and for this purpose, audited balance sheets for respective years has to be made available by petitioner. It is suggested that the Commission may consider fixation of multiyear tariff and fix up a schedule for submitting true up cost.

Response from Petitioner

In the prayer of petition, licensee itself prayed for the approval of ARR & tariff order for the FY 2012-13 only.

Commission's view

The Commission is in agreement with the views of the objector. It is however emphasized that the exercise for finalization of ARR should not get inordinately delayed. In the instant petition the petitioner has filed ARR for the previous period which has been considered for provisional true up. By petitioner's own admission there has been excess recovery from the consumers during previous years as no tariff could be got finalized. The Commission has been of the view that the consumers should not suffer on account of the deficiency on the part of the petitioner to furnish ARR in the desired manner in time. The Commission has finalized the ARR for provisional true up purposes for the previous years to ensure that consumers of those years get the refund of excess recovery without waiting further.

Issue no. 2: Compliance of provisions of the Company Act 1956 with regard to disclosing quarterly financial balance sheet.

Issue raised by objector:

As per the provisions under the Company Act 1956, the Companies are required to disclose and publish their quarterly financial results and finalize audited balance sheet by month of September following the financial year ending in March. It is suggested that petitioner may be directed to comply the same.

Response from Petitioner

There is no provision in the Companies Act which requires preparation of Balance Sheet on Quarterly basis. As per the provisions of the Companies Act 1956, every Company is required to prepare its financial statements on annual basis and accordingly licensee is preparing its accounts.

Commission's view

The Commission agrees with the views of the petitioner.

Issue no. 3: Non applicability of provisions of tariff regulations in case of M/s MPAKVN.

Issue raised by objector:

Respondent submitted that ARR petitions filed by petitioner are based on tariff regulation prescribed for the Distribution licensees of the State in consideration of their vast rural distribution network and serving large consumer base. These regulations are based on efficiencies of large network of Distribution Licensees and hence shall not be directly applicable to the Petitioner's network which is comparatively a small area having around 50 HT consumers with no cross subsidized load . In view of above, it is suggested that each cost elements of ARR has to be justified by itself and not through tariff regulation.

Response from Petitioner

It seems that Respondent has not studied petition carefully. Relevant text of Para 3 of the petition read as follows:

"It can be seen from the above norms that norms have been fixed for the Discom and O&M cost for MYT not prescribed for other licensee/Deemed Licensee. However petitioner in this petition calculated and projected the O&M cost as per the approach discussed and adopted in these regulation"

It is once again submitted that petitioner in the petition has not adopted the norms as provided for the regulation of other three distribution Companies in MP but has prepared ARR petition using tariff philosophy adopted in the regulation. It can be checked from the petition that petitioner has taken only T&D loss @ 3.99% on actual basis instead of 22% T&D Loss as approved in the regulation for FY 2012-13 for West Discom. This is worth mentioning point that ARR is based on true up of 2010-11, projected figures of 2011-12 and for future 2012-13 and no losses have been exaggerated.

Commission's view

The MPERC (Terms and Conditions for determination of tariff for distribution and retail supply of electricity and methods and principles for fixation of charges) are applicable for the entire State of Madhya Pradesh which includes the petitioner also as a distribution licensee. The norms specified in these regulations for the Discoms of the State obviously would not be applicable to the petitioner. The Commission while finalizing the expenses of ARR has considered prudent norms for the petitioner considering all relevant factors.

Issue no. 4: Disapproval of any notional allocation of expenses

Issue raised by objector:

In accordance with the provisions under section 51 of the Act (other business of distribution licensee), petitioner is required to maintain separate accounts for each business and therefore any notional allocation made without approval of the Commission should not be considered.

Response from Petitioner

The all the relevant accounts have been submitted to the Commission along with methodology. It is for the Commission to decide our methodology but since the employees of MPAKVN (SEZ) are engaged in the power distribution besides other works hence expenditure is apportioned and explanations are given.

Commission's view

The Commission has examined the details submitted by the petitioner and has appropriately allowed expenses for the power business. Moreover, since audited accounts are yet to be submitted therefore only provisional true up has been carried out.

Issue no. 5: Approach paper on setting norms /trajectory of distribution loss level and various charges

Issue raised by objector:

It is requested that an approach paper may be floated on determination of various charges such as cross subsidy/ surcharge, additional charge and transmission charges.

A request for fixation of norms and distribution loss levels separately for petitioner is also made.

Response from Petitioner

No comment provided by petitioner

Commission's view

Looking to the fact that it has been possible to complete the exercise of finalization of ARR for FY 2012-13 by September, 2012 due to the reasons stated in other section of this Order, further delay was not desirable. The Commission in the larger interest of stakeholders considered it prudent to go ahead with finalization of the Order and due care has been taken to protect the interest of the stakeholders.

