

**BEFORE THE MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
AT BHOPAL
PETITION NO. 04 OF 2026**

IN THE MATTER OF: True-up Petition under Section 62 and Section 86(1)(a) of the Electricity Act, 2003 read with Part VII of the Electricity Act, 2003 for the True-Up of the following, under Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 {RG-26 (V) of 2024}:

- (a) Tariff for coal based Anuppur Thermal Power Project (Phase-I) comprising of Unit-1 & Unit-2 at District Anuppur, Madhya Pradesh for the period from 01st April 2024 to 31st March 2025; and
- (b) Supplementary Tariff in respect of implementation of Flue-Gas Desulphurization System in the coal based Anuppur Thermal Power Project (Phase-I) comprising of Unit-1 & Unit-2 at District Anuppur, Madhya Pradesh for the period from 01st June 2024 to 31st March 2025.

AND

IN THE MATTER OF:

MB Power (Madhya Pradesh) Ltd.

Having Corporate Office at:
239, Okhla Industrial Estate,
Phase-III, Okhla, Delhi 110020

... PETITIONER

VERSUS

1. MP Power Management Company Ltd.,
(Erstwhile Madhya Pradesh Power Trading Company Ltd.)
Shakti Bhawan, Vidyut Nagar, Rampur,
Jabalpur, Madhya Pradesh – 482008, India
2. Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Ltd.,
Shakti Bhawan, Vidyut Nagar, Rampur,
Jabalpur, Madhya Pradesh – 482008, India

3. Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Ltd.,
Bijli Nagar Colony, Nishtha Parisar,
Govindpura, Bhopal, Madhya Pradesh – 462023
4. Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd.,
GPH Compound,
Polo Ground, Indore, Madhya Pradesh – 452003

...RESPONDENTS

The Petitioner, MB Power (Madhya Pradesh) Limited humbly submits that:

1. MB Power (Madhya Pradesh) Limited (“**Petitioner**”) is a generating company as per Section 2(28) of the Electricity Act, 2003, (“**Act**”), and is filing the present Petition for True-up of the following in terms of Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Generation Tariff) Regulations, 2024 {RG-26 (V) of 2024} (“**MPERC Tariff Regulations, 2024**”):
 - a) Tariff for supply of power from its coal based Anuppur Thermal Power Project (Phase-I) comprising of Unit-1 & Unit-2 at District Anuppur, Madhya Pradesh, (“**Project**”) for the period commencing from 01st April 2024 till 31st March 2025 and;
 - b) Supplementary Tariff in respect of implementation of Flue-Gas Desulphurization System (“**FGD System**”) in the coal based Anuppur Thermal Power Project (Phase-I) comprising of Unit-1 & Unit-2 at District Anuppur, Madhya Pradesh for the period from 01st June 2024 to 31st March 2025
2. The Petitioner has entered into two separate Long Term Power Purchase Agreements (“**PPAs**”), for supply of power to the State of Madhya Pradesh through Madhya Pradesh Power Management Company Ltd. (“**MPPMCL**”), formerly known as Madhya Pradesh Power Trading Company Ltd., as follows:-
 - (a) PPA dated 05.01.2011 as amended from time to time with MPPMCL (Respondent No. 1) being the lead procurer for Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Ltd. (Respondent No. 2), Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Ltd. (Respondent No. 3) and Madhya Pradesh Paschim Kshetra Vidyut Vitaran Nigam Limited (Respondent No. 4), (collectively referred as “**MP Discoms**”), for supply of an aggregate of 30% of the installed capacity of the Project for a period of 20 years at the regulated tariff to be determined by this Hon’ble Commission, (“**Regulated MP PPA**”); and
 - (b) PPA dated 04.05.2011 with Government of Madhya Pradesh, (“**GoMP**”), (MPPMCL being the nominated agency of GoMP) for supply of 5% of the net power generated

from the Project at the variable charges for the entire life of the Project (“Concessional PPA”).

3. This Hon’ble Commission by its Order dated 07.09.2012 passed in Petition No. 7 of 2012 and Order dated 04.02.2013 passed in Petition No. 82 of 2012 has accorded approval to the aforesaid Regulated MP PPA.
4. **Details of proceedings related to determination and true-up of Tariff and Supplementary Tariff for the various control period for the power being supplied from Petitioner’s Project to MP Discoms, under the above-mentioned PPAs are as under:-**

S. No	Petition No. filed by the Petitioner	Details of the Petition	Date of issuance of the Regulatory Order by this Hon’ble Commission
1	68 of 2016	Unit-1: Determination of Final Tariff for FY 2015-16 and MYT Tariff for FY 2016-17 to FY 2018-19.	01.12.2017
2	11 of 2018	Unit-1: True-up of MYT Tariff for FY 2016-17	06.09.2018
3	51 of 2018	Unit-1: True-up of MYT Tariff for FY 2017-18	12.06.2019
4	21 of 2020	Unit-1: True-up of MYT Tariff for FY 2018-19	08.02.2021
5	10 of 2018	Unit-2: Determination of Final Tariff for FY 2016-17 and MYT Tariff for FY 2017-18 to FY 2018-19	29.11.2018
6	57 of 2018	Unit-2: True-up of MYT Tariff for FY 2017-18	01.07.2019
7	22 of 2020	Unit-2: True-up of MYT Tariff for FY 2018-19	10.02.2021
8	46 of 2020	Project: Determination of MYT Tariff for FY 2019-20 to FY 2023-24	01.05.2021
9	34 of 2021	Project: True-up of MYT Tariff for FY 2019-20	07.12.2021
10	21 of 2022	Project: True-up of MYT Tariff for FY 2020-21	25.08.2022
11	44 of 2022	FGD System (Unit-1 & Unit-2): In-principle approval for installation of FGD System.	27.10.2022
12	88 of 2022	Project: True-up of MYT Tariff for FY 2021-22	29.03.2023
13	54 of 2023	Project: True-up of MYT Tariff for FY 2022-23	07.02.2024

S. No	Petition No. filed by the Petitioner	Details of the Petition	Date of issuance of the Regulatory Order by this Hon'ble Commission
14	32 of 2024	FGD System (Unit-1): Determination of Supplementary Tariff for the period 21.03.2024 to 31.03.2024.	31.12.2024
15	57 of 2024	Project: Determination of MYT Tariff for FY 2024-25 to FY 2028-29.	28.02.2025
16	64 of 2024	Project: True-up of MYT Tariff for FY 2023-24.	28.03.2025
17	23 of 2025	FGD System (Unit-1 & Unit-2): Determination of MYT Supplementary Tariff for FY 2024-25 to FY 2028-29.	27.11.2025

5. The submissions made by the Petitioner in the aforesaid Petitions and the Regulatory Orders passed therein by this Hon'ble Commission may be considered as an integral part of the present Petition and are not being repeated for the sake of brevity.

Re: *Petition No. 18 of 2019 - Extension of Cut-Off Date of the Project*

6. In addition to the above mentioned Petitions, the Petitioner had filed Petition No. 18 of 2019 under Regulations 4.1 (I), 20.2, 54 & 55 of the Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of Generation Tariff) Regulations, 2015 seeking extension of Cut-off Date of the Project on account of anticipated spilling over of the following works beyond the then existing Cut-off-Date of 31.03.2019, for reasons beyond the control of the Petitioner:
- Deferred works related to construction of Ash Dyke/ Ash Pond/ Ash Handling System etc.
 - Deferred works related to Railway Siding Works - New Entry Line
 - Unfinished works by M/s Lanco Infratech Limited
 - Certain other works on account of compliance to Statutory Requirements.
7. This Hon'ble Commission by Order dated 27.04.2019 disposed-off the aforesaid Petition No. 18 of 2019 observing that Cut-off Date may be extended after due prudence check of such spilled over works. Further, liberty was granted to the Petitioner to approach this Hon'ble Commission with actual additional capitalization of all works beyond the cut-off date as per the Annual Audited Accounts along with all details and documents while filing the True-up Petition for respective financial year:

“8. The case was fixed for motion hearing on 23rd April, 2019 wherein Ld. Counsel of the petitioner while stating the relevant provisions of MPERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2015 reiterated the contention in the petition. **Having heard the petitioner and on perusal of contents in the subject petition, the Commission has noted that in terms of Regulation 4.1 (l) of aforesaid Regulations, the cut-off date of a project may be extended by the Commission after exercising prudence check based on the documentary evidence for establishing that capitalization could not be made within cut-off date for the reasons beyond the control of the petitioner.** The Commission expressed during the hearing that the works which are mentioned in the subject petition shall be completed and capitalized during FY 2019-20 or FY 2020-21 as per contention of the petitioner. **Thus, the additional capitalization of all such works shall be claimed by the petitioner in its true-up petitions for relevant year along with all requisite documents.** Therefore, this is not the appropriate stage to decide the prayer made at Sr. No. (a) and (c) in para 41 of the subject petition. In response to aforesaid, Ld. Counsel of petitioner pressed on its prayer (b) of the subject petition which states that “In the alternative, grant liberty to the Petitioner to approach this Hon’ble Commission at the appropriate stage for capitalization of Additional Capital Expenditure as stated in the Petition due to reasons beyond the control of the Petitioner.

[..]

10. In view of above provisions under MPERC Tariff Regulations, 2015, it is observed that for considering the actual additional capitalization beyond cut-off date of the project, detailed examination of actual capital expenditure of each work beyond cut-off date and the reasons for delay in capitalization of all such works beyond cut-off date shall be required by the Commission in terms of Regulation 4.1(l) and 20.2 of MPERC Tariff Regulations, 2015. Hence, the subject petition cannot be examined and decided by the Commission at this stage. Therefore, the petitioner is directed to approach the Commission with actual additional capitalization of all works beyond cut-off date as per the Annual Audited Accounts along with all details and documents in terms of aforesaid Regulations while filing the true-up petition for respective financial year.”

[Emphasis Supplied]

8. In terms of the liberty granted by this Hon’ble Commission in Order dated 27.04.2019, the Petitioner, in the present Petition, has sought True-up of Tariff and Supplementary Tariff for FY 2024-25 based on the actual Additional Capital Expenditure (“ACE”) incurred by the Petitioner during the said period. The submissions made by the Petitioner in Petition No. 18 of 2019 and the Regulatory Order passed therein by this Hon’ble Commission may be considered as an integral part of the present Petition and are not being repeated for the sake of brevity.

