

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
5th Floor, "Metro Plaza", E-5, Arera Colony, Bittan Market, Bhopal - 462016



Petition No. 70 / 2023

PRESENT:

S. P. S. Parihar, Chairman

Gopal Srivastava, Member (Law)

P. K. Chaturvedi, Member

IN THE MATTER OF:

True-up of Transmission Tariff of M. P. Power Transmission Company Limited, Jabalpur (MPPTCL) for FY 2022-23 determined by MPERC in Multi Year Tariff Order dated 19th May, 2021 in Petition No. 45/2020.

M. P. Power Transmission Company Ltd., Jabalpur - Petitioner

Versus

- (i) **M. P. Poorv Kshetra Vidyut Vitaran Co. Ltd., Jabalpur**
- (ii) **M. P. Madhya Kshetra Vidyut Vitaran Co. Ltd., Bhopal**
- (iii) **M. P. Paschim Kshetra Vidyut Vitaran Co. Ltd., Indore**
- (iv) **M. P. Industrial Development Corp. Ltd. (SEZ), Indore**
- (v) **West Central Railways, Jabalpur**
- Respondents**

ORDER**(Passed on this day of 28th February 2024)**

1. The Multi-Year Transmission Tariff order for FY 2019-20 to FY 2023-24 was issued by the Commission on 19th May, 2021 in Petition No. 45/2020 in accordance with MPERC (Terms & Condition for Determination of Transmission Tariff) (Revision-IV) Regulations, 2020 (RG-28 (IV) of 2020) (hereinafter referred to as “Regulations”).
2. As per the Regulations, MPPTCL is required to file petition for True-up of Transmission Tariff by 15th November every year. Accordingly, vide letter No. 04-01/ CRA/F-175/ 4908 dated 09/11/2023, MPPTCL filed the subject petition for true-up of its Transmission Tariff for FY 2022-23 along with Asset-cum-Depreciation Register for FY 2022-23. The instant petition for True-up of FY 2022-23 is based on Annual Accounts of the Company for FY 2022-23 submitted to the Commission vide MPPTCL’s letter No. 4908 dated 09/11/2023 and the Report of the Reporter of Compliance (RoC) of MPPTCL for FY 2022-23 submitted by its letter No. 2000 dated 27.6.2023.
3. MPPTCL claimed True-up of ARR for FY 2022-23 in the following manner:

A. True-up for FY 2022-23*(Amount in Rs. Crore)*

S. No.	Particulars	As per ARR approved by MYT order dated 19.5.2021	As filed in this petition based on Audited Accounts	True-up Amount
				(Col. 4 – Col 3)
1	2	3	4	5
1	O&M Expenses	702.21	711.37	9.16
2	Terminal Benefit expenses	2108.2	2415.68	307.48
3	Depreciation	559.02	567.28	8.26
4	Interest on Loan & Bank Charges	181.15	319.34	138.19
5	Interest on Working Capital	73.8	78.70	4.90
6	Return on Equity	644.76	677.71	32.95
7	PPP Unitary Charges	37.80	34.25	-3.55
8	Expense Towards Payment of OPGW Charges to PGCIL	1.06	0.92	-0.14
9	MPERC Fee	1.01	1.09	0.08
10	Taxes and Fee (other than MPERC)	2.19	3.67	1.48
11	Security Expenses	27.02	29.64	2.62
12	TOTAL -	4338.22	4839.66	501.44
13	Less Non-Tariff Income	26.00	106.72	80.72
14	GRAND TOTAL -	4312.22	4732.94	420.72

B. Prayer:

MPPTCL broadly prayed the following in the subject petition:

- (i) Approve the True-up of Annual Fixed Cost for FY 2022-23 as mentioned in para 15.1 of the petition.
- (ii) Allow True-up amount to be recovered from the Distribution Licensees & other LTOA customers as per para 15.2. of the petition.
- (iii) As per Clause 10.9 of Tariff Regulations, 2020 may permit to recover the same from beneficiaries, within six months from the date of determination of final Tariff.

4. The subject petition is for True-up of Transmission Tariff for FY 2022-23 determined by the Commission in the MYT order. The ARR (Annual Revenue Requirement) for FY 2022-23 claimed by the petitioner and as approved by the Commission vide MYT Order dated 19/05/2021 in Petition No. 45/2020 are summarized as below:

(Rs. in Crore)

S. No.	Particulars	ARR for FY 2022-23		
		As claimed by MPPTCL in original MYT petition (without Accounts of FY 2019-20)	As claimed by MPPTCL in the amended MYT petition (based on trial balance of FY 2019-20)	As approved by the Commission in the MYT Order dated 19/05/2021
1	2	3	4	5
1	O&M Expenses	694.66	702.21	702.21
2.i	Terminal Benefit against Current Liabilities	3607.36	2108.20	2108.20
2.ii	Provisions	116.03	0.00	0.00
2	Total Terminal Benefits	3723.39	2108.20	2108.20
3	Depreciation	598.88	559.02	559.02
4	Interest & Finance Charges	415.33	377.05	181.15
5	Interest on Working Capital	114.04	88.31	73.80
6	Return on Equity	804.00	762.48	644.76
7	Expenses Towards payment to PPP Licensee	37.80	37.80	37.80
8	Expenses towards OPGW Charges to PGCIL	1.06	1.06	1.06
9	MPERC's Fee	1.01	1.01	1.01
10	Taxes & fees (other than MPERC fee)	2.19	2.19	2.19
11	Security Expenses	27.02	27.02	27.02
	TOTAL -	6419.38	4666.37	4338.22
12	Less Non-Tariff Income (-)	-26.00	-26.00	-26.00
	ARR -	6393.38	4640.37	4312.22

5. Motion hearing in the subject petition was held on the 13th December, 2023. The petition was admitted and the petitioner was directed to serve copy of petition on all Respondents within a week and report its compliance to the Commission. The Respondents were directed to file their reply to the petition within two weeks, thereafter. The petitioner was also directed to submit a copy of the draft public notice on the gist of the petition in Hindi & English within a week.
6. MPPTCL vide its letter No. 5792 dated 27/12/2023 submitted draft public notice on the gist of the petition and informed that it has served copy of the petition to all respondents by its letter No. 5592 dated 14/12/2023.
7. The Commission vide letter No. 116 dated 11/01/2024 communicated information gaps and requirement of additional details/ data/ documents to the petitioner seeking its response within two weeks. Subsequently, the Commission vide letter No. 117 dated 11/01/2024 directed the petitioner to publish the approved public notices in Hindi & English in newspapers within 3 days. MPPTCL vide its letter No. 7447 dated 31/01/2024 submitted point wise response. The details of the issue raised by the Commission and the response of MPPTCL to each issue are as given below:

(i) Issue:

Final copy of RoC report approved by Board of Directors for FY 2022-23 was sought.

MPPTCL's Reply:

In the matter of RoC report for 2022-23, it is submitted that the said report has been tabled in the meeting of the Board of Directors held on 20th December 2023 and has been approved by the BoD. The approved RoC report has been submitted to the Commission vide letter No. 04-01/CRA/F-6/7146 dated 15.01.2024.

(ii) Issue:**Intra-State Transmission System:**

At table in para 2.3 of the petition the net transmission capacity for FY 2022-23 is shown as 20588.04 MW. At para 16.6 of the MYT order dated 19/05/2021, net transmission capacity of 24657.15 MW as filed by MPPTCL was considered by the Commission. Accordingly, reduction in net transmission capacity from 24657.15 MW to 20588.04 MW was observed. The reasons for reduction in the net transmission capacity along-with a table showing reconciliation of the capacities was sought from the petitioner. Further detailed note on technical impact of this reduction on transmission planning & its financial impact on tariff and bills raised by MPPTCL from various LTOAC & STOAC customers were also sought.

MPPTCL's Reply:

Regarding observation made on Transmission Capacity, it is to submit that the transmission capacity of 24657.15MW considered in MYT petition was based on the anticipated projections for the ensuing years at that time. Regarding the True up petition, it is submitted that the net transmission capacity of 20588.04MW considered is actual capacity confirmed by the MP Power Management Co. Ltd. The total and net transmission capacity for the FY 2022-23 is depicted in Annexure-III appended with the petition. As desired, a comparative

table is enclosed. It is submitted that the ARR is determined based on the Tariff principles as approved by The Commission which is independent of the capacities.

(iii) Issue:**O&M expenses:**

At para 4.3 of the petition, the addition of lines & sub stations tally with respective parameters at para 2.1 of the petition. However, S/s capacity addition is at variance in this regard. A reconciliation chart along-with effect of variation on O&M claims was sought.

MPPTCL's Reply:

It may kindly be observed that voltage wise S/s Capacity as on 31.3.2023 mentioned at para 2.1 of True Up Petition and para 3.6.8 of RoC report are same. It is also to submit that voltage wise S/s capacity addition are total addition as reported in MIS/TPS report to The Commission. However, it is most respectfully submitted that normative O&M expense is allowed on the basis of per 100Ckt Km of EHV line and per bay for different voltage class.

(iv) Issue:

At para 6.3 of the petition, parameters regarding lines and bays for claiming O&M expenses have been submitted. The petitioner is required to submit the details of lines and bays as on 01/04/2022 & 31/03/2023. The figures for 01/04/2022 be tallied with True-up Order for FY 2021-22 and those for 31/03/2023 be tallied with RoC report (with reasons for variation, if any) and average for the financial year in tabular form.

MPPTCL's Reply:

The details of lines and bays added during FY 2022-23 and averaged out on the basis of figures at the end of Financial Year i.e. FY 2021-22 and FY 2022-23, with the submissions made through MIS / RoC Report is enclosed. It is broadly as under:

DETAILS OF TRANSMISSION LINES & SUBSTATIONS

S. No.	Particulars	As on 31.3.2022 (Para 47 of True Up Order FY 2021-22)	Addition During the Year	As on 31.3.2023	Average	Rate as MPERC MYT Regulation	Normative O&M (in Rs. Lakh)
1	400 KV lines in ckt km	3815.07	274.16	4089.23	3952.15	39.83	1574.14
2	220 KV lines in ckt km	14838.80	95.46	14934.26	14886.53	37.19	5536.30
3	132 KV lines in ckt km	22191.49	349.87	22541.36	22366.43	39.15	8756.46
4	Number of 400KV Bay	172	6	178	175.00	11.93	2087.75
5	Number of 220KV Bay	873	23	896	884.50	13.84	12241.48
6	Number of 132KV Bay	2921	53	2974	2947.50	13.89	40940.78
Total							71136.91
Total (in Rs. Crores)							711.37

(v) Issue:

At para 6.5 of the petition, the actual R&M expenses, employee cost and A&G expenses have been mentioned. A table to reconcile the figures submitted in the petition with those mentioned in the audited account of FY 2022-23 was sought.

MPPTCL's Reply:

The reconciled statement of R&M expenses, the Employee cost and A&G expenses to match with the submission made in the True up petition was annexed.

(vi) Issue:

The petitioner is required to confirm that the claim towards O&M expenses have been worked out only on the works completed and capitalized in the audited accounts and no CWIP / non-capitalized work has been considered for this purpose.

MPPTCL's Reply:

As directed, it is hereby confirmed that the O&M expenses have been worked out on the completed works and no CWIP has been considered for this purpose.

(vii) Issue:

It is observed that the actual O & M expenses mentioned at para 6.5 of the petition is Rs. 543.58 Cr. which is less than normative O & M expenses of Rs. 702.21 Cr. allowed for FY 2022-23 in the MYT order. As such, MPPTCL is claiming a normative O & M expense as Rs 711.37 Cr, which is Rs 167.79 Cr more than the actual expenses. The petitioner is required to submit the details of efforts, if any made by it to reduce the O&M expenses and Capex incurred, if any for automation, etc.

MPPTCL's Reply:

It is to submit for kind consideration that the claim of Rs. 711.37 Crore towards O&M expenses has been worked out in accordance to the provisions of the MYT Regulations on normative basis. It is submitted that the actual O&M expenses of Rs. 543.58 Crore (Para 6.5 of the petition) is less than Rs. 702.21 Crore allowed in MYT order for FY 2022-23 because the MYT figures were based on projections at that time.

It is submitted for kind perusal that O&M expenses are bare minimum required for proper functioning of the system.

(viii) Issue:

On perusal of the aforesaid annual accounts of the company for FY 2022-23, it is also observed from note no. 39.1 that amount of Rs 895.94 Cr. has been written off from the receivables. Calculations of the receivables which were written off and analysis of its affects and policy thereof was sought.

MPPTCL's Reply:

The desired information is annexed. It is submitted that the Company has no policy of write off and same is done on the direction of Govt. of MP.

(ix) Issue:**Terminal Benefit Expenses:**

The amount of pension expenses has been claimed as Rs. 2062.17 Cr. at para 7.2 of the petition, as against the pension of Rs. 1974.00 Cr. during previous financial year. However, the Gratuity has reduced to Rs 353.51 Cr. from Rs 787.27 Cr. during the same period. The reasons for increase in pension on one hand & reduction in Gratuity on the other hand was sought.

MPPTCL's Reply:

In the matter of Terminal Benefit Expenses, it is to submit that the reason of increase in claim towards terminal benefit during FY 2022-23 as compared to the claim in above said head during FY 2021-22 is hereunder:

<i>No. of Pensioners (incl. Family pensioners as on 31.03.2022)</i>	<i>No. of Pensioners (incl. Family as on 31.03.2023)</i>	<i>Difference</i>
<i>52560</i>	<i>54863</i>	<i>2303</i>

In view of the above, it is submitted that the claim towards pension have been increased from Rs. 1974.00 Crores in FY 2021-22 to Rs. 2062.17 Crores in FY 2022-23, is mainly due to increase in number of pensioners.

The details of Gratuity paid in FY 2021-22 and FY 2022-23 pertaining to all 6 successor companies is as follows: -

<i>Particulars</i>	<i>FY 2021-22</i>	<i>FY 2022-23</i>
<i>Gratuity Paid</i>	<i>787.27</i>	<i>353.51</i>
<i>Less: Payment of Gratuity pertaining to FY 2020-21</i>	<i>201.76</i>	<i>0.00</i>
<i>Add: Gratuity Pending for payment from October-2022 to February-2023</i>	<i>0.00</i>	<i>192.91</i>
<i>Total (Rs. in Crores)</i>	<i>585.51</i>	<i>546.42</i>

(x) Issue:**Depreciation:**

- a. At para 8.5 of the petition, GFA addition during the year has been mentioned as Rs. 1506.66 Cr. However, note 2 of the audited accounts recorded addition to net tangible assets as Rs 861.53 Cr. A chart to reconcile the aforesaid figures was sought.

MPPTCL's Reply:

The reconciled statement of Gross Fixed Assets added during FY 2022-23 matching the submission made in the True up petition is annexed.

