
True-Up Petition for FY 2022-23

Submitted by:-

Madhya Pradesh Power Management Co. Ltd.

Block no.-14, Shakti Bhawan, Vidyut Nagar, Jabalpur



Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co. Ltd.

Block No. 7, Shakti Bhawan, Vidyut Nagar, Jabalpur



Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.

Bijlee Nagar Colony, Nishtha Parisar, Govindpura, Bhopal



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Co. Ltd.

GPH Compound, Polo ground, Indore



BEFORE THE MADHYA PRADESH
ELECTRICITY REGULATORY COMMISSION, BHOPAL

Petition No. _____ of 2023

- (1) Madhya Pradesh Power Management Company Limited (MPPMCL)
Shakti Bhawan, Vidyut Nagar, Jabalpur (MP) ----- **Petitioner**
- (2) Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVVCL)
Shakti Bhawan, Vidyut Nagar, Jabalpur (MP) ----- **Petitioner**
- (3) Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPaKVVCL)
GPH, Polo Ground, Indore (MP) ----- **Petitioner**
- (4) Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL)
Nishtha Parisar, Bijlee Nagar, Govindpura, Bhopal (MP) ----- **Petitioner**

IN THE MATTER OF:

Filing up of application for True up of the ARR for FY 2022-23 under the principles laid down in the “Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 dated 03rd December, 2021 and its amendment thereof; by MPPMCL and MPPoKVVCL, MPPaKVVCL & MPMKVVCL as the Distribution Licensee.

The Petitioners above respectfully submit as under: -

1. Madhya Pradesh Power Management Company Ltd., (hereinafter referred to as the 'Petitioner', MPPMCL, 'the Company' or 'the Licensee'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at Block No.11, Shakti Bhawan, Vidyut Nagar, Jabalpur.
2. Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Ltd., (hereinafter referred to as the 'Petitioner', MPPKVVCL, 'the Company' or 'the Licensee' or 'East Discom'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at Block No.7, Shakti Bhawan, Vidyut Nagar, Jabalpur. The Petitioner is a deemed licensee under the Fifth Proviso to Section 14 of the Electricity Act, 2003. The area of supply of the Petitioner comprises Jabalpur, Rewa, Sagar and Shahdol Commissionary within the State of Madhya Pradesh ('MP').
3. Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd., (hereinafter referred to as the 'Petitioner', MPPaKVVCL, 'the Company' or 'the Licensee' or 'West Discom'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at GPH, Polo Ground, Indore. The Petitioner is a deemed licensee under the Fifth Proviso to Section 14 of the Electricity Act, 2003. The area of

supply of the Petitioner comprises Indore and Ujjain Commissioner within the State of Madhya Pradesh ('MP').

4. Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Ltd. (MPMKVVCL), (hereinafter referred to as the 'Petitioner', MPMKVVCL, 'the Company' or 'the Licensee' or 'Central Discom'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at Nishtha Parisar, Bijlee Nagar Colony, Govindpura, Bhopal. The Petitioner is a deemed licensee under the Fifth Proviso to Section 14 of the Electricity Act, 2003. The area of supply of the Petitioner comprises Bhopal, Gwalior, Hoshangabad and Chambal Commissioner within the State of Madhya Pradesh ('MP').
5. The Government of Madhya Pradesh ('GoMP or 'State Government'), vide an Order No. 3679 FRS-18-13- 2002 dated 31stMay, 2005, published in the gazette of Madhya Pradesh dated 31st May 2005, have restructured the functions and undertakings of Generation, Transmission, Distribution and Retail Supply of electricity earlier carried out by the Madhya Pradesh State Electricity Board ('MPSEB' or the 'Board') and transferred the same to five Companies to function independently. The five Companies are as under: -
 - 1) M.P. Power Generating Company Ltd., Jabalpur (MPPGCL) / (GENCO)
 - 2) M.P. Power Transmission Company Ltd., Jabalpur (MPPTCL) / (TRANSCO)
 - 3) M.P. Poorv Kshetra Vidyut Vitaran Company Ltd., Jabalpur (MPPKVVCL) / (EAST DISCOM)
 - 4) M.P. Madhya Kshetra Vidyut Vitaran Company Ltd. Bhopal (MPMKVVCL) / (CENTRAL DISCOM)
 - 5) M.P. Paschim Kshetra Vidyut Vitaran Company Ltd., Indore (MPPKVVCL) / (WEST DISCOM)
6. With the issuance of the said Order dated 31st May 2005, the Operation and Management Agreement that existed between MPSEB and the Five Companies came to end with effect from 1st June 2005. The three Vidyut Vitaran Companies viz. East Discom, Central Discom and West Discom, started functioning independently as Distribution Licensees in their respective area of license and from the said date are no longer operating as an agent of or on behalf of the Board, subject to Cash Flow Mechanism (CFM) provided in the said Order.
7. On 3rd June 2006, GoMP, in exercise of its powers under Section 23 (Sub-section (1), (2) and (3)) and Section 56 (Sub-section (2)) of Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 read with Section 131 (Sub-sections (1), (2), (5), (6) and (7) of Electricity Act, 2003, effected the transfer of and vesting of the functions, properties, interests rights and obligations of MPSEB relating to the Bulk Purchase and Bulk Supply of Electricity in the State Government and simultaneously re-transferred and re-vested the same to MP Power Trading Company ('Tradeco' or 'MP Tradeco'). Since then, MP Tradeco is discharging the responsibilities of procurement of power in bulk and supplying to the three Discoms, including the Petitioner herein. The transfer was effected through "M.P.

Electricity Reforms Transfer Scheme Rules 2006” (Transfer Scheme Rules) vide Notification No.3474 /FRS/17/XIII/2002 dtd. 3rd June 2006 (Transfer Scheme Rules).

8. In accordance with GoMP decision the name of MP Power Trading Company Ltd has been changed to MP Power Management Company Ltd. The MP Power Management Company has been made holding companies for all the three discoms of MP. The Registrar of Companies, MP has issued the Certificate of Incorporation consequent upon change of name on 10.04.2012. The MPPMCL has been vested with several of functions and powers that were earlier vested with the erstwhile M.P. State Electricity Board.
9. GoMP has entrusted the MPPMCL with the responsibility inter alia of representing the Discoms before the Commission with regard to filing the tariff petition and facilitating all proceedings thereon. The Management and Corporate functions agreement signed by the MPPMCL with the three Discoms of MP also provide for the same.
10. Hon’ble Commission (Hereinafter referred to as "MPERC" or ‘SERC’ or ‘Regulator’ or “Commission” which shall mean for the purpose of this petition) had notified the Tariff Order for the period FY 2022-23 dated 31st March 2022 while deciding the joint Petition no. 04/2022 filed by East Discom, Central Discom, West Discom and MPPMCL for the determination of tariff for distribution and retail supply of electricity to the consumers in respective areas of supply during FY 2022-23.
11. In the backdrop of the above facts and circumstances, the present petition is being made by the Petitioners (MPPMCL, East Discom, Central Discom and West Discom) under Section 61 and Section 62 (1) (d) of the Electricity Act 2003, read with Clause 8.1 to 8.13 of the “Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 dated 03rd December, 2021 and its amendment thereof; for truing up of the ARR for the Distribution and Retail Supply Business for the period FY 2022-23.
12. Based on the information available, the Petitioners have made sincere efforts to comply with the Regulations of the Hon’ble Commission and discharge its obligations to the best of its abilities and resources in its command. However, should any further material information become available during the process of determination, the Petitioners may be permitted to reserve the right to file such additional information and consequently amend/ revise the petition.
13. In this Truing up exercise, the Petitioners have estimated **net ARR of Rs. 13,997.76 Crore for East Discom, Rs. 16,833.03 Crore for Central Discom, Rs. 19,228.87 Crore for West Discom aggregating to a total ARR of Rs. 50,059.66 Crore for MP State. The Revenue deficit is Rs. 740.24 Crore for East Discom, Rs 841.32 Crore for Central Discom and deficit of Rs. 255.87 Crore for West Discom; aggregating to a total revenue deficit of Rs. 1,837.43 Crore for MP State.** The summary of the Petitioner’s Claim is shown below:

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
1	Power Purchase Cost (including rebate from CGS)	EZ	7,852.92	9,210.69	1,357.77
		CZ	9,739.79	11,752.19	2,012.40
		WZ	14,918.28	16,266.03	1,347.75
		MP State	32,510.99	37,228.92	4,717.93
2	Intra state transmission charges including SLDC	EZ	1,260.51	1,560.33	299.82
		CZ	1,484.82	1,580.04	95.22
		WZ	1,504.90	1,577.42	72.52
		MP State	4,250.23	4,717.79	467.56
3	Employee Cost	EZ	1,206.79	977.63	(229.16)
		CZ	1,079.73	958.29	(121.44)
		WZ	1,171.96	980.32	(191.64)
		MP State	3,458.48	2,916.24	(542.24)
4	Provision for Terminal Benefit	EZ	70.00	70.00	-
		CZ	70.00	70.00	-
		WZ	70.00	70.00	-
		MP State	210.00	210.00	-
5	A&G Cost	EZ	203.48	128.87	(74.61)
		CZ	267.02	133.99	(133.03)
		WZ	139.00	130.23	(8.77)
		MP State	609.50	393.09	(216.41)
6	R&M Cost	EZ	305.06	145.26	(159.80)
		CZ	330.26	120.03	(210.23)
		WZ	218.50	168.63	(49.87)
		MP State	853.82	433.92	(419.90)
7	Depreciation	EZ	290.30	329.31	39.01
		CZ	311.28	405.73	94.45
		WZ	125.77	313.13	187.36
		MP State	727.35	1,048.17	320.82
8	Interest on Project Loans	EZ	383.08	280.01	(103.07)
		CZ	428.54	386.28	(42.26)
		WZ	156.69	113.10	(43.59)
		MP State	968.31	779.39	(188.92)
9	Interest on Working Capital	EZ	65.95	68.73	2.78
		CZ	73.82	61.84	(11.98)
		WZ	11.85	12.49	0.64
		MP State	151.62	143.07	(8.55)

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
10	Interest on Consumer Security Deposit	EZ	43.61	47.28	3.67
		CZ	47.58	58.41	10.83
		WZ	70.25	59.17	(11.08)
		MP State	161.44	164.86	3.42
11	Return on Equity	EZ	306.24	235.51	(70.73)
		CZ	331.69	269.65	(62.04)
		WZ	183.20	164.98	(18.22)
		MP State	821.13	670.14	(150.99)
12	Bad and Doubtful Debts	EZ	-		-
		CZ	-	0.79	0.79
		WZ	-	139.14	139.14
		MP State	-	139.93	139.93
15	Total Expenses	EZ	11,987.94	13,053.62	1,065.68
		CZ	14,164.53	15,797.26	1,632.73
		WZ	18,570.40	19,994.64	1,424.24
		MP State	44,722.87	48,845.53	4,122.66
16	Less: Other Income - Retail & Wheeling	EZ	199.85	259.60	59.75
		CZ	234.73	141.12	(93.61)
		WZ	151.12	218.92	67.80
		MP State	585.70	619.64	33.94
17	Net Total Expenses for FY 2022-23	EZ	11,788.09	12,794.02	1,005.93
		CZ	13,929.80	15,656.15	1,726.35
		WZ	18,419.28	19,775.72	1,356.44
		MP State	44,137.17	48,225.89	4,088.72
19	Revenue Gap of MP Transco True-up of FY 2019-20	EZ	10.05	10.05	-
		CZ	11.82	11.82	-
		WZ	12.34	12.34	-
		MP State	34.21	34.21	-
20	Revenue Gap of MP DISCOMs True-up of FY 2019-20	EZ	1,260.38	1,260.38	-
		CZ	1,252.72	1,252.72	-
		WZ	(482.17)	(482.17)	-
		MP State	2,030.93	2,030.93	-
21	Revenue Gap of MP DISCOMs True-up of FY 2020-21	EZ	63.91	63.91	-
		CZ	74.39	74.39	-
		WZ	87.45	87.45	-
		MP State	225.75	225.75	-

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
22	Revenue Surplus of MP Genco True-up of FY 2019-20	EZ	(130.60)	(130.60)	-
		CZ	(162.05)	(162.05)	-
		WZ	(164.47)	(164.47)	-
		MP State	(457.12)	(457.12)	-
23	Total ARR for FY 2022-23	EZ	12,991.83	13,997.76	1,005.93
		CZ	15,106.68	16,833.03	1,726.35
		WZ	17,872.43	19,228.87	1,356.44
		MP State	45,971	50,059.66	4,088.72
24	Revenue from sale of Power	EZ	12,991.83	13,257.52	265.69
		CZ	15,106.68	15,991.71	885.03
		WZ	17,872.43	18,973.00	1,100.57
		MP State	45,970.94	48,222.23	2,251.29
25	Net Revenue Deficit/Surplus	EZ	-	740.24	740.24
		CZ	-	841.32	841.32
		WZ	-	255.87	255.87
		MP State	-	1,837.43	1,837.43

14. Shri Lokesh Malviya, DGM (Revenue Management) of MPPMCL; Shri B.P. Patel, General Manager (CB-O/o. Commercial) of MPPoKVVCL; Shri. D.P. Ahirwar, Chief General Manager (Regulatory Affairs) of MPMKVVCL and Shri Shailendra Jain, Deputy Director (Commercial) of MPPaKVVCL have been authorized to execute and file all the documents on behalf of the respective Petitioners in this regard. Accordingly, the current True-up Petition filing is signed and verified by and backed by the affidavit of respective authorized signatories.

PRAYER

In view of the aforesaid facts and circumstances, the Petitioners request that the Hon'ble Commission may be pleased to:

- a) Take the accompanying True-up Petition for the period FY 2022-23 of East Discom, Central Discom and West Discom on record and treat it as complete;
- b) Correct the shortcoming as identified in the existing approach towards allowance of unmetered agriculture & domestic sales as elaborate at appropriate section of this Petition;
- c) Correct the shortcoming as identified in the existing approach towards allowance of power purchase quantum & cost as identified and elaborate at appropriate section of this Petition;
- d) Correct the shortcoming as identified in the existing approach towards treatment of consumer contribution & Grand as elaborate at appropriate section of this Petition;
- e) Consider and approve True-up amount of **Rs. 740.24 Crore** for East Discom, **Rs 841.32 Crore** for Central Discom and **Rs. 255.87 Crore** for West Discom aggregating to **Rs. 1,837.43 Crore** for MP state which shall be incorporated in the ARR of subsequent years or as the Hon'ble commission may deem fit for recovery of the same;
- f) Condone any inadvertent omissions / errors / shortcomings and permit the Petitioners to add / change / modify / alter portions of this filing and make further submissions as may be required at a later stage;
- g) Condone any delay caused in filing of the instant True-up Petition;
- h) Pass on such an order as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Dated: _____ November'2023

**For M.P. Power Management Co. Ltd.
Jabalpur**

Shri Lokesh Malviya
DGM (Revenue Management)

**For M.P. Poorv Kshetra Vidyut Vitaran
Co. Ltd, Jabalpur**

Shri B.P. Patel
GM (Commercial)

**For M. P. Madhya Kshetra Vidyut
Vitaran Co. Ltd, Bhopal**

Shri D.P. Ahirwar
CGM (Regulatory Affairs)

**For M.P. Pashchim Kshetra Vidyut
Vitaran Co. Ltd, Indore**

Shri Shailendra Jain,
Dy. Director (Commercial)

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T1: CONTENTS OF THIS PETITION AND METHODOLOGY ADOPTED IN FILING OF THIS PETITION (INCLUDING CONSTRAINTS)

1.1 Contents

This Petition has in detail basis actuals of individual elements constituting the True-up for FY 2022-23 based on audited accounts of Central, West Discoms and East Discom.

The following elements have been explained in detail for FY 2022-23 under “Chapter T3:TRUE-UP FOR FY 2022-23”.

- a. Energy Sales
- b. Distribution Loss and Energy Requirement
- c. Power Purchase from various sources to meet the Energy Requirement
- d. Computation of Total ARR
- e. Computation of Category wise Revenue
- f. Determination of Deficit/(Surplus) between Revenue as collected & Costs
- g. Carrying cost on True-up gap

1.2 Methodology

Regulation 7.2 of the “Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 {RG-35 (III) of 2021} mandate the Petitioners to submit the True up Petition for FY 2022-23 on or before 30th November 2023.

In compliance to above, the Petitioners are submitting the True Up for FY 2022-23 on the basis of Audited Accounts of Central, West Discoms and East Discom. It consists of details of actual expenditures made by the Petitioners and details of revenue received leading to actual revenue deficit/(surplus) incurred from April 2022 to March 2023. It is a measure of final accounting gains / losses and expenditures incurred to carry forward the electricity distribution business. The Petitioners have proposed the True-up of FY 2022-23 as per the provisions of applicable rules and regulations.

It prayed to the Hon’ble Commission to approve the True-Up of FY 2022-23 in accordance with the applicable Regulations as claimed by the Petitioners in this Petition.

T2: REGULATORY REQUIREMENT OF FILING OF THIS TRUE UP PETITION

2.1 Regulations

This Petition has been based on the following Regulation notified by the Madhya Pradesh Electricity Regulatory Commission:

“Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 dated 03rd December 2021” (Hereinafter referred to as "MYT Tariff Regulations, 2021) – Applicable from FY 2022-23 to FY 2026-27;

Regulation 7.2 of aforementioned Regulations mandate the Discoms to file a True-up of FY 2022-23 on or before 30 November, 2023. The relevant extract is as reproduced below:

“7.2 The following Petitions for true-up, ARR & Tariff are to be filed by the Applicant under these Regulations:

<i>Timelines</i>	<i>Scope of the Petition</i>
<i>30 November, 2023</i>	<i>1. True-up of FY 2022-23; 2. Revenue gap or revenue surplus for FY 2024-25 based on the Revised ARR and true-up for FT 2022-23; 3. Tariff proposals for FY 2024-25</i>

2.2 Tariff Order

The Hon’ble Commission had issued the Tariff Order for FY 2022-23 on 31st March 2022. There were certain instructions/advices/directions issued by the Hon’ble Commission in the said Order. The Petitioners have made its best efforts to ensure compliance to these instructions/advices/directions issued by the Hon’ble Commission and has structured its current True-Up Petition accordingly to capture the maximum information as desired by the Hon’ble Commission from time to time.

T3: COMPARISON OF CLAIMED AND ALLOWED ARR FOR FY 2022-23

3.1.1 East Discom, Central Discom and West Discom in their Tariff Petition no. 04/2022, submitted the revised claim for ARR of Rs. 14,206 Crore, Rs. 15,239 Crore and Rs. 19,427 Crore respectively aggregating to Rs. 48,873 Crore for MP State. The Hon’ble Commission in its Tariff Order dated 31th March 2022 had allowed the ARR of Rs 12,991 Crore, Rs. 15,106 Crore and Rs 17,872.43 Crore for East, Central and West Discoms respectively aggregating to Rs. 45,970 for MP State as whole. The head-wise comparison is given in following Table:

Table 1: Comparison of ARR claimed and Allowed for FY 2022-23

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Claimed in ARR Petition	Approved in Tariff Order	Variation
1	Power Purchase Cost (including rebate from CGS)	EZ	8,598.09	7,852.92	745.17
		CZ	9,426.17	9,739.79	(313.62)
		WZ	15,735.32	14,918.28	817.04
		MP State	33,759.57	32,510.99	1,248.58
2	Intra state transmission charges including SLDC	EZ	1,262.39	1,260.51	1.88
		CZ	1,486.52	1,484.82	1.70
		WZ	1,507.50	1,504.90	2.60
		MP State	4,256.41	4,250.23	6.18
3	Employee Cost	EZ	1,323.25	1,276.79	46.46
		CZ	1,204.87	1,149.73	55.14
		WZ	1,224.98	1,241.96	(16.98)
		MP State	3,753.10	3,668.48	84.62
4	A&G Cost	EZ	175.98	203.48	(27.50)
		CZ	150.12	267.02	(116.90)
		WZ	168.85	139.00	29.85
		MP State	494.95	609.50	(114.55)
5	R&M Cost	EZ	456.01	305.06	150.95
		CZ	464.32	330.26	134.06
		WZ	328.99	218.50	110.49
		MP State	1,249.32	853.82	395.50
6	Depreciation	EZ	715.41	290.30	425.11
		CZ	707.95	311.28	396.67
		WZ	497.67	125.77	371.90
		MP State	1,921.03	727.36	1,193.67
7	Interest on Project Loans	EZ	298.35	383.08	(84.73)
		CZ	376.31	428.54	(52.23)
		WZ	274.15	156.69	117.46
		MP State	948.82	968.31	(19.49)
8	Interest on Working Capital	EZ	68.80	65.95	2.85
		CZ	53.45	73.82	(20.37)
		WZ	16.32	11.85	4.47
		MP State	138.57	151.62	(13.05)
9	Interest on Consumer Security Deposit	EZ	50.14	43.61	6.53
		CZ	71.45	47.58	23.87
		WZ	90.06	70.25	19.81
		MP State	211.65	161.44	50.21
10	Return on Equity	EZ	290.73	306.24	(15.51)
		CZ	274.70	331.69	(56.99)
		WZ	228.18	183.20	44.98
		MP State	793.61	821.12	(27.51)
11	Bad and Doubtful Debts	EZ	130.66	-	130.66
		CZ	140.26	-	140.26
		WZ	179.41	-	179.41
		MP State	450.33	-	450.33
12	Other Expenses	EZ	-	-	-
		CZ	-	-	-

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Claimed in ARR Petition	Approved in Tariff Order	Variation
		WZ	-	-	-
		MP State	-	-	-
13	Less: Expenses Capitalised	EZ	-	-	-
		CZ	-	-	-
		WZ	-	-	-
		MP State			-
14	Total Expenses	EZ	13,369.81	11,987.94	1,381.87
		CZ	14,356.12	14,164.53	191.59
		WZ	20,251.43	18,570.40	1,681.03
		MP State	47,977.36	44,722.87	3,254.49
15	Less: Other Income - Retail & Wheeling	EZ	423.29	199.85	223.44
		CZ	369.61	234.73	134.88
		WZ	341.73	151.12	190.61
		MP State	1,134.63	585.70	548.93
16	Net Total Expenses for FY 2022-23	EZ	12,946.52	11,788.09	1,158.43
		CZ	13,986.51	13,929.80	56.71
		WZ	19,909.70	18,419.28	1,490.42
		MP State	46,842.70	44,137.17	2,705.53
17	Revenue Gap of MP Transco True-up of FY 2019-20	EZ	-	10.05	(10.05)
		CZ	-	11.82	(11.82)
		WZ	-	12.34	(12.34)
		MP State	-	34.21	(34.21)
18	Revenue Gap of MP DISCOMs True-up of FY 2019-20	EZ	1,260.38	1,260.38	-
		CZ	1,252.72	1,252.72	-
		WZ	(482.17)	(482.17)	-
		MP State	2,030.93	2,030.92	0.01
19	Revenue Gap of MP DISCOMs True-up of FY 2020-21	EZ	-	63.91	(63.91)
		CZ	-	74.39	(74.39)
		WZ	-	87.45	(87.45)
		MP State	-	225.75	(225.75)
20	Revenue Surplus of MP Genco True-up of FY 2019-20	EZ	-	(130.60)	130.60
		CZ	-	(162.05)	162.05
		WZ	-	(164.47)	164.47
		MP State	-	(457.12)	457.12
21	Total ARR for FY 2022-23	EZ	14,206.90	12,991.83	1,215.07
		CZ	15,239.23	15,106.68	132.55
		WZ	19,427.53	17,872.43	1,555.10
		MP State	48,873.63	45,970.94	2,902.69
22	Revenue from sale of Power	EZ	14,207.00	12,991.83	1,215.17
		CZ	15,239.00	15,106.68	132.32
		WZ	19,427.00	17,872.43	1,554.57
		MP State	48,873.00	45,970.94	2,902.06
23	Net Revenue Deficit/Surplus	EZ	-	-	-
		CZ	-	-	-
		WZ	-	-	-
		MP State	-	-	-

3.1.2 Hon'ble Commission has included the impact of True up of MPPTCL, Discoms and MP Genco as summarised in the following Table:

Table 2: Details of True Up allowed

Sr.no.	Particulars	Impact (Rs. Cr)
1	Revenue Gap of MP Transco True-up of FY 2019-20	34.21
2	Revenue Gap of MP DISCOMs True-up of FY 2019-20	2,030.92
3	Revenue Gap of MP DISCOMs True-up of FY 2020-21	225.75
4	Revenue Surplus of MP Genco True-up of FY 2019-20	(457.12)
5	Total impact of True-up	1,833.77

- 3.1.3 Out of the total impact of Rs. 1,833.77 Crore for the State as a whole, impact to the tune of Rs. 1,203.74 Crore, Rs 1,176.88 Crore and Rs (546.85) Crore for East Discom, Central Discom and West Discom respectively were allowed in the ARR of FY 2022-23.
- 3.1.4 On finalisation of the Audited Accounts of the Petitioners for the period FY 2022-23, the actual head wise cost has been compared with the approved costs of FY 2022-23 and accordingly, the True-up of various expenses have been worked out as detailed in the subsequent Chapters of this Petition.

T4: Sales of FY 2022-23

4.1 Number of Consumers, Connected Load and Energy Sales within the State

- 4.1.1 The DISCOM's served nearly 17,435,362 number of consumers at LT level and has around 9,157 number of consumers connected at HT level during FY 2022-23. The Commission in its Multi Year Tariff Order for FY 2022-23 to FY 2026-27 dated 31st March, 2022 had approved the sales for FY 2022-23 based on the past historical trend. As against this, the Petitioners have reported actual number of consumers, sales and connected load for the FY 2022-23.
- 4.1.2 The actual Number of Consumer as per prevailing tariff categories viz.-a-viz. as approved for FY 2022-23 is shown in Table below:

Table 3: Number of Consumer for the FY 2022-23

Sr. No	Category	Approved	Actual	Deviation
A	LT	NOT AVAILABLE IN TARIFF ORDER		NOT APPLICABLE
1	MP State		17435362	
i	East DISCOM		6512557	
ii	Central DISCOM		4983218	
iii	West DISCOM		5939587	
B	HT			
1	MP State		9157	
i	East DISCOM		2054	
ii	Central DISCOM		2893	
iii	West DISCOM		4210	
C	Total			
1	MP State		17444519	
i	East DISCOM		6514611	
ii	Central DISCOM		4986111	
iii	West DISCOM		5943797	

- 4.1.3 The actual connected load as per prevailing Tariff categories viz.-a-viz. as approved is shown in Table below:

Table 4: Connected Load for the FY 2022-23 (kW)

Sr. No	Category	Approved	Actual	Deviation
A	LT	NOT AVAILABLE IN TARIFF ORDER		NOT APPLICABLE
1	MP State		31934710	
i	East DISCOM		9965884	
ii	Central DISCOM		10384679	
iii	West DISCOM		11584147	
B	HT			
1	MP State		3977531	
i	East DISCOM		1067724	
ii	Central DISCOM		1231809	
iii	West DISCOM		1677998	
C	Total			
1	MP State		35912241	
i	East DISCOM		11033608	
ii	Central DISCOM		11616488	
iii	West DISCOM		13262145	

- 4.1.4 The Petitioners in their submission for ARR Tariff Petition for FY 2022-23 had projected sales of 19,966MUs, 21,024 MUs and 26,973 MUs for East DISCOM, Central DISCOM and West DISCOM respectively, against which the Hon’ble Commission has approved sales of 19,497.42 MUs, 22,275.93 MUs and 27,028.30 MUs for East DISCOM, Central DISCOM and West DISCOM respectively. These sales were estimated based on actual sales up to FY 2020-21 which were available at that time and also considering the increase in average supply hours. On availability of actual sales for FY 2022-23, it is observed that there is difference between the actual sales and the approved sales for the FY 2022-23.
- 4.1.5 The actual sales as per prevailing tariff categories viz.-a-viz. as approved is shown in Table below:

Table 5: Sale for FY 2022-23 (MUs)

Sr. No	Category	Approved	Actual	Deviation
A	LT			
1	MP State	54,431.98	51,861.29	2570.69
i	East Discom	15,565.72	14450.39	1115.33
ii	Central Discom	18,176.18	17606.67	569.51
iii	West Discom	20,690.08	19804.23	885.85
B	HT			
1	MP State	14,369.65	15,815.76	(1446.11)
i	East Discom	3,931.69	4103.50	(171.81)
ii	Central Discom	4,099.75	4826.33	(726.58)
iii	West Discom	6,338.21	6885.93	(547.72)
C	Total			
1	MP State	68,801.64	67,677.05	1124.59
i	East Discom	19,497.42	18553.90	943.52
ii	Central Discom	22,275.93	22433.00	(157.07)
iii	West Discom	27,028.30	26690.16	338.14

- 4.1.6 The Hon’ble Commission in its Tariff Regulations, 2021 had defined Sales as uncontrollable in nature which is beyond the control of the Petitioners.
- 4.1.7 As regard to approval of sales mainly for unmetered categories it has been observed that in past True-up Orders, the Hon’ble Commission has adopted an approach wherein it use to disallow some portion of the monthly sales to domestic and agricultural unmetered consumers stating the same has been booked in excess of the monthly norms as approved by the Hon’ble Commission.
- 4.1.8 In this regard the Petitioners wishes to submit that though the booking of unmetered sales is done strictly as per the norms specified by the Hon’ble Commission, however under some circumstances the same **appears** to be higher than the norms but corresponds to norms only. It is to be noted that the Hon’ble Commission considers standalone monthly R-15 statement, and from such R-15 statement, the Hon’ble Commission back calculate the unmetered sales considering the number of consumers and its connected load as recorded in the R-15. The Hon’ble Commission then compares the back calculated sales against the sales actually recorded in the R-15 and the disallows the sales in case the sales booked in the standalone monthly R-15 statement is higher than the back calculated sales by the Hon’ble Commission.
- 4.1.9 The Petitioners hereby submits the reason due to which the sales when back calculated from R-15 Statement considering the number of consumers and connected load appears to be higher than the norms :
- a) In most of the cases first billing of an unmetered consumer could not be initiated in that

particular month in which the connection was served, however, in the subsequent billing cycles the same consumer is booked cumulatively for two or more months as the case may be, i.e., considering the normative sales of past months and existing month. Due to this in standalone monthly R-15 it appears to be higher than the norms.