Re: Present Petition for Truing-up Tariff for the Project for FY 2024-25 and Supplementary Tariff for FGD System for the period from 01.06.2024 to 31.03.2025.

9. In terms of Regulation 9.5 & 9.7 of MPERC Tariff Regulations, 2024 and also this Hon'ble Commissions letters dated 21.11.2025 and 24.12.2025 bearing Ref No.: MPERC/D(T)/2025/2256 and MPERC/D(T)/2025/2513 respectively, allowing timelines to the Petitioner till 08.01.2026 to file the present Petition, the Petitioner is filing the present Petition, for True-up of: (i) Tariff for supply of power from the Project during FY 2024-25 and; (ii) Supplementary Tariff for the FGD System for the period 01.06.2024 to 31.03.2025 under the above-mentioned PPAs.
10. Accordingly, the submissions made in the present Petition are bifurcated in two Sections viz. **SECTION-I and SECTION-II** seeking True-Up of Tariff for supply of power from the Project during FY 2024-25 under SECTION-I and True-up of the Supplementary Tariff for the FGD System of the Project for the period 01.06.2025 till 31.03.2025 under SECTION-II of the present Petition.

SECTION-I: True-Up of Tariff for supply of power from the Project during FY 2024-25

Re: Opening Capital Cost of the Project (excluding FGD System)

11. It is submitted that this Hon'ble Commission in Order dated 28.03.2025 passed in Petition No. 64 of 2024 has approved the Capital Cost of the Project, Loan and Equity as on 31.03.2024 as Rs. 8184.32 Crore, Rs. 2659.11 Crore and Rs. 2231.06 Crore respectively and the same have been retained as the opening Capital Cost of the Project, Opening Loan and Opening Equity as on 01.04.2024 in the present Petition.
12. The Petitioner submits that the Annual Audited Accounts for FY 2024-25 of the Petitioner's Company are now being placed on record for the consideration of the Hon'ble Commission, a copy of which is enclosed herewith and marked as **ANNEXURE-1**.
13. The Petitioner submits that reconciliation of the Gross Fixed Assets ("GFA") as on 31.03.2025 based on transition from Indian GAAP to Ind AS duly certified by the Auditor is enclosed herewith and marked as **ANNEXURE-2**.

Re: Additional Capital Expenditure during FY 2024-25 (excluding FGD System)

14. It is submitted that the Petitioner has incurred Rs. 10.55 Crore towards Additional Capital Expenditure ("ACE") for the Project (excluding FGD System) during FY 2024-25, against which ACE of Rs 4.11 Crore is on account of discharging of liabilities/provisions for R&R payments for Project Affected People & Annual diversion payments to GoMP for change of land use (agriculture to industrial). Accordingly, the net ACE for the Project

(excluding FGD System) claimed in the present Petition is restricted to Rs 4.11 Crore. A copy of the Auditor Certificate dated 28.11.2025 certifying the same is enclosed herewith and marked as ANNEXURE-3.

Particulars	Amount in Rs Crore
Opening Capital Cost of the Project as on 01.04.2024	8184.32
ACE during FY 2024-25 for the Project on account of discharge of liabilities/ provisions against Free hold land related R&R expenses	4.11
Closing Capital Cost of the Project as on 31.03.2025	8188.43
Average Capital Cost of the Project during FY 2024-25	8186.38

15. It is submitted that the above ACE of Rs 4.11 Crore has been claimed under Regulation 24.1(vi) of MPERC Tariff Regulations, 2024, which provides that ACE incurred by a generating company for certain works (stipulated therein) within the original scope of work and after the cut-off date of the Project may be admitted by this Hon'ble Commission, subject to prudence check:

“24. Additional Capitalization within the original scope and after the cut-off date:

24.1 The additional capital expenditure incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Payment made against award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- (ii) Change in law or compliance with any existing law which is not provided for in the original scope of work;*
- (iii) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
- (iv) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
- (v) Force majeure events; and*
- (vi) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of discharge of actual payment made.***

[Emphasis Supplied]

16. It is further submitted that this Hon'ble Commission by Order dated 07.12.2021 in Petition No. 34 of 2021, Order dated 25.08.2022 in Petition No. 21 of 2022, Order dated 29.03.2023 in Petition No. 88 of 2022, Order dated 07.02.2024 in Petition No. 54 of 2023 and Order dated 28.03.2025 in Petition No. 64 of 2024 has already affirmed the above position and allowed the ACE claimed by the Petitioner under Land & Site Development incurred on the Project. The relevant extracts of these Orders are set forth below:

(a) **Hon'ble Commission's Order dated 07.12.2021 in Petition No. 34 of 2021**

*"70. By affidavit dated 30th November' 2021, the petitioner has also submitted the Challans for diversion rent payments & Payment vouchers to project affected people under R&R Policy. **Therefore, the additional capitalization of Rs. 4.41 Crore towards land related R&R works for the project is considered in this order under Regulation 27.1 (iv) of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.**"*

[Emphasis Supplied]

(b) **Hon'ble Commission's Order dated 25.08.2022 in Petition No. 21 of 2022:**

*"64. By affidavit dated 30th June' 2022, the petitioner has also submitted copies of Challans for diversion rent payments & payment vouchers to project affected people under R&R Policy. **Therefore, the additional capitalization of Rs. 7.21 Crore towards land related R&R works for the project is considered in this order under Regulation 27.1 (iv) of MPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.**"*

[Emphasis Supplied]

(c) **Hon'ble Commission's Order dated 29.03.2023 in Petition No. 88 of 2022:**

"64. The petitioner has claimed aforesaid additional capitalization under Regulation 27.1(iv) of the Regulations, 2020 which provides liability of works executed prior to cut-off date. Therefore, the additional capitalization of Rs. 3.67 Crores towards land related R&R works for the project is considered in this Order under Regulation 27.1 (iv) of the Regulations, 2020."

[Emphasis Supplied]

(d) **Hon'ble Commission's Order dated 07.02.2024 in Petition No. 54 of 2023:**

*"60. The petitioner has claimed the aforesaid additional capitalization under Regulation 27.1(iv) of the Regulations, 2020 which provides liability of works executed prior to cut-off date. **Therefore, the additional capitalization of Rs. 4.26 Crore towards land related R&R works for the project is considered in this Order under Regulation 27.1 (iv) of the Regulations, 2020.**"*

[Emphasis Supplied]

(e) **Hon'ble Commission's Order dated 28.03.2025 in Petition No. 64 of 2024:**

"43. Therefore, the additional capitalization of Rs. 4.12 Crores towards land related R&R works for the project is allowed in this Order under Regulation 27.1 (iv) of the Regulations, 2020."

[Emphasis Supplied]

17. In view of the above, it is submitted that the ACE amounting to Rs.4.11 Crore incurred by the Petitioner during FY 2024-25 towards discharge of liabilities/ provisions against Free hold land related R&R expenses incurred by the Petitioner on the Project as claimed in the present Petition is duly allowed under Regulations 24.1(vi) of MPERC Tariff Regulations, 2024, and the same may be kindly allowed by this Hon'ble Commission as has been historically allowed by this Hon'ble Commission.

Re: Funding of Additional Capital Expenditure incurred during FY 2024-25

18. The Petitioner submits that the ACE of Rs 4.11 Crore incurred by the Petitioner on the Project during FY 2024-25 has been met entirely through internal accruals of the Petitioner.
19. However, for the purpose of Truing-up the tariff for FY 2024-25, the Petitioner has considered the ACE of Rs 4.11 Crore to have been funded in normative debt-equity ratio of 70:30 (i.e. Debt/ Loan Addition of Rs. 2.88 Crore and Equity Addition of Rs 1.23 Crore), which is in accordance with Regulation 31 of MPERC Tariff Regulations, 2024.

Re: Tariff Computation during FY 2024-25

20. The Petitioner submits that all the duly filled Tariff Forms as prescribed under Regulation 6.1 & 6.2 of MPERC Tariff Regulations, 2024 are enclosed herewith and marked as **ANNEXURE-4**.
21. In accordance with principles enumerated under Chapter-6 "Computation of Annual Fixed Cost" and Chapter-9 "Norms of Operations" of MPERC Tariff Regulations, 2024, the Petitioner has computed the components of tariff as detailed in the subsequent paragraphs.

I. COMPONENTS OF ANNUAL FIXED COST

A. Return on Equity ("RoE"):

22. As submitted above, the Petitioner has claimed ACE of Rs 4.11 Crore towards discharge of liabilities/ provisions against Free hold land related R&R expenses under original scope as per Regulation 24.1(vi) of MPERC Tariff Regulations 2024, with the corresponding Equity component of this ACE being Rs 1.23 Crore (*i.e. 30% of Rs 4.11 Crore*)
23. In terms of Regulation 32.2 of MPERC Tariff Regulations 2024, RoE on this ACE shall be computed at the base rate of 15.50%. Further, in terms of Regulation 33 of MPERC

Tariff Regulations 2024, this base rate of RoE shall be grossed up by with the effective tax rate of the respective financial year as per the following formula:

Rate of pre-tax RoE: Base rate of RoE / (1-t), where t is the applicable tax rate

24. It is submitted that the Petitioner in its capacity as a generating company has been supplying power under the various Power Purchase Agreements entered into with multiple Discoms of different States, which includes:
 - a) The Regulated MP PPA with MPPMCL for supply of power aggregate to 30% of the installed capacity of the Project to the MP Discoms for a period of 20 years at the regulated tariff being determined by this Hon'ble Commission.
 - b) A Concessional PPA with GoMP (MPPMCL being the nominated agency) for supply of 5% of the net power generated from the Project to at a price equivalent to variable charges/ cost only. The Concessional PPA provides for supply of power only at variable charges and does not envisage any capacity charge and consequently does not contain any RoE component.
 - c) A Long Term PPA with Uttar Pradesh Power Corporation Limited (“UPPCL”) through PTC India Limited (“PTC”) for supply of 361 MW (net) power generated from the Project to Uttar Pradesh Discoms, executed under Section-63 of the Act.
25. In addition to above, the Petitioner has also been selling power through power exchanges, power traders, short term PPAs and medium term PPAs entered into from time to time (“**Market Sales**”).
26. It is submitted that as per the share of power to be supplied by the Petitioner under the aforesaid PPAs, the Petitioner has apportioned and dedicated the respective installed capacity, to fulfil its commitments under each PPA as aforementioned. Further, the remaining capacity of the Project is being utilized by the Petitioner for Market Sales. Each PPA, as well as Market Sales operate independently of one another, have different commercial arrangements and tariff structures, and consequently produce different financial outcomes. As such, each aforementioned PPA is materially different and was entered into under separate commercial understandings.
27. The PPAs other than the Regulated MP PPA and Concessional PPA do not fall under the regulatory jurisdiction of this Hon'ble Commission and are under the regulatory purview of different State Electricity Regulatory Commissions (“**SERCs**”) or Central Electricity Regulatory Commission (“**CERC**”). Accordingly, for the purpose of determining the tax liability attributable to the taxable income arising from the Regulated MP PPA, the

generation and supply of electricity under the said Regulated MP PPA must be treated as a distinct regulated business of the Petitioner.