Issue:

- b. In annexure - V of the petition, it is mentioned that assets of Rs. 1506.66 Cr have been capitalized during FY 2022-23 which includes asset addition due to consumer

contribution of Rs 306.10 Cr. and NCEF scheme of Rs 285.58 Cr. resulting in Capital expenditure of Rs 922.16 Cr. However, at para 8.3 of the petition NCEF scheme is mentioned as Rs 72.39 Cr. and net addition has been calculated as Rs 1128.18 Cr. A chart to reconcile the figures of para 8.3 & Annexure – V was sought.

MPPTCL's Reply:

The reconciled statement of assets created against grant scheme added during FY 2022-23 matching with the submission made in the True up petition is annexed.

Issue:

- c. The details of compliance of Regulations while claiming depreciation in the petition was sought along with a summary of the depreciation. A confirmation that depreciation has not been claimed on assets created through consumer contribution or NCEF scheme was sought by the petitioner.

MPPTCL's Reply:

The table showing the amount of capitalization claimed for depreciation is submitted. It is also confirmed that depreciation has not been claimed on assets created through consumer contribution or NCEF Scheme.

Issue:

- d. At para 8.5 of the petition, provision for depreciation during the year has been mentioned as Rs. 567.28 Cr. However, in note 2 of the audited accounts, the depreciation has been recorded as Rs. 538.11 Cr. A chart to reconcile the depreciation claimed in the petition with the figures mentioned in the audited accounts was sought by the petitioner.

MPPTCL's Reply:

The difference in depreciation amount is due to the different rate of depreciations taken in the Company's account and those utilized for calculation of depreciation for tariff determination till FY 2009-10. It would be prudent here that in this period, for the Company's account purposes the rate of depreciation taken was as per the Company Act and that for tariff purposes, was the rate as defined through the applicable Regulations. Subsequently, both the rates of depreciation in Tariff Regulations as well as Company Law became same. Therefore, the difference created till FY 2009-10, has persisted. As such, the difference in depreciation amount as submitted in Para 8.5 of the Petition and recorded in Note-2 of the Audited Accounts continues.

(xi) Issue:

At table under para 23 of the Order dated 12/03/2021 in Petition No. 42 of 2020, Capex Plan of MPPTCL for FY 2022-23 was approved as Rs 843.81 Cr. and the number of items was 516. However, the Annexure-V of the petition mentions amount as Rs 1506.66 Cr. and number of items as 1344. Reasons of excess capitalization were also sought.

MPPTCL's Reply:

It is to submit that preparation of Financial Statement through ERP system is in process. As creation of asset base in ERP System is an extensive process requiring clearing of all previous bookings, therefore the Company has been engaged in finding previous un-booked / balance

un-capitalized assets so as to provide a sound gross asset base for the ERP system. Consequent to such war-footing approach, assets which have not been capitalized earlier, have been detected and added to the gross block. Thus, up-dation of the same in ERP system and capitalization of balance amount in ERP system is presently under progress. In view of the above, the excess capitalization is being observed in comparison to works executed during the year. As tracing of such assets and finalization of gross value is a cumbersome exercise, it is expected that creation of asset base will require some more time.

(xii) Issue:

A table to reconcile the appropriate figures of the petition with the information furnished in the RoC report and Transmission Performance Standards report was also sought.

MPPTCL's Reply:

The desired information is annexed.

(xiii) Issue:

The petitioner has submitted a list of 1344 projects capitalized during FY 2022-23 along with a list of projects under CC, and WD in Annexure - V of the petition. On scrutiny of the aforesaid details, the following information was sought:

(a) Annexure – V mentions the FY as 2021-22, which needs verification.

MPPTCL's Reply:

The desired verification has been done & it is to submit that Annexure-V is of FY 2022-23.

Issue:

(b) The original scope of work under each project indicating the competent authority from whom the approval was accorded for all works.

MPPTCL's Reply:

It is submitted that the administrative approval to the works have been accorded by the competent authority of the Company and thereafter the same have been executed.

Issue:

(c) The scheduled date, actual date of commissioning of each project and actual date of Capitalization be mentioned in separate columns in Annexure - V.

MPPTCL's Reply:

Works are capitalized after commissioning of the asset, however, in some instances smaller works which do not affect the functioning of the asset in its intended use due to various reasons are taken up subsequently and then capitalized. It is submitted that for main assets, the Schedule date of commissioning / capitalization are the same. The planned/schedule completion date may however vary depending upon the priorities and various other factors.

Issue:

(d) If the commissioning of any project is beyond its scheduled date, the reason for delay along with any penalty / liquidated damage if any, imposed on the contractor / vendor / concerned person.

MPPTCL's Reply:

The delay in execution of projects normally happens because of RoW issues, non-availability of the land / site for project execution, forest clearances and delay on account of contract agencies beyond the control of MPPTCL. It is further submitted that reasons for delay are reasonably assessed and penalties are imposed on the contract agencies for delay attributable on their part. It is also to be submitted that penalty amount has been reduced from all the project CWIP cost through the process of apportionment in accordance with the Accounting Policy of the Company and the Accounting Principles being followed.

Issue:

- (e) The reference of Capex Plan be mentioned, if such projects were part of approved Capex plan. A separate list of items which were not approved in Capex, but have been undertaken, was sought along with detailed reason for undertaking them.

MPPTCL's Reply:

The works that have been capitalized during the year excluding withdrawn items, submitted in Annexure-V of the petition, are being submitted as Annexure-XII showing the reference of capex plan. It is submitted that the works which do not have references of the Capex Plan are also included in the list which have been executed because of system requirements and urgency involved. It is to be submitted for kind consideration that most of the non-plan works comprise of consumer contribution works, direct booking items, T&P, civil & other works which could not be envisaged earlier.

Issue:

- (f) For some items like S. No. 14 to 50, estimate amount is not mentioned and executed amount is negative. The details thereof was sought.

MPPTCL's Reply:

It is submitted that for most of the works, estimate amount has been mentioned. The executed amount is negative for some works because of some accounting adjustments.

Issue:

- (g) In some of the works, partial amount is shown as capitalized against the estimated amount of works such as S. No. 4, etc where the estimated amount is Rs 16088 Lakhs but the executed amount is Rs 350.78 Lakhs. The reason for non-capitalization of the complete work was sought for all such items in the list.

MPPTCL's Reply:

It is submitted that executed amount is less than estimate amount because of part capitalization.

Issue:

- (h) The estimate amount is mentioned in Rs. Lakhs while executed amount is mentioned in Rs. only. All amount in Annexure – V be mentioned in Rs. Lakhs for proper comparison.

MPPTCL's Reply:

The desired modifications has been done.

Issue:

- (i) The petitioner is required to mention different works at same location as a, b and c with same S. No. and to submit a revised annexure after consolidating all such repetitive works mentioned in the annexure.

MPPTCL's Reply:

The multiple entries have been merged.

Issue:

- (j) A separate Annexure was sought in which projects / works with total estimate amount and all its sub – works capitalized during FY 2022-23, capitalized prior to this financial year and expected to be capitalized after this financial year be listed in separate columns, at sub-serial numbers. This Annexure must clearly show details for all projects / works, for which any part has been capitalized during FY 2022-23. Remarks be mentioned to clarify entries.

MPPTCL's Reply:

The desired information is voluminous and for collection and compilation of information, some more time is required. The Commission is most respectfully requested to kindly consider the time constraint in submission of information.

Issue:

- (k) MPPTCL's capitalization policy was sought. A brief note on practice of capitalization of partial amounts & its effects on ARR was also sought.

MPPTCL's Reply:

MPPTCL undertakes the following steps for capitalizing works –

- i. Works are capitalized after Commissioning of the asset, however, in some instances smaller works which can be taken up thereafter are completed and subsequently capitalized.*
- ii. The capitalization is being done by the executing divisions of the various wings of MPPTCL connected to the project in an individual level.*
- iii. On capitalization by the field, overhead and interest costs are loaded at headquarter level.*

- iv. *The same is subsequently taken into the Company's assets and grossed up in the Company's account books which in turn subjected to the auditor's scrutiny.*
- v. *In a recent development, all accounting activities are being shifted to ERP system whereby future manual interface / interventions shall be eliminated.*

(xiv) Issue:

At para 9.4 of the petition, weighted average interest rate has been submitted as 7.04 % for FY 2022-23. It is observed that the weighted average interest cost for FY 2022-23 was considered as 4.50 % in the MYT Order dated 19/05/2021.

Regulation 25.5 of the MPERC Regulations, 2020 provides that:

"The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment of interest capitalized."

Therefore, the petitioner is required to compute weighted average rate of interest on actual loan portfolio and submit the detailed calculation in excel format along with details of efforts made by it to keep the weighted average rate within the rate allowed in the MYT order.

MPPTCL's Reply:

Regarding the observation made, it is to submit that the loans from ADB are not direct loans from the external agencies to MPPTCL. These loans are GoMP loans for MPPTCL as they are passed on to the company in a back-to-back arrangement. Thus, the company does not have any control over these terms and conditions of such externally funded projects which are a back-to-back arrangement.

Further, MPPTCL have made efforts to keep the weighted average interest rate low: presently, the Company is borrowing from banks (such as UBI / Canara) on the interest rate based on MCLR and from REC at their lending rates with rebates which makes such loans very competitive. It is also to submit that the weighted average rate of interest has been claimed on the basis of actual loan portfolio and detailed calculation sheet in respect of each loan including JICA and ADB loans is annexed.

(xv) Issue:

At para 9.4 of the petition, principal not due as on 31/03/2023 was mentioned as Rs. 3475.43 crore. A chart to derive these figures with respect to the principal not due of Rs. 3674.91 crore as on 31/03/2022 mentioned in table under para 33 of the true up order for FY 2021-22 in Petition No. 77/2022 was sought by the petitioner. The petitioner is required to link it with the corresponding figures mentioned in the MYT order.

MPPTCL's Reply:

It is most respectfully submitted that claim made towards weighted average rate of interest in Multi Year Tariff Petition was purely on the basis of certain assumption, which can not be linked with actual loan portfolio.

(xvi) Issue:

At para 9.7 of the petition, working capital has been claimed as Rs 749.50 crore and the interest on working capital has been claimed as Rs. 78.70 crore. The actual amount of working capital loans availed by the petitioner during FY 2022-23 and the actual interest on working actual paid by it to the Banks/ Financial institutions was sought along with the chart to reconcile the same with the concerned figures of the audited accounts.

MPPTCL's Reply:

It is to submit that company did not take any loan against working capital.

(xvii) Issue:

Para no. 43.4 of the MYT order dated 19.05.2021 mentioned that “a report with covering letter dated 31/12/2021 regarding FOR working group on “Analysis off factors impacting Retail Tariff and measures to address them” is available on the website of the Forum of Regulators. The report contains issues related to Transmission charges also. MPPTCL may make efforts in light of the recommendations of this report to reduce the transmission charges”.

The petitioner was asked to comply with the MYT Order dated 19/05/2021 and submit the details of the efforts made to reduce the transmission charges.

MPPTCL's Reply:

It is submitted that the ARR is being claimed as per the provisions in the Tariff Regulations, 2020. The Company has always emphasized on optimization of efficiency and applying prudence checks on expenditures along with compliance of other statutory provisions. MPPTCL is also exploring further avenues to reduce the interest burden. Here, it would be prudent to mention that around half of the ARR of MPPTCL pertains to the head of Terminal Benefits.

(xviii) Issue:

At para 10.7 of the petition, other rates and taxes paid have been mentioned as Rs. 3.67 crore. Details of the various items under this head was sought by the petitioner. A chart to reconcile it with the corresponding items of the audited financial statements for FY 2022-23 was sought.

MPPTCL's Reply:

The desired information is annexed.

(xix) Issue:

At para 11.1 of the petition, Non-Tariff income for FY 2022-23 has been submitted as Rs. 106.72 crore. Note 32 of the audited accounts has recorded other income as Rs. 134.77 crore. The petitioner is required to reconcile the figures of Non-Tariff income submitted in the instant petition with the corresponding information recorded in the audited account for FY 2022-23. The petitioner should also submit whether there is any other income, which is neither being counted as tariff income, nor non-tariff income in the true-up petition.

MPPTCL's Reply:

The reconciled statement of non-tariff income shown in instant petition with the annual audited accounts of FY 2022-23 is submitted.

(xx) Issue:

Para 49.4 of the MYT Order dated 19/05/2021 required MPPTCL to submit details of all other actual charges received by it. These details were sought from the petitioner after reconciliation with the corresponding figures of the audited accounts for FY 2022-23.

MPPTCL's Reply:

The details of charges received by MPPTCL, reconciled with Audited Accounts for FY 2022-23, is submitted here as under:

a. Parallel Operation Charges: - *The Parallel Operation Charges are being levied on the Captive Power Plants connected with the grid as per The MPERC order dated 31.12.2012. The total billing towards Parallel Operation Charges in FY 2022-23 is Rs. 38.62 Crore and unbilled amount is Rs. 3.58 Crore.*

Thus, total income on this account as per Note-31.1(A), page-39 as per Audited Balance Sheet is Rs. 42.19 Crore.

b. Short Term Open Access: - *The Note No. 31.1(g) of the Audited Balance Sheet for FY 2022-23 depicts the income on account of Short Term Open Access as Rs.87.00 Crore which is recognized as MPPTCL's income as per MPERC (Terms and Conditions for Intra-State open access in Madhya Pradesh) Regulations (Revision-I) 2021 effective from the date of their publication in the official gazette i.e. 17th December, 2021.*

It is also to be submitted that an amount of Rs. 0.21 Crore kept pending for Distribution in respect of STOA Charges for F.Y. 2021-22 has been distributed amongst the long term customers as per the capacity of FY 2021-22 in accordance with Short term open access Regulation 2005.

c. Excess capacity billed over the allocated capacity: - *It is submitted that an amount of Rs.0.53 Crore has been billed for utilization of excess capacity and same is distributed amongst the LTOA Customers.*

d. Point of Connection Charges for Inter State Transmission Line of MPPTCL:- *It is submitted that for Inter State Transmission Lines of MPPTCL, as per Tariff determination by the CERC, the Point of Connection Charges are received as per the advices raised to DICs by the PGCIL. It is further submitted that the receipts of Point of Connection Charges are not recognized as MPPTCL income and the same is treated as liability for passing on to LTOA customers and at present kept as "Pending for distribution" to Discoms. It is further submitted that in past Rs. 224.62 Crore has been passed on during FY 2016-17 (Rs.115.08 Crore) & FY 2017-18 (Rs.109.54 Crore) pertaining to CERC control period 2011-14 and 2014-19.*

- e. Renewable Energy Generators:** - As per Note-31.1(A)(a), the retained receipts from Non-conventional energy source based generators is Rs.19.29 Crore out of which Rs.17.52 Crore has been billed and Rs.1.77 Crore is unbilled. This is submitted that Rs.12.73 Crores i.e. 50% of the total receipts has been passed on to LTOA customers during FY 2022-23 and balance 50% retained for transmission infrastructure development in compliance to The Commission's directions in MYT order dated 19.05.2021.

(xxi) Issue:

Para 14 of the True-up Order for FY 2021-22, mentioned observations regarding parallel operation charges and point of connection charges. Details thereof was sought.