- b) When a consumer having arrears becomes permanently disconnected, it still appears in the R15 as long as it is transferred to the permanently disconnected (PD) ledger, as such the consumer being counted without sale and in such cases the normative units may not be commensurate with the number of consumers.
- c) In R-15 Statement, the connected load of consumer is recorded in kW which is basically converted from HP load. Further, the actual load as recorded in R-15 in is fraction (eg. 7.5 HP) for cost of the consumers, however, the billing happens with load rounded off to nearest integer in HP or part thereof as per stipulated in the Tariff Order.
- d) In R-15 Statement the consumer’s load data for Agriculture pump is taken in kW whereas actual billing is done on HP basis as per the norms specified. Thus, the R-15 data provides actual sales on normative basis and load in kW converted form corresponding HP load. Now when such a derived load in kW and sales is taken from R-15 to cross verify the threshold for the normative sales, the same will not match due to the inherent formula/calculation/rounding-off errors.

4.1.10 **Thus, because of the above reason though the sales are booked as per norms to individual consumers however, when it is back calculated considering the final R-15 data (mainly derived load in kW and number of consumers) the same will not match with actuals HP load and thus may seems to vary with the norms.**

4.1.11 The Petitioners wish to submit that the Hon’ble Commission disallows the sales booked in excess of the norms specified thereby disallowing the corresponding power purchase quantum and hence cost at normative level. However, as far as revenue from such incremental sales are concerned, which are already booked in the accounts are taken in determining the ARR. **This has double impact on the ARR of the Petitioners. In case the unmetered sales are to be disallowed, then it is important that a proportionate amount of revenue should also be reduced from the total revenue from sale.** Therefore, it is requested before the Hon’ble Commission to not disallow the actual sales booked by the Licensees.

4.1.12 To substantiate its claim, the Petitioners have carried out detailed analysis which is explained in the subsequent paras of this Petition.

4.1.13 The Petitioners have worked out the sales that would appear as booked higher during FY 2022-23 than the corresponding norms considering the methodology as adopted by the Hon’ble Commission in its past True-up Order as shown in the Table below:

Table 6: Summary of Unmetered Agriculture sales appearing to be excess than norms for FY 2022-23 (MUs)

DISCOM	Total Diff of standalone R-15 Sales and Back calculated normative sales
EAST DISCOM	8.98
CENTRAL DISCOM	89.71
WEST DISCOM	22.15
Total	120.84

4.1.14 Form the above, it can be seen that in case the Hon’ble Commission methodology is adopted to rework the normative sales (back calculation approach) then there would be around 8.98 Mus of sales under unmetered agriculture category that would appear to be in excess of norms for East Discom. Similarly, there would be around 89.71 Mus of sales and around 22.15 Mus of sales that would appear to be booked higher than norms for Central and West Discom, respectively.

4.1.15 The Petitioners wish to submit that in case, such sales inadvertently disallowed by the Hon’ble Commission in the Truing up of FY 2022-23 again, then there would be substantial loss for the Licensee. The Petitioners have worked out the tentative impact of such disallowance by considering the average billing rate of respective category to assess the impact on revenue and marginal power purchase cost to assess the impact on power purchase as shown in the Table below:

Table 7 : Tentative impact of disallowance of unmetered sales for FY 2022-23

DISCOM	FY2022-23			
	Revenue Impact		Expenses Impact	Total Impact
	Sales appearing in Excess of Norms	Revenue to be factored-in (reduced)	Corresponding Power purchase cost	
	(MUs)	(Rs. Crore)	(Rs. Crore)	
Domestic unmetered sales				
EZ	0.71	0.48	0.14	0.62
CZ	0.39	0.27	0.26	0.52
WZ	0.01	0.01	0.00	0.01
Sub-Total	1.11	0.76	0.40	1.16
Agriculture unmetered sales				
EZ	8.98	5.90	3.20	9.10
CZ	89.71	61.77	32.34	94.11
WZ	22.15	15.08	7.80	22.88
Sub-Total	120.84	82.75	43.34	126.09
Total	121.95	83.51	43.74	127.25

4.1.16 From the above Table, it can be ascertained that in case the Hon’ble Commission disallows the unmetered sales appearing to be higher than the norms for FY 2022-23 as per its exiting approach, then there would be financial loss of around Rs. 127.25 Crore for the Petitioners. This is because the Hon’ble Commission considers the revenue as it is from the R-15 statement (audited accounts) but disallows energy and by doing so the power purchase cost against such sales also gets disallowed. Therefore, it is requested before the Hon’ble Commission to consider the sales as recorded and in case the Hon’ble Commission is not satisfied then it is requested to factor in its impact on revenue by too by reducing the revenue claimed by the Petitioners to the extent of Rs. 83.51 Crore as per table above.

4.1.17 Further, in order to substantiate its claim, the Petitioners hereby wish to elaborate the detailed analysis as undertaken to establish the fact that there is no excess booking than norms.

4.1.18 The Petitioners have on sample basis elaborate the detailing for Central Discom as there is higher excess sales appearing in case of Central Discom as compared to other Discoms. The detailed working of excess sales appearing higher than norms for Central Discom is provided in the Table below:

Table 8 : Detailed Working of variation in sales booked against Unmetered Agricultural consumers as per R-15 vis-à-vis MPERC approach for Central Discom

FY 2022-23	Consumers	LDKW	LOAD (HP)	Back calculated Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G= [0 (If (F-E>0)), else (F-E)]
Urban Permanent Unmetered: Single Phase						
Apr-22	604	1314	1761	0.167	0.170	0.003
May-22	411	882	1182	0.112	0.114	0.001
Jun-22	410	880	1180	0.112	0.113	0.001
Jul-22	411	883	1184	0.112	0.115	0.002
Aug-22	412	884	1185	0.113	0.114	0.001
Sep-22	425	912	1223	0.116	0.117	0.001

FY 2022-23	Consumers	LDKW	LOAD (HP)	Back calculated Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G= [0 (If (F-E>0)), else (F-E)]
Oct-22	424	910	1220	0.220	0.210	0.000
Nov-22	428	918	1231	0.222	0.213	0.000
Dec-22	455	956	1282	0.231	0.234	0.004
Jan-23	417	891	1194	0.215	0.207	0.000
Feb-23	398	849	1138	0.205	0.197	0.000
Mar-23	404	864	1158	0.208	0.290	0.081
Sub-Total	5199	11143	14937	2.033	2.094	0.095
Urban Permanent Unmetered: Three Phase						
Apr-22	16908	81480	109223	10.376	10.486	0.110
May-22	16792	81080	108686	10.325	10.444	0.119
Jun-22	16644	80519	107934	10.254	10.370	0.116
Jul-22	16568	80062	107322	10.196	10.293	0.097
Aug-22	16566	80059	107318	10.195	10.285	0.090
Sep-22	16597	80247	107570	10.219	10.312	0.093
Oct-22	16612	80549	107975	18.356	18.561	0.205
Nov-22	16647	80695	108170	18.389	18.599	0.210
Dec-22	16697	80899	108444	18.435	18.628	0.193
Jan-23	16686	81332	109024	18.534	18.764	0.229
Feb-23	16670	81693	109508	18.616	18.821	0.205
Mar-23	16851	82593	110714	18.821	19.019	0.197
Sub-Total	200238	971208	1301887	172.717	174.582	1.865
Rural Permanent Unmetered: Single Phase						
Apr-22	17,192	38,146	51,134	4.86	4.88	0.022
May-22	17,343	38,519	51,634	4.91	4.94	0.035
Jun-22	17,319	38,462	51,558	4.90	4.92	0.019
Jul-22	17,293	38,415	51,495	4.89	4.91	0.022
Aug-22	17,314	38,460	51,555	4.90	4.91	0.013
Sep-22	17,295	38,411	51,489	4.89	4.92	0.033
Oct-22	17,307	38,439	51,527	9.27	8.82	0.000
Nov-22	17,325	38,479	51,580	9.28	8.83	0.000
Dec-22	17,211	38,161	51,154	9.21	8.77	0.000
Jan-23	16,852	37,436	50,182	9.03	8.66	0.000
Feb-23	16,467	36,582	49,038	8.83	8.40	0.000
Mar-23	16,415	36,446	48,855	8.79	8.37	0.000
Sub-Total	205,333	455,956	611,201	83.76	81.33	0.145
Rural Permanent Unmetered: Three Phase						
Apr-22	815,010	4,020,205	5,389,015	511.96	517.07	5.118
May-22	818,119	4,034,085	5,407,621	513.72	519.56	5.841
Jun-22	818,878	4,039,644	5,415,072	514.43	518.88	4.446
Jul-22	819,863	4,045,381	5,422,763	515.16	519.41	4.245
Aug-22	820,606	4,050,432	5,429,534	515.81	519.95	4.149
Sep-22	822,133	4,061,345	5,444,162	517.20	521.41	4.212
Oct-22	823,588	4,069,369	5,454,918	927.34	936.07	8.732
Nov-22	828,782	4,093,319	5,487,023	932.79	942.76	9.969
Dec-22	836,901	4,131,809	5,538,618	941.57	953.29	11.729
Jan-23	842,753	4,173,736	5,594,820	951.12	961.98	10.862
Feb-23	844,645	4,214,561	5,649,546	960.42	969.73	9.304
Mar-23	846,439	4,225,561	5,664,291	962.93	971.71	8.784
Sub-Total	9,937,717	49,159,447	65,897,382	8,764.44	8,851.83	87.390
Urban Temporary Unmetered: Single Phase						
Apr-22	562	1,243	1,666	0.38	0.37	0.000
May-22	342	756	1,013	0.23	0.22	0.000
Jun-22	137	302	405	0.09	0.09	0.000
Jul-22	58	126	169	0.04	0.04	0.000
Aug-22	44	98	131	0.03	0.03	0.000
Sep-22	27	59	79	0.02	0.02	0.000
Oct-22	26	57	76	0.02	0.02	0.000
Nov-22	47	98	131	0.03	0.03	0.000
Dec-22	284	620	831	0.19	0.18	0.000
Jan-23	536	1,181	1,583	0.36	0.36	0.000
Feb-23	549	1,200	1,609	0.37	0.36	0.000
Mar-23	559	1,162	1,558	0.36	0.36	0.000

FY 2022-23	Consumers	LDKW	LOAD (HP)	Back calculated Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G= [0 (If (F-E>0)), else (F-E)]
Sub-Total	3,171	6,902	9,252	2.13	2.07	0.000
Urban Temporary Unmetered: Three Phase						
Apr-22	186	732	981	0.216	0.204	0.000
May-22	114	436	584	0.129	0.127	0.000
Jun-22	44	172	231	0.051	0.050	0.000
Jul-22	24	94	126	0.028	0.028	0.000
Aug-22	20	84	113	0.025	0.025	0.000
Sep-22	25	121	162	0.036	0.036	0.000
Oct-22	32	148	198	0.044	0.044	0.000
Nov-22	88	381	511	0.112	0.113	0.001
Dec-22	334	1,352	1,812	0.399	0.397	0.000
Jan-23	453	1,820	2,440	0.537	0.548	0.011
Feb-23	451	1,787	2,395	0.527	0.525	0.000
Mar-23	461	1,656	2,220	0.488	0.495	0.006
Sub-Total	2,232	8,783	11,773	2.590	2.591	0.019
Rural Temporary Unmetered: Single Phase						
Apr-22	11,842	25,986	34,834	7.14	6.47	0.000
May-22	7,152	15,518	20,802	4.26	4.01	0.000
Jun-22	3,885	8,169	10,950	2.24	2.17	0.000
Jul-22	1,863	3,879	5,200	1.07	1.03	0.000
Aug-22	657	1,460	1,957	0.40	0.38	0.000
Sep-22	543	1,204	1,614	0.33	0.32	0.000
Oct-22	571	1,268	1,700	0.35	0.33	0.000
Nov-22	3,462	7,716	10,343	2.12	2.02	0.000
Dec-22	17,316	39,635	53,130	10.89	10.18	0.000
Jan-23	28,655	63,406	84,995	17.42	16.62	0.000
Feb-23	33,160	73,555	98,599	20.21	19.34	0.000
Mar-23	31,497	69,600	93,298	19.13	18.31	0.000
Sub-Total	140,603	311,396	417,421	85.57	81.18	0.000
Rural Temporary Unmetered: Three Phase						
Apr-22	7,140	27,935	37,446	7.30	6.34	0.000
May-22	4,507	18,083	24,240	4.73	4.49	0.000
Jun-22	2,102	8,845	11,857	2.31	2.31	0.000
Jul-22	1,062	4,182	5,606	1.09	1.09	0.001
Aug-22	619	2,439	3,269	0.64	0.64	0.000
Sep-22	796	3,069	4,114	0.80	0.80	0.000
Oct-22	826	3,165	4,243	0.83	0.83	0.000
Nov-22	3,779	14,729	19,744	3.85	3.85	0.000
Dec-22	17,671	70,024	93,866	18.30	18.40	0.095
Jan-23	25,950	101,770	136,421	26.60	26.70	0.098
Feb-23	27,400	107,819	144,529	28.18	28.18	0.001
Mar-23	23,978	94,008	126,016	24.57	24.54	0.000
Sub-Total	115,830	456,068	611,351	119.21	118.18	0.195
Total difference in Sales as per MPERC Norms and R15 statement						89.71 MU

- 4.1.19 Further, as explained in paras above, the sales are booked as per norms, however, because of cumulative booking of new consumers when the first bill is issued and mainly due to rounding of the connected load to next nearest integer, the sales booked in R-15, when back-calculated, appears to be higher than the norms.
- 4.1.20 For an instance, in case of Central Discom, there are 33,191 number of consumers under unmetered agriculture category that were issued first bills at respective months during FY 2022-23. As first bill is issued after couple of months, hence, in respective R-15 monthly statements when the count of such particular consumer remains one, the corresponding sales would be of more than one month, i.e., from the month in which the connection is served till the month during which the first bill is issued. Now, if we normalize such cumulative booking in a manner so that in a particular month normative sale corresponding only to that particular month is booked, then in case of Central Discom there would be

around 22.14 MUs of sales out of 89.71 MUs that would appear to be booked excess on account of first Bill as shown in the Table below:

Table 9 : Detailed Working of variation

S.No	Particular	Units	
A	No. of consumers for which first billing is served for one or more than 1 month in FY23	Nos.	33919
B	Total Units billed during the year considering the cumulative normative sales from the date of connection to date of issuance of first bill	MU	51.40
C	Total normalized billing had the consumer would have been booked on monthly basis only	MU	29.27
D	Excess sales appearing on account of First Billing of consumer Difference (B-C)	MU	22.14

4.1.21 It is submitted that had the Petitioners would have distributed month wise normative sales for consumers with first bill over the months from the date of connection to date of issuance of first bill, then such excess booking would not have been appeared. However, as the past monthly R-15 statement at the time of issuance of first bill would have already been freeze and finalized, the Petitioners left with no choice but to book the cumulative normative sales in the respective month during which the first bill was issued. Therefore, when the Hon’ble Commission consider the monthly R-15 statement of any particular month and back calculate the normative sales, the Hon’ble Commission arrives at excess booking and disallows the same.

4.1.22 Further, the other part which result in R-15 booked sales appear to be excess than norms are on account of rounding of connected load to next higher integer. As already explained at paras above that in cases where consumers with unmetered agricultural connections have fractional sanctioned loads, the billing of such consumers is done by rounding up the sanctioned load to the next higher integer or part thereof which is in accordance with the clause 4 of “GENERAL TERMS AND CONDITIONS OF LOW-TENSION TARIFF” of Tariff order for FY 2022-23 to 2026-27 as under:

“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. “

4.1.23 However, it is to be noted that the standalone load against the consumer with fractional sanction load as reflected in the monthly R-15 statement (which is used by the Hon’ble Commission to back calculate the normative sales) is booked without rounding off to next integer. It is only when the billing took place, the billing engine for the purpose of calculation of sales and hence fixed and variable charges, rounded off the fractional sanction load. Therefore, when it is back calculated, it would always appear to be higher than the norms. For an instance, in case of Central Discom there would be around 67.57 MUs that would mainly correspond to excess booking (89.71 MUs minus 22.14 MUs) due to the rounding of the fractional sanction load of the respective consumers.

4.1.24 In view of the above, the Petitioners wish to submit that the unmetered sales have been booked as per norms only for each Discom. **Therefore, it is requested before the Hon’ble Commission to kindly approve the same and do not treat as excess booking. In case the Hon’ble Commission wish to adhere to its approach then it is requested to kindly disallow the revenue against such excess sales too as consideration of revenue and disallowing corresponding sales would result in double impact for the Licensee.**

4.1.25 Further, the month wise & category wise sale as recorded in R-15 is summarized in the Table below:

Table 10: Month & Category wise Sale for FY 2022-23 (MUs)

Sr. No	Particulars	Month Wise Sales (MUs)												
	Month Wise	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
	MP State Total	5050.34	5156.57	5357.97	5125.84	4915.16	4871.84	5994.93	6038.13	6141.04	6402.97	6408.88	6213.38	67,677.05
1	East	1410.03	1461.85	1491.11	1416.23	1374.18	1344.52	1623.91	1628.64	1670.35	1739.77	1723.12	1670.18	18,553.90
2	Central	1686.20	1687.25	1767.54	1727.34	1660.42	1609.44	2002.44	2007.88	2013.52	2114.12	2114.97	2041.90	22,433.00
3	West	1954.11	2007.47	2099.32	1982.27	1880.56	1917.88	2368.58	2401.61	2457.17	2549.09	2570.79	2501.30	26,690.16

Sr. No	Particulars	Category Wise Sales (MUs)														
	Category Wise	Low Voltage						High Voltage								Total
		Domestic	Non-Domestic	PWW & St. Lt	Indl.	Agri.& Allied Ser	E-Vehcle	Railways	Coal Mines	Indl. & Non-Indl.	Seasonal Ind.	Irrig. PWW & Ors	BS	Start Up & Sync	E-Vehcle	
	MP State Total	17890.7	3813.7	1475.5	1521.0	27159.9	0.5	0.0	505.7	13198.0	20.4	1620.4	435.2	32.6	3.6	67,677.1
1	East	5656.9	1139.1	404.4	450.0	6800.0	0.1	0.0	484.1	3174.9	9.8	190.7	241.5	2.5	0.0	18,553.9
2	Central	6116.4	1270.2	486.3	331.3	9402.4	0.1	0.0	21.5	4312.2	1.0	331.4	155.1	4.3	0.9	22,433.0
3	West	6117.4	1404.4	584.8	739.7	10957.5	0.3	0.0	0.0	5711.0	9.6	1098.3	38.6	25.7	2.7	26,690.2

4.1.26 The Petitioners hereby request the Hon'ble Commission to approve sales as recorded in R-15 statement, i.e., 67,677 MUs for the MP State, 18,533 MUs for the East DISCOM, 22,433 MUs for the Central DISCOM and 26,690 MUs for the West DISCOM for FY 2022-23 which is about 1,125 MUs lower than that approved in the Tariff Order dated 31st March 2022 for the MP State, 944 Mus and 338 lower than that approved for the East DISCOM and West Discom, respectively, 157 MUs higher than that approved for the Central Discom DISCOM.

T5: ENERGY REQUIREMENT, DISTRIBUTION AND TRANSMISSION LOSS

- 5.1.1 The Petitioners would like to submit that the Hon'ble Commission in its Tariff Order dated 31st March 2022 had determined the energy requirement on the basis of normative loss level of 15.75% for East Discom, 16.75% for Central Discom and 14.75% for West Discom for 2022-23 as per the Tariff Regulations, 2021. The actual loss level for FY 2022-23 as achieved was 27.39%, 22.91% and 12.60% for East Discom, Central Discom and West Discom respectively as per Energy Audit Report. It can be observed that there are some variations between the actual and normative losses.
- 5.1.2 The Licensees wish to submit that they have undertaken various steps like strengthening of the network infrastructure, addition of network elements and vigorously undertaking the Energy Audit visits to reduce the losses and to keep a close tab on the losses. The Petitioners have achieved a significant reduction in distribution losses, during the past period and these efforts shall continue and will be enhanced. It is further submitted that the loss reduction is a gradual process and becomes increasingly difficult as the loss levels come down. Therefore, it is very crucial that the loss reduction trajectory should be realistic. The unrealistic loss trajectory would result in substantial financial burden on the Discoms by way of disallowance in power purchase cost.
- 5.1.3 As regard to the Intra State Transmission losses the same has been recorded by MPPTCL as 2.63% for FY 2022-23.
- 5.1.4 The Petitioners wish to submit that they have considered the actual month wise sales as recorded by the Discoms and by considering the actual month wise losses the energy requirement at Discom periphery is worked out. Further, the energy requirement at Discom periphery is then grossed up with intra State Transmission losses of 2.63% to arrive at monthly energy requirement at State boundary.
- 5.1.5 The Petitioner wish to submit that the State Energy Account (SEA) as available on SLDC website (<http://www.sldcmpindia.com/>) as provides for monthly energy schedule for the Petitioners. The Petitioners have considered the same as energy requirement at Ex-Bus and accordingly, the difference of energy requirement at Ex-Bus and the energy requirement at State Boundary is considered as external PGCIL losses for FY 2022-23.
- 5.1.6 The detailed working of energy requirement for FY 2022-23 is as shown in the Table below:

Table 11: Monthly Energy Requirement- Discom & Ex-Bus (Mus-SEA) for FY 2022-23 (Actuals)

Sr.no.	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	Sales	5,050	5,157	5,358	5,126	4,915	4,872	5,995	6,038	6,141	6,403	6,409	6,213	67,677
<i>a</i>	<i>East</i>	1,410	1,462	1,491	1,416	1,374	1,345	1,624	1,629	1,670	1,740	1,723	1,670	18,554
<i>b</i>	<i>Central</i>	1,686	1,687	1,768	1,727	1,660	1,609	2,002	2,008	2,014	2,114	2,115	2,042	22,433
<i>c</i>	<i>West</i>	1,954	2,007	2,099	1,982	1,881	1,918	2,369	2,402	2,457	2,549	2,571	2,501	26,690
2	Distribution Loss (%)													
<i>a</i>	<i>East</i>	37.43%	35.82%	21.60%	26.25%	25.76%	26.92%	6.63%	24.33%	35.28%	31.77%	28.59%	19.48%	27.39%
<i>b</i>	<i>Central</i>	32.15%	35.97%	20.33%	19.89%	24.15%	28.17%	-2.81%	25.76%	32.97%	26.49%	16.50%	3.29%	22.91%
<i>c</i>	<i>West</i>	25.43%	19.25%	6.03%	-6.89%	-2.08%	0.88%	-10.38%	25.98%	27.09%	24.45%	11.61%	0.86%	12.60%
3	Distribution Loss	2,309	2,242	996	805	967	1,143	(162)	2,063	2,814	2,397	1,445	495	17,515
<i>a</i>	<i>East</i>	844	816	411	504	477	495	115	524	910	810	690	404	7,000
<i>b</i>	<i>Central</i>	799	948	451	429	529	631	(55)	697	990	762	418	69	6,667
<i>c</i>	<i>West</i>	666	479	135	(128)	(38)	17	(223)	843	913	825	338	22	3,848
4	Energy at Discom Periphery	7,359	7,399	6,354	5,931	5,882	6,015	5,833	8,101	8,955	8,800	7,854	6,709	85,192
<i>a</i>	<i>East</i>	2,254	2,278	1,902	1,920	1,851	1,840	1,739	2,152	2,581	2,550	2,413	2,074	25,554
<i>b</i>	<i>Central</i>	2,485	2,635	2,218	2,156	2,189	2,240	1,948	2,704	3,004	2,876	2,533	2,111	29,100
<i>c</i>	<i>West</i>	2,620	2,486	2,234	1,855	1,842	1,935	2,146	3,244	3,370	3,374	2,908	2,523	30,538
5	State Transmission Losses	199	200	172	160	159	162	158	219	242	238	212	181	2,301
<i>a</i>	<i>East</i>	61	62	51	52	50	50	47	58	70	69	65	56	690
<i>b</i>	<i>Central</i>	67	71	60	58	59	61	53	73	81	78	68	57	786
<i>c</i>	<i>West</i>	71	67	60	50	50	52	58	88	91	91	79	68	825
6	Energy at State Boundary	7,558	7,599	6,526	6,091	6,041	6,178	5,990	8,320	9,196	9,038	8,066	6,890	87,493
<i>a</i>	<i>East</i>	2,315	2,339	1,953	1,972	1,901	1,890	1,786	2,211	2,650	2,619	2,478	2,130	26,244
<i>b</i>	<i>Central</i>	2,552	2,706	2,278	2,214	2,248	2,301	2,000	2,778	3,085	2,954	2,601	2,168	29,886
<i>c</i>	<i>West</i>	2,691	2,553	2,294	1,905	1,892	1,987	2,204	3,332	3,461	3,465	2,987	2,591	31,363
7	External /PGCIL Losses	150	197	237	253	240	199	174	246	269	298	206	242	2,712
8	Energy Requirement (Ex-Bus as per SEA)	7,708.21	7,795.68	6,762.54	6,343.85	6,281.32	6,376.93	6,164.80	8,566.32	9,465.32	9,335.98	8,272.68	7,131.69	90,205