Issue no. 6: Details on excess earnings in past should be brought out in ARR petitions.

Issue raised by objector:

Respondent argued that determination of tariff cannot ignore the past earnings and if there were excess earnings in the past than these must be reckoned in petition appropriately. Further, it is requested that past commitments made with Central /State Govt., if any, should be honoured. Regarding agreement with NTPC and subsequent reduction of quantum of allocated power, it is stated that if there is any lapses on the part of the petitioner is found than this has to be reflected through suitable penalties, and deferment of liabilities.

Response from Petitioner

The profit earned in the previous years has been appropriately disclosed in the ARR. The ARR is prepared on the basis of statutory financial statements of the AKVN & SEZ which are dully audited by the Chartered Accounts as well as CAG. The earlier ARR was based on provisional Balance Sheet and were not audited and was not admitted by the Commission hence same has no relevance after the revised ARR submitted on the basis of audited Balance Sheet. It is submitted that there has been no lapse on the part of SEZ (AKVN), further SEZ (Indore) is only SEZ in the country which because of sincere efforts of its management and State Government able to supply cheapest power in the Country. The State Government has been fulfilling its commitment and is committed to do so in future too. However since next year the special dispensation of getting cheap power through NTPC may not be available.

Commission's view

The Commission while determining the ARR of the petitioner has taken due cognizance of the past earnings made by the SEZ in the previous years under consideration in the petition and has accordingly allowed the excess recovery to be passed on to the then existing consumers. Further the Commission has trued up the expenses of past period under consideration on provisional basis subject to finalization on receipts of duly audited accounts.

Issue no. 7: Request for rejection of ARR petitions filed by petitioner

Issue raised by objector:

It is submitted by petitioner that ARR petitions filed by petitioner are not supported with sufficient information in order to fix up the norms and hence liable to be rejected. It is requested that petitioner may be directed to resubmit its ARR petition in fresh formats.

Response from Petitioner

The ARR has been prepared and submitted strictly as per tariff principles laid down in the Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Supply of Electricity and method and principles for fixation of charges) Regulations, 2009 (G-35 OF 2009)".

Commission's view

The Commission has observed that the petition has been filed in accordance with the prevailing MYT regulations which are applicable up to the end of FY 2012-13. In so far as the fixing of norms for the petitioner is concerned, initial period of 2 years of the control period is already over and we are in midst of the last year of the control period. The process of fixing norms at this juncture may not be very helpful in the current exercise however the Commission has taken appropriate values to allow the expenses on the basis of the past performance and the expected improvements. The Commission would also like to state that the petition submitted earlier by the petitioner was found generally deficient in many important aspects. It was only after the Commission's insistence and directives that the petitioner has filed the petition in the present form with a number of changes to have reasonable physical as well as financial parameters.

Issue no. 8: Sales Forecast for FY2012-13 should be based on end use method.

Issue raised by objector:

It is suggested by the respondent that for purpose of sales forecast, end use method should be adopted. It is submitted that there are only 50 consumers and there will be addition of not over 10 consumers every year. Thus the end use method where each consumer's data is extrapolated is the most appropriate.

Response from Petitioner

Basis for determination of sales projection is as follows -

i. Historical data of category wise actual sales for the period 2007-08 to 2010-11.

ii. Expected new connections.

iii. During the year 11-12 additional load has come from 7 consumers and it is expected that during the year 12-13 additional load of 4714 KVA will come from 5 new consumers in additional to additional load from the existing consumer.

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 12-13.

Issue no. 9: Power purchase cost

Issue raised by objector:

i) It is suggested that all efforts should be made to get the contract extended with NTPC. Further, Petitioner should explore the avenues for entering into contract with any of the UMPP (ultra mega power projects) or large private power projects coming up in State.

ii) Currently power to extent of 10 MW is being supplied to Petitioner at industrial rate while power at far less cost is available in market for long term contract.

iii) For fixing supply rates to Petitioner, instead of MPPKVV Co. Ltd. and MPPM Co. Ltd, these rates have to be determined at reasonable rates by the Commission. Further, while fixing the rates the special status of SEZ, the State Govt. commitment to industries needs to be taken into account.

iv) It is suggested that the Commission in consultation with the State Govt. may decide on a plan to reduce cost of purchase and This cost cannot be more than the cost of which the three Vidyut Vitran Companies are supplied power.

Response from Petitioner

In this regard it is submitted that the company is evaluating all options including JV/equity participation with PSU's and also trying to arrange power through MP Power Management Company on long term basis.