28. The supply of power under the other PPAs and the Market Sales have resulted into losses, in contrast to the supply of power under the Regulated MP PPA that has been generating profits from FY 2015-16 onwards. However, owing to the aggregation of income and losses across these independent PPAs and Market Sales at the corporate level for the purposes of assessment under the Income Tax Act, 1961, the Petitioner's overall taxable income under the Regulated MP PPA for the financial years from FY 2015-16 onwards is nil, resulting in no actual tax outflow despite the existence of taxable income attributable to the regulated business.
29. It is evident from the above that the financial losses arising from the Petitioner's other PPAs and Market Sales are effectively offsetting and eroding the taxable profit of the Regulated MP PPA. As a consequence, the consumers under the Regulated MP PPA are being unjustly subsidised on account of the losses being generated under the other PPAs and Market Sales. Accordingly, such adjustment of profit against the losses is ultimately resulting into reduction of the tax component embedded in the tariff, solely because the Petitioner's overall corporate tax liability is rendered nil on account of losses in unrelated PPAs/Market Sales/ unregulated business/ other businesses. Such an outcome is contrary to settled regulatory principles, which categorically prohibits cross-subsidisation between distinct regulated and unregulated business streams and mandates standalone computation of tax attributable to the Regulated MP PPA.
30. It is submitted that the regulated income stream of the Regulated MP PPA, must be placed in a watertight compartment and insulated from the losses under the other PPAs, Market Sales and the unregulated businesses of the Petitioner for the purpose of computation of tax liability. It is a settled principle of law that the income tax assessment for tariff purposes must be undertaken strictly on a stand-alone basis. Reference in this regard is made to the judgement by the Hon'ble Appellate Tribunal for Electricity ("APTEL") in Appeal No. 251 of 2006 titled *Reliance Energy Limited vs. The Maharashtra Electricity Regulatory Commission* decided on 04.04.2007 ("**REL Judgement**"). Hon'ble APTEL categorically held that the consumers of the licensee's regulated business must be wholly insulated from the tax liabilities of the licensee's other businesses. The relevant paragraph of the judgement has been reproduced herein below:

*"32.The consumers in the licensee's area must be kept in a water-tight compartment from the risks of other businesses of the licensee and the income tax payable thereon. **Under no circumstance should consumers of the licensee be made to bear the income tax accrued in other businesses.** Income tax assessment has to be made on a standalone*

basis for the licensed business so that consumers are fully insulated and protected from the income tax payable from other businesses.”

[Emphasis Supplied]

31. The underlying rationale of this finding is that tariff determination under the regulatory regime is premised upon protecting consumers from being burdened by costs or risks that do not pertain to the regulated business for which tariff is being determined. Hon'ble APTEL held that the segregation of the tax liability of the regulated business is necessary to prevent cross-subsidisation and to preserve the integrity of the statutory “water-tight compartment. Applying this reasoning, it naturally follows that the converse must also hold true, the regulated business cannot be deprived of the legitimate tax allowance that is actually attributable to the revenue of that regulated business merely because the utility has other business segments or because the corporate entity's composite tax return reflects tax shields or benefits arising from unrelated operations. If the consumer is to be insulated from the tax of other businesses, then the regulated PPA must equally be insulated from the losses of such other unregulated businesses, and its tax computation must reflect only the income and statutory incidence pertaining to the regulated supply under the PPA.

32. The above stated principle was further expanded and clarified by the Full Bench of the Hon'ble APTEL in Appeal Nos. 104, 105 and 106 of 2012 titled *The Tata Power Company Limited (Generation) vs. Maharashtra Electricity Regulatory State Commission*, decided on 28.11.2013 (“**Tata Power Judgement**”). Hon'ble APTEL held that the converse of the principle decided in the aforesaid REL Judgement is equally true, observing:

“48... the converse of the Tribunal's direction that under no circumstances, the consumers of the licensee should be made to bear the income tax accrued in other businesses of the licensee is also true i.e., under no circumstances the consumers of the licensee should be benefitted from permissible deductions in the form of accelerated depreciation or tax holidays given to other businesses (unregulated by MERC). That is the only way to treat the regulated and other businesses in water-tight compartments”

[Emphasis Supplied]

33. In this judgement TATA Power Company as a whole had paid Minimum Alternate Tax (“**MAT**”) during the relevant period. The Company other than its regulated business [Generation, Transmission and Distribution (“**GTD**”)] also has other business including Solar Power and Wind Power which has very high depreciation as compared to other businesses. Due to higher depreciation the normal tax comes lower for the Appellant as compared to the MAT and therefore the tax was paid by the Appellant company as a

whole under MAT method. The State Commission in the aforesaid Appeals submitted that segmentation of the income tax is to be based on the income tax paid by Tata Power Company as an entity on the basis of actual income tax paid and not on the income tax payable by the regulated business. In this regard, Hon'ble APTEL in the aforesaid TATA Power Judgement authoritatively held that for the purpose of determining the income tax component in tariff, each regulated business must be assessed on a "stand-alone" basis, and that the tax benefits, losses or incentives of other businesses (regulated or unregulated) cannot be imported into, or allowed to distort, the tax computation for the regulated activity in question. In view of the findings of Hon'ble APTEL it is evident that just as consumers under a regulated PPA cannot be burdened with the income-tax liability arising from the other PPAs and Market Sales, they equally cannot be allowed to gain from losses, exemptions or tax holidays arising from such other PPAs and Market Sales. The principle of "water-tight compartments" applies both ways. The relevant paragraphs of the aforesaid TATA Power Judgement are reproduced herein below:

"52. The Judgment in Appeal No. 251 of 2006 is based on the principle that regulated business in question that is within the jurisdiction of the Regulatory State Commission, should neither subsidise nor get subsidy from other businesses whether unregulated or regulated by the same or different regulator. In other words, the Judgment mandates that the taxable income of the regulated business within the jurisdiction of the Regulatory State Commission should be computed on stand-alone basis, irrespective of what is the impact of this business or other businesses on the overall tax liability. There is a possibility of distortion when the impact of regulated business or other businesses on total tax liability is considered, or the overall tax liability is allocated for determining the tax liability for regulated business.

53. For example, when on standalone basis the regulated business has taxable income to be taxed at normal rates, there may be losses/tax exemptions in other businesses which may result in overall taxable income being less than the regulated taxable income and, hence, actual tax liability for all businesses being less than that of regulated business on standalone basis. In case, actual tax liability is allowed by the regulator whether in full or in proportion of profit of regulated business, it obviously amounts to less than due tax allowance for regulated business due to exemptions/losses of other business being utilised for subsidising the regulated business, which is not permissible as per the above Judgment. The impact is more pronounced when the overall taxable income becomes so small or even negative that the tax rate applicable is MAT, which not only artificially reduces the tax liability for regulated business due to lower rate, but also creates an incorrect impression that this tax allowed at MAT rate is to be reversed in future as MAT credit allocating MAT credit. This is obviously not permissible and for giving effect to the said Judgment in Appeal No. 251 of 2006 tax computation for

regulated business has to be done on standalone basis at normal rates even though it may result into tax allowance higher than actual tax payment for overall business.

54. The above example, however, raises a doubt whether it will be in contradiction to the Judgment in Appeal No. 174 of 2009, where the ratio was that income tax cannot be used as a means of earning profit in regulated business. That is to say that income tax to be allowed should be equal to, i.e. neither more nor less than actual tax liability. It appears that the interpretation in the above example allows tax higher than actual tax liability, which is in contradiction to Judgment in Appeal No. 174 of 2009.

55. However, a careful analysis of the above example with the ratio of the Judgment in Appeal No. 174 of 2009 would reveal that this Judgment is specifying tax allow ability for regulated business only and does not in any manner deal with implications on tax for regulated business due to other businesses. Further, the ratio is with regard to tax liability on the regulatory income, computed with permissible profits and applicable tax depreciation to be considered as taxable income, and not on the actual taxable income. **Hence, any notional or actual income even within regulated business that is not permissible to be considered as regulatory taxable income cannot be allowed as it would amount to allowance of more than warranted regulatory tax liability/profits. As such, the above example when seen only with reference to the regulated business allows just the real tax payable for regulated business without taking or giving any support from other businesses and, hence, does not amount to making profit from tax.** The tax benefit of exemptions/losses in other businesses should only be available to those businesses. **In case, the situation would have been reverse in the above example, i.e. the regulated business had exemptions/losses then the tax benefit of such exemptions should have been attributable only to regulated business. As such, there is no conflict in the above two Judgments, and both can be implemented simultaneously with regulated business being treated separately on a standalone basis and tax liability computed as per applicable tax laws for that business only considering notional regulatory taxable income.** This concept is followed by regulators for all items of ARR/Revenue which are considered on normative basis, where irrespective of actual expense/revenue normative expense/revenue is considered for tariff purposes. Accordingly, there is no requirement of allocating the overall tax liability on regulated and unregulated businesses.”

[Emphasis Supplied]

34. It is further submitted that on 22.03.2024 Hon’ble APTEL in its judgement passed in the Appeal Nos. 283 of 2017, 131 of 2018 and 231 of 2018 titled *Jaiprakash Power Ventures Limited Vs. Madhya Pradesh Electricity Regulatory Commission & Ors* (“**JVPL Judgement dated 22.03.2024**”), placing reliance on its aforesaid Tata Power Judgement,

dealt with the issue of grossing of base rate of RoE with MAT, particularly in the context of a specific generating station as distinct from the generating company as a whole.