MPPTCL's Reply:

It is submitted that the Captive Power Plant owners have challenged the levy of Parallel Operation Charges before the Supreme Court which has been upheld by the APTEL vide Judgement dated 02.07.2021. The Civil Appeals filed by CPP owners are presently under adjudication before the Supreme Court. The Note-31.2 & 31.3 at Page-41 of Audited Balance Sheet speaks of the issue in details. It is further submitted that receipts of Parallel Operation Charges are being recognized and retained as income of the Company pending litigations filed by the CPP owners before The Supreme Court against the order dated 31.12.2012 of The MPERC which has been upheld by the APTEL vide order dated 02.07.2021. The appropriate action to retain or pass on this amount or else in compliance to the direction of the Supreme Court which may be issued will be taken by MPPTCL upon Judgement of the Supreme Court on the pending Civil Appeals of Captive Power Plant owners.

Further, it is also to submit that the MPPTCL filed an appeal (Appeal No. 415/2019) before the APTEL against the CERC order dated 19.12.2017 in Petition No. 88/TT/2017 and order dated 12.06.2019 in Review Petition No. 11/RP/2018. The APTEL vide order dated 14.11.2022 has allowed the appeal of MPPTCL and set aside the aforesaid order dated 19.12.2017 read with order dated 12.06.2019 with the directions to the CERC to revisit the same. The matter is pending before The CERC.

It is submitted that an amount of Rs.414.11 Crore as on 31.03.2023 of point of connection charges is pending for distribution amongst LTOA Discoms out of that advices have been issued by the PGCIL for Rs.193.50 Crore but this amount has not been disbursed so far. Further, appropriate action for passing on the retained amount of Point of Connection charges which is not recognized as income of MPPTCL will be taken upon finality is achieved in the pending adjudication before The CERC.

(xxii) Issue:

Para 61 of the MYT order mentioned about transmission charges for non-conventional energy sources. Details thereof was sought.

MPPTCL's Reply:

The reply is same as that provided for point no. (xx)(e) above.

(xxiii) Issue:

At para 12.1 of the petition, it is mentioned that the PPP expenses were allowed as Rs. 37.80 crore in the MYT Order. However, claim for FY 2022-23 is Rs. 34.78 crores. The reason for variation and details of the performance of the PPP project was sought.

MPPTCL's Reply:

It is to submit that the amount which were claimed regarding PPP expense in MYT petition was base unitary charges i.e. amounting to Rs. 37.80 Crores only. During the period under consideration, as per provision Clause 26.2.1 of agreement executed with M/s STPL, base unitary charges shall be determined by decreasing the base unitary charges for preceding accounting years by 3%. The impact of Transmission System Availability and escalation factor based on WPI and CPI of the period under consideration have also been considered. In view of the abovesaid reason, the claim towards PPP expense has been considered as Rs. 34.78 Crores.

Further, the tariff under PPP scheme has been determined under Section-63 of EA 2003 which is on the concept of levelized tariff. While the transmission charges claimed by MPPTCL is as per Section 61 & 62 of Electricity Act 2003. Therefore, it is humbly submitted that the parameters of PPP Licensee and MPPTCL might not be comparable because both have different principles of tariff determination.

(xxiv) Issue:

At para 13 of the petition payment towards OPGW (Optical Ground Wire) charges to PGCIL has been mentioned as Rs. 0.92 Cr. The document in support thereof as per para 54 of the MYT order and its reconciliation with the corresponding figures mentioned in the audited accounts was sought by the petitioner. Details of the use of this OPGW in financial terms was sought.

MPPTCL's Reply:

The actual expenses towards OPGW charges paid to PGCIL during FY 2022-23 is Rs. 0.92 Crore. The details have been submitted.

(xxv) Issue:

At para 14 of the petition, security expenses have been claimed as Rs. 29.64 Cr. However, the security charges expenses has been recorded as Rs. 29.45 Cr. in note 37 of the audited financial statement for FY 2022-23. The security expenses is mentioned as part of A&G expenses in Audited Accounts. A&G is part of O&M expenses. This discrepancy between audited accounts and tariff petition be sorted out and the reasons for the variations was sought.

MPPTCL's Reply:

This is to submit that the amount of Rs.29.64 Crore depicted in the Annual Accounts in Note-37 towards Security Expenses is inclusive of Rs. 0.19 Crore of SLDC Security Expenses: the same has been claimed by MPPTCL against Security Expenses as there is no provision of Security Expenses in SLDC tariff.

Further, it is also to submit that Security Expenses have been claimed as per provision laid down in Clause 28.4 of Multi Year Tariff Regulation, 2020.

Public notice & public hearing:

8. The Commission vide letter No. 117 dated 11/01/2024 directed the petitioner to publish the approved public notices on gist of the petition in Hindi & English newspapers, inviting comments within 21 days of the publication of the public notice. The public notice, petition with annexures were uploaded on the website of the Commission. The public hearing in this matter was scheduled on 13/02/2024.
9. MPPTCL by its letter No. 7447 dated 31/01/2023 submitted that the Public Notice along with petition, all annexure & documents were uploaded on the MPPTCL website and the approved public notice was published in the following Hindi / English newspapers on 13th January, 2024:
 - i. Dainik Bhaskar, Bhopal,
 - ii. Nav Bharat, Jabalpur and
 - iii. Times of India, Indore.
10. MPPTCL's officers were called at the Office of the Commission on 07/02/2024 to discuss MPPTCL's petition & its issue wise replies submitted vide its letter No. 7447 dated 31/01/2024. It was observed that the reply to issues mentioned at no. (iii), (ix), (x), (xi), (xiii - e, g, i & j), (xix), (xx) and (xxii) of the Commission's letter dated 11/01/2024 needed further clarification. In order to rule out double counting of capitalization of any item due to partial capitalizations in different financial years certain checks were required. The items in Annexure – XII of the MPPTCL's submission, which have not been approved by Commission in Capex plan, were required to be listed separately. Any un-approved items were required to be removed for Tariff calculations like RoE, Interest & Finance charges, Depreciation.
11. MPPTCL vide letter No. 7716 dated 12.02.2024 broadly submitted as under:
 - i. *The statement showing the transformation capacity.*
 - ii. *The statement showing the No. of pensioners as on 31.03.2022 and 31.03.2023 i.e. 52,560 and 54,863 respectively.*
 - iii. *That the difference in depreciation amount persists due to different rates as per Company Law and Regulations till 2009-10. As desired, the reconciled statement of Gross Fixed Assets added during 2022-23 is submitted as under:*

*Amount (in Rs. Crores)**Details of Assets Capitalized in FY 2022-23*

S. No.	Particulars	Reference of Audited Accounts	Amount	Considered in Audited Account	Considered for depreciation	Remark
1	Tangible Assets	Note.2(I)	922.05	861.53	922.05	The difference of Rs. 60.52 Crores is because of asset amounting to Rs. 60.52 Crore on account of Supply Affording Charges has been deducted as per Accrual accounting Principle only. However, an amount Rs. 6.68 Crores has been actually received for which asset has been created.
2(a)	Assets Created through Consumer Contribution	Note.2(II)	299.41	0.00	0.00	It is submitted that in True Up Petition same has not been added in audited account as depreciation on account of Consumer Contribution/Supply Affording Charges is Zero. It is also to be submitted that in True Up Petition same has also been deducted by MPPTCL in respect of claim of depreciation.
(b)	Assets Created through Supply Affording Charges	Note.2(III)	6.68	0.00	0.00	It is submitted that in True Up Petition same has not been added in audited account as depreciation on account of Consumer Contribution/Supply Affording Charges is Zero. It is also submitted that in True Up Petition same has also been deducted by MPPTCL in respect of claim of depreciation.
3	Assets Created through Grant	Note.2 (IV)	285.58	285.58	213.19	
4	Intangible Assets	Note.4(b)	0.11	0.11	0.11	
Total Assets Capitalized			1513.82	1147.22	1135.35	
Assets Withdrawn			7.17	7.17	7.17	
Net Assets Capitalized			1506.66	1140.05	1128.18	

B Claimed in True Up Petition

S. No.	Particulars	Gross Addition Amount (In Rs. Crores)	Considered for depreciation in Audited Account (In Rs. Crores)	Considered for depreciation by MPPTCL (In Rs. Crores)	Remark
1	Asset Addition	1506.66	1140.05	1128.18	Net asset considered for depreciation

- iv. That Asset Capitalisation for the Assets Capitalised in earlier years is being done on a war footing, therefore, some works executed in earlier years and left out for Capitalisation have been Capitalised during FY-2022-23.
- v. (a) That the Annexure-XII submitted vide this office letter dated 31.01.2024 has been updated and plan references have been mentioned.
(b) That due to part Capitalisation, the amount Capitalised is less than the estimate amount.
(c) The multiple entries for the same estimate have been merged into a single entry submitted as Annexure-XII vide this office letter dated 31.01.2024. The Commission is requested to kindly consider the same.
(d) It is most respectfully submitted that response of this office submitted vide letter dated 31.01.2024 may kindly be considered by the Commission.
- vi. The charges for non-conventional energy based sources and the statement based on Audited Accounts is submitted as under:

Statement of Other Charges

S. No.	Particular	Reference of Audited Accounts	Amount (in Rs. Crores)	Billed (in Rs. Crores)	Unbilled (in Rs. Crores)	Remark
1	Income from Non-Conventional Energy Source Based Customer		19.29	17.52	1.77	50% amount has already been passed on among Long Term Open Access Customers
2	Short Term Open Access Charges	Note.31.1(A)	87.00	87.00	-	Recognized as per Provision of Open Access Regulation, 2021
3	(B) Grid Support/Parallel Operation Charges (Mperc Order Dated 31.12.2012)		42.19	38.62	3.58	Matter is subjudice before the Supreme Court.

4	<i>Excess Capacity billed over allocated capacity</i>		0.53	-	-	<i>100 % amount has already been passed on among Long Term Open Access Customers</i>
5	<i>Point of Connection Charges</i>	<i>Disclosure 12.1(e)</i>	414.11	-	-	<i>Pending for distribution as the matter is subjudice before the APTEL & CERC</i>

It is submitted that no comments on the True-up petition either from stakeholders or public has been received.

It is most respectfully prayed that submissions of MPPTCL as aforesaid may kindly be considered by the Commission.

12. Public hearing was conducted on the **13th February, 2024** through video conferencing. The representatives of the petitioner appeared in the public hearing. No stakeholder submitted any comments / objections. None of the stake holders was present during the public hearing. The Commission vide daily Order dated 13/02/2024 observed the following:

“The petitioner vide its letter dated 12/02/2024 submitted reply on the issues raised by the Commission through letter dated 07/02/2024. On the issue of asset capitalization, the petitioner has submitted that its earlier submission vide letter dated 31/01/2024 may be considered.

In view of the variance in information contained in Annexure-IV of letter dated 12/02/2024 as compared to information contained in Annexure-XII of MPPTCL’s letter dated 31/01/2024, the Commission directs the petitioner to submit amended information in respect of asset capitalization against Capex approval, within 3 days. A certificate regarding Capitalization of works approved in the Capex plan by the Commission was sought alongwith a separate list of capitalized assets, not approved by the Commission in Capex Plans, if any”.

The case was reserved for Order.

13. MPPTCL vide letter No. 7814 dated 16.02.2024 broadly submitted as under:
- i. The list of works having executed amount Rs. 10.00 Lakhs or more included in MPPTCL’s letter dated 12.02.2024 as Annexure-IV which were not linked with approved Capex plans is submitted as Annexure-A duly linked with approved plan.
 - ii. A Certificate to the following effect:
“It is certified that the works of EHV Lines, Sub-stations and other assets having executed amount of Rs. 10 Lakhs or more included in Annexure-XII submitted vide MPPTCL’s

letter dated 31.01.2024 in which the reference of approved capital investment plan were not indicated have now been indicated and linked with approved capital investment plans. The aforesaid works for which references of approved plans were not indicated were further submitted vide MPPTCL's letter dated 12.02.2024 as Annexure-IV. In compliance to Hon'ble Commission's directives issued vide daily order dated 13.02.2024 a separate list of such works (Annexure-IV of letter dated 12.02.2024) indicating the reference of approved Capex Plans with linking of the same with the plans is submitted herewith for kind consideration by the Commission".

14. **Disclaimer for rounding:** In this Order, certain numbers as a whole, upto several decimal places have been rounded up or down. Therefore, there may be discrepancies between the totals of the individual numbers shown in tables upto two decimals and numbers given in the corresponding analysis in text of this Order.

INTRA STATE TRANSMISSION SYSTEM

15. In para 2.1 to 2.6 and Annexure III of the petition, MPPTCL filed the following Transmission Capacity for FY 2022-23 and its allocation among Discoms, SEZ, WCR:

2.1 INTRA-STATE TRANSMISSION SYSTEM -

Intra-State Transmission System of MPPTCL comprises of EHV Lines and Sub-stations of various voltages. Position as on 31.03.2022 and 31.03.2023 is tabulated hereunder:

S. No.	Voltage Level	As on 31.3.2022			As on 31.3.2023		
		<i>EHV Lines</i>	<i>EHV Sub-Stations</i>		<i>EHV Lines</i>	<i>EHV Sub-Stations</i>	
		<i>Ckt. KMs</i>	<i>Number</i>	<i>MVA Capacity</i>	<i>Ckt. KMs</i>	<i>Number</i>	<i>MVA # Capacity</i>
1	400 KV	3815.08	14	11015	4089.24	14	11200
2	220 KV	14838.80	86	30035	14934.26	88	31715
3	132 KV	22191.49	306	33076	22541.36	312	33855
TOTAL -		40845.37	406	74126	41564.86	414	76770

2.2 TRANSMISSION SYSTEM CAPACITY –

The MYT Tariff was filed considering the definition as provided against System capacity as per the "MPERC (Terms and conditions for Intra-State Open Access in MP) Regulations, 2005" applicable for FY 2022-23 and also determined in earlier True Ups by The Commission. The Average Capacity of Intra-State Transmission System is defined as:

"Average capacity means the average capacity in MW served by the Intra-State Transmission System of the Transmission Licensee in the previous financial year, and shall be the sum of the generating capacities, connected to the Transmission System and contracted capacities of other Long Term transactions handled by the system of Transmission Licensee".

In its analysis, the Commission has approved the ARR in MYT order based on the allocation as per the submissions made therein. In the subject petition, the Transmission System capacity

for year 2022-23 has also been considered on above mentioned basis. The power corresponding to Intra-State Generating capacity is available to Transmission System after deducting the auxiliary consumption. Similarly, power from the Central Sector Generating Stations is available at M.P. periphery after deduction of auxiliary consumption and losses in Inter-State Transmission System. Here it would be prudent to submit that while determining Transmission System capacity for the earlier control period, the above mentioned fact has too been taken into consideration. The contracted capacities as submitted for apportionment is the connected capacity in the previous financial year and is based on the figures provided by MPPMCL being the Nodal Agency regarding Power/ Energy matters related to the Discoms.