T6: POWER PURCHASE COST

- 6.1 The Petitioners purchases power from MPPGCL generating stations, Central generating stations, and other sources such as Captive Power Plants, Bio-mass units, CPPs/PPs, Solar and other RE sources and short-term sources to meet the energy requirement of the State.
- 6.2 The Petitioners wish to submit that during the FY 2022-23 the power purchase cost has increased substantially as compared to previous year due to the reasons beyond the control of the Petitioners. The important reasons that contribute the increase in power purchase cost is summarized below:
- Payment of Fixed Cost in case of Back down of Surplus Capacity: It needs to be highlighted that the payment of fixed charges is required to be made for such generators in accordance with the PPAs even if the capacity is backed down. MPPMCL is also paying the Technical Minimum Charges for Central Generating Stations.
 - CERC vide its Order dated 26.07.2022 and 14.02.2023 has allowed blending of imported coal with domestic coal to mitigate the domestic coal shortage. As a result, the energy charges mainly for FY 2022-23 has gone upward as compared to previous year.
 - Use of Biomass pellets by thermal power stations is also a cause of increase in power purchase cost. CERC vide its Tariff Regulations, 2019 has allowed generators to recover Capital expenditure on account of biomass handling equipment and facilities, for co-firing as well as blending of biomass for calculation of Energy Charge Rate.
 - Due to shortage of FSA coal, use of NFSA coal has also impacted the increase in power purchase cost.
 - Variation in Intra and Inter State Transmission Charges due to various factors beyond the control of Licensees.
- 6.3 Based on annual audited accounts and actual distribution losses, power purchase cost of Rs.11,789.54 Crore has been incurred for the East Discom, Rs.13,859.31 Crore for the Central Discom and Rs.17,637.73 Crore for the West Discom aggregating to Rs. 43,286.58 Crore for the MP State for FY 2022-23.
- 6.4 The Generating station-wise cost is as shown in the Table below:

Table 12 : Station-wise, Discom-wise Power Purchase cost for FY 2022-23

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
I	Purchase from Power Stations		2	3	4	5	6	7	8	9=(sum of 4 to 8)
1	KSTPS			3607.15	262.15	551.52	39.99	0.00	28.13	881.78
2	KSTPS III			503.02	68.17	74.00	4.98	0.00	1.01	148.16
3	VSTPS - I			2953.31	266.46	482.26	63.81	0.00	11.44	823.96
4	VSTPS-II			2326.47	175.54	356.91	47.82	0.00	17.56	597.82
5	VSTPS-III			1724.62	155.63	266.81	35.10	0.00	(1.57)	455.97
6	VSTPS-IV			2205.77	316.80	338.00	43.88	0.00	8.32	706.99
7	VSTPS-V			1034.34	163.88	163.87	21.48	0.00	3.91	353.14
8	Kawas			0.11	12.12	0.12	0.00	0.05	11.42	23.71
9	Gandhar			0.06	11.63	0.07	0.00	0.01	1.77	13.47
10	SIPAT I			2014.73	286.51	394.85	20.55	0.00	38.00	739.91
11	SIPAT II			1216.85	127.35	266.80	12.44	0.00	2.89	409.48
12	TARAPUR			1730.17	0.00	588.40	0.85	0.00	7.38	596.63
13	Kakrapar			820.30	0.00	185.20	0.00	0.00	0.50	185.70
14	Kahalgaon II			392.62	47.04	138.18	0.00	0.00	8.10	193.32
15	Mauda-I			76.53	21.92	32.18	0.00	0.00	(15.62)	38.49
16	Mauda-II			114.66	28.49	48.42	0.00	0.00	11.60	88.51
17	Solapur I			947.05	313.06	466.15	0.00	0.00	9.89	789.10
18	Gadarwara STPS-I			4425.94	1201.25	1866.39	91.39	0.00	62.61	3221.64
19	Lara STPS			1098.15	208.93	274.66	10.20	0.00	11.99	505.78
20	Tanda			59.84	3.05	19.68	0.00	0.00	0.78	23.50
21	KHARGAON			2283.22	769.70	1116.42	42.30	0.00	34.95	1963.37
	Total (I)			29534.91	4439.67	7630.86	434.79	0.06	255.06	12760.45
II	Purchase from Other Sources									

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
1	NHDC-Indira Sagar			3593.68	299.63	529.87	55.40	0.00	(0.29)	884.62
2	SSP			2680.96	177.86	219.84	0.00	0.00	0.00	397.70
3	OMKARESHWAR			1773.56	182.78	294.05	26.96	0.00	(0.16)	503.62
4	ISP NVDA			6.31	0.00	1.49	0.00	0.00	0.00	1.49
5	Rani Avanti Bai Bargi NVDA			7.08	0.00	1.79	0.00	0.00	0.00	1.79
6	Wind Energy			4173.69	0.00	2154.43	0.00	0.00	0.00	2154.43
7	Torrent			13.15	31.45	13.07	0.00	0.00	0.09	44.62
8	Sasan			9595.20	163.86	1189.46	151.34	0.00	91.12	1595.80
9	RDM Care			0.00	0.00	(0.00)	0.00	0.00	0.00	(0.00)
10	JP Bina			1668.57	406.55	590.93	25.68	0.00	(0.03)	1023.13
11	BLA-I			17.68	4.70	6.75	0.29	0.00	0.00	11.73
12	BLA-II			55.14	15.49	20.52	0.97	0.00	0.00	36.97
13	MB Power Unit - I			2586.56	447.16	860.45	52.56	0.00	0.00	1360.17
14	MB Power Unit - II			0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Lanco Amarkantak			1401.21	245.46	282.03	19.19	0.00	7.08	553.77
16	JP Nigrie			3389.02	467.32	229.09	52.49	0.00	(0.53)	748.37
17	Jhabua Power			1268.80	232.67	327.27	31.93	0.00	(0.75)	591.12
18	Arya Energy			32.13	0.00	61.92	0.00	0.00	0.00	61.92
19	Jabalpur MSW			36.92	0.00	23.50	0.00	0.00	0.00	23.50
20	Orient Green			1.67	0.00	1.07	0.00	0.00	0.00	1.07
21	Solar Energy			4876.30	0.00	1959.86	0.00	0.00	0.00	1959.86
22	IEX/PXI			161.53	0.00	72.53	0.00	0.00	0.00	72.53
23	Essar Power (5%)			125.69	0.00	48.03	3.46	0.00	0.02	51.51
24	Auraiya Gas Power Station			0.00	0.67	0.00	0.00	0.00	0.00	0.67
25	Dadri Gas Power			0.01	0.68	0.01	0.00	0.00	0.00	0.70
26	Feroze Gandhi Unchahar TPS 1			15.09	0.18	6.12	0.00	0.00	0.52	6.82

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
27	Rihand Therm Pwr Stn 1			25.75	0.97	3.91	0.00	0.00	0.16	5.03
28	Singrauli Small Thermal Pwr Stn 1			51.22	1.68	7.68	0.00	0.00	0.33	9.70
29	Anta Gas Power			0.00	0.48	0.00	0.00	0.00	0.00	0.48
30	Feroze Gandhi Unchahar TPS 2			21.17	0.60	8.20	0.00	0.00	0.51	9.31
31	Feroze Gandhi Unchahar TPS 3			12.35	0.34	4.73	0.00	0.00	0.17	5.23
32	Feroze Gandhi Unchahar TPS 4			20.61	1.14	7.67	0.00	0.00	0.50	9.31
33	Koldam Hydro Power Station - 1			3.12	0.91	0.76	0.00	0.00	0.00	1.67
34	National Capital Therm Pwr 2			20.82	1.71	10.06	0.00	0.00	(0.05)	11.72
35	Rihand Therm Pwr Stn 2			34.24	1.73	4.91	0.00	0.00	0.23	6.87
36	Rihand Therm Pwr Stn 3			23.82	2.34	3.64	0.00	0.00	0.14	6.12
37	Indira Gandhi Super thermal Power			19.53	1.88	8.04	0.00	0.00	0.08	10.00
38	Singrauli Small Hydro PS			0.07	0.00	0.04	0.00	0.00	0.00	0.04
39	Rajasthan (NPCIL)			9.51	0.00	3.59	0.00	0.00	0.13	3.72
40	NARORA (NPCIL)			6.23	0.00	1.85	(0.00)	0.00	0.01	1.85
41	SJVN RAMPUR			2.66	0.75	0.55	0.00	0.00	(0.00)	1.29
42	SJVN JHAKARI			10.96	1.40	1.30	0.00	0.00	0.00	2.70
43	Tehri HPP			4.86	0.89	0.96	0.05	0.00	0.00	1.90
44	Koteshwar HEP			1.83	0.43	0.43	0.04	0.00	0.00	0.91
45	NHPC Chamara-III			2.36	0.56	0.47	0.00	0.00	0.00	1.03
46	NHPC PARBATI-III			1.50	0.68	0.23	0.00	0.00	0.00	0.91
47	NHPC Chamara-II			3.62	0.45	0.36	0.00	0.00	0.00	0.81
48	NHPC Dhauliganga			3.00	0.41	0.37	0.02	0.00	(0.00)	0.80
49	NHPC Dulhasti			4.76	1.03	1.09	0.24	0.00	0.00	2.36

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
50	NHPC SEWA II			1.07	0.36	0.30	0.05	0.00	0.00	0.71
51	NHPC URI			2.29	0.41	0.49	0.17	0.00	(0.00)	1.07
52	NHPC KishanGanga			3.38	0.74	0.66	0.05	0.00	0.00	1.46
53	MEJA Urja Nigam			7.40	1.85	2.28	0.00	0.00	0.00	4.13
54	Durgapur TPS (DVC)			529.65	110.42	199.16	0.00	0.00	(3.55)	306.03
55	Amhata III Small Hydro Power Project			5.36	0.00	2.94	0.00	0.00	0.00	2.94
56	M/s Biobijalee Green power Ltd			8.64	0.00	6.87	0.00	0.00	0.00	6.87
57	SAS Hydel projects Pvt Ltd			15.36	0.00	8.29	0.00	0.00	0.00	8.29
58	Sirmour Small Hydro power Pvt. Ltd.			108.08	0.00	63.01	0.00	0.00	0.00	63.01
	Others-Total (II)			38445.16	2810.63	9248.92	420.89	0.00	95.73	12576.16
A	Grand Total other than Genco(I+II)			67980.07	7250.30	16879.78	855.68	0.06	350.78	25336.61
I	MP Genco - Thermal									
1	ATPS-Chachai (210MW)			1308.73	146.01	222.88	3.11	0.00	1.67	373.68
2	STPS Sarni			0.00	0.00	0.00	3.12	0.00	3.41	6.53
3	SGTPS Birsingpur			4396.95	422.12	1107.24	7.08	0.00	2.41	1538.84
4	SGTPS Birsingpur (500MW)			3712.22	311.19	763.91	4.21	0.00	1.43	1080.75
5	STPS Sarni # 10 & 11			3641.22	615.42	914.89	1.88	0.00	2.06	1534.25
6	SSTPS Singaji Khandwa 1 & 2			6405.37	1046.09	2114.93	17.82	0.00	11.69	3190.54
7	SSTPS Singaji Khandwa 3			6097.00	919.91	1830.58	19.60	0.00	12.22	2782.32
	M.P. Genco Thermal-Total (I)			25561.49	3460.74	6954.44	56.82	0.00	34.89	10506.90

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
II	MPGenco - Hydel									
1	Gandhi Sagar			141.52	2.32	2.87	9.35	0.00	0.18	14.73
2	R P Sagar			210.12	0.00	31.73	0.00	0.00	0.00	31.73
3	Jawahar Sagar			164.89	0.00	24.90	0.00	0.00	0.00	24.90
4	Pench			240.36	9.01	12.19	0.00	0.00	0.23	21.42
5	Ban Sagar (I+II+III)			830.38	46.20	56.35	19.75	0.00	1.94	124.24
6	Jhinna HPS			106.24	5.82	6.41	1.38	0.00	0.08	13.69
7	Brinsingpur Hydro			47.14	1.76	2.82	0.89	0.00	0.03	5.51
8	Bargi			429.72	9.39	7.69	17.10	0.00	0.05	34.23
9	Rajghat			74.18	7.02	9.11	0.00	0.00	0.18	16.31
10	Madhikheda HPS			204.08	11.12	20.88	3.28	0.00	0.08	35.36
	M.P. Genco Hydel Total (II)			2448.63	92.64	174.94	51.75	0.00	2.78	322.11
B	MP Genco TOTAL (I+II)			28010.12	3553.38	7129.39	108.57	0.00	37.67	10829.01
C	Total Power Purchased			95990.19	10803.68	24009.17	964.25	0.06	388.45	36165.62
D	Total Transmission charges (1 to 7)			0.00	3006.84	1.46	0.00	0.00	42.68	3050.98
E	TOTAL COST FOR ENERGY PURCHASE	95115.98		95990.19	13810.52	24010.63	964.25	0.06	431.13	39216.60
	EZ	28776.61	26.48%	25414.50	3647.30	6354.45	254.80	0.02	112.51	10369.07
	CZ	32373.00	31.80%	30521.98	4384.68	7625.05	308.13	0.02	134.20	12452.08
	WZ	33966.38	41.73%	40053.71	5778.54	10031.13	401.33	0.03	184.42	16395.45
F	Supplementary Bills			0.00	617.41	661.82			429.98	1709.22
	EZ		30.76%	0.00	189.91	203.57	0.00	0.00	132.26	525.73

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
	CZ		34.10%	0.00	210.56	225.71	0.00	0.00	146.64	582.91
	WZ		35.14%	0.00	216.94	232.55	0.00	0.00	151.09	600.58
G	TOTAL COST FOR ENERGY PURCHASE INCLUDING SUPPLEMENTRY BILLS(G+H)	95115.98		95990.19	14427.93	24672.46	964.25	0.06	861.12	40925.82
	EZ	28776.61		25414.50	3837.21	6558.02	254.80	0.02	244.76	10894.80
	CZ	32373.00		30521.98	4595.24	7850.76	308.13	0.02	280.85	13034.99
	WZ	33966.38		40053.71	5995.48	10263.68	401.33	0.03	335.51	16996.03
H	TOTAL COST FOR ENERGY PURCHASE (G+I)			95990.19	14427.93	24672.46	964.25	0.06	861.12	40925.82
	EZ			25414.50	3837.21	6558.02	254.80	0.02	244.76	10894.80
	CZ			30521.98	4595.24	7850.76	308.13	0.02	280.85	13034.99
	WZ			40053.71	5995.48	10263.68	401.33	0.03	335.51	16996.03
I	Less: Sale of Power Through AKVNL	474.64		474.64					165.38	165.38
	EZ	128.48	27.07%	128.48	0.00	0.00	0.00	0.00	44.77	44.77
	CZ	153.87	32.42%	153.87	0.00	0.00	0.00	0.00	53.61	53.61
	WZ	192.29	40.51%	192.29	0.00	0.00	0.00	0.00	67.00	67.00
J	Less: Sale of Power (IEX, PXI, Railway & Others)	4549.21		4549.21					2253.70	2253.70
	EZ	1231.42	27.07%	1231.42	0.00	0.00	0.00	0.00	610.05	610.05
	CZ	1474.78	32.42%	1474.78	0.00	0.00	0.00	0.00	730.61	730.61
	WZ	1843.01	40.51%	1843.01	0.00	0.00	0.00	0.00	913.04	913.04
K	Net Total Purchase cost (I-J-K)			90966.34	14427.93	24672.46	964.25	0.06	(1557.97)	38506.74
	EZ			24054.60	3837.21	6558.02	254.80	0.02	(410.06)	10239.98
	CZ			28893.34	4595.24	7850.76	308.13	0.02	(503.38)	12250.77

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
	WZ			38018.41	5995.48	10263.68	401.33	0.03	(644.53)	16015.99
L	Net Total Purchase cost (N+O)	90092.13		90966.34	14427.93	24672.46	964.25	0.06	(1557.97)	38506.74
	EZ	27416.71		24054.60	3837.21	6558.02	254.80	0.02	(410.06)	10239.98
	CZ	30744.35		28893.34	4595.24	7850.76	308.13	0.02	(503.38)	12250.77
	WZ	31931.08		38018.41	5995.48	10263.68	401.33	0.03	(644.53)	16015.99
M	Reconciliation of Bill Amount		-	0.00	0.00	0.00	0.00	0.00	192.71	192.71
	EZ								41.48	41.48
	CZ								67.60	67.60
	WZ								83.62	83.62
N	Inter-state Power Purchase (Direct)			0.00	6.98	0.00	0.00	0.00	0.00	6.98
	EZ				5.97					5.97
	CZ				1.01					1.01
	WZ									0.00
O	Reactive Energy Charges			0.00	(8.53)	0.00	0.00	0.00	0.00	(8.53)
	EZ				(10.04)					(10.04)
	CZ				2.29					2.29
	WZ				(0.79)					(0.79)
P	UI DSM Charges	(525.34)		0.00	(129.10)	0.00	0.00	0.00	0.00	(129.10)
	EZ	(135.87)			(48.18)					(48.18)
	CZ	(150.53)			(42.40)					(42.40)
	WZ	(238.95)			(38.51)					(38.51)

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
Q	Intra-State Transmission Charges (MPPTCL)			0.00	4709.01	0.00	0.00	0.00	0.00	4709.01
	EZ				1558.97					1558.97
	CZ				1575.62					1575.62
	WZ				1574.43					1574.43
R	SLDC Charges			0.00	8.78	0.00	0.00	0.00	0.00	8.78
	EZ				1.36					1.36
	CZ				4.43					4.43
	WZ				2.99					2.99
										PP Cost
S	Net Total Purchase cost (N+O)	89,566.79		90,966.34	19,015.07	24,672.46	964.25	0.06	(1,365.27)	43,286.58
	EZ	27,280.84	-	24,054.60	5,345.29	6,558.02	254.80	0.02	(368.58)	11,789.54
	CZ	30,593.82	-	28,893.34	6,136.18	7,850.76	308.13	0.02	(435.78)	13,859.31
	WZ	31,692.13	-	38,018.41	7,533.60	10,263.68	401.33	0.03	(560.91)	17,637.73

6.5 As per the power purchase statement of MPPMCL, the quantum of the actual ex-bus power purchased by East, Central and West Discoms for FY 2022-23 was 27,280.84 MUs, 30,593.82 MUs and 31,692.13 MUs respectively which aggregate to 89,566.79 MUs for MP State. This quantum includes the quantum of UI and Inter-Discom Sale / Purchase at Discom periphery.

6.6 The details of power purchase expenses incurred including transmission charges, net of surplus sales & other income during FY 2022-23 based on annual audited accounts and actual distribution losses w.r.t that allowed in the Tariff Order for FY 2022-23 are as provided in the table below:

Table 13: Details of power purchase quantum and cost – Allowed and As per Audited Accounts

No.	Particulars	UoM	FY 2022-23 (Approved)	FY 2022-23 (Actuals)
A	Fixed Charges	Rs. Crore	11,562.43	10,803.68
B	Energy Charge including additional cost of RPO compliance	Rs. Crore	19,379.14	24,009.17
C	MPPMCL Cost/ (Income)	Rs. Crore	(459.15)	704.95
D	Less: Saving from Sale of Surplus Power	Rs. Crore	(598.77)	
E	Power Purchase Cost	Rs. Crore	29,883.64	35,517.81
F	Inter State Transmission Charges (PGCIL)	Rs. Crore	2,627.36	3,050.98
G	Intra-State Transmission Charges including SLDC Charges	Rs. Crore	4,250.24	4,717.79
H	Net Power Purchase Cost including Transmission Charges	Rs. Crore	36,761.23	43,286.58
I	Ex-Bus Energy Requirement	MUs	85,696.18	90,205.31
J	Power Purchase Rate at Ex-Bus (J = E/I*10)	Rs/Unit	3.49	3.94
K	Input at G-T interface	MUs	83,800.53	88,408.31
L	Power Purchase Rate at State Periphery (L=(E+F)/K*10)	Rs/Unit	3.88	4.36
M	Input at T-D interface	MUs	81,604.96	85,190.39
N	Power Purchase Rate at DISCOMs Periphery (N=H/M*10)	Rs/Unit	4.50	5.08
O	Total Sales	MUs	68,801.64	67,676.38
P	Power Purchase Per Unit Sales (P=H/O*10)	Rs/Unit	5.34	6.40

6.7 The Petitioners submits that the reasons for deviation in power purchase quantum and cost as per actuals and as approved in Tariff Order for FY 2022-23 dated 31st March 2022 has been on account of the following reasons:

- The Hon'ble Commission has approved the source wise fixed and variable charge in its Tariff Order which was based on the then prevailing rate. However, in actual due to various reasons beyond the control of the Petitioners the actual energy charges has increased leading to variation from approved values.
- The Commission has not considered the fixed and Variable Charges for Essar, BLA and Sugan Torrent Generating Stations, in Tariff Order for 2022-23, however, in actual the Petitioners have incurred expenses against aforesaid plants.
- The Petitioners also paid supplementary bills during the respective year based on actuals of previous FYs details of which are provided along with this Petition.
- Increase in Inter and Intra Transmission charges increased during the respective period.

6.8 The summary of Discom wise approved power purchase cost vis-à-vis actual power purchase cost as per audited account is as shown in the Table below:

Table 14: Discom wise Details of power purchase quantum and cost – Allowed and As per Audited Accounts for FY 2022-23

Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
1	Power Purchase Cost (including rebate from CGS)	EZ	7,852.92	9,210.69	1,357.77
		CZ	9,739.79	11,752.19	2,012.40
		WZ	14,918.28	16,266.03	1,347.75
		MP State	32,510.99	37,228.92	4,717.93
2	Intra state transmission charges including SLDC	EZ	1,260.51	1,560.33	299.82
		CZ	1,484.82	1,580.04	95.22
		WZ	1,504.90	1,577.42	72.52
		MP State	4,250.23	4,717.79	467.56
3	Total Power Purchase cost	EZ	9,113.43	10,771.02	1,657.59
		CZ	11,224.61	13,332.24	2,107.63
		WZ	16,423.18	17,843.45	1,420.27
		MP State	36,761.22	41,946.71	5,185.49

6.9 Variance from approved cost in Tariff Order:

- 6.9.1 Power purchase Cost as per accounts for East Discom:** For power procured during FY 2022-23, the power purchase cost incurred by the Discom (as per audited accounts) inclusive of power purchase cost, inter-transmission cost, RE Charges, UI Charges and MPPMCL cost was Rs. 10,771.02 Crore, which is higher by Rs. 1,657.59 Crore than the cost approved in the Tariff Order FY 2022-23.
- 6.9.2 Power purchase Cost as per accounts for Central Discom:** For power procured during FY 2022-23, the power purchase cost incurred by the Discom (as per audited accounts) inclusive of power purchase cost, inter-transmission cost, RE Charges, UI Charges and MPPMCL cost was Rs. 13,332.24 Crore, which is higher by Rs. 2,107.63 Crore than the cost approved in the Tariff Order FY 2022-23.
- 6.9.3 Power purchase Cost as per accounts for West Discom:** For power procured during FY 2022-23, the power purchase cost incurred by the Discom (as per audited accounts) inclusive of power purchase cost, inter-transmission cost, RE Charges, UI Charges and MPPMCL cost was Rs. 17,843.45 Crore, which is higher by Rs. 1,420.27 Crore than the cost approved in the Tariff Order FY 2022-23.

6.10 Claim of Power Purchase Cost for FY 2022-23

- 6.10.1 The Petitioners wish to submit that till FY 2013-14, the Hon'ble Commission use to approve the power purchase quantum based on normative loss level and the cost against the approved power purchase quantum was allowed considering the average power purchase rate or pooled rate of power purchase derived from the actual power procured from all the generators including medium term and short-term generators. The aforesaid method was in consonance with the Hon'ble APTEL's judgment in appeal no. 258 of 2012. But from the year 2014-15 onwards the Hon'ble Commission adopted a different approach wherein it has started to rework the actual scheduling considering the normative losses and as per the Merit Order Dispatch principle.
- 6.10.2 Aggrieved by the methodology adopted by the Hon'ble Commission all the three Discoms and MPPMCL have preferred Appeal no(s). 458 of 2021 and 473 of 2021 before Hon'ble Appellate Tribunal for Electricity against the impugned orders of MPERC issued for Truing up of FY 2014-15 to FY 2017-18 and FY 2018-19 respectively.
- 6.10.3 As the matter is sub-judice, therefore without forgoing its rights to reapproach the Hon'ble Commission in any future proceedings in light of the outcome that may come against the aforesaid Appeal, the Petitioners in this Petition have claimed power purchase cost as per approach adopted by the Hon'ble in the past True-up Order of FY 2021-22 with necessary deviation. This is mainly because the Petitioners have observed certain shortcomings in the approach as adopted by the Hon'ble Commission in the past True-up Orders which needs to be corrected. Further, the Petitioners again clarify that they reserve their right to claim the Power purchase cost as per the decision of Hon'ble APTEL in the aforementioned pending appeals.
- 6.10.4 As regard to shortcomings is concerned, the Petitioners wish to highlight that they have observed two major shortcomings in the approach as adopted by the Hon'ble Commission while truing up the power purchase requirements and hence, cost for the Licensee. This has resulted in substantial financial loss to the Licensee and hence, it is an urgent need to correct the same. It is to submit that such shortcomings have also been highlighted by the Petitioners during the previous True-up proceedings, however, the Hon'ble Commission has adhered to his earlier adopted approach.
- 6.10.5 The Petitioners in this Petition again request the Hon'ble Commission that this True-up year being the first True-up of the present Control Period, the existing approach towards allowance of power purchase cost may kindly be revised.
- 6.10.6 Further, the Petitioners have broadly categorised the identified shortcomings in the existing approach of the Hon'ble Commission towards Truing-up of power purchase quantum and cost as under:

A. Assessment of Monthly normative Distribution Losses

B. Revised MoD scheduling without honouring TMM

6.10.7 The shortcomings with respect to above are explained at paras below:

Assessment of Monthly normative Distribution Losses:

6.10.8 The Petitioners wish to highlight that while assessing the monthly normative energy requirement for the Licensees, the Hon'ble Commission **considers constant distribution losses (being equal to yearly approved Discoms wise distribution losses) for all the months of a particular year**. In this regard the Petitioners wish to submit that the **assessment of Distribution Losses has to be carried out on a cumulative basis**. In actual scenario the Distribution Losses cannot be constant throughout the year for any Distribution Licensee. There are various factors which affects the Distribution Losses such as ambient temperature, average current flow, input energy, output energy/billing units etc. Further, the Distribution losses are calculated with formula as $\{Distribution\ Losses = 1 - (Billed\ Units / Input\ Units)\}$ which in general nothing but $(1 - billing\ Efficiency)$. In case of Madhya Pradesh, the majority portion of monthly billing attributable to agriculture consumers are being done on normative basis. Due to this there are many instances where the Distribution Losses are even arrived as negative.

6.10.9 The Petitioners further wish to highlight that while assessing the monthly normative energy requirement for the Licensees, the Hon'ble Commission **considers constant distribution losses (being equal to yearly approved Discoms wise distribution losses) for all the months of a particular year**. In this regard the Petitioners wish to submit that the **assessment of Distribution Losses has to be carried out on a cumulative basis**. In actual scenario the Distribution Losses cannot be constant throughout the year for any Distribution Licensee. There are various factors which affects the Distribution Losses such as ambient temperature, average current flow, input energy, output energy/billing units etc. Further, the Distribution losses are calculated with formula as $\{Distribution\ Losses = 1 - (Billed\ Units / Input\ Units)\}$ which in general nothing but $(1 - billing\ Efficiency)$. In case of Madhya Pradesh, the majority portion of monthly billing attributable to agriculture consumers are being done on normative basis. Due to this there are many instances where the Distribution Losses are even arrived as negative.