35. It is submitted that in the said Appeal, the Appellant, Jaiprakash Power Ventures Limited (“JPVL”), had filed a true-up petition before this Hon’ble Commission for its generating station, Bina Thermal Power Plant for FY 2014-15, 2015-16 and 2016-17. The Appellant contended that the said generating station has recorded a profit for the FY 2014-15, FY 2015-16 and FY 2016-17 and therefore is eligible for grossing up of RoE. It was further pleaded that the Bina Thermal Power Plant is not a separate corporate legal entity, but merely a division / generating station of the Appellant company and consequently does not have an independent tax liability. The Appellant further submitted that although the Bina Thermal Power Plant was profitable, the generating company as a whole had suffered overall losses due to other generating stations, and therefore no income tax or MAT was actually paid at the company level.
36. This Hon’ble Commission, in the true-up petition, rejected the Appellant’s claim on the ground that the applicable MPERC Tariff Regulations, 2012 provide that RoE shall be grossed-up with the effective tax rate, which according to this Hon’ble Commission had to be determined based on the actual tax paid during the relevant financial year. Since the Appellant had not paid any tax, MPERC held that grossing-up of RoE was impermissible, notwithstanding the profits earned by the Bina Thermal Power Plant. However, the Hon’ble APTEL in the aforesaid JVPL Judgement dated 22.03.2024 while upholding the principle laid down in its earlier TATA Power Judgment categorically held that a) the accounts of the Appellant’s generating station (Bina Thermal Power Plant) have to be considered independent of the accounts of the parent company (JPVL) and b) if, tax as per the regulations is to be considered on applicable basis, it cannot be considered on actual basis. The relevant part of the said Hon’ble APTEL’s JVPL Judgement dated 22.03.2024 is reproduced herein below:

*“69. **Undisputedly, the accounts of the Appellant’s generating station have to be considered independent of the accounts of the parent company**, this Tribunal in Tata Power Company Limited vs MERC, Appeal No. 104, 105 and 105 of 2012 has held that each regulatory business is to be treated independently, exclusive of other businesses of the company, further, in Appeal No. 251 of 2006 has laid down the ratio that the income tax assessment of the licensee must be done on standalone basis....”*

*70. From the afore-quoted judgment, it is clear that the tax assessment of the regulated business must be done on standalone basis and **if, tax as per the regulations is to be considered on applicable basis, it cannot be considered on actual basis.***

71. In the instant case Regulation 22.3 provides that the rate of return on equity shall be computed by grossing up the base rate with the normal tax rate applicable to the Generating Company, as such the MAT as applicable based on the profit/loss statement of the generating company, and the not the actual tax paid, has to be considered for grossing up RoE, as also held by this Tribunal vide the aforesaid judgment.

[Emphasis Supplied]

37. In view of the above, Hon'ble APTEL directed this Hon'ble Commission to pass consequential orders. It is submitted that this Hon'ble Commission vide its Order dated 20.06.2024 in Petition No. 70 of 2015, 62 of 2016 and 57 of 2017 revised the RoE considering the grossing up of base rate of RoE with MAT for FY 2015-16 and FY 2016-17. It is pertinent to point here that the same was passed under the applicable MPERC Tariff Regulations for FY 2015-16 and FY 2016-17 i.e. regulations 22.3 and 22.4 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2012 and regulations 31.1 and 31.2 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2015.
38. The aforesaid legal position has been reaffirmed by the Hon'ble APTEL in its subsequent recent judgement dated 28.07.2025 passed in Appeal No. 113 of 2022 titled *Jaiprakash Power Ventures Limited Vs. Madhya Pradesh Electricity Regulatory Commission & Ors.* (“**JVPL Judgement dated 28.07.2025**”). The said Appeal arose out of the true-up petition for FY 2019-20 pertaining to the same generating station, namely the Bina Thermal Power Plant, which was also the subject matter of earlier Appeal No. 283 of 2017. In the impugned order therein, this Hon'ble Commission had once again disallowed the grossing-up of RoE with MAT, as claimed by the Appellant. This Hon'ble Commission sought to distinguish the earlier APTEL's JVPL Judgment dated 22.03.2024 on the ground that the said decision pertained to a period governed by the MPERC Tariff Regulations, 2015, whereas the true-up for FY 2019-20, was governed by the MPERC Tariff Regulations, 2020.
39. However, the Hon'ble APTEL rejected the retrospective applicability of the MPERC Tariff Regulations, 2020 for the FY 2019-20 as the 2020 Regulations were notified on 20.02.2020 however, made effective backdated, contrary to the settled principle of law. Further, the MPERC Tariff Regulations, 2015 were amended by the 1st amendment notified on 15th March 2015, clearly indicating the extension of the 2015 Regulations till the notification of the subsequent Regulations. Accordingly, the Hon'ble APTEL rejected the stand taken by this Hon'ble Commission and categorically held its JVPL Judgment dated 22.03.2024 continues to apply. The relevant paragraph of the JVPL Judgment dated 28.07.2025 is reproduced herein below:

“65. Therefore, the Appellant’s claim finds full support in the binding precedent of this Tribunal in the JPVL Judgment, which also dealt with this exact issue in the context of the same generating station. The Tribunal, after detailed examination, held in favour of the Appellant on directed that MAT gross-up must be allowed. It is relevant to note that while the said judgment has been challenged before the Hon’ble Supreme Court in Civil Appeal No. 6562 of 2024, there is no stay in operation, and the judgment continues to bind this Tribunal.

[Emphasis Supplied]

40. In view of the aforesaid authoritative pronouncements, it is submitted that the principle that each regulated business earning regulated income must be treated as a separate and independent “water-tight compartment” for the purposes of tariff determination and assessment of tax incidence stands firmly established. This principle was first laid down and elaborated by the Hon’ble APTEL in its TATA Power Judgement, wherein the the Hon’ble APTEL categorically rejected the State Commission’s attempt to segment income tax on the basis of the actual tax paid by the corporate entity, and held that tax computation for a regulated business must be carried out on a standalone normative basis, unaffected by tax benefits, exemptions or losses arising from other businesses of the company, whether regulated or unregulated.
41. However, it is respectfully submitted that the TATA Power Judgement did not deal with a factual situation where the generating company, at the entity level, had paid no income tax or MAT at all owing to losses in one of the regulated businesses. That precise issue arose subsequently and was authoritatively settled by the Hon’ble APTEL in its JVPL Judgment dated 22.03.2024, wherein the Hon’ble APTEL held that even where the generating company has not paid any tax at the corporate level due to overall losses, a profitable regulated business cannot be denied grossing-up of RoE. The Hon’ble APTEL clarified that actual tax payment is irrelevant where tax is to be considered on an applicable or normative basis.
42. Therefore, applying aforesaid principle in the present case, the Petitioner herein is entitled to claim grossing-up of RoE on a normative income tax basis in respect of the power supplied under the Regulated MP PPA. The regulated income stream under the Regulated MP PPA, must be placed in a watertight compartment and insulated from the losses of the unregulated businesses of the Petitioner for the purpose of computation of tax liability.
43. It is submitted that since FY 2015-16 onwards including during FY 2024-25, the Petitioner has been earning profits on annual basis under Regulated MP PPA (under which tariff true-up is being prayed in the present Petition) but the losses incurred under

the other un-regulated PPAs, Market Sales and un-regulated businesses have resulted in net overall loss and hence the Petitioner has paid no aggregate tax during FY 2024-25. However, in accordance with the directions of the Hon'ble APTEL in the above, referred judgements, the base rate of RoE is required to be grossed up by the applicable tax rate for the FY 2024-25 in terms of Regulation 33 of MPERC Tariff Regulations 2024, the relevant extracts of which are reproduced hereunder:

“ 33. Tax on Return on Equity:

33.1 The base rate of return on equity as allowed by the Commission under Regulation 32 of these Regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, at the time of determination of tariff for future years, the effective tax rate shall be considered based on actual tax paid as per latest Annual Audited accounts, subject to prudence check by the Commission:

Provided that in case a generating company is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess:

Provided further that in case a generating company has opted for Section 115BAA, the effective tax rate shall be tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.

33.2 The rate of return on equity shall be rounded-off to three decimal places and shall be computed as per the formula given below

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where “t” is the effective rate in accordance with Regulation 33.1 of these Regulations.

33.3 The true up of the effective tax rate for every financial year shall be based on actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2024-29 on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid for the generating company:

Provided that tax on Income actually paid shall be limited to Tax on Return on the Equity component;

Provided further that in case a generating company is paying Minimum Alternate Tax (MAT) under Section 115JB, the tax rate shall be true up by grossing rate of return on equity at the end of every financial year with the applicable MAT rate including surcharge and cess;

Provided also that in case a generating company is paying tax under Section 115BAA, the generating company shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA;

Provided also that any under-recovery or over recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries on a year to year basis;

Provided also that in case of the generating company has engaged in any other regulated or unregulated Business or Other Business, the actual tax paid on income from any other regulated or unregulated Business or Other Business shall be excluded for the calculation of effective tax rate;

Provided also that if no Income Tax has been paid by the corporate legal entity owning the generating station(s), then the effective Income Tax rate shall be considered as “Nil”.”

44. It is submitted that in terms of the above provisions, the applicable tax rate to the Petitioner during FY 2024-25 is 25.168% as evident from the following:

a) The Petitioner has opted for Section 115 BAA (5) of the Income Tax Act 1961 by filing Form No. 10-IC and accordingly the applicable tax rate prescribed under Section 115 BAA is applicable to the Petitioner. The relevant documentary evidences are enclosed herewith and marked as **ANNEXURE-5**.

b) In terms of the Section 115 BAA of the Income Tax Act,1961, the corporate income tax is levied at a base rate of 22%, along with a surcharge of 10% and Health and Education Cess at 4% on tax and surcharge. The relevant extracts of the Section 115 BAA of the Income Tax Act,1961 are reproduced below:

“Tax on income of certain domestic companies.

115BAA. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BA and section 115BAB, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of twenty-two per cent, if the conditions contained in sub-section (2) are satisfied:

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

.....