2.3 STATE GOVERNMENT ORDER FOR CAPACITY ALLOCATION –

Based on MPPMCL, MPIDC (SEZ) & WCR (Indian Railway) contracted capacities, the total Generating Capacity in MW served by Intra-State Transmission System of MPPTCL in the previous financial year i.e. 2021-22 is summarized hereunder:

S No	MP's Power Share from	MP Share (MW)	Post-Aux. Consumption Share (MW)
1	MP Thermal Generation (excluding SEZ allocation of 60 MW)	5340.00	4981.77
2	MP Hydel Generation (including share)	595.00	592.09
3	Inter-state Hydel Projects	326.58	325.58
4	Joint Venture Hydel Projects	2424.32	2406.97
5	Central Sector, ER, NR (Thermal) + DVC	5351.73	4862.08
6	Share From Renewable Projects	4080.27	3947.97
7	From Private Projects	3370.00	3071.58
Total Capacity of Discoms		21487.90	20188.04
8	MPIDC	60.00	60.00
9	WCR (Indian Railway)	340.00	340.00
Total -		21887.90	20588.04

2.4 The Commission in its order dated 19.5.2021, has considered a total capacity of 24657.15 MW which apart from Capacity of Discoms, include 60 MW and 340 MW for MPIDC(SEZ) and WCR respectively.

2.5 TRANSMISSION CAPACITY FOR FY 2022-23 –

Transmission capacity for FY 2022-23 is worked out on the basis of Generating capacity allocation served by MPPTCL in the previous financial year is submitted in this Petition, it shows total Station-wise Generating capacity allocation to MP as 21887.90 MW. After

deduction, net Transmission capacity is worked out as 20588.04 MW for year FY 2022-23 of which 20188.04 MW for the 3 Discoms, 340 MW for the Railways and 60 MW for MPIDC (SEZ).

2.6 TRANSMISSION CAPACITY ALLOCATION AMONG DISCOMS, RAILWAYS & MPIDC(SEZ) -

The capacity allocation to Discoms is proposed on the following basis.

- (i) The State Government vide notification dated 21.03.2016 has allocated all capacities to Madhya Pradesh Power Management Co. Ltd. and directed MPPMCL to distribute the power capacity in the ratio of energy requirement of three state owned Discoms. and the capacities based on energy requirement of MPPMCL has been distributed between three Discoms and the same is tabulated hereunder:

Particulars	Energy input of Discoms(in MU)	% allocation	MW Share
<i>MP Poorva Kshetra Vidyut Vitaran Company Ltd. Jabalpur.</i>	25774	30.08%	6072.19
<i>MP Madhya Kshetra Vidyut Vitaran Company Ltd. Bhopal.</i>	29146	34.01%	6866.59
<i>MP Paschim Kshetra Vidyut Vitaran Company Ltd. Indore.</i>	30770	35.91%	7249.26
Total -	85690	100.00%	20188.04

- (ii) The Capacity of 60 MW for MPIDC and 340 MW for WCR is treated as additional.
 (iii) The capacity for the year for 2022-23 is taken as that on 31st March 2022.

Based on above, the allocated transmission capacity is tabulated hereunder:

S. No.	Distribution Licensee	Percentage Allocation	Capacity Allocation for 2022-23 (MW)
1	<i>MP Poorva Kshetra Vidyut Vitaran Company Ltd. Jabalpur.</i>	30.08%	6072.19
2	<i>MP Madhya Kshetra Vidyut Vitaran Company Ltd. Bhopal.</i>	34.01%	6866.59
3	<i>MP Paschim Kshetra Vidyut Vitaran Company Ltd. Indore.</i>	35.91%	7249.26
4	Total Discoms -		20188.04
5	<i>MPIDC(SEZ)-Indore</i>	-	60.00
6	<i>WCR on behalf of Railways</i>	-	340.00
	GRAND TOTAL -	-	20588.04

As per Transmission Tariff Regulations, the Distribution Companies, MPIDC and West Central Railways as Long Term Open Access Customers will share the Transmission charges in the ratio of capacity allocated to them.

3.1 TRANSMISSION LOSSES -

The Transmission Loss for FY 2022-23 has been calculated to be 2.63 % against a target of 2.77% set by The Commission i.e. below the limits as fixed by the Commission. The figures for last three years and during the year are tabulated hereunder:

Details	2019-20	2020-21	2021-22	2022-23
Energy Received into System (MUs)	72278	79385.28	82078.09	88850.33
Energy sent Out of System (MUs)	70403	77307.96	79918.26	86511.36
Energy Lost (MUs)	1874.31	2077.32	2159.83	2338.97
Transmission Loss (%)	2.59	2.62	2.63	2.63
Target (Loss) (%)	2.80	2.79	2.78	2.77

As per the directives of the Commission, MPPTCL is computing the Voltage-wise Transmission losses. The year-wise details are given hereunder:

S. No.	System Voltage	Transmission Losses in %			
		2019-20	2020-21	2021-22	2022-23
1	400 KV	2.17%	1.70%	1.50%	1.47%
2	220 KV	1.10%	1.38%	1.50%	1.45%
3	132 KV	0.63%	0.61%	0.64%	0.73%

3.2 TRANSMISSION SYSTEM AVAILABILITY -

The Commission has fixed a target of Transmission System Availability as 98% for year 2022-23 in the MYT Regulations. The Transmission System Availability achieved during the year is higher than the target fixed. This indicates proper maintenance of lines and sub-stations as well as prompt outage management. The achievements are shown hereunder:

S. No.	System Voltage	Transmission System Availability in %			
		2019-20	2020-21	2021-22	2022-23
1	Target	98.00%	98.00%	98.00%	98.00%
2	Achieved	99.64%	99.60%	99.29%	99.45%

CAPITAL COST AND CAPITAL STRUCTURE**ADDITION OF ASSETS DURING FY 2022-23**

16. The petitioner broadly submitted as under:

8.3 MPPTCL has adopted IND AS for accounting from FY 2016-17 onwards and accounts for FY 2022-23 has also been prepared accordingly.

Assets inclusive of Consumer Contribution, NCEF & PSDF Grant worth Rs. 1513.83 Crore have been capitalized during the year and assets of value Rs. 7.17 Crores have been withdrawn. The above figure of capitalization of asset is inclusive of value Rs. 299.41 Crores that have been capitalized on account of consumer contributions, Rs. 72.39 Crores NCEF Grant Scheme

and Rs. 6.68 Crore on account of supply affording charges. Thus, a net addition worth of Rs. 1513.88 – Rs. 299.41 - Rs. 72.39 - Rs. 6.68 - Rs. 7.17 = Rs. 1128.18 Crores (net capitalization) have been Capitalized during the year 2022-23.

It is also submitted that as per the provisions of new IND AS adopted by the Company, this year, leasehold Asset amounting to Rs. 313.19 Crores for the Asset pertaining to PPP Project contracted to M/s Satpura Transco Pvt. Ltd. has also been shown in the Company's accounts: however, this amount of Rs. 313.19 Crores have not been considered in this Petition. The claim of Unitary Charges has been detailed out in Chapter XII (Para 12.1) of this Petition

The certificate of Works Completion and Capitalization from the CFO (MPPTCL) along with the list of Assets capitalized during the year is enclosed.

17. The petitioner filed a list of works completed during FY 2022-23 with the petition. The aforesaid list contained a break-up of works capitalized during the year with works done by consumer contribution, works done by direct booking and other work-wise details like particulars of work, estimated amount, date when work completed, amount capitalized and date of capitalization etc.
18. MPPTCL filed the details of transmission lines and bays commissioned in FY 2022-23 (Annexure 4 of the petition) in support of its O&M claims. MPPTCL also filed the break-up of following capital cost and its funding:

Breakup of Capital Cost filed by the Petitioner

	Particular	Unit	Total Assets
1	Capital cost as on 31.3.2022 (as per True Up Order of FY 2021-22)	Rs. Cr.	14290.32
2	Capital expenditure during FY2022-23 based on audited accounts	Rs. Cr.	1513.83
3	Less Works capitalized through Consumer Contribution during FY 2021-22	Rs. Cr.	299.41
4	Less Grant Portion (PSDF+NCEF) Recognized	Rs.	72.39
5	Less Works capitalized through Supply Affording Charges during FY 2022-23	Rs. Cr.	6.68
6	Less Assets adjusted/ withdrawn/ de-capitalized during the year	Rs. Cr.	7.17
7	Net Additional Capital expenditure during FY 2022-23	Rs. Cr.	1128.18
8	Total capital cost as on 31.3.2023 (Net)	Rs. Cr.	15418.50

FUNDING OF CAPITAL COST –**(Rs. in Crores)**

S. No.	Particular	Assets	Equity	Loan
1	Opening capital cost as on 01.04.2022 as per True Up order of FY 2021-22	14290.32	4203.12	8228.67
2	Net-off Capitalization during the year for RoE calculations (considering normative 70 - 30 debt - equity ratio)	1128.18	338.45	789.73
3	Closing capital cost as on 31.03.2023	15418.50	4541.57	9018.40

Commission's Analysis: -

19. The Commission vide Order dated 12/03/2021 in Petition No. 42/2020 granted in principle approval to the MPPTCL's Capex Plan for MYT control period of FY 2019-20 to FY 2023-24 in which total works of Rs. 8480.52 Crore were proposed.
20. The Commission has seen the certificate of the Chief Financial Officer, MPPTCL and its submissions regarding funding of assets of Rs. 299.41 Crore through consumer contribution, Rs. 72.39 Cr. through recognized NCEF/ PSDF grants and Rs 6.68 Cr. through supply affording charges. Withdrawal of Rs. 7.17 Crore was also made from the Gross Block. Accordingly, net addition of **Rs. 1128.18 Crore** out of total capitalized amount of Rs. 1513.83 Crore, is shown in the aforesaid certificate and the petition.
21. The issues raised by the Commission through communications dated 11/01/2024, 07/02/2024 and 13/02/2024 and the MPPTCL's replies thereof through its letters dated 31/01/2024, 12/02/2024 and 16/02/2024 respectively have been mentioned in previous part of this Order and have not been repeated for brevity. The Commission has considered the Capital cost accordingly as follows:

Capital Cost considered by the Commission

S. No.	Particular	Unit	Total Assets
1	Capital cost as on 01.04.2022 as admitted vide True up Order for FY 2021-22	Rs. Cr.	14290.32
2	Capital expenditure during FY 2022-23 based on audited accounts	Rs. Cr.	1513.83
3	Less : Assets adjusted/ withdrawn/ de-capitalized during the year	Rs. Cr.	(-) 7.17
4	Less: Works capitalized through Consumer Contribution during the year	Rs Cr.	(-) 299.41
5	Less: NCEF / PSDF Grant Portion Recognized	Rs. Cr.	(-) 72.39
6	Less: Works capitalized through supply affording charges	Rs. Cr.	(-) 6.68
7	Net Additional Capital expenditure during FY 2022-23	Rs. Cr.	1128.18
8	Total capital cost as on 31.3.2023 (1+6)	Rs. Cr.	15418.50

22. The following funding of Capital Cost as on 31.03.2022 on normative Debt: Equity ratio is considered in this order:

Funding Admitted by the Commission

(Rs in Crore)

S. No.	Particular	Assets	Equity	Loan
1	Opening capital cost as on 01.04.2022 as per true-up order for FY2021-22	14290.32	4203.12	8228.67
2	Net-off Capitalization during the year for RoE calculations (considering normative 70:30 Debt : Equity ratio)	1128.18	338.45	789.73
3	Closing capital cost as on 31.03.2023	15418.50	4541.57	9018.40

23. As per provisions under the Regulations, 2020, the Commission has considered that the source of funding corresponding to the asset addition as 70% from loan and 30% from Equity as per normative debt-equity ratio. Therefore, GFA addition of Rs. 1128.18 Crore is considered to be funded from a loan of Rs. 789.73 Crore and Equity of Rs. 338.45 Crore in terms of the provisions under Regulations, as mentioned above.
24. The above figures of funding are considered in this order to work out interest and finance charges and Return on Equity.
25. The MYT control period the present Regulations was from 01/04/2019 to 31/03/2024. Till 31/03/2023, MPPTCL has done capitalization of past assets and old CWIP also. After end of FY 2023-24, the MPPTCL is required to file a separate Annexure regarding the Assets capitalized during the MYT period viz – a – viz the CAPEX approved by the Commission for this MYT period and left over works of previous CAPEX plan which have been capitalized during the present MYT period. The capitalizations shall also be tallied with the asset addition in the audited financial statements. This Annexure shall be filed as part of True-up petition for FY 2023-24.

ANNUAL FIXED COST

26. The Annual Fixed Cost (AFC) of a Transmission System including Communication System consists of the following components:
- (i) Depreciation:
 - (ii) Return on Equity:
 - (iii) Interest and Finance Charges on loan capital:
 - (iv) Interest on working capital:
 - (v) Operation and Maintenance Expenses:
 - (vi) Lease/ Hire Purchase Charges

The component-wise analysis of the Annual Fixed Cost in this true-up order is as given below:

DEPRECIATION:**Petitioner's submission:**

27. The petitioner has broadly submitted the following in the petition:

8.1 OPENING BALANCE SHEET -

The Government of Madhya Pradesh has notified the final Opening Balance Sheet on 12th June 2008 in the position of 31.05.2005. The fixed Assets transferred are shown as hereunder:

(i)	Opening Gross Block	Rs. 2932.75 Crore
(ii)	Accumulated Depreciation	Rs. 1205.95 Crore
(iii)	Net Fixed Assets	Rs. 1726.81 Crore

The Commission had directed the Petitioner to reconcile the Asset Register and work out the Depreciation during the year on the above. The details of this Asset Register was submitted during the Truing-up process of 2012-13 for perusal of the Commission. The Opening Gross Blocks and Net Blocks of the Asset Register were reconciled & were of the same value as given in the Final Opening Balance Sheet. The Depreciation for FY 2020-21 was also worked out on the basis of this reconciled Asset Register. For the year 2005-06 to 2008-09, the depreciation in the book of accounts was done as per the provisions of the Company Act, however, for Regulatory purposes, the same was conducted as per the provisions of the Regulations in vogue. Subsequently, both the accounting is being pursued as per the provisions of Regulations.

Continuing with the Asset Register thus submitted, by extending the figures of GFA - Depreciation for the year, Accumulated Depreciation & Net Fixed Assets for 2022-23 has been worked out, as summarized in the following table:

(Amount Rs. in Crores)				
S. No.	Date as on	Gross Fixed Assets	Accumulated Depreciation	Net Fixed Assets
1	31-03-2020	12446.45	4680.36	7766.09
2	31-03-2021	13940.11	5,152.72	8787.39
3	31-03-2022	15814.70	5,733.38	10081.32
4	31-03-2023	17321.36	6325.93	10995.43

8.3 ADDITION OF ASSETS DURING FY 2022 -23

Assets inclusive of Consumer Contribution, NCEF & PSDF Grant worth Rs. 1513.83 Crore have been capitalized during the year and assets of value Rs. 7.17 Crores have been withdrawn. The above figure of capitalization of asset is inclusive of value Rs. 299.41 Crores that have been capitalized on account of consumer contributions, Rs. 72.39 Crores NCEF Grant Scheme and Rs. 6.68 Crore on account of supply affording charges. Thus, a net addition worth of Rs. 1513.88 – Rs. 299.41 - Rs. 72.39 - Rs. 6.68 - Rs. 7.17 = Rs. 1128.18 Crores (net capitalization) have been Capitalized during the year 2022-23.