6.10.10 The Petitioners understand that the intention of the Hon'ble Commission is to restrict the energy requirement up to normative level. In this regard it is submitted that the same can also be done with normative profiling of Distribution Losses in tandem with actual Distribution Losses in such a manner that at the end of the year the Distribution Losses comes out within the norms. The basic intention here is that **the methodology for assessment of Distribution Losses should be so designed that in case the Distribution Licensee achieves the normative level of losses, then there should not be any disallowance**. This can be understood with the help of the Table given below:

Table 15: Normative Energy requirement as per Petitioner's Proposal for FY 2022-23

Sr. No	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	Total Sales (MUs)	5,050	5,157	5,358	5,126	4,915	4,872	5,995	6,038	6,141	6,403	6,409	6,213	67,677
a	East	1,410	1,462	1,491	1,416	1,374	1,345	1,624	1,629	1,670	1,740	1,723	1,670	18,554
b	Central	1,686	1,687	1,768	1,727	1,660	1,609	2,002	2,008	2,014	2,114	2,115	2,042	22,433
c	West	1,954	2,007	2,099	1,982	1,881	1,918	2,369	2,402	2,457	2,549	2,571	2,501	26,690
2	Normative Distribution Loss (%) with profiling in tandem with actual loss profile													
a	East	25.79%	24.18%	9.96%	14.61%	14.12%	15.28%	-3.21%	12.69%	23.64%	20.13%	16.95%	7.84%	15.75%
b	Central	25.98%	29.81%	14.16%	13.73%	17.99%	22.00%	-7.17%	19.60%	26.80%	20.33%	10.34%	-2.87%	16.75%
c	West	27.08%	21.40%	8.18%	-4.74%	0.07%	3.03%	-8.23%	28.13%	29.24%	26.60%	13.76%	3.01%	14.75%
3	Energy at Discoms Periphery (MUs)	6,858	6,886	6,002	5,553	5,507	5,628	5,630	7,704	8,411	8,305	7,415	6,376	80,274
a	East	1,900	1,928	1,656	1,658	1,600	1,587	1,573	1,865	2,187	2,178	2,075	1,812	22,021
b	Central	2,278	2,404	2,059	2,002	2,025	2,063	1,868	2,497	2,751	2,654	2,359	1,985	26,945
c	West	2,680	2,554	2,286	1,893	1,882	1,978	2,188	3,341	3,473	3,473	2,981	2,579	31,308

Table 16: Normative Energy requirement as per the Hon'ble Commission approach for FY 2022-23

Sr. No	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	Total Sales (MUs)	5,050	5,157	5,358	5,126	4,915	4,872	5,995	6,038	6,141	6,403	6,409	6,213	67,677
a	East	1,410	1,462	1,491	1,416	1,374	1,345	1,624	1,629	1,670	1,740	1,723	1,670	18,554
b	Central	1,686	1,687	1,768	1,727	1,660	1,609	2,002	2,008	2,014	2,114	2,115	2,042	22,433
c	West	1,954	2,007	2,099	1,982	1,881	1,918	2,369	2,402	2,457	2,549	2,571	2,501	26,690
2	Normative Distribution Loss as considered by the Hon'ble Commission (%)													
a	East	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%
b	Central	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%
c	West	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%	14.75%
3	Energy at Discoms Periphery (MUs)	5,991	6,116	6,355	6,081	5,831	5,779	7,111	7,162	7,283	7,594	7,601	7,369	80,274
a	East	1,674	1,735	1,770	1,681	1,631	1,596	1,927	1,933	1,983	2,065	2,045	1,982	22,021
b	Central	2,025	2,027	2,123	2,075	1,994	1,933	2,405	2,412	2,419	2,539	2,540	2,453	26,945
c	West	2,292	2,355	2,463	2,325	2,206	2,250	2,778	2,817	2,882	2,990	3,016	2,934	31,308

6.10.11 From the above Tables, it can be seen that the total normative Energy requirement, i.e., 80,274 MUs is same in both the methodologies, however, the monthly Energy requirement and hence scheduling differs. When the methodology as adopted by the Hon'ble Commission is considered the variable cost of Stations which actually got scheduled as per real operations never gets accounted. It is therefore requested before the Hon'ble Commission to consider the assessment of Distribution Losses on cumulative basis.

6.10.12 Based on the above, Petitioners have assessed the normative profiling of distribution losses for FY 2022-23 in tandem with actual Distribution losses recorded during FY 2022-23. It is to be noted that in any of the method, i.e., with constant distribution losses over the year or with profiled distribution losses in tandem with actuals, the total normative energy requirement for a particular year would remain the same. It is only that the month wise normative scheduling of stations would differ which

tantamount to actuals scheduling only if the profiling with actuals losses is considered.

6.10.13 The Hon'ble Commission is therefore requested to consider the normative profiling in tandem with actual loss profiling as submitted by the Petitioners while assessing the month wise Distribution Losses for FY 2022-23.

Revised MoD Scheduling without honouring TMM:

6.10.14 As regard to approach towards scheduling of stations to cater the normative power purchase requirement and hence working of energy charges, the Petitioners have observed that as per the existing approach the Hon'ble Commission allows power purchase cost as under:

- *Monthly Energy Requirement is computed considering the monthly energy sales admitted by the Commission grossed up with admitted loss levels of Distribution System, Intra-State and Inter-State transmission System.*
- *To meet this monthly energy requirement, scheduled energy of each generating stations has been considered as per monthly State Energy Account. Scheduling of the generating stations has been considered as per the monthly MOD issued by MPSLDC. Scheduled Energy from Essar and Torrent Power generating station has not been considered. Accordingly, the Variable charges for energy worked out based on MOD principle have been considered.*
- *Shortfall if any in meeting the energy requirement has been considered to be met through purchase of power from open market at a rate equal to energy charge of the last generating station in the MOD.*
- *Energy charge worked out for each generating station considering the actual energy and other charges as per the MPPMCL statement on annual basis provided by the Petitioners.*

6.10.15 The Petitioners observed the following shortcoming on the approach as adopted by the Hon'ble Commission in its previous True-up Orders:

- Non factoring of Banking energy
- Non factoring of sale of surplus energy
- Non factoring of Technical Minimum Schedule

Non-Factoring of Banking and Surplus Sale Energy:

6.10.16 As it is evident from the past True-up Orders that the Hon'ble Commission scheduled energy of each generating stations as per monthly State Energy Account (SEA) to meet the normative power purchase requirement.

- 6.10.17 In this regard it is to be noted the scheduled energy of stations as per SEA also includes energy scheduled towards banking as well as surplus sale. However, it is analysed that the Hon'ble Commission does not factor in the scheduled energy against the generating stations utilized towards banking as well as surplus sale. However, the Hon'ble Commission factor in the cost towards banking as well as surplus sale while approving the power purchase cost for the licensee. The Hon'ble Commission disallows the cost towards banking under MPPMCL cost and revenue from sale of surplus energy is considered towards reduction of power purchase cost.
- 6.10.18 The Petitioners wish to submit that when the cost against banking and surplus sale is factored it is also required to factor in the energy against such transaction. Ignoring this will result in artificially higher availability to satisfy the normative energy requirement and hence, impacting the Merit Order Dispatch there by impacting the allowance of energy charges for the Petitioners. **Hence, it is requested before the Hon'ble Commission to factor in the energy utilized towards banking as well as surplus sale transaction from the generating station wise scheduling as per SEA, while approving the power purchase cost for the licensee.**
- 6.10.19 The Petitioners further submit that in order to factor in the energy being utilized towards banking as well as surplus sale transactions, the operational difficulties arise with mapping of energy being scheduled against each generating stations that has been utilized for aforesaid transactions. In practical scenario it is not possible to ascertain the energy against any generating stations that has been used for banking or surplus sale. Therefore, the Petitioners have proposed to factor in the aforesaid energy in portion to actual scheduling of each generating stations with respect to total scheduling in a given month. The station wise comparison of actual energy schedule as per SEA (which the Hon'ble Commission considers as Availability to satisfy the normative energy requirement) vis-à-vis the proposed energy availability after factoring the energy utilized towards banking and surplus sale as explained above is summarized in the Table below:

Table 14: Normative Energy requirement as per the Hon'ble Commission approach for FY 2022-23

Sl No	Source	FY 2024-25	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
1	Amarkantak TPS Ph-III	1,289	1,240
2	Satpura TPS Ph-IV	3,579	3,375
3	SGTPS Ph-I & II	3,657	3,404
4	SGTPS Ph-III	4,299	4,042
5	Shri Singaji STPS Phase-I	6,166	5,881
6	Shri Singaji STPS Phase-II	6,097	5,806
A	Total (MP Genco Thermal-MP Share)	25,087	23,748

Sl No	Source	FY 2024-25	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
7	Rani Awanti Bai Sagar, Bargi HPS	430	389
8	Bansagar Ph I HPS (Tons)	633	591
9	Bansagar Ph-II HPS (Silpara)	71	68
10	Bansagar Ph-III HPS (Deolond)	126	104
11	Bansagar Ph-IV HPS (Jhinna)	106	103
12	Birsinghpur HPS	47	38
13	Madikheda HPS	168	149
14	Rajghat HPS	74	66
15	Gandhisagar HPS	142	137
16	Ranapratap Sagar HPS	202	199
17	Jawahar Sagar HPS	156	151
18	Pench HPS	240	217
B	Total (MP Genco Hydel)	2,396	2,212
19	NHDC Indira Sagar HPS	3,594	3,165
20	NHDC Omkareshwar HPS	1,774	1,560
21	NVDA Sardar Sarovar HPS	2,684	2,328
22	Rihand HPS	52	50
23	Matatila HPS	40	37
24	SJVN Rampur HPS	2	2
25	SJVN Jhakri HPS	9	8
26	Tehri HPS	6	5
27	Koteswar HPP	2	2
28	NHPC Parbati III	3	3
29	NHPC Chamera II	3	3
30	NHPC Chamera III	2	2
31	NHPC Dulhasti	4	3
32	NHPC Dhauliganga	3	2
33	NHPC Sewa II	1	1
34	NHPC Uri II	2	2
35	NHPC Kishanganga	3	3
36	NTPC Koldam HPP I	3	3
37	NTPC Singrauli Small HPP	0	0
38	NHPC Lower Subansiri HEP Units	0	0
39	NHPC -Tiesta	0	0
40	NHPC - Rangit	0	0
41	SAS Hydel Project Pvt Ltd.	16	12
42	Amhata Hydro Energy Pvt. Ltd.	5	5
43	Amhata Hydro Energy Pvt. Ltd. - II	0	0
44	Amhata Hydro Energy Pvt. Ltd. - IV	0	0

Sl No	Source	FY 2024-25	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
45	Sirmour Small Hydel Pvt. Ltd.	108	105
46	NVDA Indira sagar LBC HPS	8	8
47	NVDA Bargi LBC HPS	7	6
48	Mini & Micro Hydel Plants	0	0
C	Total (JV Hydel & Other Hydel)	8,330	7,315
49	NTPC Korba	3,570	3,343
50	NTPC Korba III	493	465
51	NTPC Vindiyachal I	2,931	2,736
52	NTPC Vindiyachal II	2,308	2,168
53	NTPC Vindiyachal III	1,706	1,598
54	NTPC Vindiyachal IV	2,183	2,031
55	NTPC Vindiyachal V Unit 1	1,024	955
56	NTPC Sipat I	1,979	1,867
57	NTPC Sipat II	1,200	1,124
58	NTPC Mouda I	66	62
59	NTPC Mouda II Unit 1	98	94
60	NTPC Solapur STPS	935	925
61	NTPC Gadawara STPS, Unit-1	2,203	2,100
62	NTPC Lara STPS, Raigarh, Unit I	1,070	1,003
63	NTPC Khargone STPS, Unit-I & II	2,272	2,209
64	NTPC Kawas GPP	0	0
65	NTPC Gandhar GPP	0	0
66	KAPP Kakrapar	818	758
67	TAPP Tarapur	1,726	1,602
68	NTPC Gadawara STPS, Unit-2	2,203	2,100
D	Total WR Region	28,784	27,139
69	NTPC Kahalgaon II	393	371
70	DVC (MTPS & CTPS)	539	519
E	Total ER Region	932	890
71	NTPC Auraiya GPP	20	18
72	NTPC Dadri GPP	24	23
73	NTPC Anta GPP	12	12
74	NTPC Firoz Gandhi Unchahar I	4	4
75	NTPC Firoz Gandhi Unchahar II	12	12
76	NTPC Firoz Gandhi Unchahar III	6	6
77	NTPC Firoz Gandhi Unchahar IV	15	14

Sl No	Source	FY 2024-25	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
78	NTPC Rihand TPS-I	24	22
79	NTPC Rihand TPS-II	26	24
80	NTPC Rihand TPS-III	29	27
81	NTPC NCTP Dadri II	27	25
82	NTPC Singrauli	50	46
83	NTPC IGPS I Jhajjar	23	21
84	MEJA Urja Nigam	9	9
85	NTPC Tanda	12	12
86	Rajasthan (NPCIL)	21	19
87	NARORA (NPCIL)	12	12
F	Total NR Region	327	304
88	Torrent Power	13	12
89	BLA Power, Unit-I & II	72	71
90	Jaypee Bina Power	1,669	1,576
91	Lanco Amarkantak TPS Unit 1	1,402	1,314
92	Reliance UMPP, Sasan	10,351	9,606
93	Essar Power STPS	121	111
94	Jaiprakash Power STPS, Nigri	3,403	3,132
95	MB Power STPS, Unit-I	1,350	1,264
96	MB Power STPS, Unit-II	1,350	1,264
97	Jhabua Power STPS, Unit-1	1,269	1,197
98			
G	Total (IPPs)	21,000	19,546
99	Renewable Energy (Solar)	5,109	4,787
100	Renewable Energy (other than Solar)	4,190	3,805
101	Bio Mass/Bio gas/MSW	76	74
H	Total Renewable Energy	9,375	8,665
I	IEX/Short Term Purchase	129	126
J	Total	96,359	89,948
K	Other Adjustment as per SEA		
	Excess/Under drawl from Satpura, Chambal, Rajghat system & MTOA from RVPNL	288	257
	Short Term Sale	(4,550)	Factored above
	Banking	(1,892)	
L	Net Total	90,205	90,205

- 6.10.20 From the Table above, it can be seen that the net Ex-Bus energy Schedule (as per SEA Account) is same as in the proposed approach the Petitioners have factored the 6,442 Mus which is utilized for surplus sale and banking amongst the each generating source.

Non factoring of Technical Minimum Schedule:

- 6.10.21 As regard to approach towards scheduling of stations to cater the normative power purchase requirement and hence working of energy charges, the Petitioners have observed that the Hon'ble Commission while undertaking the above specified approach does not factor in the provision of its own ***“Detailed Operating Procedure (DOP) for Backing Down of Coal unit(s) of the State Generating Stations having 100% installed capacity tied up with MP Power Management Company/DISCOMs of MP and for IPPs as per provision in PPA with MPPMCL for taking such units under Reserve Shut Down on scheduling below Technical Minimum Schedule and part load operation”*** as approved vide Order dated 29th January, 2020 in accordance with Clause 8.8 (6) of the aforesaid Madhya Pradesh Electricity Grid Code (Revision-II), 2019 issued on 21st June 2019.
- 6.10.22 It is to be noted that the approved DOP lay down (i) the methodology for identifying the generating stations or units thereof to be backed down in specific grid conditions such as low system demand, during regulation of power supply, incidence of high renewables etc.; (ii) the procedure for taking generating units under RSD; (iii) the role of different agencies; and (iv) the data requirements, etc. The DOP also provided “Technical Minimum” (TMM) for operation in respect of a unit(s) of a Thermal Generating Station as **55% of Maximum Continuous Rating or MCR loading**.
- 6.10.23 It is submitted that as per DOP, Day ahead scheduling is being undertaken by MPPMCL/Discoms wherein it has to ensure “Technical Minimum” scheduling for their tied up stations. The relevant extract from the DOP stipulating the requirement of Technical Minimum is as reproduced below:

“5. Methodology for taking generating station or unit(s) thereof under Reserve Shut Down (Day ahead scheduling)”

The scheduling process is adopted as per clause 8.4 to 8.7 of MP Electricity Grid Code 2019. Salient points of the same are mentioned below;

5.1. The State Sector Generating Station/IPP's shall submit the following information at the time of declaration of DC (time block-wise) and subsequent revisions, if any, in accordance with Grid Code.

.....

.....

5.4. Based on the ex-Power Plant (Ex-PP) requisition submitted by MPPMCL, SLDC prepares and issue Generation Schedule in 15-minute time-block for each of the SSGS/IPPs.

5.5. If the net Ex-PP injection schedule for a generating station is **less than technical minimum**, MPPMCL/Discoms shall be required to review its requisition(s) and submit a revised requisition(s), to the SLDC.

.....

5.7. If the grid conditions do not demand for providing **technical minimum** to a generating station, under such situation, the SSGS/IPPs shall have the option to go for RSD with intimation to SLDC.

.....”{**Emphasis Added**}

- 6.10.24 Further, in case of IPPs also, the DOP stipulates that all the beneficiaries including pseudo beneficiary of IPP shall be responsible for maintaining technical minimum generation of the generating unit(s). All the beneficiaries are required to give technical minimum requisition of their share in the IPP’s unit(s), in case unit(s) is required to be kept on bar for smooth operation of the Grid.
- 6.10.25 It is also submitted that as per clause 8.8(3) of the MP Electricity Grid Code, where Generating Station is directed by State Load Despatch Centre (SLDC) to operate below Normative plant Availability Factor but at or above Technical Minimum.
- 6.10.26 Hence, from the above it is clear that the MPPMCL/Discoms are required to ensure Technical Minimum scheduling for State Gencos and for IPPs as well. Further, the criterion for Technical Minimum Scheduling is squarely applicable for Central Generating Stations also as per relevant Regulations/Code of the Central Electricity Regulatory Commission (CERC) and DOP as approved by the Hon’ble CERC vide its Order No. L-1/219/2017-CERC dated 5th May, 2017. However, the Hon’ble Commission does not factor-in the Technical Minimum scheduling while estimating the power purchase requirement. Instead, the Hon’ble Commission directly apply the Merit Order Despatch (MOD) Principle on the Energy Available against the Stations. **This tantamount that those stations falling below the MoD rank at which the normative energy requirement (and surplus sale if any) is fulfilled, shall remain under backdown or RSD throughout the year.** However, in actual scenario it is not possible even when the actual loss of the Licensee remains within the normative range. **Due to this approach of the Hon’ble Commission, there exist a substantial variation in actual power purchase cost as compared to the approved which can be witnessed over the past year True-up of ARR.** Such variation is mainly due to the reasons that as per the Hon’ble Commission’s approach the Stations with higher energy charges never get schedule on MOD which rather in actual are required to be schedule for at least 55% of Maximum Continuous Rating or MCR loading, i.e., on

TMM.

- 6.10.27 It is submitted that the TMM run of thermal generating stations ensure the availability of power during time period when Renewable power is not available, as once a station is backdown or given Reserve Shut Down it takes considerable time to get on bar. It is submitted that thermal stations cannot be subjected to start/stop on daily basis and during off peak hours, the scheduling of power is generally done on Technical Minimum basis which may also result in backing down of cheaper stations. If such costlier power stations are closed down considering the economic facts, power would not be delivered to the consumers due to various constraints. The Petitioners therefore request the Hon'ble Commission to factor in the TMM scheduling while estimating the power purchase requirement and hence, cost for FY 2022-23.
- 6.10.28 It is further submitted that the provisions of Section 32 of the Act, in no manner indicates that the procurement by State utilities should be promoted without considering the technical capabilities of the generating plant. If the intent of the legislature was to limit the scheduling without taking into account the technical constraints in other word giving NIL requisition or RSD to all Stations after satisfying the energy requirement on MoD principle, then the legislature would not have used the word 'optimum' in Section 32 of the Act. The sole purpose of incorporating the word 'optimum' in Section 32 is to entrust the responsibility upon SLDC to balance the interest of both the procurer as well as the generator. It is therefore submitted that the optimisation model for scheduling & dispatch; dispatches the cheapest available generator to its full declared capacity followed by the next higher variable cost generator (honouring the technical minimum and Declared Capability constraints besides ramp rates, network congestion etc.) and so on till the entire requisition is met. Hence, the concept of technical minimum cannot be ignored.
- 6.10.29 Accordingly, the Petitioners submit a methodology wherein it has prepared a consolidated power purchase model for the year considering the actual scenario, i.e., actual monthly losses, actual generating station wise schedule (after factoring the energy utilized towards banking and surplus sale as explained above) as per SEA duly honouring the technical minimum requirement of 55% such that the net schedule and cost against each station matches with actual scheduling and actual cost incurred. Thus, the model represents the actual power purchase transactions for the FY 2022-23. Now, the actual losses are replaced with normative profiled losses and the resultant cost so arrived is claimed under power purchase expenses for FY 2022-23. The approach as proposed by the Petitioners for calculation of Energy Charges is as summarised under:
- Monthly Energy Requirement is computed considering the monthly energy sales as claimed grossed up with normative monthly loss profiling in tandem with actual monthly loss profiling of Distribution System, Intra-State and Inter-State transmission System.

- To meet this monthly energy requirement, scheduled energy of each generating stations has been considered as per monthly State Energy Account after factoring the energy utilized towards surplus sale and banking.
- After satisfying the energy available from must run stations, the remaining energy requirement is first met by scheduling of the generating stations up to 55% of their available energy. Shortfall if any in meeting the energy requirement after TMM is fulfilled as per MOD principle over the remaining energy available for schedule. Accordingly, the Variable charges for energy worked out based on TMM & MOD principle have been considered.
- Shortfall if any in meeting the energy requirement has considered to be met through purchase of power from open market.
- Energy charge worked out for each generating station considering the actual energy and other charges as per the MPPMCL statement on annual basis.

6.10.30 The Table below shows the comparison of actual scheduling, normative scheduling as per the Hon'ble Commission approach and proposed normative scheduling duly honouring the TMM:

Table 14: comparison of Actual Schedule, Normative Schedule as per MPERC approach & as per Proposed Approach FY 2022-23

Sl No	Source	FY 2024-25					
		Actual Schedule as per SEA	Proposed Energy Availability	Energy Schedule as per MPERC approach	Proposed Energy Schedule with TMM	Energy Backdown as per MPERC Approach	Proposed Backdown with TMM
1	Amarkantak TPS Ph-III	1,289	1,240	1,289	1,240	0	0
2	Satpura TPS Ph-IV	3,579	3,375	3,579	3,375	0	0
3	SGTPS Ph-I & II	3,657	3,404	2,649	3,404	1,008	0
4	SGTPS Ph-III	4,299	4,042	4,299	4,042	0	0
5	Shri Singaji STPS Phase-I	6,166	5,881	3,649	5,092	2,517	789
6	Shri Singaji STPS Phase-II	6,097	5,806	5,608	5,806	489	0
A	Total (MP Genco Thermal-MP Share)	25,087	23,748	21,073	22,959	4,014	789
7	Rani Awanti Bai Sagar, Bargi HPS	430	389	430	389	0	0
8	Bansagar Ph I HPS (Tons)	633	591	633	591	0	0
9	Bansagar Ph-II HPS (Silpara)	71	68	71	68	0	0
10	Bansagar Ph-III HPS (Deolond)	126	104	126	104	0	0
11	Bansagar Ph-IV HPS (Jhinna)	106	103	106	103	0	0
12	Birsinghpur HPS	47	38	47	38	0	0
13	Madikheda HPS	168	149	168	149	0	0
14	Rajghat HPS	74	66	74	66	0	0

Sl No	Source	FY 2024-25					
		Actual Schedule as per SEA	Proposed Energy Availability	Energy Schedule as per MPERC approach	Proposed Energy Schedule with TMM	Energy Backdown as per MPERC Approach	Proposed Backdown with TMM
15	Gandhisagar HPS	142	137	142	137	0	0
16	Ranapratap Sagar HPS	202	199	202	199	0	0
17	Jawahar Sagar HPS	156	151	156	151	0	0
18	Pench HPS	240	217	240	217	0	0
B	Total (MP Genco Hydel)	2,396	2,212	2,396	2,212	0	0
19	NHDC Indira Sagar HPS	3,594	3,165	3,594	3,165	0	0
20	NHDC Omkareshwar HPS	1,774	1,560	1,774	1,560	0	0
21	NVDA Sardar Sarovar HPS	2,684	2,328	2,684	2,328	0	0
22	Rihand HPS	52	50	52	50	0	0
23	Matatila HPS	40	37	40	37	0	0
24	SJVN Rampur HPS	2	2	2	2	0	0
25	SJVN Jhakri HPS	9	8	9	8	0	0
26	Tehri HPS	6	5	6	5	0	0
27	Koteshwar HPP	2	2	2	2	0	0
28	NHPC Parbati III	3	3	3	3	0	0
29	NHPC Chamara II	3	3	3	3	0	0
30	NHPC Chamara III	2	2	2	2	0	0
31	NHPC Dulhasti	4	3	4	3	0	0
32	NHPC Dhauliganga	3	2	3	2	0	0
33	NHPC Sewa II	1	1	1	1	0	0
34	NHPC Uri II	2	2	2	2	0	0
35	NHPC Kishanganga	3	3	3	3	0	0
36	NTPC Koldam HPP I	3	3	3	3	0	0
37	NTPC Singrauli Small HPP	0	0	0	0	0	0
38	NHPC Lower Subansiri HEP Units	0	0	0	0	0	0
39	NHPC -Tiesta	0	0	0	0	0	0
40	NHPC - Rangit	0	0	0	0	0	0
41	SAS Hydel Project Pvt Ltd.	16	12	16	12	0	0
42	Amhata Hydro Energy Pvt. Ltd.	5	5	5	5	0	0
43	Amhata Hydro Energy Pvt. Ltd. - II	0	0	0	0	0	0
44	Amhata Hydro Energy Pvt. Ltd. - IV	0	0	0	0	0	0
45	Sirmour Small Hydel Pvt. Ltd.	108	105	108	105	0	0
46	NVDA Indira sagar LBC HPS	8	8	8	8	0	0
47	NVDA Bargi LBC HPS	7	6	7	6	0	0
48	Mini & Micro Hydel Plants	0	0	0	0	0	0
C	Total (JV Hydel & Other Hydel)	8,330	7,315	8,330	7,315	0	0

Sl No	Source	FY 2024-25					
		Actual Schedule as per SEA	Proposed Energy Availability	Energy Schedule as per MPERC approach	Proposed Energy Schedule with TMM	Energy Backdown as per MPERC Approach	Proposed Backdown with TMM
49	NTPC Korba	3,570	3,343	3,570	3,343	0	0
50	NTPC Korba III	493	465	493	465	0	0
51	NTPC Vindychal I	2,931	2,736	2,931	2,736	0	0
52	NTPC Vindychal II	2,308	2,168	2,308	2,168	0	0
53	NTPC Vindychal III	1,706	1,598	1,706	1,598	0	0
54	NTPC Vindychal IV	2,183	2,031	2,183	2,031	0	0
55	NTPC Vindychal V Unit 1	1,024	955	1,024	955	0	0
56	NTPC Sipat I	1,979	1,867	1,979	1,867	0	0
57	NTPC Sipat II	1,200	1,124	1,200	1,124	0	0
58	NTPC Mouda I	66	62	9	34	57	28
59	NTPC Mouda II Unit 1	98	94	16	52	83	42
60	NTPC Solapur STPS	935	925	364	509	570	416
61	NTPC Gadawara STPS, Unit-1	2,203	2,100	871	1,155	1,332	945
62	NTPC Lara STPS, Raigarh, Unit I	1,070	1,003	924	1,003	146	0
63	NTPC Khargone STPS, Unit-I & II	2,272	2,209	500	1,215	1,772	994
64	NTPC Kawas GPP	0	0	0	0	0	0
65	NTPC Gandhar GPP	0	0	0	0	0	0
66	KAPP Kakrapar	818	758	818	758	0	0
67	TAPP Tarapur	1,726	1,602	1,726	1,602	0	0
68	NTPC Gadawara STPS, Unit-2	2,203	2,100	817	1,155	1,386	945
D	Total WR Region	28,784	27,139	23,438	23,769	5,346	3,370
69	NTPC Kahalgaon II	393	371	188	275	205	96
70	DVC (MTPS & CTPS)	539	519	278	338	261	181
E	Total ER Region	932	890	466	613	466	277
71	NTPC Auraiya GPP	20	18	20	18	0	0
72	NTPC Dadri GPP	24	23	24	23	0	0
73	NTPC Anta GPP	12	12	12	12	0	0
74	NTPC Firoz Gandhi Unchahar I	4	4	0	2	4	2
75	NTPC Firoz Gandhi Unchahar II	12	12	1	6	11	5
76	NTPC Firoz Gandhi Unchahar III	6	6	1	3	5	2
77	NTPC Firoz Gandhi Unchahar IV	15	14	2	8	13	6
78	NTPC Rihand TPS-I	24	22	24	22	0	0
79	NTPC Rihand TPS-II	26	24	26	24	0	0
80	NTPC Rihand TPS-III	29	27	29	27	0	0
81	NTPC NCTP Dadri II	27	25	10	14	16	11
82	NTPC Singrauli	50	46	50	46	0	0
83	NTPC IGPS I Jhajjar	23	21	9	14	14	8

Sl No	Source	FY 2024-25					
		Actual Schedule as per SEA	Proposed Energy Availability	Energy Schedule as per MPERC approach	Proposed Energy Schedule with TMM	Energy Backdown as per MPERC Approach	Proposed Backdown with TMM
84	MEJA Urja Nigam	9	9	9	9	0	0
85	NTPC Tanda	12	12	1	6	11	5
86	Rajasthan (NPCIL)	21	19	21	19	0	0
87	NARORA (NPCIL)	12	12	12	12	0	0
F	Total NR Region	327	304	252	265	74	40
88	Torrent Power	13	12	0	7	13	6
89	BLA Power, Unit-I & II	72	71	0	44	72	27
90	Jaypee Bina Power	1,669	1,576	789	1,106	879	471
91	Lanco Amarkantak TPS Unit 1	1,402	1,314	1,402	1,314	0	0
92	Reliance UMPP, Sasan	10,351	9,606	10,351	9,606	0	0
93	Essar Power STPS	121	111	0	61	121	49
94	Jaiprakash Power STPS, Nigri	3,403	3,132	3,403	3,132	0	0
95	MB Power STPS, Unit-I	1,350	1,264	857	1,254	493	9
96	MB Power STPS, Unit-II	1,350	1,264	772	1,179	578	84
97	Jhabua Power STPS, Unit-I	1,269	1,197	1,203	1,197	66	0
98							
G	Total (IPPs)	21,000	19,546	18,777	18,899	2,223	647
99	Renewable Energy (Solar)	5,109	4,787	5,109	4,787	0	0
100	Renewable Energy (other than Solar)	4,190	3,805	4,190	3,805	0	0
101	Bio Mass/Bio gas/MSW	76	74	76	74	0	0
H	Total Renewable Energy	9,375	8,665	9,375	8,665	0	0
I	IEX/Short Term Purchase	129	126	0	0	129	126
J	Total	96,359*	89,948	84,107	84,697	12,252	5,248
K	Other Adjustment as per SEA						
	Excess/Under drawl from Satpura, Chambal, Rajghat system & MTOA from RVPNL	288	257		257		
	Short Term Sale	(4,550)					
	Banking	(1,892)					
L	Net Total	90,205	90,205	84,107	84,954	12,252	5,248

**The Total availability to satisfy normative energy requirement without factoring the banking and surplus sale as per the Hon'ble Commission approach*

6.10.31 From the above Table it can be seen that the energy availability to be considered to satisfy the normative energy requirement as per the Hon'ble Commission approach works out to be 96,259 Mus which is nothing but the actual schedule as per SEA. Further, considering the normative energy requirement as per the Hon'ble Commission existing approach, there would be normative backdown of stations

amounting to 12,252 Mus. Further, such backdown will be of stations with higher energy charges as per MOD principle, therefore there will be artificially higher disallowance of energy charges for the Petitioners. Further, as per the Hon'ble Commission approach there would be a scenario where some costlier stations would be backdown or given RSD for the complete months for all time blocks. However, in actual scenario it cannot be possible even in case the actual loss of the Licensee falls within the range of normative. Each tied up station would definitely get some scheduling duly honouring the TMM which can also be ascertained from the actual schedule as shown in the Table above.