Commission's view

The Commission is of the opinion that the petitioner should enter in long PPAs with the generators/ suppliers power from whom is expected to cost less. In the current scenario since there are no long term arrangements and the power allocation from NTPC is also not likely to continue for a longer duration, it would be in the interest of the petitioner to initiate action for arranging power on long term basis without further delay. The Commission has directed the petitioner separately on this issue in the other section of this Order.

Issue no. 10: Reduction in Distribution loss level

Issue raised by objector:

Respondent argued that for FY12-13, loss level to extent of 8% is considered in working out energy requirement which does not seem appropriate. The losses cannot be more than 2%. These could be further reduced. It is suggested that a road map for T&D loss reduction need to be drawn.

Response from Petitioner

This is to inform that the 8 % loss worked out is overall loss including (interstate, intra state & distribution loss). Out of this the distribution loss is only 3.99%. To further reduce T&D losses licensee is planning to invest Rs. 2.70 Crore in the FY 2012-13 for improvement/expansion of existing network.

Commission's view

The Commission has considered the distribution loss levels of 3.99% for FY 12-13 as reasonable and advises the petitioner to ensure that it should be contained/ reduced in future. The Commission shall consider a suitable trajectory of distribution losses in the regulations for next control period. Losses for inter-state and intra-state have been considered as actually achieved in FY 11-12.

Issue no. 11: Norms for O&M expenses should be specified.

Issue raised by objectors:

Respondent suggested that the norms prescribed in the MPERC regulation cannot be applied in petitioner's case as the petitioner (licensee) is a small distribution licensee with only 50 consumers mostly H. T. The O&M costs have to be minimal & the norms need to be determined by the Commission on the basis of cost incurred by Tata Power Co. in BEST area where supply is made to only H.T. consumers. The norms for A & G expenses have to be separately determined and the increase of 22% over FY 11 to FY 13 appears very high.

Response from Petitioner

Comments given in earlier paragraphs.

Commission's view

The norms for the period of the petition have been considered on actual historical trends which are specific to the licensee.

Issue no. 12: Scrutiny on Capital expenditure plan and disallowance of interest and finance charges

Issue raised by objector

It is suggested that capital expenditure plan submitted by the petitioner requires further scrutiny. Further, interest and finance charges as claimed by Petitioner should not be allowed in view of the fact that Petitioner has not borrowed any loan capital as indicated in ARR petitions

Response from Petitioner

To achieve following objectives it has been plan to make investment Rs 2.70 Crores keeping in consideration the Capacity Building

- System strengthening
- Voltage improvement
- Consumer Service
- Reliability of service

Hence to give the uninterrupted and quality supply to the consumers of SEZ area the proposed investment is justified. The interest and finance charges have been claimed as per provision of Regulations. The relevant provision of the regulation is as follows:

"19.1 For the purpose of determination of tariff, the debt-equity ratio of the total capital employed in completed assets shall be 70:30 subject to Regulation 19.2. The debt-equity amount arrived in accordance with this clause shall be used for calculation of interest on loan, return on equity, depreciation and foreign exchange rate variation

19.2 For a Project declared under commercial operation on or after 1.4.2010, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of Tariff.

29.5. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Project:

Provided that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered.

Provided further that if the Distribution System does not have actual loan, then the weighted average rate of interest of the Distribution Licensee as a whole shall be considered.

Commission's view

The Commission has allowed expenses against the interest and finance charges in accordance with the regulations.

Issue no. 13: Delay Payment Surcharge should be included in income

Issue raised by objector:

The income from delayed payment surcharge be included in the income, as such income is regularly earned in past years.

Response from Petitioner

The receipts from late payment surcharge are uncertain and hence such receipts cannot be predicted. Moreover, the late payments means that the licensee has been deprived off its own revenue and consequently forced to take loans or use its own fund and consequently lost opportunity income of that fund. Thus the delayed payment surcharge should be treated as compensation against the interest cost or the opportunity loss of income.

Commission's view

Treatment of income from delayed payment surcharge has been in accordance with the regulations.

Issue no. 14: Depreciation

Issue raised by objector:

Respondent objected that depreciation claimed by petitioner to extent of 12% in FY13 compared to FY12 appears high. It is suggested that depreciation should be computed based on approved capital cost of assets by the Commission. It is however not indicated in petition whether capital cost is approved by the Commission. It is further suggested that such cost be got validated through independent valuer of repute.

Response from Petitioner

The deprecation has been calculated as per provision of Regulation as explained in the ARR. The depreciation during the year so worked out as per the above mentioned provision of the regulation for FY 12 to FY 13.

Commission's view

The Commission has permitted the depreciation in accordance with the provisions of the regulations based on the details provided in the accounts by the petitioner which is subject to final true up.

Issue no. 15: Request to provide a rebate for SEZ areas

Issue raised by objector:

It is requested to provide a rebate in tariff for SEZ area in light of following reasons -

(i) A special economic zone has been created with the purpose of growth in export earnings. The country is at present facing difficulties in export and therefore subsidies in input costs are required.