It is also to be submitted that as per the provisions of new IND AS adopted by the Company, this year, leasehold Asset amounting to Rs. 313.19 Crores for the Asset pertaining to PPP Project contracted to M/s Satpura Transco Pvt. Ltd. has also been shown in the Company's accounts; however, this amount of Rs. 313.19 Crores have not been considered in this Petition. The claim of Unitary Charges has been detailed out in Chapter XII (Para 12.1) of this Petition

The certificate of Works Completion and Capitalization from the CFO (MPPTCL) along with the list of Assets capitalized during the year is enclosed.

8.4 **DEPRECIATION AGAINST CONSUMER'S CONTRIBUTION WORKS** –

The Commission has prescribed the procedure to account for the Depreciation on Assets formed under Consumer's Contribution. The Commission also mentioned to review this since 31.05.2005, the date of Opening Balance Sheet transfer. It is to mention that no such Assets have been capitalized till 31.03.2010. Such Assets have been capitalized in FY 2010-11 onwards only. The Depreciation on these Assets have been computed as per other Assets. Thereafter, these Assets are tabulated separately in Depreciation Model and Depreciation charged on these has been subtracted from total Depreciation claim.

Since the adjustment has been given in Depreciation itself, the amortization is not shown again as other income.

8.5 **DEPRECIATION FOR FY 2022-23**

As per above procedure, the Depreciation (excluding Depreciation on Assets formed under Consumer's Contribution, SAC and Grant) for 2022-23, computed from Asset Register & Software model and comparison from previous year, is given below:

(Amount Rs. in Crores)

FY	Gross Fixed Assets			Provision for Depreciation			Net Fixed Assets	
	At the beginning of Year	Addition During Year	At End of Year	At the beginning of Year	Addition During Year	At End of Year	At the beginning of Year	At the End of Year
2019-20	11512.35	934.10	12446.45	4248.24	432.12	4680.36	7264.11	7766.09
2020-21	12446.45	1493.66	13940.11	4680.36	472.36	5152.72	7766.09	8787.39
2021-22	13940.11	1874.59	15814.70	5152.72	580.66	5733.38	8787.39	10081.32
2022-23	15814.70	1506.66	17321.36	5733.38	567.28	6300.65	10081.32	10995.43

8.5 **TRUE-UP OF DEPRECIATION FOR FY 2022-23**

(i).	Depreciation claim as per Para 8.5 above	Rs. 567.28 Crores
(ii)	Depreciation allowed in MYT order dated 19.5.2021	Rs. 559.02 Crores
	True-up Claim -	Rs. 8.26 Crores

Provisions under Regulations:

28. Regulation 26 of the Regulations, 2020 provides that:

26. For the purpose of Tariff, depreciation shall be computed in the following manner:

- (a) *Depreciation shall be computed from the date of commercial operation of a Transmission System including Communication System or element thereof. In case of the tariff of a Transmission System including Communication System for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial Operation of the Transmission System taking into consideration the depreciation of individual units or elements thereof:*

Provided that effective date of Commercial Operation shall be worked out by considering the actual date of Commercial Operation and installed capacity or capital cost of all elements of the Transmission System, for which single tariff needs to be determined.

- (b) *The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple elements of Transmission System, weighted average life Transmission System shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.*
- (c) *The approved/accepted cost shall include foreign currency funding converted to equivalent rupee at the exchange rate prevalent on the date of foreign currency actually availed.*
- (d) *The salvage value of the assets shall be considered as 10% and depreciation shall be allowed upto maximum of 90% of the capital cost of the asset:*

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable:

Provided further that any depreciation disallowed on account of lower availability of the transmission system shall not be allowed to be recovered at a later stage during the useful life or the extended life.

- (e) *Land other than land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.*
- (f) *Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these Regulations for the assets of the Transmission System:*

Provided that, there main depreciable value as on 31st March of the year closing after a period of 12 years from date of Commercial Operation, shall be spread over equitably in the balance useful life of the assets:

Provided further that the Consumer contribution or capital subsidy/ grant etc for asset creation shall be treated as per the Accounting Rules notified and in force from time to time.

- (g) *In case of the existing Projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets. The rate of Depreciation shall be continued to be charged at the rate specified in Appendix-I.*
- (h) *Depreciation shall be chargeable from the first Year of commercial operation. In case of commercial operation of the asset for part of the Year, depreciation shall be charged on pro rata basis.*
- (i) *In case of de-capitalization of assets in respect of Transmission System or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the decapitalized asset during its useful services.*

Commission's Analysis:

29. The Commission vide letter dated 11/01/2024 sought information gaps regarding Depreciation. The petitioner's response vide its letter dated 31/01/2024 has been discussed in earlier paragraphs of this order. These are not repeated here for sake of brevity. In the Asset-Depreciation Register filed by the petitioner, the depreciation of Rs 567.28 Crore for FY 2022-23 has been claimed as against the Depreciation of Rs 559.02 Crore considered in the MYT Order. The true-up of Rs 8.26 Crore is claimed for FY 2022-23. After examining the submission of the petitioner as per provisions under Regulations, the following Depreciation is admitted by the Commission for FY 2022-23 in this order:

Depreciated admitted by the Commission:

Sr. No.	Particular	Unit	Amount for FY 2022-23
1	Opening Cumulative Depreciation for FY 2022-23	Rs. Cr.	5733.38
2	Depreciation during the year	Rs. Cr.	567.28
3	Closing Cumulative Depreciation for FY 2022-23	Rs. Cr.	6300.65

RETURN ON EQUITY:

30. Petitioner's Submission:

The petitioner broadly submitted the following at para 10.2 to 10.6 of the petition:

10.2 The Balance Sheet incorporated in Audited Accounts for FY 2022-23, provides for following figures for Equity:

- (i). Equity held on 31.03.2022 - Rs. 3820.15 Crores
- (ii). Equity held on 31.03.2023 - Rs. 4217.02 Crores

And after taking into consideration of accounting of reserves and surplus, the net value comes out for the year under consideration as Rs. 4250.09 Crores

10.3 QUALIFYING EQUITY FOR ROE –

Eligible Equity for claim of RoE in line with the approach adopted by The Commission in True up order for FY 2011-12 is worked out taking opening figures as per the order of True-up of FY 2021-22, the same is tabulated as hereunder:

S. No.	Particular	Unit	Amount for FY 2022-23
1	Opening Equity in FY 2022-23 (as per True-up order of 2021-22 - closing equity of previous year)	Rs. Cr.	4203.12
2	Equity addition due to capitalization added during the year	Rs. Cr.	338.45
3	Closing Equity employed in FY 2022-23 (1+2)	Rs. Cr.	4541.57
4	Average Equity employed in FY 2022-23	Rs. Cr.	4372.35
5	Return on Equity base rate	%	15.50
6	Tax rate actually paid during the year	%	0.00
7	Rate of Return on Equity	%	15.50
8	Return on Equity -	Rs. Cr.	677.71

Regarding above, it is also to submit that, keeping in tune with the approach of the Commission towards calculating RoE as indicated in the True-up orders of previous years and in line with the same approved in the True Up for FY 2021-22, the RoE for FY 2022-23 has been calculated.

10.5 NORMATIVE LOAN

If the average Equity is more than the eligible Equity, the same is to be treated as Normative Loan, and this “Normative loan” is eligible for interest at the rate 7.01 % as indicated in Para 9.4 covering overall Weighted Average Rate of Interest for Year 2022-23. On the basis of Chapter-IX & X, formulated on lines of True up order for FY 2011-12, with opening figures based on True up order of FY 2021-22, the following is worked out:

(Amount Rs. in Crores)

S No	Interest on Normative Loan	
a	Gross Block of Assets as on 01.04.2022	14290.31
b	Gross Block of Assets as on 31.03.2023 Net of Consumer Contribution, SAC & Grant	15418.55
c	Gross Block of Assets (Average)	14854.43
d	Maximum Qualifying Equity (30%) with 70:30 Debt:Equity ratio	4456.33
e	Equity at the beginning of the year employed on Capitalized Works	4203.12
f	Equity at the end of the year employed on Capitalized Works	4541.57
g	Average Equity employed on Capitalized Works	4372.35

<i>h</i>	<i>Qualifying Equity</i>	4456.33
<i>i</i>	<i>Normative Loan component (only if (g)>(h))</i>	0.00
<i>j</i>	<i>Weighted average rate</i>	Nil

10.6 **TRUE-UP OF RoE FOR FY 2022-23** –*(Amount Rs. in Crores)*

<i>(i)</i>	<i>RoE Eligibility as per True-up claimed above</i>	677.71
<i>(ii)</i>	<i>RoE allowed in MYT order for 2022-23</i>	644.76
<i>(iii)</i>	<i>True-up amount</i>	(+) 32.95

Provisions under Regulations:

31. The Regulation 24 of the Regulations, 2020 provide that,
 24.1 Return on equity shall be computed in rupee terms, on the paid up equity capital determined in accordance with Regulation 22.

24.2 Return on equity shall be computed at the base rate of 15.5% to be grossed up as per clause 24.3 of these Regulations:

Provided that:

(i) the rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the Transmission System is found to be declared under Commercial Operation without commissioning of any of the data telemetry and Communication System up to Load Dispatch Centre or protection system:

(ii) as and when the above requirement is found lacking in a Transmission System based on the report submitted by SLDC, RoE shall be reduced by 1% for the period for which the deficiency continues.

24.3 The base rate of return on equity as allowed by the Commission under Regulation 24.2 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respective financial year in line with the provisions of the relevant Finance Acts by the concerned Transmission Licensee, The actual income tax on other income stream including deferred tax (i.e., income of non transmission business) shall not be considered for the calculation of “effective tax rate”.

24.4 Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where t is the effective tax rate in accordance with clause 24.3 of this Regulation, and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for

that financial year to the company on pro-rata basis by excluding the income of or non-transmission business, as the case may be, and the corresponding tax thereon. In case of Transmission Licensee paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess.

Commission's Analysis:

32. The information gaps regarding this issue were communicated to the petitioner vide letter dated 11/01/2024 and the petitioner's response on all such issues vide its letter dated 31/01/2024 have been discussed in preceding paragraphs of this order. These are not repeated here for brevity.
33. The closing equity of FY 2021-22 as per True-up Order for FY 2021-22 issued by the Commission is considered as equity employed on capital cost at the beginning of FY 2022-23. The equity infusion of Rs. 505.29 Crore during FY 2022-23 is considered in the paragraph on Capital Cost & Capital structure this order. Accordingly, the Return on Equity for FY 2022-23 is worked out as under:

S. No.	Particular	Unit	Amount for FY 2022-23
1	Opening Equity as on 01.04.2022 (as per True up order of FY 2021-22: closing Equity of previous FY)	Rs. Cr.	4203.12
2	Addition due to additional capital expenditure during FY	Rs. Cr.	338.45
3	Closing Equity as on 31.03.2022	Rs. Cr.	4541.57
4	Average Equity during FY 2022-23	Rs. Cr.	4372.35
5	Return on equity base rate	%	15.50
6	Tax rate actually paid during the year	%	-
7	Applicable Rate of return on Equity	%	15.50
8	Return on equity	Rs. Cr.	677.71

34. In view of the above, the Commission has admitted the Return on Equity of **Rs. 677.71 Crore** in this order.

INTEREST AND FINANCE CHARGES ON LOAN CAPITAL:

35. **Petitioner's submission:**

The petitioner broadly submitted as under at para 9.1 to 9.6 of the petition:

9.1 The Commission under order dated 19.05.2021, allowed following Interest and Finance charges to MPPTCL for year 2022-23:

(i).	Interest & Finance Charges	Rs. 181.15 Crores
(ii)	Interest on Working Capital	Rs. 73.80 Crores
TOTAL -		Rs. 254.95 Crores

9.2 LOANS TRANSFERRED THROUGH OPENING BALANCE SHEET -

The Govt. of M.P. has notified the final Opening Balance Sheet on 12th June 2008, as referred in Chapter 1 of this Petition. Loan liabilities of Rs. 1313.21 Crores are indicated in the Balance Sheet and a liability of Rs. 5.53 Crores is indicated in the footnote as loan from MP Power Generating Company Ltd., making a total of Rs.1318.74 Crores. Details of these are mentioned hereunder:

(Amount Rs. in Lakhs)

S. No.	Particulars	Opening Balance at the beginning of the year			
		Principal Not Due	Principal Due	Interest overdue	TOTAL
1	Loan from PFC - Unsecured	30990.54	0.00	0.00	30990.54
2	Loan from PFC - Secured	0.00	0.00	0.00	0.00
3	Loan from Canara Bank	0.00	0.00	0.00	0.00
4	Loan from SADA Gwalior	720.00	480.00	302.80	1502.80
5	Bonds & Debentures	29692.14	7655.06	11545.70	48892.90
6	MP Genco	553.00	0.00	0.00	553.00
7	Direct Loans	0.00	0.00	0.00	0.00
8	ADB	20844.32	0.00	0.00	20844.32
9	NABARD	7619.10	1215.02	0.00	8834.32
10	General Loans	2876.59	214.78	0.00	3091.37
11	Market Bonds	15964.95	1200.55	0.00	17165.50
	TOTAL -	109260.64	10765.41	11848.50	131874.55

9.3 WEIGHTED AVERAGE RATE OF INTEREST -

The Commission has desired that the Rate of Interest for each category of loans such as PFC, ADB, State Govt. etc. should be worked out by considering rate of interest of various loan instalments applicable during the year. It is to submit that State Government Fund for JICA IDP 217 & ADB 3066 related works were based on debt i.e. there was no component of equity given by the State Government. Finance Department (GoMP) considered the request of MP Power Transmission Co., Ltd. to infuse equity in the JICA and ADB funded projects in such manner that the loan and equity portion to be kept in the ratio of 70:30. However, it was decided that 70% Loan portion would carry interest rate of 12% with retrospective effect. The same was conveyed to MPPTCL vide Energy Department letter No. F5-15/2014/13 dated 31.03.2017. Further, for the FY 2017-18 the Govt. of MP has released Rs. 102.38 Crores as equity under ADB-3066 and JICA IDP-217 project out of which Rs. 28.12 Crores has been received. Therefore, the interest on externally aided projects (ADB-3066 & JICA IDP-217) was revised to 12% with retrospective effect. It is also mentioned in the Energy Department letter dated 31.03.2017 that the same has been done in order to maintain the ratio of 70:30 between Loan and Equity portion of the project so as to make the project financially viable.