- 6.10.32 The Petitioners therefore submits that the methodology for power purchase approval should be so designed such that there should not be any disallowance had the actual losses remains within the normative level. The Petitioners therefore submits that the power purchase cost should be allowed in two parts, i.e., Part A – which constitutes the components of power purchase that cannot be disallowed on account of excess losses and Part B – which constitutes the components of power purchase that has direct link with excess losses and the same may be disallowed.
- 6.10.33 In view of the above, the Petitioners have claimed the power purchase cost for FY 2022-23 as summarized in the Table below: -

Table 17: Power Purchase Cost claimed by the Petitioners for FY 2022-23

Sr.No.	Particulars	Reference	Units	As per MPPMCL Statement	East	Central	West	MP State
Part - A : Power Purchase Cost that cannot be disallowed on account of excess Distribution Losses								
1	Fixed Cost/Capacity Charges of Genco for Power Purchase for FY 2022-23 (Rs. Crore)	A	Rs. Crore	10,803.68	2,853.21	3,443.44	4,507.03	10803.68
2	Inter State Transmission Charges	B	Rs. Crore	3,050.98	805.75	968.65	1,276.58	3050.98
3	Intra State Transmission Charges (including SLDC Charges)	C	Rs. Crore	4,717.79	1,560.33	1,580.04	1,577.42	4717.79
4	Supplementary Bill	D	Rs. Crore	1,709.22	525.73	582.91	600.58	1709.22
5	MPPMCL Cost (Other cost which can't be apportioned)	E	Rs. Crore	192.71	41.48	67.60	83.62	192.71
6	UI / DSM Charge	F	Rs. Crore	(129.10)	(48.18)	(42.40)	(38.51)	(129.10)
7	Reactive Energy Charges	G	Rs. Crore	(8.53)	(10.04)	2.29	(0.79)	(8.53)
8	Inter-state Power Purchase (Direct)	H	Rs. Crore	6.98	5.97	1.01	0.00	6.98
9	Less: Income from Sale of Surplus Power/Other Income including Sale to SEZ	I	Rs. Crore	2,419.09	654.82	784.23	980.04	2419.09
10	Energy Charges of Must Run Stations (Including Hydro & Nuclear Stations)	J	Rs. Crore	6,290.91	1,661.40	1,997.29	2,632.22	6290.91
11	Energy Charges Associated with TMM Scheduling of Gencos	K	Rs. Crore	9,705.15	2,563.09	3,081.27	4,060.79	9705.15
12	ED, Cess, Heavy Water charge, water charges/MoP Insurance/Any Other Cost	L	Rs. Crore	1,352.77	357.26	429.49	566.02	1352.77
13	Total Charges Needs to be allowed had the actual losses would have been equal to Normative	M=sum(A:H,J:L)-I	Rs. Crore	35,273.47	9,661.18	11,327.38	14,284.92	35,273.47
Part - B : Power Purchase Cost that may be disallowed on account of excess Distribution Losses								
14	Actual Quantum of Power Purchase/Schedule as per SEA for FY 2022-23	N	MUs	90,205.31	27,249.62	30,619.06	32,336.63	90205.31
15	Normative Power Purchase Quantum	O	MUs		23,305.17	28,505.68	33,142.96	84953.80
16	Excess Power Purchase Quantum on account of Higher Distribution Losses	P=(N-O)	MUs		3,944.45	2,113.38	(806.32)	5,251.51
17	Quantum of Energy Scheduled w.r.t. MOD	Q	MUs	31,406.70				
18	Actual Energy Charges Associated with MOD	R	Rs. Crore	8,013.11	2,116.23	2,544.07	3,352.81	
19	Weighted Average Price of power purchase from MOD Stations	S=R/Q*10	Rs./Units	2.55				

Sr.No.	Particulars	Reference	Units	As per MPPMCL Statement	East	Central	West	MP State
20	Disallowance due to Excess Scheduling on account of higher Distribution Losses	$T=S*P/10$	Rs. Crore		1,006.39	539.21	(205.73)	1339.87
21	Reapportionment of Losses with Discoms having Higher Losses	U	Rs. Crore		-	-	-	0.00
22	Total Energy Charges may be disallowed due to Excess Losses	$V=T+U$	Rs. Crore		1,006.39	539.21	(205.73)	1339.87
22	Normative Energy Charges Associated with MOD	$W=R-V$	Rs. Crore		1,109.84	2,004.86	3,558.54	6673.24
Total Power Purchase Cost claimed for True-up of FY 2022-23								
23	Total Power Purchase Cost	X=M+R or W	Rs. Crore	43,286.58	10,771.02	13,332.24	17,843.45	41,946.71

6.10.34 Form the Table above, it is the power purchase cost for East Discom works out to be Rs. 10,771.02 Crore against the actual audited cost of Rs. 11,789.54 Crore, for Central Discom the power purchase cost works out to be Rs. 13,332.24 Crore against the audited expenses of Rs. 13,859.31 Crore and for West Discom the power purchase cost works out to be Rs. 17,843.45 Crore against the audited expenses of Rs. 17,637.73 Crore.

6.10.35 It is to be noted that the actual loss of West Discom for FY 2022-23 is 12.60% against the normative loss of 14.75%. The Petitioners hereby wish to submit that the Regulation 26.2 of MYT Tariff Regulations, 2021 provides stipulation for treatment of expenses in case the actual losses are below normative level as shown below:

26.2 If the Distribution Licensee is able to achieve a faster reduction in distribution losses and save expenses on power purchase, the gains thus made shall be allowed to be retained by the Licensee to incentivise its operations.

6.10.36 It is therefore in the above methodology, the claimed expenses of West Discoms towards power purchase is higher than the audited expenses, the differential is nothing but the gain for West Discoms which is proposed to be retained by the Licensee in line with the Regulation stated above.

6.10.37 The Petitioners further wish to submit that they have also calculated the power purchase cost in line with Hon'ble Commissions methodology adopted in True up Order for FY 2013-14 as shown in the Table below. However, the Petitioners have not claimed such cost in this Petition as the said matter is sub-judice.

Table 18: Power Purchase Cost working for FY 2022-23 as per True-up Order of FY 2013-14

Sr. No	Particulars	UoM	East	Central	West	MP State
A	Energy Quantum as per Normative Losses					
1	Actual Sales	MUs	18,553.90	22,433.00	26,690.16	67,677.05
2	Normative Loss	%	15.75%	16.75%	14.75%	15.70%
3	Input at T&D Periphery (A1/1-A2)	MUs	22,022.43	26,946.54	31,308.10	80,277.08
4	MP Transco Loss - Actual	%	2.63%	2.63%	2.63%	2.63%
5	Input at G-T Interface (A3/1-A4)	MUs	22,617.26	27,674.38	32,153.75	82,445.39
6	Inter-State Transmission Losses	MUs	688.97	832.72	989.74	2,511.42
7	Power Purchase Requirement (A5+A6)	MUs	23,306.23	28,507.10	33,143.48	84,956.81
B	Cost as per Normative Losses					
1	Actual Ex-bus Energy Procured during the year	MUs	27,249.62	30,619.06	32,336.63	90,205.31
2	Cost of Power Purchase as per Audited Accounts	Rs Crores	11,789.54	13,859.31	17,637.73	43,286.58
3	Supplementary Bills of Previous FYs	Rs Crores	525.73	582.91	600.58	1,709.22
4	Net Power Purchase Cost (B2-B3)	Rs Crores	11,263.81	13,276.40	17,037.15	41,577.36
5	Fixed Cost for FY 2022-23 including Inter State Transmission cost	Rs Crores	3,647.30	4,384.68	5,778.54	13,810.52
6	Intra Transmission Charges including SLDC Charges	Rs Crores	1,560.33	1,580.04	1,577.42	4,717.79
7	Other Cost of MPPMCL which cannot be apportioned	Rs Crores	41.48	67.60	83.62	192.71
8	Renewable Energy Cost for Meeting the RPO	Rs Crores	1,113.07	1,336.76	1,754.22	4,204.06
9	Variable Cost (B4-B5-B6-B7-B8-B9)	Rs Crores	4,901.63	5,907.31	7,843.35	18,652.29
10	Pooled Variable Rate (B10/B1*1000)	Paisa/kWh	179.88	192.93	242.55	206.78
11	Quantum of Power Purchase as per Normative Losses	MUs	23,306.23	28,507.10	33,143.48	84,956.81
12	Variable Cost to be Admitted (B10*B9/1000)	Rs Crores	4,192.30	5,499.85	8,039.05	17,731.20
13	Supplementary Bills of Previous FYs added back	Rs Crores	525.73	582.91	600.58	1,709.22
14	Total Power Purchase Cost to be Admitted (B5+B6+B7+B8+B12+B13)	Rs Crores	11,080.21	13,451.85	17,833.43	42,365.49

6.10.38 The Petitioners hereby submits as per the methodology of True-up Order of FY 2013-14, the power purchase expenses (including transmission charges) for MP State works out to be Rs. 42,365.49 Crores, Rs. 11,080.21 Crore for the East Discom, Rs.

13,451.85 Crore for the Central Discom and Rs. 17,833.43 Crore for the West Discom respectively based on normative losses for FY 2022-23.

6.10.39 Further, the Table below shows the summary of power purchase expenses as per modified methodology as claimed in this Petition, power purchase expenses as per methodology as adopted in True-up Order of FY 2013-14 which is sub-judice matter and as per Annual Audited Account of the Licensee as under:

Table 19: Loss/(Savings) in power purchase cost claimed by the Petitioner for FY 2022-23

Sr. no	Particulars	Basis	East	Central	West	MP State
1	As per Annual Accounts	A	11,789.54	13,859.31	17,637.73	43,286.58
2	Power Purchase Cost claimed by the Petitioners	B	10,771.02	13,332.24	17,843.45	41,946.71
3	Loss/(Savings) in Power purchase cost w.r.t claim	C=(A-B)	1,018.52	527.07	(205.72)	1,339.87
4	Power Purchase Cost as per True-up Order of FY 2013-14	D	11,080.21	13,451.85	17,833.43	42,365.49
5	Loss/(Savings) in Power purchase cost w.r.t expenses as per True-up Order of FY14	E=(A-D)	709.33	407.46	(195.70)	921.09

T7: OPERATION & MAINTENANCE COST

7.1 The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. Regulation 36 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specify the methodology for computation of O&M Expenses of the DISCOMs.

7.2 Regulations 36.5 and 36.6 of MYT Tariff Regulations, 2021 provides stipulations .

“36.5. The distribution License shall submit the actual Employee expenses, Administrative and General Expenses and Repair and Maintenance expenses at the time of true-up.

36.6 The treatment of variation in Employee expenses, Administrative and General Expenses and Repair and Maintenance expenses at the time of true-up shall be as under:

(i) The Commission may allow actual Employee expenses subject to prudence check:

Provided that the expense incurred towards dearness allowance. NPS expense, pension, terminal benefits and incentive to be paid to employees shall be allowed at actuals.

(ii) The Commission may allow actual Administrative and General Expenses subject to prudence check:

Provided that the taxes payable to the Government and fees to be paid to MPERC shall be allowed at actuals.

(iii) The commission will allow the actuals Repairs and Maintenance expense subject to ceiling normative Repairs and Maintenance expenses.”

7.3 Based on the above, the claim of the Petitioners towards the True up of O&M cost for FY 2022-23 is submitted as below for the Hon’ble Commission’s kind perusal and consideration.

Table 20: Details of O&M cost claimed towards True up of FY 2022-23

Sr. no.	Particulars	Units	Discom	Allowed in TO (A)	Claimed (B)	Variance (B-A)
1	Employee Cost (Including terminal benefits of Rs. 210 Cr)	Rs Cr	EZ	1,276.79	1,047.63	(229.16)
		Rs Cr	CZ	1,149.73	1,028.29	(121.44)
		Rs Cr	WZ	1,241.96	1,050.32	(191.64)
		Rs Cr	MP State	3,668.48	3,126.24	(542.24)
3	Administrative & General	Rs Cr	EZ	203.48	128.87	(74.61)

Sr. no.	Particulars	Units	Discom	Allowed in TO (A)	Claimed (B)	Variance (B-A)
	Expenses including MPERC Fees	Rs Cr	CZ	267.02	133.99	(133.03)
		Rs Cr	WZ	139.00	130.23	(8.77)
		Rs Cr	MP State	609.50	393.09	(216.41)
4	Repair & Maintenance Expenses	Rs Cr	EZ	305.06	145.26	(159.80)
		Rs Cr	CZ	330.26	120.03	(210.23)
		Rs Cr	WZ	218.50	168.63	(49.87)
		Rs Cr	MP State	853.82	433.92	(419.90)
5	Total O&M Charges	Rs Cr	EZ	1,785.33	1,321.76	(463.57)
		Rs Cr	CZ	1,747.01	1,282.31	(464.70)
		Rs Cr	WZ	1,599.46	1,349.18	(250.28)
		Rs Cr	MP State	5,131.80	3,953.25	(1,178.55)

7.4 Submission of East Discom:

7.4.1 The summary of O&M expenses for FY 2022-23 as per audited accounts, as per Tariff Orders and as claimed in True-up Petition is provided as below:

Table 21: Details of O&M cost claimed by EZ towards True up of FY 2022-23

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Salaries	860.04	547.12	501.06
D.A.	292.41	143.70	143.70
Other Allowance	-	30.65	83.21
Outsource Employee Expenses	-	239.34	239.34
Terminal Benefits	54.34	433.55	29.55
Grand Total	1206.79	1,394.36	996.85
Add: Contribution to Pension Trust	70	-	70.00
Less: Employee expenses capitalized	-	(19.22)	(19.22)
Net Employee expenses	1276.79	1,375.14	1,047.63
A&G expenses	197.86	130.20	130.20
MPERC Fees	0.49	-	-
Other expenses	1.99	-	-
Less: A&G capitalised	-	(1.33)	(1.33)
Net A&G expenses	200.34	128.87	128.87
Gross R&M expenses	305.06	146.81	146.81
R&M capitalised	-	(1.55)	(1.55)
Net R&M expense	305.06	145.26	145.26
less: O&M Expenses Capitalized	(46.67)	-	-
Additional Operational Expenditure (RRDS)	49.81	-	-
Net O&M expenses	1,785.33	1,649.27	1,321.76

7.4.2 From the above, the net Employee expenses as per audited accounts is Rs. 1,375.14 Crore. East Discom has claimed net Employee expenses as Rs. 1,047.63 Crore which is excluding provisions made during the year. Further, the A&G and R&M expenses has been claimed as actually incurred during the year in line with audited accounts. Accordingly, the net O&M expenses stands at Rs. 1,321.76 Crore.

7.4.3 Accordingly, it is submitted that **O&M expenses as per the claim of the Petitioner to the tune of Rs 1,321.76 Crore for FY 2022-23 may please be considered towards True up.**

7.5 **Submission of Central Discom:**

7.5.1 The summary of O&M expenses for FY 2022-23 as per audited accounts, as per Tariff Orders and as claimed in True-up Petition is provided as below:

Table 22: Details of O&M cost claimed by CZ towards True up of FY 2022-23

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Salaries	756.90	441.47	441.47
D.A.	257.35	138.85	138.85
Other Allowance including RDSS OPEX	95.46	50.59	84.03
Outsource Employee Expenses		279.00	279.00
Terminal Benefits		426.75	29.64
Grand Total	1,109.71	1,336.67	972.98
Add: Contribution to Pension Trust	70	0	70
Less: Employee expenses capitalized	12.47	14.69	14.69
Net Employee expenses	1,167.24	1,321.97	1,028.29
A&G expenses	273.90	134.88	134.88
MPERC Fees	0.56		
Less: A&G expenses capitalized	12.47	0.89	0.89
Net A&G expenses	261.99	133.99	133.99
Gross R&M expenses	330.26	120.04	120.04
Less: R&M expenses capitalized	12.47	0.01	0.01
Net R&M expenses	317.78	120.03	120.03
Net O&M expenses	1,747.01	1,576.00	1,282.31

7.5.2 The Employee expenses of Central Discom as per Audited Account of FY 2022-23 is Rs. 1,321.97 Crore (including Rs. 279 Crore towards outsourcing employee expenses booked under A&G expenses in Audited Accounts). As against this, the actual Employee expenses claimed by Central Discom for True-up of FY 2022-23 is Rs. 1,028.29 Crore which is excluding provisioning made under the head “Terminal Benefits to Employees” but inclusive of the amount of Rs. 70 Crore as approved towards Provision for Terminal Benefit Trust Fund in the Tariff Order of FY 2022-23.

7.5.3 Further, during FY 2022-23, an amount of Rs. 63.07 Crore has been actually paid

against earned leave encashment from the provision created during the past years. As this amount is paid from the provision of past years, the same is not reflected in the audited accounts of FY 2022-23. However, it has been taken on record under Note 26.1 of the Audited Account of FY 2022-23.

7.5.4 Central Discom has also claimed A&G and R&M expenses as per audited accounts in line with MYT Regulations, 2021.

7.5.5 Accordingly, it is submitted that **O&M expenses as per the claim of the Petitioner to the tune of Rs 1,282.31 Crore for FY 2022-23 may please be considered towards True up.**

7.6 Submission of West Discom

7.6.1 The summary of O&M expenses for FY 2022-23 as per audited accounts, as per Tariff Orders and as claimed in True-up Petition is provided as below:

Table 23: Details of O&M cost claimed by WZ towards True up of FY 2022-23

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Salaries	831.37	740.24	740.24
D.A.	282.67	149.56	149.56
Other Allowance	-	41.31	73.28
Outsource Employee Expenses	-	-	-
Terminal Benefits	57.92	434.75	32.55
Grand Total	1171.96	1,365.86	995.63
Add: Contribution to Pension Trust	70	-	70
Less: Employee expenses capitalized	-	(15.31)	(15.31)
Net Employee expenses	1,241.96	1,350.55	1,050.32
A&G expenses	137.44	131.66	131.66
MPERC Fees	0.67	-	-
Other expenses	9.78	-	-
A&G capitalised	-	(1.43)	(1.43)
Net A&G expenses	147.89	130.23	130.23
Gross R&M expenses	218.5	169.96	169.96
R&M capitalised	-	(1.33)	(1.33)
Net R&M expense	218.5	168.63	168.63
less: O&M Expenses Capitalized	(38.88)	-	-
Additional Operational Expenditure (RRDS)	29.98	-	-
Net O&M expenses	1,599.46	1,649.41	1,349.18

7.6.2 West Discom has also claimed Employee, A&G and R&M expenses as per audited accounts only excluding any provisioning made during the year. However, during FY 2022-23 has been actually paid an amount of Rs. 65.95 against earned leave

encashment from the provision created during the past years. The working of the same from the trial balance of FY 2022-23 is as shown below:

Account code	Particulars	Rs. Cr.
441500	Opening balance of provision for Leave encashment	452.93
756170	Provision for leave encashment made during the FY 22-23	33.98
441500	Closing balance of provision for Leave encashment as on 31.3.2023	420.96
	Net Payment of leave encashment made during the FY 22-23	65.95

- 7.6.3 In view of the above, it is submitted that **O&M expenses as per the claim of the Petitioner to the tune of Rs 1,349.18 Crore for FY 2022-23 may please be considered towards True up.**

T8: INTEREST & FINANCE CHARGES

8.1 Interest on Project Loans

- 8.1.1 Regulation 22 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of debt and equity towards the existing and admitted capitalisation.
- 8.1.2 Regulation 32 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Interest and finance charges on loan.
- 8.1.3 The Hon'ble Commission in its Tariff Order for FY 2022-23 dated 31st March 2022 had approved Interest on Project Loans as Rs. 383.08 Crore for the East Discom, Rs 156.69 Crore for the West Discom, Rs. 428.54 Crore for the Central Discom and Rs. 968.31Crore for the MP State respectively. The aforesaid expense has been approved by the Hon'ble Commission on the basis of normative funding, i.e., by considering GFA addition based on normative debt:equity ratio of 70:30 after excluding consumer contribution and grants.
- 8.1.4 The Petitioners wish to submit that in every year the Petitioners incur capital expenditure against the various approved scheme and also capitalize certain assets during the year. Further, every asset/scheme has specific funding pattern or capital structure, which is being approved by the Hon'ble Commission, i.e., debt, equity, consumer contribution and grant; according to which the funds are sourced, and accounting treatment is done.
- 8.1.5 For the purpose of calculation of normative interest and finance charges, normative debt addition against capitalized asset during the year excluding the consumer contribution and grant, is required to be determined, which is added to the opening debt balance of the respective year.
- 8.1.6 As regard to treatment of Consumer Deposit and Grants is concerned, the Petitioners have observed that the Hon'ble Commission in its past True-up Orders has adopted an approach wherein the Hon'ble Commission considers the Consumer Deposit and Grants **received during the year as fully utilized** during the same year. In other word all the Consumer Deposit and Grants received any particular is set off against the actual capitalization of that year without considering the actual funding pattern which is being approved by the Hon'ble Commission itself. **This has resulted in perpetual loss to the Petitioners.** Being aggrieved by aforesaid approach the Petitioners have also filed a review Petition seeking reconsideration on the said matter. However, the Hon'ble Commission has passed an Order dismissing the review

point raised by the Petitioners. The rationale given by the Hon'ble Commission in the review Order dated 07.11.2023 is as reproduced below:

“Commission's observation

“26. The Commission observed that the Petitioners in true-up petition of FY 2021-22 have requested the Commission for consideration of Consumer Contribution and Grants on “utilization basis” rather than on “received basis”. The Commission has to encourage efficiency and economical use of resources as per Section 61(d) of the Electricity Act, 2023. Partial utilization of available consumer contribution and grants cannot be allowed by the Commission as the same will result in non-utilization of the funds available with the Petitioner and burdening the consumers with financing costs through interest on loan and return on equity. This issue is well settled and the Commission in the true-up order of FY 2021-22 and in review petition of true-up up order FY 2020-21 (P. No.38/2022) has reiterated its view on this matter. Therefore, review sought by the Petitioners once again on the same issues does not satisfy the conditions for review of the impugned order as per Regulation 40 (2) of the provision of MPERC (Conduct of Business) (Revision I) Regulations, 2016. Further, the Commission also observed that the Petitioners in true-up petition for FY 2021-22 has not raised the issue of treatment of non-utilization of Consumer Contribution and Grants during the year in Non-Tariff Income.”

- 8.1.7 In view of above, the Petitioners wish to clarify that they have never requested to reopen the settled issue and give retrospective effect rather they are seeking to correct the identified shortcoming in the existing approach and provide prospective effect of the same.
- 8.1.8 The Petitioners hereby again submit that the consideration of Consumer Contribution and Grants should be done on “utilization basis” rather than “received basis”. The Petitioners wish to reiterate its submission that every asset/scheme has specific funding pattern or capital structure, i.e., debt, equity, consumer contribution and grant; according to which the funds are sourced, and accounting treatment is done. **However, the approach as adopted by the Hon'ble Commission has resulted in re-casting of actual means of finance thereby distorting the actual capital structure and hence, resulting in recurring loss to the Petitioners.**
- 8.1.9 For an instance consideration of consumer contribution and grant received during the year being equal to fully utilized in creation of asset during the same year tantamount to financing the part of actual capitalization in the relevant year, through consumer contribution and grant which otherwise would have been actually funded through actual loan or equity.
- 8.1.10 Therefore, **such part of capitalization will not subject to the usual accounting**

treatment in Ture-up, i.e., no interest on loan, return on equity and depreciation along with associated component of ARR will be provided on such part of capitalization for rest of the life of the asset. However, in actual the Petitioners are liable to pay interest, repayment, etc., on the entirety of such capitalization in future years. This has a recurring impact on the ARR of Discoms, as the same would never form part of the Opening Equity /Debt/Net GFA of the subsequent Financial Year. Therefore, treating the amount towards consumer contribution and grant received as mean of financing capitalization is a wrong accounting practice.

- 8.1.11 The Petitioners would further like to submit that the underlying principle as stated by the Hon'ble Commission in its past Orders that *'the consumers contribution and grants are free of cost to the licensees hence the consumers contribution and grants received during the year is considered as utilized during the year'* will also be inversely applicable on the amount of capex actually incurred during the year since, the Petitioners would have taken loan or infused equity or in other word would have incurred a cost for the creation of assets which are still under work in progress (WIP) stage during the year. Although, as regard to interest one can argue that interest on loan for works in progress is considered as interest during construction (IDC), which is capitalized and added to the project cost at the time of asset capitalization. However, the approach as adopted by the Hon'ble Commission denies the opportunity to claim the legitimate interest cost incurred as the same would not form the part of capitalization. Therefore, if such approach is continued then the Petitioners should also be allowed the interest on loan and return on equity on the CWIP asset in addition to asset capitalized during the year being funded through loan or equity, i.e., money with cost to the licensee. However, as per Regulations the interest on loan and return on equity, etc., are allowed only from the year during which the asset is capitalized.
- 8.1.12 It is submitted that the Regulation 32 of MPERC Tariff Regulations, 2021 stipulate provisions for allowance of interest on loan on capitalized asset being funded in a manner as specified in Regulation 22 of MPERC Tariff Regulations, 2021. However, the principle as adopted by the Hon'ble Commission denies the Petitioners to recover its legitimate expenditure in accordance with aforesaid Regulations.
- 8.1.13 Further, as regard to the rationale for non-consideration of consumer contribution and grant on utilization basis as given by the Hon'ble Commission in the Review Order of FY 2021-22 that the Commission has to encourage efficiency and economical use of resources and the Partial utilization of available consumer contribution and grants cannot be allowed by the Commission as the same will result in non-utilization of the funds available with the Petitioners and burdening the consumers with financing costs through interest on loan and return on equity, the Petitioners wish to submit that if such a logic of encourage efficiency and economical use of resource is to be considered then the Petitioners should also be allowed interest on loan and equity on the CAPEX or CWIP asset also.