(ii) The distribution costs being a minimal network and predominantly H. T. Consumers is less. The billing collection costs are minimal. The T & D losses are significantly less.

In view of the above, the cost of supply is much less unless the costs are burdened with purchase costs. It is requested that rebate of 10% may be made available over the normal tariffs for the consumers in the area. It is also requested that tariff has to be part of 'Bulk supply to exemptees' where a separate category may be added.

Response from Petitioner

The comment of the non applicant seems contradictory on the one side non applicant suggest that tariff should be same as prevail in other part of state, on the other side non applicant advised that to the consumers in the area of SEZ at least a cost rebate of 10% may be made available over the normal tariffs.

It is to inform that tariff is proposed strictly as per the principal of average Cost of supply (divided in two component variable & fixed) as prescribed in the Electricity Act 2003 read with National Tariff policy.

Commission's view

Fixation of the tariff is based on the expenses of the petitioner and sale to consumers. The Commission has fixed the tariff in accordance with the principles laid down in the Electricity Act, 03, tariff policy and the regulations.

Annexure-1 (Tariff Schedules)

ANNEXURE TO THE TARIFF ORDER PASSED BY MPERC FOR FINANCIAL YEAR 2010-11 and 2011-12

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

Having provisionally determined the ARR of the petitioner for FY 2010-11 and 2011-12, it has been observed that there has been surplus income to the petitioner. Accordingly, the **provisional tariff** for FY 2010-11 and 2011-12 is given in following schedule which is applicable to all categories of then existing consumers in the area of the petitioner. All other terms and conditions shall be as per tariff schedule HV 3.1 of the distribution and retail supply tariff order of the respective years issued for the Discoms of the state.

Financial year	Monthly Fixed Charges (Rs./kVA of billing demand per month)	Energy charges for consumption up to 50% load factor (Paise / unit)	Energy charges for consumption in excess of 50% load factor (Paise / unit)
2010-11	220	370	305
2011-12	220	370	290

Annexure-2 (Tariff Schedules for Low Tension Consumers)

ANNEXURE TO THE TARIFF ORDER PASSED BY MPERC FOR FINANCIAL YEAR 2012-13

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

TARIFF SCHEDULES FOR LOW TENSION CONSUMERS

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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)
475	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.

Tariff:

Sub category	Energy charges (paise/unit)	Monthly Fixed charges (in Rs)
On all units if monthly consumption is not more than 50 units	450	50 per KW
On all units in case monthly consumption exceeds 50 units	475	85 per KW
OPTIONAL Demand based tariff for contract demand above 10 KW	475	190 per KW or 152 per kVA of billing demand
Temporary connections including Multi point temporary connection at LT for Mela*	620	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**	475	NIL	300 per kW
Temporary supply for **Public Water Works**	1.3 times the applicable tariff		
LV 3.2 **Street light**	475	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.

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 with connected not exceeding 150 HP)	175 per kW or 140 per kVA of billing demand	450
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 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. 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 continued to be done 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 or Contract Demand should not exceed 75 kW / 100 HP except where a higher limit is specified. 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 2004 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, 2004 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 shall not exceed 75 kW / 100 HP.

(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 2012-13

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

TARIFF SCHEDULES FOR HIGH TENSION CONSUMERS

Table of Contents

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, Dairy units 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 .

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	250	430
	33 KV supply	290	405
1.2	**Non-Industrial**		
	11 KV supply	300	450
	33 KV supply	300	415

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	250	425
33 kV supply	300	400

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.

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, 2004 as amended from time to time.

1.3 Point of Supply: shall be as per provisions of Madhya Pradesh Electricity Supply Code, 2004 as amended from time to time.

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 (For consumers other than Railway Traction HV-1)**

(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, 2004.

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) Load factor incentive shall not be allowed on the consumption for temporary connection.

(i) 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.

1.26 **Terms and Conditions for Tariff to be made applicable for generators already connected to the grid but who are not the consumer of the Licensee and seeks to avail power for synchronization with the grid or start-up power are as under:**

(i) The tariff for fixed charges and energy charges shall be applicable at temporary rate corresponding to the tariff applicable for HT/EHT industry under relevant voltage category under HV-3.1 schedule.

(ii) 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.

(iii) The condition for minimum consumption shall not be applicable to the generators including CPP. For the purpose of billing for each occasion for which the start up power is availed, the prescribed fixed charges should be multiplied by demand availed and the hours (to be rounded off to next higher integer) for which the demand was availed and then divided by total hours in that month. The energy charges shall be billed on the basis of recorded consumption during that occasion.

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

(v) 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 in the event of separation of generator from grid.

(vi) 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

(vii) 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.