However, it is kindly submitted that as directed by the Commission vide Para 33 of the True up order dated 04.05.2018 for FY 2016-17 that since any change in interest rates between the State Govt. and the Govt. of India / Lending Agencies have not been finalized, the revision of total weighted average rate of interest on account of change in interest rate of JICA IDP-217 and ADB 3066 loans and consequential claim for the prior period i.e. FY 2012-13 to FY 2015-16 is not considered. On similar ground, the interest claims of JICA and ADB 3066 loans were

considered@1.5% and 2.14% respectively instead of 12%. The earlier submissions in the petition for True up claim of FY 2017-18, were made taking the interest rate @12% for JICA and ADB 3066 loans which were subsequently revised in compliance to the directives of the Commission vide letter No. 272 dated 13.02.2019 in the Petition for True Up of FY 2017-18. The total weighted average rate of interest worked out for True Up of FY 2020-21 was also in line with earlier directions of the Commission as aforesaid. On the similar lines the weighted average rate of interest in the petition for FY 2021-22 were worked out keeping the interest rates of concerned ADB 3066 and JICA IDP-217/250 loans as per the original interest rates. It is also submitted that consequent upon finalization of on-lending agreements regarding interest rates amongst GoMP & Govt. of India/ lending agencies in respect of JICA IDP-217/250 and ADB 3066 loans, as directed by the Commission in true up orders of previous years, the claims for revised rates of interest for FY 2012-13 till applicable financial year shall be lodged in subsequent True Up Petitions. However it is now submitted that the Government of Madhya Pradesh has granted in-principle approval for execution of on-lending agreement in respect of JICA IDP-217 and IDP-250 Loans, as such, the agreements duly signed on behalf of MPPTCL has been submitted to GoMP for execution, therefore, in respect of both these loans, revised rate of interest@ 12 % has been considered for working out the weighted average rate of interest for insistent petition while, the claims for previous years based on revised rate of interest will be lodged in subsequent true up petitions after execution on-lending agreements.

The computation of interest for each category for FY 2022-23 is done and enclosed as Annexures numbered VIII to XIV, details of which are tabulated hereunder:

S. No.	Loan Scheme	Weighted Average Rate of Interest	Remarks
1	REC-I Secured	8.90%	Ref. Annexure-VIII(a)
2	REC-II Secured	8.84%	Ref. Annexure-VIII(b)
3	Union Bank of India	7.80%	Ref. Annexure-IX
4	ADB-1869	10.51%	Ref. Annexure-X
5	GOMP ADB 2323	2.82%	Ref. Annexure-XI(a)
6	GOMP ADB 2346	2.82%	Ref. Annexure-XI(b)
7	GOMP ADB 3066	2.14%	Ref. Annexure-XI(c)
8	GOMP JICA IDP-217	12.00%	Ref. Annexure-XII(a)
9	GOMP JICA IDP-250	12.00%	Ref. Annexure-XII(b)
10	GOMP KfW (GEC)	11.50%	Ref. Annexure-XIII
11	Canara Bank	8.00%	Ref. Annexure-XIV

Note: The 'Weighted Average Rate of Interest' worked out in above mentioned Annexures are based on 'Principal Not Due' only, therefore, may differ from actual loan portfolio.

9.4 OVERALL WEIGHTED AVERAGE RATE OF INTEREST FOR 2022-23-

Clause 25.5 of the Transmission Tariff Regulations says:

"The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment or interest capitalized: .

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

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

The Weighted Rate of Interest is worked out on the basis of the principal not due outstanding at the end of the year, and on the rate of interest against various loans as worked out in Para 9.3 above. The working is shown in the following table: -

(Rs. in Crores)

S. No.	Particulars	Principal not due as on 31.03.2023	Rate of interest (%)	Interest
1	REC-I Secured	242.73	8.90%	21.60
2	REC-II Secured	209.96	8.84%	18.56
3	Union Bank of India	637.24	7.80%	49.70
4	ADB-1869	58.49	10.51%	6.15
5	GOMP ADB 2323	242.69	2.82%	6.84
6	GOMP ADB 2346	360.51	2.82%	10.17
7	GOMP ADB 3066	687.87	2.14%	14.72
8	GOMP JICA IDP-217	371.61	12.00%	44.59
9	GOMP JICA IDP-250	164.52	12.00%	19.74
10	GOMP KfW (GEC)	360.59	11.50%	41.47
11	Canara Bank	139.22	8.00%	11.14
TOTAL -		3475.43		244.68

Weighted Average Rate of Interest = $(244.68/3475.43) * 100 = 7.04 \%$

The Commission vide MYT Order dated 19.5.2021 allowed the weighted average rate of interest @4.50% considering the same approved in True Up Order for FY 2018-19 which is now calculated as per actual loan portfolio as above.

9.5 ELIGIBILITY OF INTEREST FOR YEAR 2022-23 -

Clause 24.2 and 24.3 of the earlier Transmission Tariff Regulations notified on 14.12.2012 states the following:

“24.2 The normative loan outstanding as on 01-04-2013 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2013 from gross normative loan.

24.3 The repayment for each year of the Tariff period 2013-16 shall be deemed to be equal to the depreciation allowed for that year.”

In accordance with the above, the position of loans up to 31.03.2023 has been worked out considering the actual loan repayments during each year. The repayment of loan is deemed as equal to Depreciation being claimed in the True-up Petition for FY 2022-23.

Further, The Commission vide its order dtd. 12.12.2013 has directed to adopt its approach regarding the True up order for FY 2011-12.

In line with the approach & True up order for FY 2011-12 & also FY 2012-13 to FY 2021-22, the interest claim for FY 2022-23 is worked out as hereunder:

CAPITAL COST –

	Particular	Unit	Total Assets
1	Capital cost as on 31.3.2022 (as per True Up Order of FY 2021-22)	Rs. Cr.	14290.32
2	Capital expenditure during FY2022-23 based on audited accounts	Rs. Cr.	1513.83
3	Less Works capitalized through Consumer Contribution during FY 2021-22	Rs. Cr.	299.41
4	Less Grant Portion (PSDF+NCEF) Recognized	Rs. Cr.	72.39
5	Less Works capitalized through Supply Affording Charges during FY 2022-23	Rs. Cr.	6.68
6	Less Assets adjusted/ withdrawn/ de-capitalized during the year	Rs. Cr.	7.17
7	Net Additional Capital expenditure during FY 2022-23	Rs. Cr.	1128.18
8	Total capital cost as on 31.3.2023 (Net)	Rs. Cr.	15418.50

FUNDING OF CAPITAL COST –

(Rs. in Crores)

S. No.	Particular	Assets	Equity	Loan
1	Opening capital cost as on 01.04.2022 as per True Up order of FY 2021-22	14290.32	4203.12	8228.67
2	Net-off Capitalization during the year for RoE calculations (considering normative 70 - 30 debt - equity ratio)	1128.18	338.45	789.73
3	Closing capital cost as on 31.03.2023	15418.50	4541.57	9018.40

INTEREST ON LOAN –

S. No.	Particular	Unit	Amount claimed for FY 2022-23
1	Opening Loan	Rs. Cr.	4424.88
2	Loan component added for Capitalization considered during the year	Rs. Cr.	789.73
3	Repayment equal to depreciation during the year	Rs. Cr.	567.28
4	Closing Loan	Rs. Cr.	4647.33
5	Average Loan	Rs. Cr.	4536.10
6	Wt. average rate of interest as claimed	%	7.04%
7	Interest on Loan	Rs. Cr.	319.34

9.6 NET INTEREST CLAIMED FOR FY 2022-23 BASED ON PARA 9.5 -*(Rs. in Crores)*

i.	Gross Interest claim as per Para 9.5	-	319.34
ii.	Interest allowed in order dt. 19.5.2021	-	181.15
iii.	True up claimed for interest (i-iii)	-	(+)138.19

Provisions of Regulations:

36. Regulation 25 of the Regulations, 2020 provides as under:

25.1 The loans arrived at in the manner indicated in Regulation 22 shall be considered as gross normative loan for calculation of interest on loan.

25.2 The normative loan out standing as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission upto 31.3.2019 from the gross normative loan.

25.3 The repayment for each year of the tariff period FY 2019-20 to FY 2023-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro-rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalization of such asset.

25.4 Notwithstanding any moratorium period availed by the Transmission Licensee, there payment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

25.5 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment or interest capitalized:

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

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

25.6 The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

25.7 The Transmission Licensee shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and the Transmission Licensee, in the ratio of 50:50.

25.8 The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

25.9 In case of dispute, any of the parties may make an application in accordance with the MPERC (Conduct of Business) Regulation, 2004, as amended from time to time:

Provided that the Transmission Customers shall not withhold any payment on account of the interest claimed by the Transmission Licensee during the pendency of any dispute arising out of re-financing of loan.

Commission's Analysis

37. The Commission vide letters dated 11/01/2024 communicated the relevant issues to the petitioner and the petitioner's response on all such issues vide its letters dated 31/01/2024 have been discussed in preceding paragraphs of this order. These are not repeated here for brevity.
38. The closing loan for FY 2021-221 was considered as Rs 4424.88 Crore in True-up Order for FY 2021-22. This has been considered as opening loan for FY 2022-23. Loan addition for FY 2022-23 is considered as Rs 789.73 Crore as per para on Capital cost and capital structure of this order. As per Regulations, repayment is considered as equal to depreciation of Rs. 567.28 Crore admitted in earlier part of this Order. Accordingly, Interest and Finance charges on loan capital of **Rs 319.34 Crore** for FY 2022-23 is admitted as calculated below:

Interest and finance charges on loan capital admitted by the Commission

(Amount in Rs. Crore)

Sr. No.	Particular	Amount for FY 2022-23
1	Opening Loan	4424.88
2	Loan addition for additional Capitalization	789.73
3	Repayment equal to depreciation during the year	567.28
4	Closing Loan (4=1+2-3)	4647.33
5	Average Loan [5= (1+4) * 0.5]	4536.10
6	Wt. average rate of interest (in %) as claimed	7.04 %
7	Interest and finance charges on Loan capital	319.34

OPERATION AND MAINTENANCE EXPENSES:**Petitioner's Submission:**

39. The petitioner broadly submitted the following at para 6.1 to 6.6 of the petition:

6.1 O&M EXPENSES DURING FY 2022-23 –

The Commission has allowed O&M expenses of Rs. 702.21 Crores for FY 2022-23. This covers Employee Cost, A&G and Repairs & Maintenance Expenses during the year. It was however mentioned that if progress achieved is more than quantities considered in this order, higher amount of O&M will be allowed.

The Commission while allowing O&M Expenses for the year 2022-23 in the above referred order and tabulated in Para 5.1, considered the following average length of EHV Lines and Bays for the period spanning 01.04.22 to 31.03.23.

O&M expenses for year 2022-23 have been allowed as Rs. 702.21 Crores, considering following parameters:

S. No.	Particulars	O&M Norms 2022-23 Rs. in Lakhs	Parameters taken for 2022-23	O&M Expenses allowed for 2022-23
1	400 KV Line	39.83 /100 Ckt-KM	3881.25 Ckt-KM	1545.90
2	400 KV Bays	11.93	176.00	2099.68
3	220 KV Line	37.19 /100 Ckt-KM	14577.22 Ckt-KM	5421.26
4	220 KV Bays	13.84	842.50	11660.20
5	132 KV Line	39.15 /100 Ckt-KM	21954.40 Ckt-KM	8595.15
6	132 KV Bays	13.89	2944.50	40899.11
TOTAL Rs. in LAKHS -				70221.30

Say Rs. 702.21 Crores

6.3 NETWORK EXPANSION AND O&M EXPENSES FOR FY 2022-23 –

The average voltage-wise length of line & Bays on the basis of actual progress made during the year and the allowable O&M expenses for FY- 2022-23 based on approved norms, is worked out as under:

S. No.	Particulars	O&M Norms for FY 2022-23 Rs. in Lakhs	Parameters taken for True Up of FY 2022-23 on average basis	O&M Expenses allowed for FY 2022-23 (rounded to Rs. in Lakhs)
1	400 KV Line	39.83 /100 Ckt-KM	3952.16	1574.14
2	400 KV Bays	11.93	175.00	2087.75
3	220 KV Line	37.19 /100 Ckt-KM	14886.53	5536.30
4	220 KV Bays	13.84	884.50	12241.48
5	132 KV Line	39.15 /100 Ckt-KM	22366.43	8756.46
6	132 KV Bays	13.89	2947.50	40940.78
TOTAL Rs. in LAKHS -				71136.91

Say Rs. 711.37 Crores

6.4 List of Lines and Bays added during 2022-23 is enclosed with the petition.

The aforesaid list is based on comprehensive information furnished by the field units which includes name of Substation and Bays, their voltage level, estimate number, date of completion etc. The report of the Reporter of Compliance containing above information has also been submitted to the MPERC vide letter No.2000 dated. 27.6.2023.

6.5 ACTUAL O&M EXPENSES AS PER AUDITED ACCOUNTS –

The Regulations provide for claiming O&M Expenses on normative basis on certain heads. The actual O&M Expenses are therefore for information only. The details of O&M Expenses are given in formats TUT-3 to TUT-5 as summarized hereunder:

(Rs. Crores)

S. No.	Format No.	Particulars	Gross Amount	Less Capitalized	Less SLDC Expenses	Net Amount
1	TUT-3	R&M Expenses	77.09	6.38	1.93	68.78
2	TUT-4	Employee Cost	398.98	72.90	13.49	312.59
3	TUT-5	A&G Expenses	172.14	8.88	2.14	162.21
TOTAL -			648.21	88.16	17.56	543.58

6.6 CLAIM OF O&M EXPENSES – TRUE UP -

Net True up of O&M Expenses for FY 2022-23 is tabulated hereunder:

S. No.	Particulars	Amount (Rs. Crores)
1	O&M claim as per O&M Norms worked out in Para 6.3 above	711.37
2	O&M Expenses allowed in Tariff order for FY 2022-23	702.21
3	True up amount of O&M Expenses (1-2)	9.16
Net True up Claim (O&M): (+) Rs. 9.16 Crores		

Provisions under Regulations:

40. Regulation 28 of the Regulations, 2020 provide as under:

28.1 Operation and Maintenance Expenses shall be determined for the Tariff period based on normative O&M expenses specified by the Commission in these Regulations.

28.2 The cost components for employee expenses, repair & maintenance expenses and administrative and general expenses are considered as per Regulations 38.1 of these Regulations. The figures of O&M expenditure provided for FY 2018-19 in MPERC Terms & conditions for Determination of Transmission Tariff Regulations, 2016 shall be escalated by the escalation rate of 3.51% to arrive at the figures for FY 2019-20.

28.3 Thereafter, the O&M expenses for the subsequent years of control period shall be determined by escalating the O&M norms arrived for FY 2019-20 with the escalation factor @ 3.51% as considered by the Central Commission for Transmission Licensees in its Tariff Regulations, 2019 for the respective financial years to arrive at permissible O&M expenses for each year of the Control Period.

28.4 The employee expenses considered in the above Operation and Maintenance expenses are excluding the pension and other terminal benefits. The Commission has notified MPERC (Terms and Condition for allowing Pension and Terminal Liabilities of Personal of Board and Successor Entities) Regulations, 2012 (G-38 of 2012) on 20th April, 2012. The

expenses towards pension and terminal liabilities shall be allowed as per the provisions of aforesaid Regulations. The Security Expenses for transmission system shall be allowed separately after prudence check.