- 8.1.14 Further, the Hon'ble Commission has stated that non utilization of consumer contribution is burdening the consumers. In this regard the Petitioners wish to submit that the partial utilization of consumer contribution & grant does not tantamount that the fund is kept unutilized. It is to be noted the consumer contribution is received mainly in the form of supervision charges and grant is received against specific scheme. Such funds are required to be used or booked against respective assets/scheme. As per the accounting treatment, it is submitted that one cannot treat the grant received towards any particular scheme say under DDUGJY against the grant under the other scheme say RDSS?
- 8.1.15 Further, in case the consumer contribution and grant received in any year remains unutilized during the year then the same would have been lying in the Licensee's bank account and any interest earned against such fund is considered under Non-Tariff Income of Licensee thereby reducing the ARR. Hence, the logic as given by the Hon'ble Commission that unutilized fund burdens the consumers is not justifiable.
- 8.1.16 The Petitioners would further like to submit that consumer contribution and grant are of uncontrollable in nature The amount towards consumer contribution and grant to be received in particular year are not known in advance. Further, the amount may be received at different part of year. Further, it is quite possible that the amount received against consumer contribution and grant may have been utilized for asset which are under CWIP but not yet capitalized. It is submitted that it normally happens that assets capitalized in a year may be created out of equity, consumer contributions, grant and loan of earlier year/years and equity, consumer contributions, grant and loan received in a year may not be utilized for the creation of asset during that same year. The unspent amount may have been lying in WIP which will be converted into capitalization in subsequent years. Further, in some cases the grant received during the year may pertains to completed work corresponds to previous year as in most of the cases the grant is usually link to achievement of certain conditions or capitalization. Hence, the same cannot be treated as Partial utilization as stated by the Commission, therefore the rationale as given by the Hon'ble Commission is not justifiable.
- 8.1.17 The Petitioners appreciate the concern of the Hon'ble Commission that the Discoms should first utilize the free source of money, however, the **impact of no utilization of such source of money cannot be impose on the Petitioners in perpetuality**. The approach as adopted by the Hon'ble Commission suffers from lack of merit and does not safeguard the interest of Licensee as per the Section 61 (d) Electricity Act, 2003.
- 8.1.18 The Petitioners totally disagree with the methodology as adopted by the Hon'ble Commission and request the Hon'ble Commission to consider the consumer contribution & grant on utilization basis. However, in case the Hon'ble still not convinced than the Petitioners hereby proposed to treat consumer contribution and grant in such a manner that the impact of any unutilized fund (as per the Hon'ble Commission understanding) may be limited to that particular year only. For an

instance the unutilized Consumer Contribution and Grants may be treated as an artificial investment in either Fixed Deposit (FDs) or Bank savings. Accordingly, an estimated income may be arrived which can be considered as additional Non-Tariff income thereby giving the impact of non-utilization of Consumer Contribution and Grants during the same year. It is to be noted that the any amount unutilized during the year is already lying in the bank account of the licensee and the interest earned is already being considered under Non-Tariff Income. However, for the satisfaction of the Hon'ble Commission, the Petitioners are proposing for an artificial additional income which would restrict the impact of unutilized portion during the respective year only.

8.1.19 In view of the above, the Petitioners therefore respectfully prays before the Hon'ble Commission that entire amount as received during the year towards consumer contribution and grant may not be treated as means of financing capitalization during the year.

8.1.20 Considering the above submission, Petitioners have adopted following methodology for calculation of interest on project loan for the purpose of True-up of FY 2022-23:

- The closing values of GFA, debt and equity as admitted in the True-up Order of FY 2021-22 has been considered as opening values of GFA, debt and equity for FY 2022-23
- Net addition to GFA during FY 2022-23 has been worked out by subtracting the amount **utilized** from consumer contribution and grants during the year.
- Equity in excess of 30% of the net GFA added during FY 2022-23, has been considered as normative loan. Further, only such equity capital is to be considered which has been actually utilized for creation of asset. If the actual equity deployed is less than 30% of the net GFA, then actual equity has been considered for computation of RoE. The equity so derived has been added to the equity considered at the end of FY 2022-23.
- Balance of net addition to GFA has been considered as having been funded through debt and added to the total opening values of debt for FY 2022-23.
- In accordance with Regulation 32.3 of the MYT Regulations, 2021, debt repayment is considered equal to the depreciation claimed for the year.

8.1.21 The rate of interest has been considered based on the actual loan portfolio of the respective Discoms in line with the MYT Tariff Regulations, 2021. The interest on project loans has been computed based on the average of the opening and closing normative loans for the financial year.

8.2 **Submission of East Discom:**

- 8.2.1 It is submitted that the gross capitalization achieved by the Petitioner is Rs. 655.51 Crore. The scheme wise breakup of the same along with funding pattern is provided in the Table below:

Table 24: Details of capitalization achieved by East Discom during the FY 2022-23 (Rs Crore)

Sr.No.	Scheme	Name of funding Agency	Actual Capitalization	Loan Amount	Equity Amount	Consumer Contribution	Grant	Total
1	ADB	ADB+REC+PFC	0.08	0.08	0.00	0.00		0.08
2	FS	ADB+REC	6.67	6.01	0.00	0.00	0.67	6.67
3	RGVY	REC	63.43	57.09	0.00	0.00	6.34	63.43
4	RAPDRP (Part-A, Part-B, SCADA)	REC+PFC	1.48	1.11	0.00	0.00	0.37	1.48
7	IPDS		0.09	0.03	0.01	0.00	0.05	0.09
8	DDUGJY		42.43	16.97	0.00	0.00	25.46	42.43
9	Saubhagya		35.43	10.63	3.54	0.00	21.26	35.43
10	SAF		33.14	23.20	0.00	0.00	9.94	33.14
11	Other Scheme (DEPTT., DEPOSIT, KAY, MPAC, STN, TSP Etc.)	DEPT=GOMP, DEPOSIT=CC, KAY=GOMP, MPAC=GOMP+REC, STN=GOMP	472.75					
11.1	Departmental		0.02	0.02	0.00	0.00	0.00	0.02
11.2	Deposit		390.08	0.00	0.00	390.08	0.00	390.08
11.3	KAY		0.01	0.00	0.00	0.00	0.01	0.01
11.4	MPAC		17.70	0.00	0.00	5.31	12.39	17.70
11.5	STN / TSP /SCSP		64.93	38.96	25.97	0.00	0.00	64.93
Grand Total			655.51	154.09	29.53	395.40	76.49	655.51

- 8.2.2 From the above, the actual debt utilized against the capitalization of FY 2022-23 is Rs. 154.09 Crore. Accordingly, the Petitioner has considered Rs. 154.09 Crore as debt addition for calculation of normative interest on project loans.
- 8.2.3 As regard to repayment of loan, the same has been considered equal to depreciation netted off with amortization on assets created with consumer contribution and grants. This is mainly because for the purpose of normative loan calculation, depreciation is considered as repayment of loan. Therefore, amortization on assets created with consumer contribution and grants need to be subtracted from depreciation as the same does not constitute loan repayment obligation of the Petitioner. Further, the interests on loan have been calculated on the average of normative loan balance of the year.

8.2.4 The weighted average rate of interest has been considered based on the actual loan portfolio in line with the Tariff Regulations. Accordingly, the normative interest on project loan is worked out as Rs. 278.53 Crore. Petitioner has also claimed other interest charges amounting to Rs. 1.48 Crore as actually incurred during FY 2022-23.

8.2.5 The details of the claim of the Petitioner towards interest and finance charges is shown as below in the following Table:

Table 25: Details of Finance Charges Claimed by East Discom for True-up FY 2022-23 (Rs Crore)

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
Opening Debt associated with GFA (Closing debt as Per FY 2021-22 True-up Order)		4,598.49	3,407.39
GFA Addition during the year		1,586.39	655.51
Consumer Deposit and Grants utilized during the year		517.55	471.89
Net GFA Addition during the year		1,068.84	183.62
Addition of Equity		154.97	29.53
Net GFA considered as funded through debt		913.87	154.09
Debt repayment during the year		290.3	329.31
Closing debt associated with GFA		5,222.06	3,232.17
Average debt associated with Loan		4,910.28	3,319.78
Weighted average rate of interest (%) on all loans		7.53%	8.39%
<i>Interest on Project Loans</i>	965.22	369.74	278.53
Other Finance cost:	1.48	13.34	1.48
Bank commission and other charges	0.24		0.24
Guarantee charges and stamp duty	1.24		1.24
<i>Net Interest on project loans</i>	821.96	383.07	280.01

8.2.6 The Petitioner therefore prays to the Hon'ble Commission to approve the Interest and Finance Charges of Rs. 280.01 Crore on account of True up towards Interest on project loan.

8.3 Submission of Central Discom

8.3.1 The breakup of GFA addition during FY 2022-23 along with funding pattern is provided in the Table below:

Table 26: Details of capitalization achieved by Central Discom during the FY 2022-23 (Rs Crore)

Sr.No.	Scheme	Name of funding Agency	Funding Pattern						Actual Capitalization	Laon Amount	Equity Amount	Consumer Contribution	Grant	Total
			Loan	Equity	Consumer Contribution	Utility Contribution	Grant	Total						
1	ADB	ADB+REC+PFC	100%					100%	0.00					
2	FS	ADB+REC	90%				10%	100%	91.76	82.58			9.18	91.76
3	RGGVY	REC	90%				10%	100%	0.00					
4	RAPDRP (Part-A, Part-B, SCADA)	REC+PFC	75%				25%	100%	0.00					
5	Supervision Assets	Consumer Contribution			100%			100%	197.10			197.10		197.10
6	Capital Stores & Spares	GOMP		100%				100%	-9.19		-9.19			-9.19
7	IPDS		30%			10%	60%	100%	0.00	0.00	0.00		0.00	0.00
8	DDUGJY		40%				60%	100%	0.00	0.00			0.00	0.00
9	Saubhagya		30%	10%			60%	100%	2.06	0.62	0.21	0.00	1.24	2.06
10	Other Scheme (SSTD, DEPOSIT, RRTD, ND, ANUDAN, MMSKPCY Etc.)	SSTD= GOMP, DEPOSIT=CC, DDUGY=REC, ANUDAN=GOMP, MMSKPCY = GOMP+REC, ND=GOMP	1-SSTD = 70% Loan and 30% Equity, 2- Deposit=100% Consumer Contribution, 3- DDUGY= 60% Grant and 40% Loan, 4- Anudan = 70% Grant and 30% Consumer Contribution, 5- MMSKPCY = 20% Consumer Contribution, 30 % Equity, 50% Loan, 6- ND = 100% Equity						83.80					
10.1	CMSKPCS		50%	30%	20%			100%	7.13	3.57	2.14	1.43		7.13
10.2	Deposit				100%			100%	3.01			3.01		3.01
10.3	KAY				30%		70%	100%	5.82			1.74	4.07	5.82
10.4	ND Work			100%				100%	27.13		27.13			27.13
10.5	RRTD					100%		100%	0.00		0.00			0.00
10.6	SSTD		70%	30%				100%	23.44	16.41	7.03			23.44
10.7	Civil Works					100%		100%	4.76		4.76			4.76
10.8	Office Furniture & Equipments					100%		100%	0.25		0.25			0.25
10.9	IT (Hardware & Software)					100%		100%	12.27		12.27			12.27
Grand Total									365.53	103.17	44.59	203.28	14.48	365.53

8.3.2 From the above, the actual debt addition during FY 2022-23 stands at Rs. 103.17 Crore. For the purpose of calculation of normative interest on project loan, the Petitioner has considered closing debt as approved in True-up Order of FY 2021-22 as opening debt for FY 2022-23. The addition to normative opening balance of debt has been considered as Rs. 103.44 Crore which is summation of Rs. 103.17 Crore and excess equity contribution to the tune of Rs. 0.26 Crore on account of capping of 30% on actual equity infusion in line with Regulation 22.2 of MYT Tariff Regulations, 2021.

8.3.3 As regard to repayment of loan, the same has been considered equal to depreciation netted off with amortization on assets created with consumer contribution and grants as the same does not constitute loan repayment obligation of the Petitioner. Further, the interest on loan has been calculated on the average of normative loan balance of the year.

8.3.4 The weighted average rate of interest has been considered based on the actual loan portfolio in line with the Tariff Regulations. Accordingly, the normative interest on project loan is worked out as Rs. 375.81 Crore. Petitioner has also claimed other interest charges amounting to Rs.10.47 Crore as per Audited Accounts.

8.3.5 The details of the claim of the petitioner towards interest and finance charges is shown as below in the following Table:

Table 27: Details of Finance Charges Claimed by Central Discom for True-up FY 2022-23 (Rs Crore)

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
Opening Debt associated with GFA (Closing debt as Per FY 2021-22 True-up Order)		5,726.68	4,648.00
GFA Addition during the year		1,081.65	365.53
Consumer Deposit and Grants utilized during the year		240.66	217.76
Net GFA Addition during the year		840.99	147.77
Addition of Equity		156.27	44.33
Net GFA considered as funded through debt		684.72	103.44
Debt repayment during the year		311.28	405.73
Closing debt associated with GFA		6,100.12	4,345.71
Average debt associated with Loan		5,913.40	4,496.85
Weighted average rate of interest (%) on all loans		7.14%	8.36%
Interest on Project Loans	1,228.09	422.22	375.81
Other Finance cost	10.47	6.33	10.47
Bank Charges	2.43		2.43
Commitment Charges	8.05		8.05
Guarantee/Lc Charges	-		-
Net Interest on project loans	1,238.56	428.54	386.28

8.3.6 The Petitioner therefore prays to the Hon'ble Commission to approve the Interest and Finance Charges of Rs. 386.28 Crore on account of True-up towards Interest on project loan.

8.4 Submission of West Discom

8.4.1 The breakup of GFA addition during FY 2022-23 along with funding pattern is provided in the Table below:

Table 28: Details of capitalization achieved by West Discom during the FY 2022-23 (Rs Crore)

Sr. No.	Name of Scheme	Name of funding agency	Actual Capitalisation	Actual Loan	Actual Equity	Consumer Contribution	Grant	Total
1	DDUGJY	GOI	0.98	-	-	-	0.98	0.98
2	DEPOSIT	CONSUMER	2.39	-	-	2.39	-	2.39
3	OWN FUND	OWN	10.14	-	10.14	-	-	10.14
4	GOMP	GOMP	0.77	0.23	0.54	-	-	0.77
5	SMART METER SCHEME		92.87	65.01	27.86	-	-	92.87
6	GOMP-MMSKPY	GOMP	14.85	-	-	-	14.85	14.85
7	GOMP-ND	OWN	1.27	-	1.27	-	-	1.27
8	GOMP-SCSP	GOMP	0.01	0.00	0.00	-	-	0.01
9	GOMP-SSTD	GOMP	10.83	10.83	-	-	-	10.83
10	GOMP-STN	GOMP	0.48	0.14	0.34	-	-	0.48

Sr · N o.	Name of Scheme	Name of funding agency	Actual Capitalis ation	Actual Loan	Actual Equity	Consu mer Contri bution	Grant	Total
GROSS TOTAL			134.59	76.22	40.16	2.39	15.83	134.59

8.4.2 The Petitioner has claimed interest on project loans as per the normative basis. Petitioner has considered closing debt as approved in True-up Order of FY 2021-22 as opening debt for FY 2022-23. The addition to normative opening balance of debt has been considered based on the net GFA addition and actual equity infusion during the year. The repayment has been considered as depreciation claimed for the year in line with the Tariff Regulations. The interest on loan has been calculated on the average of normative loan balance of the year.

8.4.3 The weighted average rate of interest has been considered based on the actual loan portfolio in line with the Tariff Regulations. Accordingly, the normative interest on project loan is worked out as Rs. 95.23 Crore.

8.4.4 Based on the above, the details of the claim of the Petitioner towards interest and finance charges is shown as below in the following Table:

Table 29: Details of Finance Charges claimed by West Discom for True-up of FY 2022-23

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
Opening Debt associated with GFA (Closing debt as Per FY 2021-22 True-up Order)		1,488.40	1,272.09
GFA Addition during the year		957.69	116.89
Consumer Deposit and Grants utilized during the year		347.9	15.82
Net GFA Addition during the year		876.44	101.07
Addition of Equity		0.00	30.32
Net GFA considered as funded through debt		876.44	70.75
Debt repayment during the year		125.77	313.13
Closing debt associated with GFA		2,239.06	1,029.70
Average debt associated with Loan		1,863.73	1,150.90
Weighted average rate of interest (%) on all loans		7.50%	8.27%
Interest on Project Loans	781.18	139.78	95.23
Other Finance cost	17.87	16.19	17.87
Bank Charges	1.03		1.03
Commitment Charges/refinancing charges	16.84		16.84
Interest Cost Claimed in Petition	799.05	156.69	113.10

8.4.5 West Discom thus requests the Hon'ble Commission for the approval of Interest and Finance Charges of Rs. 113.10 Crore. on account of True up towards Interest on project loan.

8.5 Interest on Working Capital Loans

8.5.1 The Commission in the Tariff Order for FY 2022-23 has allowed Rs. 65.95 Crore for East Discom, Rs. 73.82 Crore for Central Discom and Rs. 11.85 Crore for West Discom as interest on the working capital per the norms specified in the Regulation.

8.6 **Submission of East Discom:**

8.6.1 The Petitioner submits that the interest on working capital approved in the Tariff Order was Rs 65.95 Crore which was based on the norms as specified in the terms and conditions of Tariff Regulations, 2021.

8.6.2 The Petitioner submits that it has re-computed the interest on working capital component as per the provisions of Regulations considering the actual expenses incurred during FY 2022-23. Accordingly, the interest on working capital as claimed by the petitioner towards True up of FY 2022-23 is Rs 68.73 Crore.

8.6.3 The detailed computation of the same is submitted hereby for Hon'ble Commission's kind perusal.

Table 30: Details of Interest on Working Capital Claimed by East Discom in True up of FY 2022-23

For Wheeling activity			
Sr. No.	Particulars	Allowed in Tariff Order	Actual
A)	1/6th of annual requirement of inventory for previous year at 1 % GFA for previous year (80%)	15.19	17.86
B)	Total of O&M expenses	1,785.33	1,321.76
B) i)	1/12th of total	148.78	110.15
C)	Receivables	-	-
C) i)	Annual Revenue from wheeling charges	0.65	-
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	0.11	0.00
D)	Total Working capital	164.08	128.01
	(A), B) i), C) ii))		
E)	Rate of Interest	10.50%	10.50%
F)	Interest on Working capital -wheeling	17.24	13.44
For Retail Sale activity			
Sl. No.	Particulars	Allowed in Tariff Order	Actual
A)	1/6th of annual requirement of inventory for previous year (20%)	3.80	4.47
B)	Receivables		
B) i)	Annual Revenue	12,991.00	13,997.76
B) ii)	Receivables equivalent to 2 months average billing	2,165.17	2,332.96
C)	Power Purchase expenses	7,852.92	9,210.69
C) i)	1/12th of power purchase expenses	654.41	767.557
D)	Consumer Security Deposit	1,050.71	1,043.37

E)	Total Working capital (A+B ii) - C i) - D)	463.85	526.50
F)	Rate of Interest	10.50%	10.50%
G)	Interest on Working capital -Retail	48.71	55.29
	Total Interest on Working capital -Wheeling	17.24	13.44
	Total Interest on Working Capital (Wheeling + Retail)	65.95	68.73

8.7 Submission of Central Discom

8.7.1 Interest on Working Capital as approved in the Tariff order for the period FY 2022-23 was Rs. 73.82 Crore. which was based on the norms as specified in the Regulations 23 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021.

8.7.2 The Petitioner submits that it has recomputed the interest on working capital component as per the provisions of aforesaid Regulations as Rs. 61.84 Crore towards True up of FY 2022-23.

8.7.3 The detailed computation of the same is submitted hereby for Hon'ble Commission's kind perusal.

Table 31: Details of Interest on Working Capital Claimed by Central Discom in True up of FY 2022-23

For Wheeling activity			
Sr. No.	Particulars	Allowed in Tariff Order	Claimed
A)	1/6th of annual requirement of inventory for previous year at 1 % GFA for previous year (80%)	16.57	17.51
B)	Total of O&M expenses	1,747.01	1,282.31
B) i)	1/12th of total	145.58	106.86
C)	Receivables	-	-
C) i)	Annual Revenue from wheeling charges**	1.09	
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	0.18	0.00
D)	Total Working capital	162.34	124.36
	(A), B) i), C) ii))		
E)	Rate of Interest	10.50%	10.50%
F)	Interest on Working capital -wheeling	17.05	13.06
For Retail Sale activity			
Sl. No.	Particulars	Allowed in Tariff Order	Claimed
A)	1/6th of annual requirement of inventory for previous year (20%)	4.14	4.38
B)	Receivables		
B) i)	Annual Revenue	15,106.67	16,832.79
B) ii)	Receivables equivalent to 2 months average billing	2,517.78	2,805.47
C)	Power Purchase expenses	9,739.79	11,752.19

C) i)	1/12th of power purchase expenses	811.65	979.35
D	Consumer Security Deposit	1,169.58	1,365.91
E)	Total Working capital (A+B ii) - C i) - D)	540.69	464.58
F)	Rate of Interest	10.50%	10.50%
G)	Interest on Working capital -Retail	56.77	48.78
	Total Interest on Working capital -Wheeling	17.05	13.06
	Total Interest on Working Capital (Wheeling + Retail)	73.82	61.84

8.8 Submission of West Discom

8.8.1 The Petitioner submits that in the Tariff Order of FY 2022-23 the interest on working capital in respect of West Discoms as per the norms specified in the Terms & Conditions of Tariff Regulations, 2021 were approved as Rs. 11.85 Crore.

8.8.2 However, based on the actual expenses of FY 2022-23, the Petitioner has recomputed the interest on working capital component as Rs. 12.49 Crore as per the provisions of the aforesaid Regulations for the kind consideration of the Hon'ble Commission.

8.9 Submission of MPPMCL:

8.9.1 It is submitted that MPPMCL also incurs cost towards Interest on State Govt. Loan, Interest on Deposits and Working Capital Demand Loan which is not factored in the normative working capital requirement, interest on loan of Discoms. The Petitioner use to claim such cost under the power purchase head; however, it has been observed from the past True-up Orders that the Hon'ble Commission disallows the same stating that these loans have been taken by MPPMCL for working capital requirement and do not pertain to funding of the DISCOMs. The Hon'ble Commission further stated that since the DISCOMs have been allowed normative Interest on Working Capital, it would not be appropriate to allow finance cost to MPPMCL, separately.

8.9.2 In this regard, the Petitioner wishes to submit that in the normative working of Interest on working capital only expenses pertaining to Discoms are considered, i.e., the O&M expenses and other expenses of Discoms are considered. The expenses incurred by MPPMCL towards procurement of power for Discoms as per GoMP notification dated 21 March 2016 and other related expenses are never factored in. In fact whatever, the cost is allowed for MPPMCL under power purchase expenses result in reduction of working capital requirement of Discoms as one month power purchase cost is to be reduced to determination of working capital requirement as per norms. Hence, it is necessary to approve such expense separately for MPPMCL.

8.9.3 MPPMCL is at present availing credit limit of Rs 3200 Crores (Fund based of Rs 2300 Crores and non-fund based Rs 900 Crores) from SBI. This limit of Rs 3200 Crores is essential for liquidity management and for managing the day to day financial requirements of the company and for providing LC's to generators under Hon'ble CERC/MPERC/PPA regulations.

- 8.9.4 The interest cost of this credit limit is not allowed by the Hon'ble Commission as cost while determining the retail tariff. In this regard it is to be submitted that in Retail Supply tariff order for FY 2022-23 the Hon'ble Commission has allowed interest on working capital loan of Discoms only to the tune of Rs. 151.61 Crore as against this actual interest cost on working capital loan incurred by the Discoms is around Rs 305.47 Crore. Hence, the interest cost on the limits availed by MPPMCL would have been disallowed even if the same were availed by Discoms as the working capital interest of Discoms is higher than that allowed by the Hon'ble Commission. Further, if credit limit availed by MPPMCL is discontinued then an amount of Rs 2,300 Crore (as this amount has been drawn for making payments) shall have to be returned immediately to SBI. The company does not have liquidity for such repayments, because of cash crunch our power purchase liabilities have risen to Rs 6,966 Crores and the Petitioners are already incurring surcharge because of non-payment within due date. Any attempt to refund the cash credit overdrawn to SBI means further non-payment to generators which will result in more delay in payments to generators which in turn will attract surcharge at higher rates averaging from 13.5% to 16.5% (in comparison to blended rate of 7.78% being charged by SBI on the credit facilities) and this increased surcharge will also not be allowed by the Hon'ble Commission in Retail Tariff order. In worst case the company may not be able to settle the power dues within trigger date which may lead to disruption in power supply.
- 8.9.5 It is further submitted that during FY 2022-23, the MPPMCL has incurred Rs. 195.78 Crore towards Interest on Deposits, Working Capital Demand Loan. It is to be noted that the Petitioner has not included aforesaid expenses in its claim of power purchase for FY 2022-23. The Petitioner, accordingly, request the Hon'ble Commission to factor in the legitimate expenses of MPPMCL and allow the interest and finance charges of Rs. 196.78 Crore separately for MPPMCL.
- 8.9.6 The detailed computation of the same is submitted hereby for Hon'ble Commission's kind perusal.

Table 32: Details of Interest on Working Capital Claimed by West Discom in True up of FY 2022-23

For Wheeling activity			
Sr. No.	Particulars	Allowed in Tariff Order	Claimed
A)	1/6th of annual requirement of inventory for previous year at 1 % GFA for previous year (80%)	11.66	11.80
B)	Total of O&M expenses	1,599.46	1279.18
B) i)	1/12th of total	133.29	106.60
C)	Receivables		
C) i)	Annual Revenue from wheeling charges**	8.48	3.47
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	1.41	0.58
D)	Total Working capital	146.36	118.98
	(A), B) i), C) ii))		

E)	Rate of Interest *	10.50%	10.50%
F)	Interest on Working capital -wheeling	15.37	12.49
For Retail Sale activity			
Sl. No.	Particulars	Allowed in Tariff Order	Claimed
A)	1/6th of annual requirement of inventory for previous year (20%)	2.92	2.95
B)	Receivables		
B) i)	Annual Revenue	17,872.43	19,212.96
B) ii)	Receivables equivalent to 2 months average billing	2,978.74	3,202.16
C)	Power Purchase expenses	14,918.28	16,266.03
C) i)	1/12th of power purchase expenses	1,243.19	1355.50
D)	Consumer Security Deposit	1,771.97	1,870.49
E)	Total Working capital (A+B ii) - C i) - D)	(33.50)	(20.88)
F)	Rate of Interest *	10.50%	10.50%
G)	Interest on Working capital -Retail	(3.52)	-
	Total Interest on Working capital -Wheeling	15.37	12.49
	Total Interest on Working Capital(Wheeling + Retail)	11.85	12.49

8.10 Interest on Consumer Security Deposit

8.10.1 Interest on Consumer Security Deposit (CSD) approved in the Tariff Order for the period FY 2022-23 was Rs 43.61 Crore, Rs 47.58 Crore and Rs 70.25 Crore for East Discom, Central Discom and West Discom, respectively.

8.10.2 The Hon'ble Commission approved the interest on consumer security deposit which was based on the Security Deposit Regulations, 2005 read with subsequent Amendments to the Regulations and the Terms and Conditions of MYT Tariff Regulation, 2021.

8.10.3 However, the actual Interest on consumer security deposits for the period FY 2022-23 for the East Discom was Rs 47.28 Crore, Central Discom was Rs 58.41 Crore and West Discom was Rs 59.17 Crore.