(5) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section

(1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2020 and such option once exercised shall apply to subsequent assessment years:

Provided that in case of a person, where the option exercised by it under section 115BAB has been rendered invalid due to violation of conditions contained in sub-clause (ii) or sub-clause (iii) of clause (a), or clause (b) of sub-section (2) of said section, such person may exercise option under this section:

Provided further that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year”

c) Pertinently, for entities opting for taxation under Section 115BAA, like the Petitioner, the applicable tax rate shall be worked out as under:

S. No	Particulars	Basis	Tax Rate (%)
1.	Corporate Income Tax under Section 115 BAA of the Income Tax Act 1961	Base Rate	22.00%
2.	Surcharge @ 10% on Corporate Income tax	10% × 22.00%	2.20%
3.	Sub-Total (Income Tax + Surcharge)	22.0% + 2.20%	24.20%
4.	Health & Education Cess @ 4% on Income Tax + Surcharge	4% × 24.20%	0.968%
5.	Applicable Income Tax Rate	24.20% + 0.968%	25.168%

45. The MPERC Tariff Regulations, 2024 provides for grossing up of RoE with the effective tax rate of the respective financial year. It is submitted that applying the principle laid down in the above mentioned Tata Power Judgement, JVPL Judgement dated 22.03.2024 and JVPL Judgement dated 22.03.2024 and JVPL Judgement dated 28.07.2025, the regulated income stream under the Regulated MP PPA, must be placed in a watertight compartment and insulated from the losses of the unregulated businesses of the Petitioner for the purpose of computation of tax liability and the rate of RoE is required to be grossed up by the applicable tax rate for the FY 2024-25 i.e. 25.168%.
46. Accordingly, in accordance with Regulation 32.2 of MPERC Tariff Regulations, 2024, computation of the claimed RoE for the Project during FY 2024-25 has been detailed under **FORM 1(II)** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-4** and the same is summarized as under:

(a) RoE at base rate of RoE @ 15.50%, grossed up by the applicable tax-rate of 25.168% during FY 2024-25

Particulars	Amount in Rs Crore
Net Opening Equity (Normative) as on 01.04.2024	2228.59
Add: Increase in Equity due to addition during FY 2024-25	-
Less: Decrease due to decapitalization during the year	-
Less: Decrease due to reversal during the year	-
Add: Increase due to discharge during the year	1.23
Net Closing Equity (Normal) as on 31.03.2025	2229.82
Average Equity during FY 2024-25	2229.21
Base Rate of RoE (%)	15.50%
Applicable Tax Rate for FY 2024-25 (%)	25.168%
Rate of RoE after grossing up by the applicable Tax Rate (%) (i.e. $15.50\% / (1-25.168\%)$)	20.713%
RoE during FY 2024-25	461.78

(b) RoE (towards assets beyond original scope) at base rate of SBI 1 Year MCLR+350 basis points (i.e.@ 12.15%), grossed up by the applicable tax-rate of 25.168% during FY 2024-25

Particulars	Amount in Rs Crore
Net Opening Equity (Normative) as on 01.04.2024	2.47
Add: Increase in Equity due to addition during FY 2024-25	-
Less: Decrease due to decapitalization during the year	-
Less: Decrease due to reversal during the year	-
Add: Increase due to discharge during the year	-
Net Closing Equity (Normal) as on 31.03.2025	2.47
Average Equity during FY 2024-25	2.47
Base Rate of RoE (%)	12.15%
Applicable Tax Rate for FY 2024-25 (%)	25.168%
Rate of RoE after grossing up by the applicable Tax Rate (%) (i.e. $12.15\% / (1-25.168\%)$)	16.236%
RoE during FY 2024-25	0.40

47. In view of the above, the total RoE for the Project for FY 2024-25 claimed in the present Petition works out as: (a) + (b) = Rs 462.18 Crore.

48. As detailed above, the specific question whether a generating station is to be allowed grossing up of RoE with effective tax rate, even in the case where a generating company has not paid any tax due to the offsetting of profits under one regulated business by losses under other unregulated business, thereby resulting in overall losses was conclusively considered and addressed by the Hon'ble APTEL recently in JVPL Judgements dated 22.03.2024 and 28.07.2025. It was only in these judgements, wherein Hon'ble APTEL, categorically clarified that even in the case of a generating company at the entity level with overall losses, a regulated business which has earned profits cannot be denied grossing-up of RoE. The Hon'ble APTEL held that, for tariff purposes, tax is to be considered on a normative or applicable basis for the regulated business, and not with reference to the actual tax discharged by the corporate entity. Therefore, the decisive clarity on the grossing up of RoE for such cases, emerged recently from the JPVL Judgments pronounced and affirmed recently in July 2025.
49. Accordingly, the subsequent conclusive clarification brought in by Hon'ble APTEL in the said JVPL Judgements dated 22.03.2024 and 28.07.2025 forms the foundation for the Petitioner to claim for grossing-up of RoE for the previous financial years starting from FY 2015-16 to FY 2023-24. Thus, in view of the principle laid down by the Hon'ble Appellate APTEL in the recent JVPL Judgements 22.03.2024 and 28.07.2025, the Petitioner had no occasion to conclusively seek grossing-up of RoE for the previous years i.e. FY 2025-16 to FY 2023-24, and accordingly, the Petitioner now seeks liberty to claim grossing-up of RoE by the applicable tax rate for the earlier period from FY 2015-16 to FY 2023-24, under the applicable MPERC Tariff Regulations. The Petitioner humbly submits and undertakes to provide the further details (if any), required by this Hon'ble Commission to exercise the due-prudence check for grossing-up of annual RoE of the Petitioner from FY 2015-16 to FY 2024-25.

B. Interest on Loan Capital

50. Regulation 35.5 of MPERC Tariff Regulations, 2024 stipulates that the rate of interest shall be weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate adjustment for interest capitalized, subject to ceiling of Reference Rate of Interest or 14%, whichever is lower.
51. Accordingly, the Petitioner submits that the Weighted Average Rate of Interest (“WAROI”) of 9.59% has been considered based on actual loan portfolio and actual interest paid during FY 2024-25 as per the Bankers' Certificates for FY 2024-25 which are enclosed herewith and marked as **ANNEXURE-6**. The computation for the claimed WAROI for FY 2024-25 has been detailed under **FORM 13** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-4**.

52. As brought out under Para 28 above, the opening loan for the Project as on 01.04.2024 has been considered as Rs 2659.11 Crore i.e. the closing loan for the Project as on 31.03.2024 which has been duly approved by this Hon'ble Commission in its Order dated 28.03.2025 passed in the Petition No. 64 of 2024.
53. Accordingly, computation of Interest on Loan Capital of the Project for FY 2024-25 in line with Regulation 35 of MPERC Tariff Regulations, 2024 has been detailed under **FORM M** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-4** and the same is summarized as under:

Particulars	Amount in Rs Crore
Opening Normative Loan as on 01.04.2024	2659.11
Add: Increase in Loan during the year	2.88
Less: Normative Repayment during the year	398.73
Closing Loan Balance as on 31.03.2025	2263.26
Average Loan	2461.48
Weighted Average Rate of Interest	9.59%
Interest on Loan Capital	236.05

Re: Savings due to re-financing of loan by the Petitioner

54. As submitted under the earlier Petitioner No. 64 of 2024 filed by the Petitioner before this Hon'ble Commission for true of tariff for FY 2023-24, the Petitioner had undertaken refinancing of the outstanding loans during FY 2023-24 by way of closure of the outstanding loans of SBI and AXIS Bank and availing a fresh loan from IIFCL, India at a substantial lower interest rates vis-à-vis the interest rates charged by SBI and AXIS Bank, thereby resulting in an overall reduction of 1.28% in the overall WAROI.
55. This Hon'ble Commission in its Order dated 28.03.2025 passed in the aforesaid Petition No. 64 of 2024 has acknowledged this reduction of 1.28% in the overall WAROI and allowed the sharing of saving of interest on account of such reduction of 1.28% in the overall WAROI between the Petitioner and the Respondent MPPMCL in the ratio of 50:50 in accordance with Regulation 57 of the MPERC Tariff Regulations, 2020. The relevant extracts of the said Order dated 28.03.2025 passed by this Hon'ble Commission in the aforesaid Petition No, 64 of 2024 are reproduced hereunder:

“80. As evident from the above, during FY 2023-24, the rate of interest of outstanding loans of SBI and AXIS Bank was 11.62% and 11.50%, respectively, got refinanced by the Petitioner through IIFCL, India having a significantly lower Rate of Interest of 9.40%. Aforesaid refinancing of loans, resulting a substantial net savings in the rate of interest. A comparison of the net WAROI during FY 2023-24 without such refinancing of loan and

with refinancing of loan as filed by the petitioner demonstrates an overall saving @1.29% in WAROI achieved by the Petitioner on the overall loan during FY 2023-24

81. Petitioner has submitted the WAROI on the overall loan during FY 2023-24 without loan refinancing of 11.48% and with loan refinancing of 10.20%. Accordingly, overall weighted average rate of interest during FY 2023-24 has reduced by 1.28%. The petitioner has worked out total Annual saving in the interest amount during FY 2023-24 for the project is Rs. 36.57 Crore and saving corresponding to contracted capacity (30% of installed capacity) is Rs. 10.97 Crore.

82. Regulation 57.1 of the Regulations, 2020 provides that the net saving on loan interest after refinancing or restructuring of loan, shall be shared between the beneficiaries and generating company in the ratio of 50:50. Accordingly, the petitioner has claimed sharing of annual saving in the Interest during FY 2023-24 corresponding to contracted capacity of 30% with MPPMCL in accordance to Regulation 57 of the Regulations, 2020. Hence, out of the total saving of Rs. 10.97 Crore (for 30% capacity), the petitioner is allowed to recover 50% of saving i.e. Rs. 5.49 Crore in this Order.