28.5 Increase in O&M charges on account of war, insurgency or changes in laws, or like eventualities where the Commission is of the opinion that an increase in O&M charges is justified, may be considered by the Commission for such a specified period.

28.6 Any saving achieved by a Transmission Company in any Year shall be allowed to be retained by it. The Transmission Company shall bear the loss if it exceeds the targeted O&M expenses for that Year.

Regulation 38 of the aforesaid Regulations provides as under:

38.1 The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. The norms for O&M expenses have been fixed on the basis of circuit kilometers of transmission lines and number of bays in substation. These norms exclude Pension, Terminal Benefits and arrears, if any, to be paid to employees, taxes payable to the Government and fee payable to MPERC. The Transmission Licensee shall claim the taxes payable to the Government, fees to be paid to MPERC and any arrears paid to employees separately as actuals. If the O&M expenses as per norms provided in these Regulations are more than the actual total O&M expenses including arrears if any, as per audited accounts of Transmission Licensee, the O&M expenses to the extent of normative O&M expenses shall be allowed. The claim of pension and terminal benefits shall be dealt- with as per Regulation 28.4. The Security Expenses for transmission system shall be allowed separately after prudence check:

Provided that the transmission licensee shall submit the assessment of the security requirement and estimated security expenses, at the time of truing up with appropriate justification.

The norms for O&M expenses per 100 ckt-km and per bay shall be as under:

Norms for O&M expenses per 100 Ckt. km and per bay

S. No.	Particulars	FY 2019-20	FY 2022-23	FY 2022-23	FY 2022-23	FY 2023-24
	Lines	Rs. Lakh / 100ckt km / annum				
1.	400 kV Lines	35.92	37.18	38.48	39.83	41.23
2.	220 kV Lines	33.54	34.71	35.93	37.19	38.50
3.	132 kV Lines	35.30	36.54	37.82	39.15	40.52
	Bays	Rs. Lakh / Bay / annum				
1.	400 kV Bay	10.75	11.13	11.52	11.93	12.35
2.	220 kV Bay	12.48	12.92	13.38	13.84	14.33
3.	132 kV Bay	12.52	12.96	13.42	13.89	14.38

38.2 The total allowable O&M expenses for the Transmission Licensee shall be calculated by multiplying the average number of bays and 100ckt-km of line length for the Year with the applicable norms for O&M expenses per bay and per 100ckt-km, respectively. In support of its claim for allowable O&M expenses, the Licensee shall submit before the Commission, the actual or projected circuit kilometers of line lengths and number of bays for each voltage level separately for each Year of the Tariff Period as the case may be.

Commission's Analysis:

41. The information gaps and additional data regarding this issue were communicated to the petitioner and the petitioner's responses on all such issue have been discussed in detail in earlier paragraphs of this order. These are not reproduced here for sake of brevity.
42. Details of EHV lines & bays filed in this petition are tallied with the corresponding figures mentioned in tables under para 1.1 & 2.10, respectively of the MIS / RoC report. The Commission has considered this information for the purpose of this order.

O&M Expenses admitted by the Commission

S. No.	Particulars	Assets			Approved Norms for FY 2022-23	Amount (Rs. in Lakhs)
		As on 31.3.2022 (as per true-up order for FY 2021-22)	As on 31.3.2023 (as per MIS / RoC report for FY 2022-23)	Average		
1	400 KV Line in Ckt-KMs	3815.07	4089.23	3952.15	Rs.39.83 Lakhs/ 100 Ckt-KM	1574.14
2	220 KV Line in Ckt-KMs	14838.80	14934.26	14886.53	Rs.37.19 Lakhs/100 Ckt-KM	5536.30
3	132 KV Line in Ckt-KMs	22191.49	22541.36	22366.43	Rs. 39.15 Lakhs/ 100 Ckt-KM	8756.46
4	400 KV Bay in Nos.	172	178	175.00	Rs. 11.93 Lakhs/ Bay	2087.75
5	220 KV Bay in Nos.	873	896	884.50	Rs. 13.84 Lakhs/ Bay	12241.48
6	132 KV Bay in Nos.	2921	2974	2947.50	Rs. 13.89 Lakhs/ Bay	40940.78
Total O&M Cost on the basis of Bays and Lines: Rs. 711.37 Crore.						71136.91

43. Based on the norms specified in the Regulations, the O&M Expenses are admitted as **Rs. 711.37 Crore** for FY 2022-23.

EXPENSES TOWARDS PENSION AND TERMINAL BENEFITS:**Petitioner's submission:**

44. The petitioner broadly submitted the following at para 7.1 to 7.3 of the petition:

7.1 The Commission has notified the "MPERC (Terms & Conditions for allowing Pension and Terminal Benefits liabilities of personnel of Board and successor Entities) Regulations, 2012 (G-38 of 2012)" on 20th April 2012. Clause 1.2 of this Regulation provides:

"These Regulations shall come into force with immediate effect from the date of their publication in the official Gazette of the Government of Madhya Pradesh. For Tariff determination purposes its provisions will be given effect to in the financial year following the year of its publication."

The Commission therefore in its order dtd. 19.05.2021: in Para-34 has considered the Terminal Benefit and Pension expenses for FY 2022-23 on provisional basis on "Pay as you go" principles payable to the extent of Rs. 2108.20 Crores as allowed in this MYT order. The actual expenses for this period may kindly be considered during the process of True up of Transmission Tariff for FY 2022-23.

7.2 TERMINAL BENEFITS AS PER AUDITED ACCOUNTS -

The Audited Accounts of MPPTCL, listed out the following expenses against Terminal Benefits for FY 2022-23 as compared to the previous year:

TERMINAL BENEFIT COST	AS AT 31.03.2022	AS AT 31.03.2023
(A) CASH - Rs. in Crores		
Gratuity	787.27	353.51
Pension	1974.00	2062.17
Actual Pension (Paid in Cash) in FY 2020-21*	12.33	0
TOTAL -	2773.60	2415.68

* This amount had been regrouped / rearranged & indicated in notes to account No. 33 of Financial Statement of FY 2021-22 and not allowed in the previous year.

7.3 TRUE-UP CLAIM FOR TERMINAL BENEFITS -

Vide Para 34 of the Order dated 19.5.2021, against the head of Pension and Gratuity on retirement, The Commission, has determined an amount of Rs. 2108.20 Crores. The details of actual payments of Pension & Gratuity of all the Companies are submitted.

True-up for FY 2022-23 for Terminal Benefits is worked out hereunder:

(Amount Rs. in Crores)

S. N.	Particulars	Cash	Provision	TOTAL
1	Claim for the year	2415.68	0.00	2415.68
2	Allowed in MYT order	2108.20	0.00	2108.20
3	True-up	307.48	0.00	307.48

Provisions under Regulations:

45. Regulation 28.4 of the Regulations, 2020 provide as follows:

“The employee expenses considered in the above Operation and Maintenance expenses are excluding the pension and other terminal benefits. The Commission has notified MPERC (Terms and Condition for allowing Pension and Terminal Liabilities of Personal of Board and Successor Entities) Regulations, 2012 (G-38 of 2012) on 20th April, 2012. The expenses towards pension and terminal liabilities shall be allowed as per the provisions of aforesaid Regulations.”

Commission’s Analysis:

46. The Commission vide letters dated 11/01/2024 and 07/02/2024 communicated the relevant issues to the petitioner and the petitioner’s response vide its letter dated 31/01/2024 and 12/02/2024 respectively have been discussed in preceding paragraphs of this order. These are not repeated here for brevity. MPPTCL’s claim regarding expenses towards Pension and terminal benefits of **Rs. 2415.68 Crore** as per the Audited Accounts has been admitted as per the provisions under the Regulations.

INTEREST CHARGES ON WORKING CAPITAL:**Petitioner’s submission:**

47. The petitioner broadly submitted the following at para 9.7 of the petition:

9.7 INTEREST ON WORKING CAPITAL –

The Interest on Working Capital is to be worked out on Normative basis as per Clause 29 & 39 of the Transmission Tariff Regulations, the working is given in Format TUT -16 and summarized in the following table:

Working Capital requirement for 2022-23 -

		(Rs. in Crores)
i.	<i>O&M expenses for one month (Rs. 711.37 Crores / 12)</i>	59.28
ii.	<i>Maintenance spares @ 15% of the O&M expenses</i>	106.71
iii.	<i>Receivables equivalent to 45 days Transmission charges</i>	583.51
Total Working Capital -		749.50
iv.	<i>Interest on working capital @ 10.50 % i.e. SBI’s Base rate of 7.00 % as on 01.04.2022 plus 3.5%</i>	78.70

Provisions under Regulations

48. Regulation 39 of the Regulations, 2020 provide as follows:

39.1 For each year of the tariff period, working capital shall cover the following:

- (1) Maintenance spares @ 15% of the O&M expenses specified in Regulation 38.1:*
- (2) Receivables equivalent to 45 days of transmission charges calculated on Target Availability Level: and*
- (3) Operation and Maintenance expenses for one month.*

Regarding Interest charges on working capital, Regulations 29.1 & 29.2 provide that,
 29.1 Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period FY 2019-20 to FY 2023-24 in which the Transmission System including Communication System or element thereof is declared under commercial operation, whichever is later.
 29.2 Interest on working capital shall be payable on normative basis notwithstanding that the Transmission Licensee has not taken loan for working capital from any outside agency.

Commission's Analysis:

49. State Bank of India's website shows that 1 year MCLR was 7.00% as on 01/04/2022. Hence, effective rate of interest for working capital is considered as $7.00 + 3.50 = 10.50$ %. As per norms under Regulations, the interest charges on working capital for FY 2022-23 is worked out and admitted in this true-up order as given below:

Interest charges on Working Capital admitted:

Sr. No.	Particular	Unit	Amount for FY 2022-23
1	O&M expenses for one month (711.37/12)	Rs. Cr.	59.28
2	Maintenance spares @ 15% of the O&M expenses (711.37 x 0.15)	Rs. Cr.	106.71
3	Receivables equivalent to 45 days transmission charges (4729.89 * 45/365)	Rs. Cr.	583.14
4	Total working capital (1+2+3)	Rs. Cr.	749.13
5	Applicable rate of interest on working capital @10.50%	%	10.50%
6	Amount of Interest on working capital	Rs. Cr.	78.66

NON-TARIFF INCOME:

Petitioner's submission:

50. The petitioner submitted the following information at para 11.1 of the petition:

11.1 OTHER INCOME -

Other Income of Rs. 106.72 Crore is shown in Note 32 of Audited Accounts. This income has been bifurcated in two categories, as shown hereunder after excluding Rs. 1.26 Crore as the Other Income of SLDC.

(Amount Rs. in Crores)

i	Interest received on Income Tax Refund	0.98
ii	Application fees for Open Access	1.22
iii	Hire charges for contractors etc.	1.82
iv	Consultant services charges received	59.87
v	Sale of Tender forms	0.43
vi	Applications under RTI charges	0.00

vii.	Recovery of transport facilities	0.05
viii	Ground rent	0.02
ix	Rent of Staff quarters / Water charges/ Guest House	0.72
x	Recovery of telephone charges	0.01
xi	Other MISC receipts	1.98
xii	Profit on Sale of Store's scrap	36.32
xiii	Operation and maintenance charges received for S/s & Lines	4.57
	Sub Total	107.98
xiii	Less : Income considered in SLDC's Account	-1.26
	TOTAL -	106.72

Therefore, Non-Tariff Income for FY 2022-23 is **Rs. 106.72 Crores** against **Rs. 26.00 Crores** allowed vide order dated 19.5.2021 for the FY 2022-23.

Provisions under Regulations:

51. Regulation 33 of the Regulations, 2020 provide as under:
 33.1 A schedule for other income as provided in the schedule of Miscellaneous Charges and General Charges under MPERC (Details to be furnished by licensees for determination of Tariff and manner of making an application) Regulation 2004 as amended from time to time shall be classified under 'Non-Tariff Income'. The non-tariff income shall include income from investments, Fixed and other deposits and any other non-tariff income.

Commission's Analysis:

52. The Commission vide letters dated 11/01/2024 and 07/02/2024 sought additional information on many issues including other income. MPPTCL vide its letter dated 31/01/2024 and 12/02/2024 submitted reply. In respect of other income, the issue raised & MPPTCL's reply was as under:

Issue:

At para 11.1 of the petition, Non-Tariff income for FY 2022-23 has been submitted as Rs. 106.72 crore. Note 32 of the audited accounts has recorded other income as Rs. 134.77 crore. The petitioner is required to reconcile the figures of Non-Tariff income submitted in the instant petition with the corresponding information recorded in the audited account for FY 2022-23. The petitioner should also submit whether there is any other income, which is neither being counted as tariff income, nor non-tariff income in the true-up petition.

MPPTCL's Reply:

The reconciled statement of non-tariff income shown in instant petition with the annual audited accounts of FY 2022-23 is submitted as under:

Non Tariff Income (in Rs. Crore)					
S. No.	Particular	Referen- -ce of Audited Accoun- -ts	Non-Tariff Income Considered in True Up Petition Amount	Non-Tariff Income Pertains to MPPTCL Amount	Remark
1	Consultancy/Service charges	Note.32	59.87	59.87	-
2	Profit/(Loss) on Sale of Scrap/Stores/Fixed Assets		36.32	36.32	-
3	Hire Charges from Contractor/Supplier		1.82	1.82	-
4	Operation and Maintenance Charges received for S/s & Line		4.57	4.57	-
5	PSDF Grant (Deferred Income)		0.00	3.14	Not Considered in Non tariff Income as the same has already been deducted on account of Depreciation
6	NCEF Grant (Deferred Income)		0.00	22.11	
7	Application Fee for Open Access Consumers		0.38	0.38	-
8	Interest on Income Tax Refund		0.60	0.60	-
9	Others		3.16	5.98	An amount of Rs. 2.82 Cr. has not been considered as Non-Tariff Income as the same has been considered on the basis of assessment and delay payment charge etc
Total			106.72	134.77	

53. On prudence check, it is observed that the amounts related to PSDF & NCEF grants, the amounts have been reduced from Depreciation and hence MPPTCL's submission are considered. However, on item no. 9 (others) in the note 32 of the audited accounts income is mentioned as Rs 5.98 Crore and the MPPTCL's reply of considering only Rs 3.16 Crore is not as per the Regulations. In view of the provisions of the Regulations, an amount of **Rs. (106.72 + 2.82) Crore = Rs 109.54 Crore** is admitted as Non-Tariff Income in this true-up order.

TAXES, MAT AND FEE PAID TO MPERC:**Petitioner's Submission:**

54. The petitioner submitted the following information at para 10.7 & 10.8 of the petition:

10.7 DUTIES AND FEES -

As per Clause 38.1 of the Regulations the licensee shall claim the taxes payable to the Government, fees to be paid to MPERC separately as actuals. In line with the above Regulations the amount of Rs. 3.67 Cr paid against Rates & Taxes during FY 2022-23 has been claimed separately, against a permitted amount of Rs. 3.20 Crores.