8.10.4 The details of the consumer security deposit and the interest paid on the same for the year is submitted hereby for Hon'ble Commission's kind perusal.

Table 33: Details of Interest on Consumer Security Deposit claimed for the year FY 2022-23

Discom	Allowed in the Tariff Order	Actual as per Accounts	Variance
EZ	43.61	47.28	3.67
CZ	47.58	58.41	10.83
WZ	70.25	59.17	(11.08)
MP State	161.44	164.86	3.42

8.10.5 The Petitioners thus pray to allow Rs. 164.86 Crore on account of Interest on Consumer Security Deposits for FY 2022-23.

8.11 Summary of Interest and Finance Charges

8.11.1 The Petitioners hereby submit that an amount of Rs 351.75 Crore, Rs 495.80 Crore and Rs 247.24 Crore may be kindly approved against interest and finance charges for East Discom, Central Discom and West Discom respectively towards True up of FY 2022-23.

8.11.2 The summary of the interest and finance charges is shown in the Table below:

Table 34: Summary of Interest and Finance Charges claimed towards True up of FY 2022-23

Sr. no.	Source	Index	Discom	Allowed in the Tariff Order	Actual as per Accounts/ Regulation	Variance
1	Interest and Finance charges on Project Loans	Rs Cr	EZ	383.08	280.01	(103.07)
		Rs Cr	CZ	428.54	386.28	(42.26)
		Rs Cr	WZ	156.69	113.10	(43.59)
		Rs Cr	MP State	968.31	779.39	(188.92)
2	Interest on Working Capital Loan Claimed as per regulation/audited accounts	Rs Cr	EZ	65.95	68.73	2.78
		Rs Cr	CZ	73.82	61.84	(11.98)
		Rs Cr	WZ	11.85	12.49	0.64
		Rs Cr	MP State	151.62	143.07	(8.55)
3	Interest on consumer Security Deposit as per accounts	Rs Cr	EZ	43.61	47.28	3.67
		Rs Cr	CZ	47.58	58.41	10.83
		Rs Cr	WZ	70.25	59.17	(11.08)
		Rs Cr	MP State	161.44	164.86	3.42
4	Total Interest & Finance Charges (1+2+3)	Rs Cr	EZ	492.64	396.03	(96.61)
		Rs Cr	CZ	549.94	506.53	(43.41)
		Rs Cr	WZ	238.79	184.76	(54.03)
		Rs Cr	MP State	1,281.37	1,087.32	(194.05)

T9: DEPRECIATION AND RELATED DEBITS

- 9.1 The Hon'ble Commission in its Tariff Order dated 31st March 2022 had approved depreciation net of consumer contribution & grants as Rs. 290.30 Crore for the East Discom, Rs. 311.28 Crore for the Central Discom and Rs. 125.77 Crore for the West Discom, respectively.
- 9.2 As already elaborated at paras above that while arriving at net GFA addition for the year, the Hon'ble Commission in past True-up Orders has considered consumer contribution and grant received during the year as utilization during the year. This has resulted in lower net GFA addition which has recurring impact on the ARR of DISCOMs as such reduced GFA would never form a part of opening GFA in subsequent future years. It is therefore requested before the Hon'ble Commission to revise its approach and consider the consumer contribution and grant as utilized during the year based on the funding pattern of the schemes/assets.
- 9.3 Further, as regards to treatment of grant, the Accounting Standard 12 of Institute of Chartered Accountants of India laydown principle as under:

“Government grants related to specific fixed assets should be presented in the balance sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value. Where the grant related to a specific fixed asset equals the whole, or virtually the whole, of the cost of the assets, the asset should be shown in the balance sheet at a nominal value. Alternatively, government grant related to depreciable fixed assets may be treated as deferred income which should be recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset, i.e. such grant should be allocated to income over the periods and in the proportion in which depreciation on those assets is charges.”

- 9.4 It is submitted that for the purpose of preparation of Audited Accounts, the Petitioners adopts 2nd method wherein the amount equal to the depreciation on the specific assets related to grant has been shown as income in the respective year in the profit and loss account of the Petitioners. However, the Hon'ble Commission in past True-up Orders has adopted the 1st method wherein, the consumer contribution and grant has been deducted from the GFA addition to arrive at net GFA. Petitioners wishes to submit that though treatment of grant for the purpose of calculation of depreciation is different in both the alternatives but the net impact on tariff on account of depreciation is same. Under first alternative, the gross block is reduced by the amount of grant and the depreciation is provided on reduced gross block. Under second alternative, depreciation is provided on the total gross block but the amount equal to the depreciation on the specific assets related to grant is shown as income in the respective year in the Profit and Loss Account and would be deductible from the tariff.

- 9.5 The Petitioners in this True-up Petition have claimed depreciation on net asset addition after reducing grants and consumer contribution utilized during the year from the actual gross asset addition during the year.
- 9.6 Further, the Petitioners have adopted the rate of depreciation notified by the Hon'ble Commission in Regulation from the FY 2010-11 as per the clarification issued by the Ministry of Corporate Affairs vide general circular No 31/2011 dated 31st May 2011. Since, Discoms adopted rate of Regulation only from FY 2010-11, a separate depreciation model was used by West Discom to calculate depreciation as per Regulation since FY 2006-07.
- 9.7 Further, it has been observed that the Hon'ble Commission in its True-up Orders has been disallowing Depreciation claim of the Petitioners stating that the same were not substantiated by the detailed Fixed Asset Registers in the format prescribed by the Commission. The relevant extract from the True-up Order of FY 2021-22 is reproduced below:

“2.91 The Commission has observed that the Petitioners have submitted Fixed Assets Registers upto FY 2021-22. However, the same does not comply with the formats specified by the Commission. On further analysis it is also observed that the Petitioners have not been able to link the individual asset details with its cost in years prior to FY 2021-22 in Fixed Asset Registers. The Petitioners have provided the quantity against the assets in cumulative manner, separately.

2.92 During Technical Validation Session for True-up FY 2020-21 and MYT Order for FY 2022-23 to FY 2026-27, the Petitioners informed the Commission that from FY 2020-21 onwards, they are keeping record of the individual assets separately and accordingly, the Petitioner's shall be submitting the Fixed Asset Registers in the desired format during the next true up petitions. The Commission had taken note of the Petitioner submission. Further, the Commission directed the Petitioners to submit the Fixed Assets Registers as per format specified by the Commission in next Tariff Petition for FY 2023-24 and true-up petition for FY 2021-22. However, the Petitioners have failed to submit the Fixed Asset Registers as per the specified format in true up petition for FY 2021-22.

2.93 Therefore, the Commission has computed the weighted average depreciation rate (i.e., 4.81%, 4.25% and 4.58% for East, West and Central DISCOMs, respectively) derived on the basis of Fixed Asset Registers submitted by the DISCOMs for FY 2021-22, which has been considered for computation of depreciation for FY 2021-22. However, the Commission has disallowed 50% of depreciation amount in this order on account of non-submission of Fixed Asset Registers as per the format specified by the Commission' and due to non-compliance of the Commission's directives.”

- 9.8 From above, it can be seen that the Hon'ble Commission has disallowed a substantial amount of depreciation (50% of claim) in Truing-up of FY 2021-22. In this regard the Petitioners wish to submit that the depreciation is meant for replacement of assets and is utilized for repayment of loan in regulatory regime. The Hon'ble Commission has been disallowing the same from past True-up Orders which has resulted in substantial loss to financial condition of Discoms.
- 9.9 The Petitioners understand that intention of the Hon'ble Commission toward Fixed Asset Register is to ascertain if the Discoms has been charging excess depreciation on assets, since the Regulations allow depreciation up to maximum of 90% of the capital cost. The Petitioners submits that such concern can also be validated from the audited accounts which provides for accumulated depreciation against the different asset's categories. Hence, there is no merit in such a disallowance due to the reasons that the Fixed Asset Register does not comply with the format specified by the Commission.
- 9.10 As per the Audited Accounts none of the assets has been depreciated more than 90% as summarized in the Table below:

Table 35: Details of Gross Depreciation of EZ for FY 2022-23 (Rs. Crore)

Sr. no.	Particular	Opening GFA	Closing GFA	Gross Depreciation	Depreciation Rate (Avg)	Accumulated depreciation	
						Value	%
1	Land & Land rights	2.46	2.46	0.01	0.41%	0.14	5.68%
2	Building and Civil Works	59.58	63.23	1.94	3.16%	13.24	20.94%
3	Other Civil Works	76.08	80.58	2.22	2.83%	7.60	9.43%
4	Plant & Machinery	4,762.71	4,991.16	227.60	4.67%	1415.17	28.35%
5	Line Cable Networks etc.	7,644.13	8,062.48	361.46	4.60%	1861.13	23.08%
6	Vehicles	3.80	3.80	0.26	6.84%	1.53	40.26%
7	Office Equipment	204.81	205.38	16.48	8.04%	136.84	66.63%
8	Intangible asset	97.51	97.51	9.11	9.34%	75.49	77.42%
9	Total	12,851.09	13,506.60	619.08	4.70%	3,511.14	26.00%

Table 36: Details of Gross Depreciation of CZ for FY 2022-23 (Rs. Crore)

Sr. no	Particular	Opening GFA	Closing GFA	Gross Depreciation	Depreciation Rate	Accumulated depreciation	
						Value	%
1	Land & Land rights	9.04	9.04	0	0.00%	0	0.00%
2	Building and Civil Works	217.92	225.44	7.31	3.30%	38.46	17.06%
3	Hydraulic Works	12.2	12.20	0.57	4.70%	3.45	28.28%
4	Other Civil Works	6.67	6.67	0.21	3.22%	1.34	20.03%
5	Plant & Machinery	3,434.62	3,453.71	166.83	4.84%	1017.67	29.47%
6	Line Cable Networks etc.	5,310.09	5,446.53	240.12	4.46%	1417.85	26.03%

Sr. no	Particular	Opening GFA	Closing GFA	Gross Depreciation	Depreciation Rate	Accumulated depreciation	
						Value	%
7	Vehicles	3.48	3.59	0.00	0.05%	0.13	3.67%
8	Furniture & fixtures	3.99	4.06	0.14	3.49%	1.11	27.38%
9	Office Equipment	157.1	163.36	21.41	13.36%	103.93	63.62%
10	Capital store and spare	266.51	257.32	24.10	9.20%	146.51	56.94%
11	RGGVY assets	1,250.69	1,250.69	66.04	5.28%	359.46	28.74%
12	DDUGJY assets	936.46	936.46	49.44	5.28%	165.19	17.64%
13	IPDS assets	522.7	522.70	27.60	5.28%	78.64	15.04%
14	Saubhagya assets	115.71	117.77	6.12	5.25%	18.49	15.70%
15	Supervision assets	858.43	1,055.53	50.24	5.25%	212.37	20.12%
16	Intangible asset	23.39	29.44	2.63	9.98%	20.83	70.74%
17	Total	13,128.98	13,494.51	662.78	4.98%	3,585.42	26.57%

Table 37: Details of Gross Depreciation of WZ for FY 2022-23 (Rs. Crore)

Sr. no.	Particular	Opening GFA	Closing GFA	Gross Depreciation	Depreciation Rate	Accumulated depreciation	
						Value	%
1	Land & Land rights	5.63	5.63	0.04	0.80%	0.63	11.19%
2	Building and Civil Works	171.64	178.59	5.11	2.92%	67.06	37.55%
3	Other Civil Works	30.28	30.28	0.70	2.32%	12.72	42.02%
4	Plant & Machinery	2,776.93	2,784.76	99.62	3.58%	1609.82	57.81%
5	Line Cable Networks etc.	4,508.53	4,607.12	201.70	4.43%	2442.96	53.03%
6	Vehicles	7.34	7.34	0.36	4.89%	4.86	66.21%
7	Furniture & fixtures	7.64	7.83	0.28	3.61%	4.12	52.56%
8	Office Equipment	101.88	104.10	6.67	6.48%	73.21	70.33%
9	Capital store and spare	110.6	135.70	9.77	7.93%	78.85	58.11%
10	RGGVY assets	1,078.35	1,078.35	0	0.00%	171.80	15.93%
11	Intangible asset	54.72	55.84	2.86	5.17%	41.02	73.47%
12	Total	8,853.54	8,995.53	327.12	3.67%	4,507.05	50.10%

9.11 From the above, it can be seen that the percentage of accumulated depreciation as on FY 2022-23 on the closing GFA of FY 2022-23 is less than 70% for all categories of assets, substantiating that none of the assets have been fully depreciated. Thus, this ensures that the claims made by the Petitioners are only against those assets, which have not been fully depreciated.

9.12 Further, the Petitioners wishes to submit that Hon'ble Commission admits the capitalization and hence GFA in True-up Orders as per audited account. For such a capitalization or GFA, the Petitioners have availed actual loan from the various

sources. There is an obligation on Discom to service its debts along with interest. The Hon'ble Commission allows normative interest on such loan. Since depreciation is utilized for repayment of such loan in regulatory regime, the disallowance of the same is affecting the debt service obligation of the Discoms.

9.13 Based on the above, the Petitioners thereby requests the Hon'ble Commission to approve the depreciation as claimed by the Petitioners which is in line with the Audited Accounts.

9.14 The details of depreciation clam are as given in the Table below:

Table 38: Details of Depreciation Claimed by the Petitioners for FY 2022-23

Sr. no.	Discom	Allowed in the Tariff Order (A)	Actual Claimed now as Per Regulation / Accounts (B)	Variance (B-A)
1	EZ	290.30	329.31	39.01
2	CZ	311.28	405.73	94.45
3	WZ	125.77	313.13	187.36
4	MP State	727.35	1,048.17	320.82

9.15 Submission of East Discom:

9.15.1 The Petitioner wishes to submit that the GFA addition during FY 2022-23 is Rs. 655.51 Crore out of which Rs. 154.09 Crore is debt, Rs. 29.53 Crore is actual equity infusion, Rs. 395.40 Crore is consumer contribution & deposit and Rs. 76.94 Crore is grant as summarized in para 8.2.1 of this Petition. The net addition to GFA during the FY 2022-23 is considered as Rs. 183.53 Crore excluding consumer contribution and grant. The Opening balance of net GFA for FY 2022-23 has been considered as closing balance of FY 2021-22 as approved by the Hon'ble Commission in True-up of FY 2021-22.

9.15.2 Further, the gross depreciation as per Audited accounts is Rs. 619.08 Crore during the FY 2022-23. The Petitioner has claimed net depreciation of Rs. 329.31 Crore which is excluding the amortization of assets created through consumer contribution and grant.

9.15.3 The Licensee hereby prays to the Hon'ble Commission to allow depreciation of Rs 329.31 Crore against the approved depreciation of Rs. 290.30 Crore for East Discom in the Truing-up of FY 2022-23.

9.16 Submission of Central Discom

9.16.1 The Petitioner wishes to submit that the GFA addition during FY 2022-23 is Rs. 365.53 Crore out of which Rs. 103.17 Crore is debt, Rs. 44.59 Crore is actual equity infusion, Rs. 203.28 Crore is consumer contribution & deposit and Rs. 14.18 Crore is grant as summarized in para 8.3.1 of this Petition. Further, the actual consumer contribution received during the year is Rs. 41.90 Crore as reflected in Note 23.1 of Audited accounts. In addition, the deposit received form consumer is Rs. 22.16 Crore.

Further, the grant actually received during the year is Rs. 46.68 Crore. The Table below provides a comparison of consumer contribution and grant received vis-à-vis utilized during the FY 2022-23:

Table 39: Details of consumer contribution & grant received vis-à-vis utilized during FY 2022-23

Particular	Consumer Contribution		Particular	Grant	
	Received	Utilized		Received	Utilized
Supervision Assets	197.10	197.10	RGGVY	16.81	0.00
Deposits	22.16	3.01	IPDS	3.58	0.00
Other Schemes	41.90	3.17	DDUGJY	0.00	0.00
			Saubhagya	0.00	1.24
			RDSS	26.29	0.00
			Others	0.00	13.25
Total	261.16	203.28	Total	46.68	14.48

9.16.2 As can be seen from the Table above that the grant actually received during the year is Rs. 46.68 Crore which shall constitute the capitalization of assets in future years. However, the grant utilized towards capitalization of assets during the year as per funding pattern of the assets is Rs. 14.48 Crore. This is mainly because the assets capitalized in a year would have been created out of grant of earlier year/years. Further, in case of RGGVY though the scheme has been closed, the grant received is Rs. 16.81 Crore which mainly pertains to previous year claim that already has been accounted by the Petitioner in its capitalization before. It is to be noted that if the approach as adopted by the Hon'ble Commission is considered then such grant of RGGVY will be adjusted against the actual capitalization of FY 2022-23 which is completely irrational.

9.16.3 Similarly, for consumer contribution, the total amount received during the year is Rs. 261.16 Crore, however, the utilization attributable to capitalization during the year is Rs. 203.28 Crore. The amount received in FY 2022-23 may be lying in WIP and would be utilized in capitalization in subsequent years. Therefore, for the purpose of correct accounting treatment, it is necessary that the addition to GFA is to be considered as per its funding pattern, i.e., on the basis of debt, equity, consumer contribution and grant actually utilized for creation of assets. Accordingly, the Petitioner has considered net GFA addition excluding consumer contribution and grant as Rs. 147.77 Crore. The Opening balance of net GFA for FY 2022-23 has been considered as closing balance of FY 2021-22 as approved by the Hon'ble Commission in True-up of FY 2021-22.

9.16.4 Further, the gross depreciation as per Audited accounts is Rs. 662.78 Crore during the

FY 2022-23. The Petitioner has claimed net depreciation of Rs. 405.73 Crore which is excluding the amortization of assets created through consumer contribution and grant.

9.16.5 It is hereby requested to the Hon'ble Commission to allow depreciation of Rs. 405.73 Crore against the approved depreciation of Rs. 311.28 Crore for Central Discom in Truing-up of FY 2022-23.

9.17 **Submission of West Discom**

9.17.1 The Petitioner wishes to submit that the GFA addition during FY 2022-23 is Rs. 134.59 Crore out of which Rs. 76.62 Crore is debt, Rs. 40.16 Crore is actual equity infusion, Rs. 2.39 Crore is consumer contribution & deposit and Rs. 15.83 Crore is grant as summarized in para 8.4.1 of this Petition. Further, the retirement during the year is Rs. 17.70 Crore. Considering the impact of retirement of assets, the net GFA addition has been considered as Rs. 101.07 Crore which is excluding consumer contribution and grant utilized during the year.

9.17.2 The depreciation as per Audited account is Rs. 326.38 Crore. Further, the Petitioner has claimed depreciation of Rs. 313.13 Crore which has been derived as per depreciation model in line with the rate specified by the Hon'ble Commission.

9.17.3 The Petitioner requests that the Hon'ble Commission may kindly approve the amount of Rs 313.13 Crore towards True up of depreciation for FY 2022-23 against the approved depreciation of Rs. 125.77 Crore for West Discom in the Tariff Order for the period FY 2022-23.

T10: BAD AND DOUBTFUL DEBTS

10.1.1 The Hon'ble Commission in its Tariff Order for FY 2022-23 dated 31st March 2022 had approved bad debts amounting as NIL for each Discom stating any expenses against the bad and doubtful debts should be considered only at time of true-up after prudence check.

10.1.2 Regulation 37 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Bad and Doubtful Debts as under:

“37. Bad and doubtful debts.-

The Licensee shall submit the Draft policy and procedure for identification of bad debts and writing off the same for the approval of the Commission within three months from the date of notification of these Regulations. Bad and Doubtful Debts shall be allowed based on bad debts actually written off in the past (in accordance to the procedure approved by the Commission) as per the available latest audited Financial Statement to the extent Commission considers it appropriate and shall be trued up during the true up exercise for the relevant year subject to a limit of 1% of the yearly revenue”

10.1.3 The Petitioners have considered the bad debts as per audited accounts for FY 2022-23 as summarised below:

10.2 Submission of East Discom

10.2.1 During FY 2022-23, the bad debts written off was NIL as reflected in the annual accounts of FY 2022-23. It is accordingly requested to the Hon'ble Commission to consider the bad & doubtful debts in True up of FY 2022-23.

10.3 Submission of Central Discom

10.3.1 The Petitioner wishes to submit that during the FY 2022-23, the bad debt actually written off is Rs. 0.79 Crore.

10.3.2 Accordingly, it is requested before the Hon'ble Commission to consider the actual write off of Rs. 0.79 Crore towards True up of bad debts for FY 2022-23.

10.4 Submission of West Discom

10.4.1 The Petitioner wishes to submit that during FY 2022-23 it has written off bad debts amounting to Rs. 134.96 Crore which is well within the limit of 1% of the yearly revenue.

10.4.2 The Petitioner wishes to submit that in line with the decision of Board of Directors

(BoD) in its 97th meeting dated 28th June 2022; the freezed surcharge amount of Jalood water works amounting to Rs 96.65 Crores has been written off during FY 2022-23.

10.4.3 Additionally, in accordance with the directive from the Board of Directors during its 52nd meeting on May 29, 2013, a resolution was made to gradually write off the outstanding dues against Pandhana & Mansa Society. Consequently, an amount of Rs. 38.32 Crores has been officially expunged during the FY 2022-23. The impact of aforesaid occurrence has been documented in the Financial Statement. Accordingly, the total write-off of Rs. 134.96 Crore classified under bad and doubtful debt, as detailed in Note 30 of the Audited Accounts.

10.5 Based on the above, the claim of the Petitioners is shown in the below Table for Hon'ble Commission's kind perusal and further consideration.

Table 40: Details of Bad and Doubtful debts Claimed by Petitioners for FY 2022-23

Sr.no.	Discom	Allowed in the Tariff Order	Actual Claimed As Per Accounts	Variance
1	East Discom	0.00	0.00	0.00
2	Central Discom	0.00	0.79	(0.79)
3	West Discom	0.00	134.96	(134.96)
4	MP State	0.00	135.75	(135.75)

T11: OTHER EXPENSES**11.1 Submission of West Discom**

11.1.1 The licensee submits that it has incurred other sundry and miscellaneous expenses of Rs 4.17 Crore, the details of the same are as shown in the Table below:

Table 41: Other Expenses Claimed as true up for FY 2022-23

Sr. no.	Particulars	Allowed in the Tariff Order	Actual Claimed As Per Accounts
	Net prior period credit charges	-	
1	Other Expenses	-	
2	Sundry Expenses/Miscellaneous Losses	-	3.16
3	Miscellaneous expenses/Losses written off	-	1.02
4	Total	-	4.17

11.1.2 The Petitioner prays to the Hon'ble Commission to approve the other expenses amounting to Rs 4.17 Crore as per Audited Accounts on account of True up of FY 2022-23.

T12: RETURN ON EQUITY

- 12.1 The Hon'ble Commission in its Tariff Order for FY 2022-23 dated 31st March 2022 had approved return on equity as Rs. 306.24 Crore for East Discom, Rs. 331.69 Crore for Central Discom and Rs. 183.20 Crore for West Discom.
- 12.2 The Petitioners submits that as per Regulation 31 of the MYT Tariff Regulations, 2021 the return on equity is to be computed on the equity capital determined in accordance with Regulation 22. Further, the Regulation 22 provides for normative capital structure of asset for determination of equity and debt amount. The Regulation 22.2 further stipulates that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.
- 12.3 Further, as already mentioned in paras above that the Hon'ble Commission in previous True-up Orders has adopted an approach wherein it has considered the whole of the consumer contribution and grant received by the Licensee on global basis towards financing of capitalization during the year. Due to this the net GFA addition gets reduced. This tantamount to lower equity consideration than the actual as ceiling of maximum 30% of equity infusion is linked to net GFA addition excluding consumer contribution and grant. Hence, due to such approach, even if the actual equity infusion by licensee remains within the ceiling of 30%, it would never qualify for the equity balance of the year. This will have recurring impact on the ARR of Discoms. It is therefore, again requested before the Hon'ble Commission to revise its approach and consider the consumer contribution and grant on the basis of utilization or funding pattern as proposed by the Licensee.
- 12.4 The Petitioners submit that they have computed Return on Equity as per Section 31 of the Tariff Regulations, 2021 which specifies that Return on Equity is allowable in two parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subjected to achievement of target / performance, which is to be allowed at the time of true-up after prudence check.
- 12.5 The additional 2% of equity is to be allowed as under:
- a) If the status of metering of rural consumers under the domestic categories is achieved at the levels specified below, the Additional Return on Equity of 0.75% shall be allowed:*

Year	Metering completed as a % of total Connections		
	East	West	Central
FY 2022-23	92%	100%	84%
FY 2023-24	94%	100%	88%
FY 2024-25	96%	100%	92%
FY 2025-26	98%	100%	92%
FY 2026-27	100%	100%	100%

- b) If the total value of capital investment works capitalized in a year is more than 95% of the total approved capitalisation towards approved works for that year, the Additional Return on Equity of 0.75% shall be allowed;
- c) If the actual Repairs and Maintenance expenses in a year is more than 95% of the approved Repairs and Maintenance expenses for that year, the Additional Return on Equity of 0.50% shall be allowed.

12.5.1 Submission of East Discom

The Petitioner has computed Return on Equity as per Tariff Regulations, 2021. The Petitioner hereby submits that it has considered the closing equity of FY 2021-22 as approved in the previous True-up Order as opening equity for FY 2022-23. Further, the actual equity addition as per Note 17 of the Audited Account is Rs. 36.10 Crore. However, the Petitioner has considered Rs. 29.53 Crore as equity infusion against the capitalization during the year as per funding pattern of the asset/scheme. This is mainly because fresh equity or loan in a year as reflected in the Audited Accounts is availed for creation of CWIP, but creation of fixed asset may take longer time based on the completion of works and commissioning of the asset. Hence, the assets capitalized in a year may be created out of equity or loan drawal of earlier year/years and equity or loan drawn in a year may not be utilized for the asset created during that year. So, in a given year created asset and its corresponding equity or loan addition may not be matching with the actual equity or loan drawn during the year.

It is to be submitted that the Petitioner has achieved the target of meterisation as specified under Regulations 31.4 (a) of MYT Regulations, 2021, hence eligible for additional 0.75% of RoE. The Petitioner submits that it has computed Return on Equity as per Section 31 of the Tariff Regulations, 2021 as summarized in the Table below:

Table 42: ROE Claimed by EZ as True up for FY 2022-23

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
A	Gross Fixed Assets at the beginning of year (net of consumer contributions)	9,240.07	7,479.99
A1	Opening balance of equity	2,109.94	1,581.91
B	Actual capitalization of assets as per Annual Accounts (net of consumer contribution)	1,068.84	183.62
B1	Addition of equity, internal reserves during the year for capitalized assets	154.98	29.53
C1	Normative additional Equity (30% of B)	320.65	55.08
D1	Excess / shortfall of additional equity over normative (B1-C1)	(165.67)	(25.56)
E	Equity eligible for Return (A1+(C1/2)) OR (A1+(B1/2)), whichever is lower	2187.43	1596.67

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
F	Rate of Return	14.00%	14.75%
G	Return on Equity - (16% on E)	306.24	235.51

12.5.2 Submission of Central Discom

The Petitioner submits that it has computed Return on Equity as per Tariff Regulations, 2021. The actual equity infusion during FY 2022-23 as per Audited Account is Rs. 174.13 Crore, however, equity utilized towards capitalization of FY 2022-23 stands at Rs. 44.33 Crore which has been arrived as per funding of the asset/scheme. The Petitioner submits that it has computed Return on Equity as per Section 31.2 of the Tariff Regulations, 2021 which specifies that Return on Equity shall be computed in two parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subjected to achievement of target / performance, which is to be allowed at the time of true-up after prudence check. It is to be submitted that the Petitioner has achieved the target of meterisation as specified under Regulations 31.4 (a) of MYT Regulations, 2021, hence eligible for additional 0.75% of RoE. Accordingly, the claim of CZ towards RoE for True-up of FY 2022-23 is worked out as shown in the Table below:

Table 43: ROE Claimed by CZ as true up for FY 2022-23

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
A	Gross Fixed Assets at the beginning of year (net of consumer contributions)	10,736.59	9,119.74
A1	Opening balance of equity	2,291.06	1,806.00
B	Actual capitalization of assets as per Annual Accounts (net of consumer contribution)	840.99	147.77
B1	Addition of equity, internal reserves during the year for capitalized assets	156.27	44.33
C1	Normative additional Equity (30% of B)	252.30	44.33
D1	Excess / shortfall of additional equity over normative (B1-C1)	-96.03	0.00
E	Equity eligible for Return (A1+(C1/2)) OR (A1+(B1/2)), whichever is lower	2369.20	1828.17
F	Rate of Return	14.00%	14.75%
G	Return on Equity - (16% on E)	331.69	269.65

Petitioner requests the Hon'ble Commission to approve the return on equity as submitted above.