[Emphasis Supplied]

56. It is humbly submitted that the said overall reduction of 1.28% in the WAROI has been retained in the present Petition for computation of saving in interest during FY 2024-25 due to re-financing of loan by the Petitioner resulting in overall reduction of WAROI.
57. Regulation 59 of MPERC Tariff Regulations, 2024 provide that if re-financing of loan by a generating company results in net-saving on interest, the same shall be shared between the beneficiaries and generating company in the ratio of 50:50.
58. In view of the above, the working of net saving of interest during FY 2024-25 on account of re-financing of loan by the Petitioner is as under:

Particulars	Amount in Rs Crore
Net reduction of WAROI during FY 2024-25 on account of re-financing of loan by the Petitioner	1.28%
Average Normative Loan during FY 2024-25	2461.48
Annual saving in interest during FY 2024-25 for the Project	31.50
Annual saving in interest during FY 2024-25 w.r.t MPPMCL's share of 30%	9.45
Saving to be shared by MPPMCL with the Petitioner in accordance with Regulation 59 of MPERC Tariff Regulations, 2024	4.73

59. Accordingly, it is humbly prayed that in addition to the Annual Fixed Cost for FY 2024-25 so determined under the present Petition, this Hon’ble Commission may be pleased to direct MPPMCL to pay to the Petitioner a sum of Rs. 4.73 Crore on account of sharing of saving in interest due to re-financing of loan by the Petitioner in accordance with Regulation 59 of the MPERC Tariff Regulations, 2024 along with the applicable interest/ carrying cost.

C. Depreciation

60. It is submitted that in terms of Regulation 34 of MPERC Tariff Regulations, 2024, the Weighted Average Rate of Depreciation of the Project (without FGD System) for FY 2024-25 has been computed based on Annual Audited Accounts for FY 2024-25 (based on IND AS duly reconciled with previous IGAAP, which is enclosed herewith and marked as **ANNEXURE-2**) & the Depreciation Schedule as per **Appendix-I** to MPERC Tariff Regulations, 2024.

61. Accordingly, the Weighted Average Rate of Depreciation for the Project for FY 2024-25 has been computed as 4.87% and its computation is detailed under **FORM 11** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-4**.

62. Computation for depreciation claimed for the Project during FY 2024-25 has been detailed under **FORM 12** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-4** and the same is summarized as under:

Particulars	Amount in Rs Crore
Opening Capital Cost as on 01.04.2024	8184.32
Closing Capital Cost as on 31.03.2025	8188.43
Average Capital Cost	8186.38
Weighted Average Rate of Depreciation	4.87%
Annual Depreciation	398.73
Depreciation for the period	398.73

D. Operation and Maintenance Expenses (“O&M Expenses”)

63. The Petitioner submits that in accordance with Regulation 37.2 of MPERC Tariff Regulations, 2024, the O&M Expenses for the Project (excluding FGD System) have been claimed at Rs 25.78 Lakh/MW, which translates into Annual O&M Expenses of Rs 309.60 Crore during FY 2024-25 for the entire Project Capacity of 1200 MW.

64. It is further submitted that Regulation 37.2 of MPERC Tariff Regulations, 2024 provides that Water Charges, Security Expenses, Ash Transportation Expenses shall be allowed separately, and accordingly, these claimed separately in the present Petition as under:

(a) **Water Charges:** During FY 2024-25, total Water Charges amounting to Rs 8,35,09,825/- was paid by the Petitioner to the Water Resource Department, Madhya Pradesh as per the break-up mentioned below. The copies of monthly challans evidencing payment of these Water Charges by the Petitioner are enclosed herewith and marked as **ANNEXURE-7**

Month	Water Charges paid by the Petitioner (Rs)
Apr-24	67,76,482
May-24	70,02,365
Jun-24	67,76,482
Jul-24	70,02,365
Aug-24	70,02,365
Sep-24	67,76,482
Oct-24	70,02,365
Nov-24	67,76,482
Dec-24	70,02,365
Jan-25	73,65,600
Feb-25	66,52,800
Mar-25	73,73,672
TOTAL FY 2024-25	8,35,09,825

(b) **Ash Transportation Expenses:** During FY 2024-25, total expenses incurred by the Petitioner towards Ash Transportation were Rs 74,93,39,721/- as per the break-up mentioned below. Quarter-wise details of these expenses incurred by the Petitioner during FY 2024-25 are enclosed herewith and marked as **ANNEXURE-8**

Period	Ash Transportation Expenses (Rs)
Apr-24 to Jun-24 (Q1)	21,70,14,063
Jul-24 to Sep-24 (Q2)	19,15,58,943
Oct-24 to Dec-24 (Q3)	18,72,25,058
Jan-25 to Mar-25 (Q4)	15,35,41,657
TOTAL FY 2024-25	74,93,39,721

(c) **Security Expenses:** During FY 2024-25, total Security expenses incurred by the Petitioner were Rs 6,81,66,979/- and a copy of Auditor Certificate dated 28.11.2025 certifying the same is enclosed herewith and marked as **ANNEXURE-3**.

65. In view of the above, an aggregate amount of Rs 90.10 Crore towards Water Charges, Security Expenses and Ash Transportation Expenses has been incurred by the Petitioner for the Project during FY 2024-25 as per the following break-up, which is eligible to be

allowed separately by this Hon'ble Commission in accordance with Regulation 37.2 of MPERC Tariff Regulations, 2024.

Other Charges/ Expenses incurred during FY 2024-25	Amount in Rs
Water Charges	8,35,09,825
Ash Transportation Expenses	74,93,39,721
Security Expenses	6,81,66,979
TOTAL FY 2024-25	90,10,16,525

E. Interest on Working Capital

66. The working capital for the Project during FY 2024-25 has been computed in accordance with Regulation 39.1 (A) of MPERC Tariff Regulations, 2024.
67. Further, in line with Regulation 39.3 of MPERC Tariff Regulations, 2024, the rate of Interest on Working Capital has been considered as 11.90% i.e. Reference Rate as on 01.04.2024 computed as 1-year MCLR of State Bank of India (i.e. 8.65%) plus 325 basis points. A copy of the trends of 1-year MCLR of the State bank of India is enclosed herewith and marked as **ANNEXURE-9**.
68. The computation of Working Capital & Interest on Working Capital for the Project for FY 2024-25 has been detailed under **FORM N** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-4** and the same is summarized as under:

Particulars	Amount in Rs Crore
Cost of Coal towards 20 days Stock & 30 days Generation (i.e. total 50 days)	319.57*
Cost of Main Secondary Fuel Oil (2 Months)	5.81*
O & M Expenses including Water Charges and Security Expenses (One Month)	27.04
Maintenance Spares (@ 20% of O&M Expenses including Water Charges and Security Expenses)	64.91
Receivables (45 days) - Energy Charges	291.91*
Receivables (45 days) - Capacity Charges	197.63
Total Working Capital	906.87
Rate of Interest on Working Capital (%)	11.90%
Interest on Working Capital	107.92

**: As determined by this Hon'ble Commission's in its MYT Order dated 28.02.2025 passed in Petition No. 57 of 2024.*

F. Non-Tariff Income

69. The gross Non-Tariff Income during FY 2024-25 for the Petitioner’s Project is Rs 127.36 Crore as mentioned under Note 27 of the Annual Audited Accounts for FY 2024-25, a copy of which is enclosed herewith and marked as **ANNEXURE-1**.
70. Against this, in accordance with Regulation 60 of MPERC Tariff Regulations, 2024, **the net Non-Tariff income for FY 2024-25 eligible for sharing between the beneficiaries and the generating company on annual basis in the ratio of 50:50 is Rs 2.65 Crore as per the following break-up, which translates into Rs 0.40 Crore for sharing with the Respondents under 30% PPA with MPPMCL (i.e. Rs 2.65 Crore *50%*30%).** Further no income has been generated by the Petitioner during FY 2024-25 on account of sale of fly-ash.

S. No	Head of Other Income	Amount on Accrual basis for FY 2024-25 (Rs Crore)	Remarks
1	Bank deposits	72.02	<ul style="list-style-type: none"> Income on Fixed Deposits earned out of RoE. This does not amount to Non-Tariff Income in terms of 1st proviso of Regulation 60 of MPERC Tariff Regulations, 2024
2	Others	3.08	<ul style="list-style-type: none"> Interest from Income Tax refunds and others, along with Ind AS Adjustments. This does not amount to Non-Tariff Income in terms of 1st proviso of Regulation 60 of MPERC Tariff Regulations, 2024.
3	Gain on Sale/ fair valuation of investments	22.11	<ul style="list-style-type: none"> Income on mutual fund investment earned out of RoE. This does not amount to Non-Tariff Income in terms of 1st proviso of Regulation 60 of MPERC Tariff Regulations, 2024
4	Liabilities written back	0.13	<ul style="list-style-type: none"> Provisions made in the earlier years towards certain liabilities which are now reversed in Annual Audited Accounts for FY 2024-25. [i.e. Reversal of Creditor (Rs. 0.13 Crore)] This does not amount to Non-Tariff Income in terms of Regulation 60 of MPERC Tariff Regulations, 2024
5	Scrap sales	1.06	<ul style="list-style-type: none"> Realized income from sale of scrap. <u>This amounts to Non-Tariff Income in terms of Regulation 60(b) of MPERC Tariff Regulations, 2024</u>

S. No	Head of Other Income	Amount on Accrual basis for FY 2024-25 (Rs Crore)	Remarks
6	Sale of Rejected Coal	1.17	<ul style="list-style-type: none"> Realized income from sale of Rejected Coal. <u>This amounts to Non-Tariff Income in terms of Regulation 60(b) of MPERC Tariff Regulations, 2024.</u>
7	Others	27.82	<ul style="list-style-type: none"> Rs 21.34 Crore against the encashment of a Bank Guarantee of a vendor towards non-completion of a contract. This does not amount to Non-Tariff Income in terms of Regulation 60 of MPERC Tariff Regulations, 2024 Rs 5.58 Crore against adjustment of CTUIL transmission charges. This does not amount to Non-Tariff Income in terms of Regulation 60 of MPERC Tariff Regulations, 2024 Rs 0.16 Crore against recovery of maintenance, hire, utility and other charges. This does not amount to Non-Tariff Income in terms of Regulation 60 of MPERC Tariff Regulations, 2024 Rs 0.32 Crore towards reversal of provisions made in the earlier years. This does not amount to Non-Tariff Income in terms of Regulation 60 of MPERC Tariff Regulations, 2024 Rs 0.27 Crore against recovery of rent & electricity from employees at the plant colony. <u>This amounts to Non-Tariff Income in terms of Regulation 60(e) of MPERC Tariff Regulations, 2024</u> Rs 0.06 Crore against rent from Power Grid. <u>This amounts to Non-Tariff Income in terms of Regulation 60(a) of MPERC Tariff Regulations, 2024.</u> Rs 0.09 Crore against recovery of mobile tower Rent. <u>This amounts to Non-Tariff Income in terms of Regulation 60(a) of MPERC Tariff Regulations, 2024.</u>
Total			127.39

G. Summary for Annual Fixed Cost for the Project during FY 2024-25

71. In view of above, the Annual Fixed Cost/Capacity Charges for the Project during FY 2024-25 is summarized below:

Particulars	Amount in Rs Crore
Return on Equity	462.18
Interest on Loan	236.05
Depreciation	398.73
O & M Expenses including Water Charges, Security Expenses & Ash Transportation Charges	399.46
Interest on Working Capital	107.92
Total - Annual Capacity (Fixed) Charges for FY 2024-25	1604.34
Less: Non-Tariff Income	1.33
Net - Annual Capacity (Fixed) Charges FY 2024-25	1603.02
Annual Capacity (Fixed) Charges for MPPMCL's Share under MP PPA (30%) for FY 2024-25	480.91

II. ENERGY CHARGES

72. As determined by this Hon'ble Commission in its Order dated 28.02.2025 passed in Petition No. 57 of 2024, the Energy Charges during FY 2024-25 have been retained as Rs 2.812/kWh. However, it is clarified that the actual Energy Charges payable by the Respondents shall be based on the actual landed cost and GCV of coal and oil and other norms of operation as mentioned under Regulation 47 and 51 of MPERC Tariff Regulations, 2024.