(Amount Rs. in Crores)

(i)	<i>MPERC Fee approved in MYT Order dated 19.5.21</i>	<i>3.20</i>
(ii)	<i>MPERC Fee paid</i>	<i>1.09</i>
(iii)	<i>Total Other Rates & Taxes paid</i>	<i>3.67</i>
(iv)	<i>Total (ii+iii)</i>	<i>4.76</i>
(v)	<i>True-up amount (iv) – (i)</i>	<i>(+) 1.56</i>

10.8 Claim against MAT for FY 2022-23 has not been made in instant True Up, However, after filing the same, if any liability of Income Tax arises, the same will be claimed in future True-up Petitions.

Provisions under Regulations:

55. Regulation 38.1 of the Regulations, 2020 provide as following:

38.1 The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. The norms for O&M expenses have been fixed on the basis of circuit kilometers of transmission lines and number of bays in substation. These norms exclude Pension, Terminal Benefits and arrears, if any, to be paid to employees, taxes payable to the Government and fee payable to MPERC. The Transmission Licensee shall claim the taxes payable to the Government, fees to be paid to MPERC and any arrears paid to employees separately as actuals. If the O&M expenses as per norms provided in these Regulations are more than the actual total O&M expenses including arrears if any, as per audited accounts of Transmission Licensee, the O&M expenses to the extent of normative O&M expenses shall be allowed.

Commission's Analysis:

56. The information gaps regarding this issue were communicated to the petitioner and the petitioner's responses on all such issue have been discussed in detail in earlier paragraphs of this order. These are not reproduced here for sake of brevity.

In view of the provisions of the Regulations, the amount of Taxes and Fee of **Rs (1.09 + 3.67) Crore = Rs 4.76 Crore** is admitted in this Order.

PPP EXPENSES:**Petitioner's submission:**

57. The petitioner broadly submitted the following at para 12.1 of the petition:

12.1 PPP Expenses

A Petition for seeking approval in respect of initiating the Tariff based competitive bidding process and the Bidding documents for the selection of the Transmission Service Provider (TSP) for the development of Transmission System by construction of 400 KV DCDS Transmission Line between Satpura and Ashta for evacuation of power from 2 x 250 MW Extension Unit at Satpura in Madhya Pradesh through Public Private Partnership ("PPP") on Design, Build, Finance, Operate and Transfer ("DBFOT") basis was filed and was subsequently registered as Petition No. 06/2012 by the Hon. Commission. In this matter vide Order dated 26th April, 2012, Hon. MPERC directed that private participation in transmission is a welcome step and deserves to be encouraged. The petitioner should strive for this by following procedures and methodology as prescribed in the Act.

Subsequently, in this matter another petition was filed in the subject of application seeking approval of Unitary Charges for initiating the Tariff based competitive bidding process for the selection of the Transmission Service Provider (TSP) for the development of Transmission System by construction of 400 KV DCDS Transmission Line between Satpura and Ashta for evacuation of power from 2 x 250 MW Extension Units at Satpura in the State of Madhya Pradesh through Public Private Partnership ("PPP") on Design, Build, Finance, Operate and Transfer ("DBFOT") basis. The same was registered by Hon. Commission as Petition No. 44 of 2012. Vide its Order dated 8th August, 2012, while disposing off the petition, Hon. Commission passed the directive that - In view of the submissions / clarifications filed by the petitioner and the amendment to Para 24 of the "Guidelines for Encouraging Competition in the Development of Transmission Projects" issued by the Ministry of Power on 2nd May, 2012, the Commission hereby accords approval to the notional unitary charges of Rs. 3.15 Crores as filed by the petitioner for initiating the tariff based bidding process in the subject matter.

Hon. MPERC vide order dated 08.10.2013 under Petition No. 45/2013 has adopted the base unitary charge of Rs. 3.15 Crores per month determined through a transparent process of bidding in accordance with the guideline issued by the Central Government under Section 63 of the Electricity Act 2003 .

The said order states that – "Based on the above Certificate issued by the Bid evaluation Committee, the documents filed with the petition and the supplementary submission, the Commission hereby adopts the Base Unitary Charge of Rs. 3.15 Crore per month determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Electricity Act, 2003. The aforesaid Base Unitary Charge and other applicable associated charges payable by the petitioner as per Transmission Agreement entered into by the M.P. Power Transmission Company Ltd., Jabalpur and the Concessionaire on 6th June 2013 for 400 KV DCDS Satpura-Ashta transmission line PPP Project, may be claimed by the petitioner in its petition for determination of Transmission Tariff for recovery of these charges from the DISCOMs and other long term customers."

In this matter it is also submitted that the Commission vide its Order dated 19.5.2021 covering the control period of FY 2019-20 to FY 2023-24 has taken cognizance of the expenses and allowed Rs. 37.80 Crores under the PPP head.

Further, Hon. MPERC, vide its Order dated 01.11.2013, under Petition No. 32/ 2013 has granted transmission License to M/s STPL (earlier known as M/s KSPTCL). The Licensee has started its commercial operation from April 2015 and consequent to its service provided during 2022-23, M/s STPL has raised a total bill of Rs. 34.78 Crores. After deduction on account of discount, penalty, excess claim and income tax, Rs. 34.25 Crores has been paid as Unitary Charges in FY 2022-23. The details are submitted in this petition. As the discount amount is an earning on account of the Company's effort, therefore the entire amount of Rs. 34.25 Crores is claimed, the same has been indicated in TUT-12 (New) of this petition.

The claims towards PPP Expenses in FY 2022-23 are as follows:

S. No.	Particulars	Cash
1	Claim for the year	Rs. 34.25 Crores
2	Allowed in MYT order	Rs. 37.80 Crores
3	True-up	(-) Rs. 3.55 Crores

Commission's Analysis:

58. The Commission vide order dated 08.10.2013 in Petition No. 45/2013 has adopted the base unitary charge of Rs 3.15 Crore per month determined through a transparent process of bidding in accordance with the guideline issued by the Central Government under Section 63 of the Electricity Act 2003 mentioning the following:

“The Commission hereby adopts the Base Unitary Charge of Rs. 3.15 Crore per month determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Electricity Act, 2003. The aforesaid Base Unitary Charge and other applicable associated charges payable by the petitioner as per Transmission Agreement entered into by the M.P. Power Transmission Company Ltd., Jabalpur and the Concessionaire on 6th June 2013 for 400 KV DCDS Satpura-Ashta transmission line PPP Project, may be claimed by the petitioner in its petition for determination of Transmission tariff for recovery of these charges from the DISCOMs and other long term customers. The adoption of the aforesaid charges in this Order is subject to fulfilment of all other conditions in the “Guidelines for Encouraging Competition in the Development of Transmission Projects” by the petitioner and the selected Bidder/ Concessionaire.”

59. In view of above, an amount of **Rs. 34.25 Crore** as recorded in Audited Accounts of MPPTCL for FY 2022-23 is admitted as PPP Unitary Charges in this order.

PAYMENT TOWARDS OPGW CHARGES TO PGCIL:-**60. Petitioner's submission:**

The CERC has approved transmission tariff for OPGW links constructed for state sector of MPPTCL under "Establishment of Fiber Optic Communication System in Western Region. In compliance to above orders the PGCIL raised the invoices and an amount of Rs. 0.92 Crores which have been paid by MPPTCL in FY 2022-23. The details of charges paid to PGCIL for the period under consideration is tabulated hereunder:

<i>S. No.</i>	<i>Particulars</i>	<i>Cash</i>
1	Claim for the year	Rs. 0.92 Crores
2	Allowed in MYT order	Rs. 1.06 Crores
3	True-up	(-) Rs. 0.14 Crores

Commission's Analysis

61. It is observed that the petitioner has claimed these charges in accordance with the CERC's Order in the matter. In view of the aforesaid, as claimed by the petitioner, these charges of **Rs 0.92 Crore** are admitted in this order as actual expenses.

SECURITY EXPENSES –**62. Petitioner's submission:**

Clause 38.1 of the Regulation stipulates that the security expenses for transmission system shall be allowed separately after prudence check. It is most respectfully submitted that in the FY 2022-23, an amount Rs. 29.64 Crores has been claimed on account of Security expenses and the same is also booked in separate account code. Therefore, in addition to the normative O&M expenses claimed vide Para 6.7 of the Petition, The Commission is requested to kindly allow, security expenses as tabulated herein below:

(Amount Rs. in Crores)

<i>S. No.</i>	<i>Particulars</i>	<i>FY 2022-23</i>
1	Security Expenses	29.64

<i>S. No.</i>	<i>Particulars</i>	<i>Cash</i>
1	Claim for the year	Rs. 29.64 Crores
2	Allowed in MYT order	Rs. 27.02 Crores
3	True-up	(+) Rs. 2.62 Crores

Regulations:

63. Regulation 28.4 of the Regulations, 2020 provide as under:
 28.4 ...*The Security Expenses for transmission system shall be allowed separately after prudence check.*

Commission's Analysis:

The Commission vide letter dated 11/01/2024 sought additional information on many issues including security expenses and MPPTCL vide its letter dated 31/01/2024 submitted reply. In respect of Security expenses, the issue raised & MPPTCL's reply was as under:

Issue:

At para 14 of the petition, security expenses have been claimed as Rs. 29.64 Cr. However, the security charges expenses has been recorded as Rs. 29.45 Cr. in note 37 of the audited financial statement for FY 2022-23. The security expenses is mentioned as part of A&G expenses in Audited Accounts. A&G is part of O&M expenses. This discrepancy between audited accounts and tariff petition be sorted out and the reasons for the variations was sought.

MPPTCL's Reply:

This is to submit that the amount of Rs.29.64 Crore depicted in the Annual Accounts in Note-37 towards Security Expenses is inclusive of Rs. 0.19 Crore of SLDC Security Expenses: the same has been claimed by MPPTCL against Security Expenses as there is no provision of Security Expenses in SLDC tariff.

Further, it is also to submit that Security Expenses have been claimed as per provision laid down in Clause 28.4 of Multi Year Tariff Regulation, 2020.

64. The Commission observed that for FY 2022-23, SLDC has already claimed Rs 0.19 Cr as Security expenses as part of its A&G expenses as per Form F5 at S. No. xvii of its petition (P-59 of 2023). The Commission has allowed it in SLDC's petition. Thus, MPPTCL's claim for this Rs 0.19 Cr would be double claim for same expense. The same is not allowed in this petition. In view of the above, and in consideration of the Regulations and the information filed by MPPTCL, the security expenses of **Rs (29.64 – 0.19) Crore = Rs 29.45 Crore** are admitted in this order.

True-up amount considered for FY 2022-23 in this order:

65. Based on the analysis made in preceding paragraphs, the Commission has determined the true-up amount of **Rs. 417.67 Crore** for FY 2022-23. This amount shall be adjusted in the bills of long term open access customers of MPPTCL as per the provisions of the Regulations. Details of true-up amount admitted in this order are tabulated hereunder:

(Amount in Rs. Crore)

S. No.	Particulars	As per ARR for FY 2022-23 admitted in MYT order dated 19.5.2021	As admitted in this true-up order for FY 2022-23	True-up Amount
				(Col. 4 – Col 3)
1	2	3	4	5
1	O & M Expenses	702.21	711.37	9.16
2	Expenses towards Pension & Terminal Benefits	2108.20	2415.68	307.48
3	Depreciation	559.02	567.28	8.26
4	Interest and financial charges on Loan capital	181.15	319.34	138.19
5	Interest charges on Working Capital	73.80	78.66	4.86
6	Return on Equity	644.76	677.71	32.95
7	PPP Unitary Charges	37.80	34.25	-3.55
8	Expense towards payment of OPGW charges to PGCIL	1.06	0.92	-0.14
9	MPERC's Fee	1.01	1.09	0.08
10	Taxes and Fee (other than MPERC)	2.19	3.67	1.48
11	Security Expenses	27.02	29.45	2.43
12	TOTAL -	4338.22	4839.43	501.21
13	Less Non-Tariff Income	(-) 26.00	(-) 109.54	(-) 83.54
14	GRAND TOTAL -	4312.22	4729.89	417.67

Sharing of True-up Amount for FY 2022-23 -**Petitioner's submission:**

66. *The Commission distributed the True Up amount on the basis of MW capacity and percentage allocation as approved in MYT order dated 19.5.2021. Sharing of True-up amount amongst Discoms, MPIDC (SEZ) and West Central Railways (WCR) has been proposed on Trued Up Capacities.*

(Rs. in Crore)

S.N.	Customer	Trued Up Capacity (MW)	Amount as per filing in this petition	Amount as per MYT Orders	True-up to be shared
1	MP Poorva KVVCL	6072.19	1395.92	1258.16	137.76
2	MP Madhya KVVCL	6866.58	1578.54	1482.02	96.52
3	MP Paschim KVVCL	7249.26	1666.52	1502.08	164.44
5	Railways (WCR)	340.00	78.16	59.46	18.70
4	MPAKVN for SEZ	60.00	13.79	10.49	3.30
	TOTAL -	20588.04	4732.94	4312.22	420.72

Commission's analysis:

67. It was observed that Transmission Capacity for FY 2022-23 as MYT Order was 24657.15 MW. However, in the instant True-up petition, MPPTCL has filed Trued up Capacity as 20588.04 MW. The issue & response are detailed in earlier part of this Order and not repeated here for brevity. Vide Commission's daily Order dated 13/12/2023, the Respondents were directed to file response to the petition. However, no response was received from any of the respondents. The Commission has considered the petitioner's submissions. The true-up amount as admitted in this Order shall be recoverable from the long term open access consumers i.e. Discoms, SEZ and WCR as given below:

(Rs. in Crore)

S. No.	Customer	Trued Up Capacity (MW)	Amount as approved in this Order	Capacity considered in MYT Order dt. 19.5.2021	Amount as per MYT Order dt. 19.5.2021	True-up to be shared
		A	B	C	D	E=B-D
1	MP Poorv KVVCL	6072.19	1395.02	7194.15	1258.16	136.86
2	MP Madhya KVVCL	6866.58	1577.53	8474.15	1482.02	95.51
3	MP Paschim KVVCL	7249.26	1665.44	8588.85	1502.08	163.36
4	Railways (WCR)	340.00	78.11	340.00	59.46	18.65
5	MPAKVN for SEZ	60.00	13.78	60.00	10.49	3.29
	TOTAL -	20588.04	4729.89	24657.15	4312.22	417.67

68. The petitioner must take steps to implement this Order after giving public notice in accordance with clause 1.30 of MPERC (Details to be furnished and fees payable by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004 and its amendment. The petitioner must also provide information to the Commission in support of having complied with this order. MPPTCL shall upload the Order along with the petition and annexure on its website. The true-up amount as determined by the Commission in this order shall be recovered by MPPTCL in terms of the Regulations, 2020.

Ordered accordingly.

(P. K. Chaturvedi)
Member

(Gopal Srivastava)
Member (Law)

(S. P. S. Parihar)
Chairman

Date: 28th February 2024

Place: Bhopal