12.5.3 Submission of West Discom

The Petitioner submits that it has computed Return on Equity as per Tariff Regulations, 2021. The Petitioner hereby submits that it has considered the closing equity of FY 2021-22 as approved in the previous True-up Order as opening equity for FY 2022-23. The actual equity infusion as per Audited Account is Rs. 22.86 Crore, however, equity utilized in creation of asset as per funding pattern is Rs. 30.32 Crore which has been considered as equity addition during the year. The Petitioner submits that it has computed Return on Equity as per Section 31.2 of the Tariff Regulations, 2021 which specifies that Return on Equity shall be computed in two parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subjected to achievement of target / performance, which is to be allowed at the time of true-up after prudence check. Accordingly, the RoE claim of WZ is as shown in the Table below:

Table 44: ROE Claimed by WZ as true up for FY 2022-23

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
A	Gross Fixed Assets at the beginning of year (net of consumer contributions)		
A1	Opening balance of equity	1,267.93	1163.24
B	Actual capitalization of assets as per Annual Accounts (net of consumer contribution)	957.69	101.07
B1	Addition of equity, internal reserves during the year for capitalized assets	81.25	30.32
C1	Normative additional Equity (30% of B)	287.31	30.32
D1	Excess / shortfall of additional equity over normative (B1-C1)		0.00
E	Equity eligible for Return (A1+(C1/2)) OR (A1+(B1/2)), whichever is lower	1,308.56	1178.40
F	Rate of Return	14.00%	14.00%
G	Return on Equity - (16% on E)	183.20	164.98

- 12.6 The Petitioners thus prays the Hon'ble Commission to allow Return on Equity amounting to Rs 235.51 Crore, Rs 269.95 Crore and Rs. 164.98 Crore for East Discom, Central Discom and West Discom, respectively, for FY 2022-23 as shown in below Table:

Table 45: ROE Claimed by Petitioners for FY 2022-23

Sr. no.	Discom	Allowed in the Tariff Order	Actual Claimed Now as Per Regulation / Accounts	Variance
1	East Discom	306.24	235.51	(70.73)
2	Central Discom	331.69	269.65	(62.04)
3	West Discom	183.20	164.98	(18.22)
4	MP State	821.13	670.14	(150.99)

T13: TAXES

- 13.1 The Petitioners submit that for the period FY 2022-23, the Tax Liability was Nil as per Audited Accounts.

T14: OTHER INCOME

- 14.1 The Hon'ble Commission in its Tariff Order for FY 2022-23 dated 31st March 2022 had approved other income and non-tariff income as Rs. 199.85 Crore for the East Discom, Rs. 234.73 Crore for the Central Discom and Rs. 151.12 Crore for the West Discom respectively.
- 14.2 The Petitioners have claimed other income and non-tariff income as per the Audited Accounts of FY 2022-23 as per below Table.

Table 46: Other income claimed by Petitioners for FY 2022-23

Sr. no.	Discom	Allowed in the Tariff Order	Actual Claimed Now as Per Regulation / Accounts*	Variance
1	East Discom	199.85	259.60	59.75
2	Central Discom	234.73	141.12	(93.61)
3	West Discom	151.12	218.92	67.80
4	MP State	585.70	619.64	33.94

**Inclusive of artificial additional income on account of unutilized consumer contribution & Grant during the year*

- 14.3 The aforesaid income is exclusive of amortization of assets created through consumer contribution and grants since the Petitioners have claimed depreciation on net addition basis.
- 14.4 Further, as proposed at the paras 8.1.18 above with respect to treatment of consumer contribution & grant that any unutilized fund (as per the Hon'ble Commission understanding) may be treated as an additional artificial investment in either Fixed Deposit (FDs) or Bank savings. Accordingly, the Petitioners have worked out the additional artificial income for the unutilized portion of consumer contribution and grant as shown in the Table below:

Table 47: Additional artificial income for FY 2022-23

S. No.	Particulars	East DISCOM	West DISCOM	Central DISCOM	Total
1	Consumer Contribution & Grant Received	551.51	257.27	307.84	
2	Consumer Contribution & Grant Utilized against Capitalization (calculated as per funding pattern)	471.89	15.82	217.76	
3	Consumer Contribution & Grant Unutilized	79.62	241.45	90.08	
4	Average unutilized amount	39.81	120.73	45.04	
5	Interest Rate	5.00%	5.00%	5.00%	
6	Artificial Income	1.99	6.04	2.25	10.28

- 14.5 It is submitted that the above additional artificial income has been considered by the Petitioners under their claim of Non-Tariff Income. However, it to reiterate and again clarify that the aforesaid proposed artificial income would be tantamount to double impact on the ARR of Discoms as any interest on any unutilized fund has already been captured under non-tariff income. However, to limit the perpetual impact of the approach as adopted by the Hon'ble Commission, the Petitioners have proposed such modified treatment for consumer contribution and grant.
- 14.6 The Petitioners hereby pray to the Hon'ble Commission to approve Rs. 259.60 Crore for the East Discom, Rs. 141.12 Crore for the Central Discom and Rs. 218.92 Crore for the West Discom respectively for FY 2022-23 as other income and non-tariff income as submitted above.

T15: INCOME FROM SALE OF POWER**15.1 Submission of East Discom**

15.1.1 The Licensee hereby submits that the Hon'ble Commission had considered sales of 19,497.42 MU for the period FY 2022-23. However, the actual sales were 18,553.90 MU, which are lower by 943.52 MU than what has been approved in the Tariff Order for FY 2022-23. The category wise details are shown in the Table below:

Table 48: Revenue from Sales for East Discom FY 2022-23

Particulars	As per Tariff Order (A)		Actuals (B)		Variance (B-A)	
	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)
LOW TENSION	15565.7	9769.7	14450.4	9942.9	(1115.3)	9942.9
LV 1: DOMESTIC	5950.51	3,686.80	5656.9	3712.01	(293.6)	3712.0
LV 2: NON-DOMESTIC	1351.71	1,160.08	1139.1	1067.99	(212.7)	1068.0
LV 3: PUBLIC WATER WORKS AND STREET LIGHTS	405.75	268.18	404.4	291.88	(1.4)	291.9
LV 4: LT INDUSTRY	460.43	449.72	450.0	411.66	(10.4)	411.7
LV 5: IRRIGATION PUMP FOR AGRICULTURE	7397.28	4,204.93	6800.0	4459.30	(597.3)	4459.3
LV 6: E-VEHICLE/ E-RICKSHAWS	0.05	0.03	0.1	0.05	0.0	0.0
HIGH TENSION	3931.7	3222.3	4103.5	3100.5	171.8	3256.4
HV 1: RAILWAY TRACTION	55.32	30.28	0.0	0.00	(55.3)	0.0
HV 2: COAL MINES	527.23	460.16	484.1	420.77	(43.1)	420.8
HV-3: INDUSTRIAL AND NON-INDUSTRIAL	2900.72	2,427.01	3174.9	2494.91	274.1	2494.9
HV-4: SEASONAL	12.21	7.73	9.8	9.27	(2.4)	9.3
HV-5: HT IRRIGATION AND WATER WORKS	185.13	125.5	190.7	1	5.6	155.9
HV 6: BULK RESIDENTIAL USERS	247.99	169.32	241.5	173.01	(6.5)	173.0
HV 7: SYNCHRONOUS POWER	0.99	0.99	2.5	2.54	1.6	2.5
HV 8: E-VEHICLE/ E-RICKSHAWS	2.10	1.3	0.0	0.00	(2.1)	0.0
GRAND TOTAL HT + LT	19497.4	12992.03	18553.9	13043.4	(943.5)	13199.3
GRAND TOTAL HT + LT as per R-15 (Including ED, Cess, Meter Rent, Surcharge, Misc Charges etc)				14318.67		
GRAND TOTAL HT + LT as per Audited Accounts				7046.20		
Subsidy as per audited Accounts				6211.32		
Total Sales of power including subsidy				13257.52		

15.1.2 The Actual income from sale of power indicated in the Note 24 of the Audited Accounts including subsidy is Rs 13,257.52 Crore.

15.1.3 The Licensee thus prays to the Hon'ble Commission to consider Rs. 13,257.52 Crore as Income from sales of power as per the audited accounts of the company, for the purpose of deciding of True-up.

15.2 Submission of Central Discom

15.2.1 The Licensee hereby submits that the Hon'ble Commission had considered sales of 22,275.93 MU for the period FY 2022-23. However, the actual sales were 22,433 MU, which are higher by 157.07 MU than what has been approved in the Tariff order for FY 2022-23. Thus, the revenue from sales has also been higher by Rs. 885.03 Cr. The details are shown in the Table below:

Table 49: Revenue from Sales for Central Discom FY 2022-23

Particulars	As per Tariff Order (A)		Actuals (B)		Variance (B-A)	
	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)
LOW TENSION	18176.2	11891.2	17606.7	12360.5	(569.5)	12360.5
LV 1: DOMESTIC	6,633.61	4,320.05	6116.4	4031.80	(517.2)	4031.8
LV 2: NON-DOMESTIC	1,117.64	1,066.37	1270.2	1191.78	152.6	1191.8
LV 3: PUBLIC WATER WORKS AND STREET LIGHTS	430.98	297.97	486.3	359.74	55.3	359.7
LV 4: LT INDUSTRY	361.87	353.19	331.3	306.32	(30.6)	306.3
LV 5: IRRIGATION PUMP FOR AGRICULTURE	9,630.45	5,852.62	9402.4	6470.79	(228.1)	6470.8
LV 6: E-VEHICLE/ E-RICKSHAWS	1.63	0.98	0.1	0.12	(1.5)	0.1
HIGH TENSION	4099.7	3215.7	4826.3	3618.7	726.6	3618.7
HV 1: RAILWAY TRACTION	55.32	27.59	0.0	0.00	(55.3)	0.0
HV 2: COAL MINES	27.23	26.27	21.5	21.78	(5.7)	21.8
HV-3: INDUSTRIAL AND NON-INDUSTRIAL	3,539.04	2,792.46	4312.2	3207.31	773.1	3207.3
HV-4: SEASONAL	2.05	1.78	1.0	1.16	(1.1)	1.2
HV-5: HT IRRIGATION AND WATER WORKS	315.05	251.75	331.4	270.84	16.3	270.8
HV 6: BULK RESIDENTIAL USERS	153.15	106.92	155.1	111.57	1.9	111.6
HV 7: SYNCHRONOUS POWER	4.86	7.06	4.3	5.30	(0.6)	5.3
HV 8: E-VEHICLE/ E-RICKSHAWS	3.04	1.88	0.9	0.70	(2.1)	0.7
GRAND TOTAL HT + LT	22275.9	15106.9	22433.0	15979.2	157.1	15979.2
GRAND TOTAL HT + LT as per R-15 (Including ED, Cess, Meter Rent, Surcharge, Misc Charges etc)				17,486.58		
GRAND TOTAL HT + LT as per Audited Accounts				8,337.03		
Subsidy as per audited Accounts				7,654.68		
Total Sales of power including subsidy				15,991.71		

15.2.2 The actual income as per the audited accounts including subsidy is Rs. 15,991.71 Crore. Accordingly, the Licensee prays to the Hon'ble Commission to consider Rs. 15,991.71 Crore as Income from sales of power for the purpose of deciding of True up.

15.3 Submission of West Discom

15.3.1 The Licensee hereby submits that the Hon'ble Commission approved total sales of 27,028.30 MU's. Actual sales during FY 2022-23 were 26,690.16 MU which is lower by 338.14 MU than approved in the Tariff order for FY 2022-23.

15.3.2 The actual revenue as per audited accounts is Rs 18,973.00 Crore, details of the same are as shown in the Table below:

Table 50: Revenue from Sales for West Discom FY 2022-23

Particulars	As per Tariff Order (A)		Actuals (B)		Variance (B-A)	
	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)
LOW TENSION	20690.1	13349.9	19804.2	13791.8	(885.9)	13791.8
LV 1: DOMESTIC	6,637.93	4,227.76	6117.4	4014.77	(520.6)	4014.8
LV 2: NON-DOMESTIC	1,416.71	1,323.52	1404.4	1335.59	(12.3)	1335.6
LV 3: PUBLIC WATER WORKS AND STREET LIGHTS	524.95	379.07	584.8	418.41	59.9	418.4
LV 4: LT INDUSTRY	742.06	706.17	739.7	636.03	(2.3)	636.0
LV 5: IRRIGATION PUMP FOR AGRICULTURE	11,367.49	6,712.84	10957.5	7386.69	(410.0)	7386.7
LV 6: E-VEHICLE/ E-RICKSHAWS	0.94	0.57	0.3	0.29	(0.6)	0.3
HIGH TENSION	6338.2	4522.8	6885.9	5019.8	547.7	5019.8
HV 1: RAILWAY TRACTION	0	0	0.0	0.00	0.0	0.0
HV 2: COAL MINES	0	0	0.0	0.00	0.0	0.0
HV-3: INDUSTRIAL AND NON-INDUSTRIAL	5179.69	3,680.86	5711.0	4156.35	531.3	4156.3
HV-4: SEASONAL	10.39	8.43	9.6	10.57	(0.8)	10.6
HV-5: HT IRRIGATION AND WATER WORKS	1105.39	793.98	1098.3	795.51	(7.1)	795.5
HV 6: BULK RESIDENTIAL USERS	25.37	20.18	38.6	27.68	13.3	27.7
HV 7: SYNCHRONOUS POWER	16.26	18.45	25.7	27.77	9.5	27.8
HV 8: E-VEHICLE/ E-RICKSHAWS	1.12	0.87	2.7	1.88	1.6	1.9
GRAND TOTAL HT + LT	27028.3	17872.7	26690.2	18811.6	(338.1)	18811.6
GRAND TOTAL HT + LT as per R-15 (Including ED, Cess, Meter Rent, Surcharge, Misc Charges etc)				19944.35		
GRAND TOTAL HT + LT as per Audited Accounts				10179.24		
Subsidy as per audited Accounts				8793.76		
Total Sales of power including subsidy				18973.00		

T16: SUMMARY OF TRUE UP ARR FOR FY 2022-23

- 16.1 East Discom submits that in accordance with the normative parameters of MPERC, the total ARR of East Discom for the period FY 2022-23 is Rs 13,053.62 Crore, which is Rs 1,065.68 Crore higher than the approved ARR in the Tariff Order for the period FY 2022-23. The income from sale of power including the subsidy was Rs. 13,257.52 Crore which is higher by Rs 265.69 Crore and other income was Rs. 259.60 Crore which is also higher by Rs. 59.75 Crore as assessed in Tariff order 2022-23. the Total gap considering the impact of past year True-up Orders of Genco's Transco & Discoms, works out as Rs 740.24 Crore.
- 16.2 Central Discom submits that in accordance with the normative parameters of MPERC, the total ARR of Central Discom for the period FY 2022-23 is Rs 15,797.26 Crore, which is Rs 1,632.73 Crore higher than the approved ARR in the Tariff Order for the period FY 2022-23. The income from sale of power including the subsidy was Rs. 15,991.71 Crore which is higher by Rs 885.03 Crore and other income is Rs. 141.12 Crore which is lower by Rs. 93.61 Crore as assessed in Tariff order 2022-23. Total gap considering the impact of past year True-up Orders of Genco's Transco & Discoms, works out as Rs 841.32 Crore.
- 16.3 West Discom submits that in accordance with the normative parameters of MPERC, the total ARR of West Discom for the period FY 2022-23 is Rs 19,994.64 Crore, which is Rs 1,424.24 Crore higher than the approved ARR in the Tariff Order for the period FY 2022-23. The income from sale of power including the subsidy was Rs. 18,973 Crore which is higher by Rs 1,100.57 Crore and other income is Rs. 218.92 Crore which is higher by Rs. 67.80 Crore. as assessed in Tariff order 2022-23. Total gap considering the impact of past year True-up Orders of Genco's Transco & Discoms, works out as Rs 255.87 Crore.
- 16.4 Summary of the Petitioners claim towards True up for the period FY 2022-23 is as follows:

Table 51: Summary of True Up Claimed for FY 2022-23 (Rs Crore)

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
1	Power Purchase Cost (including rebate from CGS)	EZ	7,852.92	9,210.69	1,357.77
		CZ	9,739.79	11,752.19	2,012.40
		WZ	14,918.28	16,266.03	1,347.75
		MP State	32,510.99	37,228.92	4,717.93
2	Intra state transmission charges including SLDC	EZ	1,260.51	1,560.33	299.82
		CZ	1,484.82	1,580.04	95.22

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		WZ	1,504.90	1,577.42	72.52
		MP State	4,250.23	4,717.79	467.56
3	Employee Cost	EZ	1,206.79	977.63	(229.16)
		CZ	1,079.73	958.29	(121.44)
		WZ	1,171.96	980.32	(191.64)
		MP State	3,458.48	2,916.24	(542.24)
4	Provision for Terminal Benefit	EZ	70.00	70.00	-
		CZ	70.00	70.00	-
		WZ	70.00	70.00	-
		MP State	210.00	210.00	-
5	A&G Cost	EZ	203.48	128.87	(74.61)
		CZ	267.02	133.99	(133.03)
		WZ	139.00	130.23	(8.77)
		MP State	609.50	393.09	(216.41)
6	R&M Cost	EZ	305.06	145.26	(159.80)
		CZ	330.26	120.03	(210.23)
		WZ	218.50	168.63	(49.87)
		MP State	853.82	433.92	(419.90)
7	Depreciation	EZ	290.30	329.31	39.01
		CZ	311.28	405.73	94.45
		WZ	125.77	313.13	187.36
		MP State	727.35	1,048.17	320.82
8	Interest on Project Loans	EZ	383.08	280.01	(103.07)
		CZ	428.54	386.28	(42.26)
		WZ	156.69	113.10	(43.59)
		MP State	968.31	779.39	(188.92)
9	Interest on Working Capital	EZ	65.95	68.73	2.78
		CZ	73.82	61.84	(11.98)
		WZ	11.85	12.49	0.64
		MP State	151.62	143.07	(8.55)
10	Interest on Consumer Security Deposit	EZ	43.61	47.28	3.67
		CZ	47.58	58.41	10.83
		WZ	70.25	59.17	(11.08)
		MP State	161.44	164.86	3.42
11	Return on Equity	EZ	306.24	235.51	(70.73)
		CZ	331.69	269.65	(62.04)

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		WZ	183.20	164.98	(18.22)
		MP State	821.13	670.14	(150.99)
12	Bad and Doubtful Debts	EZ	-		-
		CZ	-	0.79	0.79
		WZ	-	139.14	139.14
		MP State	-	139.93	139.93
15	Total Expenses	EZ	11,987.94	13,053.62	1,065.68
		CZ	14,164.53	15,797.26	1,632.73
		WZ	18,570.40	19,994.64	1,424.24
		MP State	44,722.87	48,845.53	4,122.66
16	Less: Other Income - Retail & Wheeling	EZ	199.85	259.60	59.75
		CZ	234.73	141.12	(93.61)
		WZ	151.12	218.92	67.80
		MP State	585.70	619.64	33.94
17	Net Total Expenses for FY 2022-23	EZ	11,788.09	12,794.02	1,005.93
		CZ	13,929.80	15,656.15	1,726.35
		WZ	18,419.28	19,775.72	1,356.44
		MP State	44,137.17	48,225.89	4,088.72
19	Revenue Gap of MP Transco True-up of FY 2019-20	EZ	10.05	10.05	-
		CZ	11.82	11.82	-
		WZ	12.34	12.34	-
		MP State	34.21	34.21	-
20	Revenue Gap of MP DISCOMs True-up of FY 2019-20	EZ	1,260.38	1,260.38	-
		CZ	1,252.72	1,252.72	-
		WZ	(482.17)	(482.17)	-
		MP State	2,030.93	2,030.93	-
21	Revenue Gap of MP DISCOMs True-up of FY 2020-21	EZ	63.91	63.91	-
		CZ	74.39	74.39	-
		WZ	87.45	87.45	-
		MP State	225.75	225.75	-
22	Revenue Surplus of MP Genco True-up of FY 2019-20	EZ	(130.60)	(130.60)	-
		CZ	(162.05)	(162.05)	-
		WZ	(164.47)	(164.47)	-
		MP State	(457.12)	(457.12)	-
23	Total ARR for FY 2022-23	EZ	12,991.83	13,997.76	1,005.93
		CZ	15,106.68	16,833.03	1,726.35

Summary of Aggregate Revenue Requirement for FY 2022-23 True Up (in Crore)					
Sr No	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		WZ	17,872.43	19,228.87	1,356.44
		MP State	45,971	50,059.66	4,088.72
24	Revenue from sale of Power	EZ	12,991.83	13,257.52	265.69
		CZ	15,106.68	15,991.71	885.03
		WZ	17,872.43	18,973.00	1,100.57
		MP State	45,970.94	48,222.23	2,251.29
25	Net Revenue Deficit/Surplus	EZ	-	740.24	740.24
		CZ	-	841.32	841.32
		WZ	-	255.87	255.87
		MP State	-	1,837.43	1,837.43

- 16.5 The Petitioners hereby submit that the total revenue gap/(surplus) works out to be Rs 740.24 Crore, Rs 841.32 Crore, Rs 255.87 Crore and Rs 1,837.43 Crore for East Discom, Central Discom, West Discom and MP State respectively. This gap may be included in the ARR of subsequent years or as the Hon'ble commission may deem fit for recovery of the same.
- 16.6 The Petitioners further wished that the Hon'ble Commission may consider the various review points as highlighted at appropriate section of this Petition and may provide effect against the same in the True-up of FY 2022-23.

T17: CARRYING COST ON TRUE-UP GAP FOR FY 2022-23

- 17.1 The Petitioners submit that Regulation 8.3 of MYT Regulations, 2021 stipulates provision for carrying cost. The relevant extract from the said Regulation is as extracted below:

“8.3 If the revenue already recovered is more than the revenue requirement determined after true up, the Distribution Licensees shall refund to the consumers the excess amount so recovered along with the holding cost in the manner as may be decided by the Commission in the True-up order. Similarly, in case the revenue already recovered is less than the revenue requirement determined after true up, the Distribution Licensees shall be allowed to recover from the consumers, the under recovered amount along with the carrying cost in the manner as may be decided by the Commission, subject to provision of these Regulations. The decision of the Commission on the mechanism of recovery of balance amount due to under recover shall be final:

Provided that the Carrying/Holding cost may be allowed by the commission on admitted revenue gap/surplus at the time of truing up at Base Rate plus 350 basis points, subject to timely filing of the Petition as per the provision of these Regulations.”

- 17.2 The Petitioners wish to submit the Hon’ble State Commission of almost all the prominent States (Maharashtra, Gujarat, Haryana, Delhi etc.) have been allowing the carrying cost to Licensee on the True-up gap as approved during the truing up of expenses of any particular year.
- 17.3 It is to be noted that the principle for allowing the carrying cost on True-up gap is well settled and the Hon’ble APTEL in its various judgement including in an Appeal 173/09 dated 15.02.2011, has explained the rationale for allowing carrying cost (in Para 43) as under:

*“Carrying cost is a legitimate expense. Therefore, recovery of such carrying cost is legitimate expenditure of the distribution companies. **The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the financing of the gap in cash flow arranged by the Distribution Company from lenders/promoters/accruals is to be paid by way of carrying cost.** In this case, the Appellant, in fact, had prayed for allowing the legitimate expenditure including carrying cost. Therefore, the Appellant is entitled to carrying cost” (emphasis supplied)*

- 17.4 Similarly, in the matter of Torrent Power Limited vs GERC, Appeal Nos. 190/2011 and 162-63/2012, decided by the Hon’ble APTEL on 28.11.2013, it was ruled that:

“83. The relevant principles which have been laid down in these decisions are extracted below:

- (a) We do appreciate that the State Commission intends (sic) to keep the burden on the consumer as low as possible. At the same time, **one has to remember that the burden of the consumer is not ultimately reduced by under estimating the cost today and truing it up in future as such method also burdens the consumer with carrying cost.**

The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the financing of the gap in cash flow arranged by the distribution company from lenders and/or promoters and/or accruals, has to be paid for by way of carrying cost.

- (b) **The carrying cost is a legitimate expense and therefore recovery of such carrying cost is legitimate expenditure of the distribution company.**
- (c) ... The utility is entitled to carrying cost on its claim of legitimate expenditure if the expenditure is:
- i) accepted but recovery is deferred e.g. interest on regulatory assets,
 - ii) claim not approved within a reasonable time, and
 - iii) Disallowed by the State Commission but subsequently allowed by the Superior authority.
 - iv) **Revenue gap as a result of allowance of legitimate expenditure in the true up.** (emphasis supplied)

17.5 Further, the Hon'ble APTEL in its various judgment including in Appeal No. 160 of 2012 and Appeal Nos. 211, 215, 3, 4, 57, 274, 164, 166, 121 of 2013 dated 8th April 2015 has stipulated methodology for computation of carrying cost. In the said Judgment, Hon'ble APTEL stated as herein below:

“42...

The interest should be calculated for the period from the middle of the financial year in which the revenue gap had occurred upto the middle of the financial year in which the recovery has been proposed. Thus, for the revenue gap of FY 2010-11, the Commission has to consider interest from middle of FY 2010-11 to middle of FY 2013-14 in which the recovery is proposed. This is because the expenditure is incurred throughout the year and its recovery is also spread out throughout the year. Admittedly, the revenue gap will be determined at the end of the financial year in which the expenditure is incurred. However, the under or over recovery is the resultant of the cost and revenue spread out throughout the year. Similarly, the revenue gap of the past year will be recovered throughout the year in which its recovery is allowed. Therefore, the interest on revenue gap as a result of true up for a financial year should be calculated from the mid of that year till the middle of the year in which such revenue gap is allowed to be recovered.” {Emphasis Added}

- 17.6 In view of the above, the Petitioners have worked out the carrying cost on the True-up gap as submitted in the section above. The Discom wise summary of carrying cost computation is provided in the subsequent Tables:

Table 52: Carrying cost on True-up Gap for East Discom for FY 2022-23 (Rs Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Opening balance	-	740.24	740.24
Addition	740.24	-	
Recovery	-	-	(740.24)
Closing balance	740.24	740.24	-
Average balance	370.12	740.24	370.12
Carrying cost (%)	10.50%	10.50%	10.50%
Carrying cost	38.86	77.73	38.86
Total Carrying cost	155.45		

Table 53: Carrying cost on True-up Gap for Central Discom for FY 2022-23 (Rs Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Opening balance	-	841.32	841.32
Addition	841.32	-	
Recovery	-	-	(841.32)
Closing balance	841.32	841.32	-
Average balance	420.66	841.32	420.66
Carrying cost (%)	10.50%	10.50%	10.50%
Carrying cost	44.17	88.34	44.17
Total Carrying cost	176.68		

Table 54: Carrying cost on True-up Gap for West Discom for FY 2022-23 (Rs Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Opening balance	-	255.87	255.87
Addition	255.87	-	
Recovery	-	-	(255.87)
Closing balance	255.87	255.87	-
Average balance	127.93	255.87	127.93
Carrying cost (%)	10.50%	10.50%	10.50%
Carrying cost	13.43	26.87	13.43
Total Carrying cost	53.73		

- 17.7 The consolidated carrying cost on the True-up gap as claimed in this Petition works out to be Rs. 385.86 Crore.
- 17.8 It is submitted that in order to finance such True-up gap, the Petitioners have to arrange funds and have incurred interest which can be seen by way of higher working capital loan in the audited accounts of the Licensee. **Hence, it is requested before the Hon'ble Commission to approve the carrying cost as proposed in this Petition in line with the Regulation 8.3 of MYT Regulations, 2021 and as per the Judgements of the Hon'ble APTEL as mentioned in paras above.**