SECTION-II: True-Up of Supplementary Tariff of the FGD System of the Project for the period 01.06.2025 till 31.03.2025.

Re: Opening Capital Cost of the FGD System for the Project as on 01.06.2024

73. It is submitted that FGD System for Unit-1 & Unit 2 of the Petitioner’s Project has achieved its Date of Operation (“**ODe**”) on 21.03.2024 & 31.05.2024 respectively.
74. This Hon’ble Commission vide its Order dated 27.11.2025 passed in the Petition No. 23 of 2025 determined the MYT Supplementary Tariff for the period FY 2024-25 to FY 2028-29 towards implementation of FGD System of the Project under MPERC Tariff Regulations, 2024, wherein under Table No: 20, this Hon’ble Commission has approved the following as on 31.05.2025 (i.e. ODe of FGD System for the entire Project):

Particulars	Approved amount as on 31.05.2024 in Rs Crore
Capital Cost	802.73
Debt	577.44
Equity	224.88

75. Accordingly, the same has been retained as the opening Capital Cost, Opening Debt and Opening Equity of the FGD System for the Project as on 01.06.2024 in the present Petition.

Re: Additional Capital Expenditure during 01.06.2025 till 31.03.2025

76. As duly observed by this Hon’ble Commission under Para 38 of its Order dated 27.11.2025 passed in Petition 23 of 2025, the Petitioner has duly secured an overall investment approval for Rs 995 Crore towards completion cost FGD System from its Board of Directors, against which the Petitioner estimated completion cost FGD System as Rs 945 Crore.
77. It is submitted that the FGD System for the Project achieved its Date of Operation (“**ODe**”) 31.05.2024. Accordingly, in terms of the Regulation 3.1(15) of MPERC Tariff Regulations, 2024, the Cut-Off date for the purpose of claiming Additional Capital Expenditure (“**ACE**”) towards the FGD System is 31.05.2027
78. Against the above mentioned estimated completion cost FGD System of Rs 945 Crore, tactual expenditure incurred till the ODe of 31.05.2024 was ~ Rs 803 Crore, thereby leaving a provision of ~ Rs 142 Crore towards ACE till the Cut-off Date of 31.05.2027.

79. It is submitted that the Petitioner has incurred Rs. 68.06 Crore towards Additional Capital Expenditure (“ACE”) towards the FGD System from 01.06.2024 till 31.03.2025. A copy of the Auditor Certificate dated 28.11.2025 certifying the same is enclosed herewith and marked as **ANNEXURE-3**.
80. The break-up of this ACE towards the FGD System amounting to Rs 68.06 Crore incurred 01.06.2024 till 31.03.2025 is as under:
- a) Discharge of Liabilities against the Hard Cost amounting to Rs 44.40 Crore:- This ACE of Rs 44.60 Crore has been claimed under Regulation 23.1(i) of MPERC Tariff Regulations, 2024.
 - b) Discharge of Liabilities against the Pre-Operative Expenditure/ Incidental Expenditure during Construction (“IEDC”) & Pre-Commissioning Expenses amounting to Rs 1.13 Crore. This ACE of Rs 44.60 Crore has been claimed under Regulation 23.1(i) of MPERC Tariff Regulations, 2024.
 - c) Incentives paid to the EPC Contractor for early commissioning of the FGD System by ~ 10 months vis-a-vis its scheduled commissioning under the EPC Contract amounting to Rs 22.53 Crore. The detailed justification for payment of these incentives to the EPC Contractor on account of early commissioning of the FGD System vis-a-vis its scheduled commissioning under the EPC Contract has already been provided under the earlier Petition No. 23 of 2025 filed by the Petitioner before this Hon’ble Commission, and the same may kindly be referred to. Accordingly, for the sake of brevity, this detailed justification is not repeated in the present Petition. In view of the same, this ACE of Rs 22.53 Crore has been claimed under Regulation 23.1(i) of MPERC Tariff Regulations, 2024.
81. In view of the above, the opening and closing Capital Cost of the FGD System as on 01.06.2024 and 31.03.2025 are as under:

S. No	Particulars	Amount in Rs Crore
1	Opening Capital Cost of the FGD System as on 01.06.2024	802.73
2	ACE during 01.06.2024 to 31.03.2025 for the FGD System on account of discharge of liabilities against the Hard Cost	44.40
3	ACE during FY 2024-25 for the FGD System on account of discharge of liabilities against the Pre-Operative Expenditure/ Incidental Expenditure during Construction (“IEDC”) & Pre-Commissioning Expenses	1.13
4	Incentives paid to the EPC Contractor for early commissioning of the FGD System by ~ 10 months vis-a-vis its scheduled commissioning under the EPC Contract	22.53

S. No	Particulars	Amount in Rs Crore
5	Closing Capital Cost for the FGD System as on 31.03.2025 (5 = 1+2+3+4)	870.79
6	Average Capital Cost for the FGD System during 01.06.2024 to 31.03.2025 [6 = (1+5)/2]	836.76

82. It is submitted that the above ACE towards the FGD System amounting to Rs 68.06 Crore is considered to have been funded in normative debt-equity ratio of 70:30 (i.e. Debt/ Loan Addition of Rs. 47.64 Crore and Equity Addition of Rs 20.42 Crore), which is in accordance with Regulation 31 of MPERC Tariff Regulations, 2024.

I. COMPONENTS OF SUPPLEMENTARY CAPACITY CHARGES

83. The components of Supplementary Capacity Charges are elaborated in subsequent paragraphs. Further, duly filled relevant MYT Tariff Forms as prescribed under Regulation 6.3 of MPERC Tariff Regulations, 2024 are enclosed herewith and marked as **ANNEXURE-10**.

A Return on Equity (“RoE”)

84. In view of the submissions made under Para(s) 23-49 of the present Petition and in terms of Regulation 32.2 and 33 of MPERC Tariff Regulations, 2024, the rate of Return in Equity (“RoE”) for FGD System has been considered as base rate of one-year marginal cost of lending rate (“MCLR”) of the State Bank of India (“SBI”) as on 01.04.2024 plus 350 basis points, duly grossed up by the applicable tax rate of 25.168%. One (1) year SBI MCLR as applicable on 01.04.2024 as per SBI website is 8.65% during FY 2024-25. A copy of historical data of SBI One (1) year MCLR is enclosed herewith and marked as **ANNEXURE-9**.
85. Accordingly, the rate of RoE for FGD System during FY 2024-25 has been considered as 12.15% (8.65% + 350 basis points) duly grossed up by the applicable tax rate of 25.168% during FY 2024-25. The computation for the claimed RoE for the FGD System during FY 2024-25 has been detailed under **FORM 1(II)** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-10** and the same is summarized as under:

Particulars	Amount in Rs Crore
Gross Opening Equity as on 01.06.2024	224.88
Less: Adjustment in Opening Equity	-
Add: Adjustment in Opening Equity	-
Net Opening Equity (Normal)	224.88
Add: Increase in Equity due to addition/ discharges during the year	20.42
Less: decrease due to decapitalization during the year	-
Less: decrease due to reversal during the year	-
Net Closing Equity as on 31.03.2025	245.30
Average Equity	235.09
Base Rate of RoE (%)	12.15%
Applicable Tax Rate for FY 2024-25 (%)	25.168%
Rate of RoE after grossing up by the applicable Tax rate (%) (i.e. 12.15%/ (1-25.168%))	16.236%
Return on Equity for the period 01.06.2024 to 31.03.2025	38.17
Return on Equity for the period 01.04.2024 to 31.05.2024 as determined by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	13.94

B Interest on Loan Capital

86. As per Regulation 35.6, the rate of Interest on Loan for FGD System shall be the weighted average rate of interest of actual loan portfolio of the FGD System or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.
87. Accordingly, the Petitioner submits that the Weighted Average Rate of Interest (“WAROI”) of 10.59% has been considered based on actual loan portfolio and actual interest paid during FY 2024-25 as per the Bankers’ Certificates for FY 2024-25 are enclosed herewith and marked as ANNEXURE-11. The computation for the claimed WAROI and Interest on Loan for the FGD System during FY 2024-25 has been detailed under FORM 13 and FORM M of Tariff Forms which are enclosed herewith and marked as ANNEXURE-10 and the same is summarized as under:

Particulars	Amount in Rs Crore
Net Normative Loan – Opening as on 01.06.2024 as allowed by this Hon'ble Commission under Table 26 of its Order dated 27.11.2025 passed in Petition 23 of 2025	574.07
Add: Increase due to addition/ discharges during the year/ period	47.64
Less: Normative Repayment during the period	36.82
Net Normative Loan – Closing	584.89
Average Normative Loan	579.48

Particulars	Amount in Rs Crore
Weighted Average Rate of Interest (“WAROI”)	10.59%
Interest on Loan for the period 01.06.2024 to 31.03.2025	61.36
Interest on Loan for the period 01.04.2024 to 31.05.2024 as determined by this Hon’ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	27.89

C Depreciation

88. In terms of Regulation 34.11 of MPERC Tariff Regulations, 2024 and the Depreciation Schedule as per Appendix-I to MPERC Tariff Regulations, 2024, the annual weighted average rate of Depreciation for FGD System during FY 2024-25 has been considered as 5.28%.
89. The computation for the claimed Depreciation for the FGD System during FY 2024-25 has been detailed under **FORM 12** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-10** and the same is summarized as under:

Particulars	Amount in Rs Crore
Opening Capital Cost as on 01.06.2024	802.73
Closing Capital Cost as on 31.03.2025	870.79
Average Capital Cost	836.76
Rate of depreciation	5.28%
Depreciation (annualized) for the period 01.06.2024 to 31.03.2025	44.18
Depreciation (annualized) for the period 01.04.2024 to 31.05.2024 as determined by this Hon’ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	20.19

D Operation and Maintenance Expenses

90. In terms of Regulation 37.5 of MPERC Tariff Regulations, 2024, the Operation and Maintenance Expenses (“**O&M**” Expenses) for FGD System shall be 2% of the admitted capital expenditure (excluding IDC and IEDC), which shall be escalated annually @ 5.25%. Accordingly, the computation of Annual O&M Expenses for FGD System during the MYT Period is as under:

Particulars	Amount in Rs Crore
Total Capital Cost of FGD System as on 31.03.2025	870.79
Less: IDC as on 31.05.2024 as approved by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	38.81
Less: IEDC as on as on 31.05.2024 as approved by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	31.86
Less: Discharge of liabilities towards IEDC during the period 01.06.2024 to 31.03.2025 as claimed in the present Petition	1.13
Net Capital Cost for computation of Annual O&M Charges for FGD System for the Project for the period 01.06.2024 to 31.03.2025	798.93
O&M Charges (annualized) for FGD System for the Project for the period 01.06.2024 to 31.03.2025 (@2% of Net Capital Cost)	15.98
Income generated from sale of gypsum or other byproducts during the period 01.06.2024 to 31.03.2025 as recorded by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	0.07
Net O&M Charges (annualized) for FGD System for the Project for the period 01.06.2024 to 31.03.2025 (@2% of Net Capital Cost)	15.91
O&M Charges (annualized) for the period 01.04.2024 to 31.05.2024 as determined by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	7.26

E Interest on Working Capital

91. In terms of Regulation 39.3 of MPERC Tariff Regulations, 2024, the rate of Interest on Working Capital (“IWC”) shall be on normative basis and considered as the Reference Rate of Interest as on 01.04.2025. Further, as per Regulation 3.1 (53) of MPERC Tariff Regulations, 2024, the Reference Rate of Interest shall be One (1) year MCLR of SBI plus 325 basis points. One (1) year SBI MCLR as applicable on 01.04.2024 as per SBI website is 8.65%. A copy of historical data of SBI One (1) year MCLR is enclosed herewith as **ANNEXURE-9**.
92. Accordingly, the rate of IWC for FGD System during FY 2024-25 has been considered as 11.90% (8.65% + 325 basis points). The computation for the claimed IWC in terms of Regulation 39.1(B) of MPERC Tariff Regulations, 2024 for the FGD System during FY 2024-25 has been detailed under **FORM N** of Tariff Forms which are enclosed herewith and marked as **ANNEXURE-10** and the same is summarized as under:

Particulars	Amount in Rs Crore
Cost of Limestone towards Stock for 20 days as determined by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	0.78
Advance payment towards cost of Limestone for 30 days as determined by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	1.17
O&M Expenses for 1 month	1.33
Maintenance Spares @ 20% of Annual O&M Expenses	3.18
Receivables for 45 days	24.87
Total Working Capital	31.33
Reference Rate of Interest on Working Capital	11.90%
Interest on Working Capital for the period 01.06.2024 to 31.03.2025	3.73
Interest on Working Capital for the period 01.04.2024 to 31.05.2024 as determined by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025	1.68

93. To summarize, the Supplementary Capacity Charges for FGD System (in Rs Crore) during FY 2024-25 is as under:

Particulars	01.04.2024 to 31.05.2024 (FGD System for Unit-1)	01.06.2024 to 31.03.2025 (FGD System for the Project)
	Amount in Rs Crore	
Return on Equity	13.94	38.17
Interest on Loan	27.89	61.36
Depreciation	20.19	44.18
O & M Expenses	7.26	15.91
Interest on Working Capital	1.68	3.59
Total Annual Supplementary Fixed Cost/ Capacity Charges for FY 2024-25	70.97	163.34
No. of Days in Operation	61	304
Supplementary Fixed Cost/ Capacity Charges for No. of Days in Operation	11.86	136.04
Supplementary Fixed Cost/Capacity Charges for MPPMCL's Share under MP PPA (30%) for FY 2024-25	3.56	40.81

II. SUPPLEMENTARY ENERGY CHARGES

94. As determined by this Hon'ble Commission in its Order dated 27.11.2025 passed in Petition No. 23 of 2025, the Supplementary Energy Charges during FY 2024-25 have

been retained as Rs 0.0461/kWh. However, it is clarified that the actual Supplementary Energy Charges payable by the Respondents shall be based on the actual landed cost and GCV of coal, oil and reagent/ FGD System grade limestone and other norms of operation as mentioned under Regulation 47 and 51 of MPERC Tariff Regulations, 2024.

Re: *Application fee, publication expenses & other statutory charges*

95. In terms of Schedule 1-Entry 25 of Madhya Pradesh Electricity Regulatory Commission (Fees, Fines and Charges) (Revision-II) Regulations, 2024 {RG-21(II) of 2024}, the requisite fee for filing the present Petition for True-up of Tariff for FY 2024-25 for the Project amounting to Rs. 2,00,000/- have already been paid by the Petitioner through its bank viz. SBI by way of NEFT bearing UTR No. SBINR52026010612002060 dated 06.01.2026 in the designated account mentioned on the website of this Hon'ble Commission (www.mperc.in).
96. The Petitioner humbly prays that this Hon'ble Commission may be pleased to allow recovery/re-imbursalment of application fee, publication expenses and other statutory charges like electricity duty, cess etc. on pass through basis from the beneficiary in accordance with Regulation 66 of MPERC Tariff Regulations, 2024. In addition to these, there may be certain other statutory charges, duties, cess and taxes which are linked with generation of power from the Project. Just as in the case of other fuel related/ variable charges, there are express provisions in several tariff orders and regulations framed by other State Commissions which allows recovery of statutory charges, taxes and duties on pass through basis based on actuals:-

(a) **Chhattisgarh:-**

Regulation 47(1) of the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff according to Multi-year Tariff Principles and Methodology and Procedure for determination of Expected revenue and Tariff and Charges) Regulations, 2012 provide as under:-

“2. The Statutory Taxes and Duties shall be recoverable on reimbursement basis, as per actual.”

(b) **Uttar Pradesh:-**

Hon'ble Uttar Pradesh Electricity Regulatory Commission in the Multi Year Tariff Order for FY 2009-10 to 2013-14 in respect of state thermal generating company namely Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited had allowed recovery of:

“(A) Recovery of Water Cess and Tax on Income etc.

*In addition to the above tariff UPRVUNL is allowed to recover the payment of statutory charges like water cess, cost of water, **payment to Pollution Control Board, rates and taxes, FBT and Regulatory Fee paid to the Commission, on production of details of actual payments made and duly supported with the certificate of the Statutory Auditors.** The Petitioner has claimed certain additional charges as variable charges towards other fuel related costs, station supplies, lubricants and consumables critical to the generating stations as separate pass through on actuals. The same is allowed for the consideration period of MYT subject to verification of audited accounts at the time when true up would be considered by the Commission.”*

97. In view of the above, it is humbly prayed that this Hon’ble Commission, in addition to recovery/ re-imbusement of application fee, publication expenses and other statutory charges like electricity duty, cess etc., may also permit recovery/re-imbusement of other charges, taxes, duties, cess, fee, expenses etc. paid/ incurred by the Petitioner
98. It is humbly submitted that Petitioner undertakes to file any further/additional information as and when directed by this Hon’ble Commission.
99. The present Petition is *bona-fide* and in the interest of justice.
100. In view of the submissions made hereinabove, this Hon’ble Commission may be pleased to allow the present Petition and grant appropriate relief to the Petitioner.

PRAYER(S)

101. In view of the facts and circumstances set out in the present Petition, the Petitioner humbly prays before this Hon’ble Commission to pass the following order(s)/direction(s): -
 - (a) Allow the present Petition;
 - (b) True-up the Tariff for the power supplied from the Petitioner’s Project to Madhya Pradesh Discoms through MPPMCL during FY 2024-25 under the PPAs along with the applicable interest/ carrying cost;
 - (c) Allow recovery of Rs 4.73 Crore from the Respondents on account of sharing of saving in interest due to refinancing of loan by the Petitioner along with the applicable interest/ carrying cost;

- (d) True-up the Supplementary Tariff for the FGD System for the power supplied from the Petitioner's Project to Madhya Pradesh Discoms through MPPMCL during FY 2024-25 under the PPAs along with the applicable interest/ carrying cost;
- (e) Allow grossing-up of the approved RoE for the period from FY 2015-16 to FY 2023-24 on annual basis by the applicable tax-rate and allow the recovery of this differential amount from the Respondents along with the applicable interest/ carrying cost;
- (f) Allow recovery/re-imburement of application fee, publication expenses and other statutory charges like RLDC/ NLDC charges, Electricity Duty, Cess and etc. on pass through basis from the Respondents along with applicable interest/ carrying cost;
- (g) In addition to above charges, allow the recovery/re-imburement of any other charges, taxes, duties, cess, fee, expenses etc. on pass through basis from the Respondents along with applicable interest/ carrying cost;
- (h) Permit recovery of expenses understated/ not considered/ missed in the present Petition at a later stage, if required along with carrying cost;
- (i) Condone any inadvertent omissions/ errors/ rounding off differences/ shortcomings and permit the Petitioner to add/ alter this filing and make further submissions as may be required by this Hon'ble Commission;
- (j) Pass such other orders as deemed fit in the facts and circumstances of the case.

MB Power (Madhya Pradesh) Limited

DATE:

PLACE: Delhi