MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

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

AGGREGATE REVENUE REQUIREMENT AND RETAIL SUPPLY TARIFF FOR FY 2023-24

Petition No. 81/2022

PRESENT:

S.P.S. Parihar, Chairman
Gopal Srivastava, Member (Law)
P.K Chaturvedi, Member (Technical)

IN THE MATTER OF:

Determination of Aggregate Revenue Requirement (ARR) and Retail Supply Tariff for FY 2023-24 based on the ARR & Tariff Petition filed by the Madhya Pradesh Industrial Development Corporation (MPIDC) for Special Economic Zone (SEZ) at Pithampur Area, Indore, Madhya Pradesh.

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List of Abbreviations

A&G	Administrative and General Expenses
ARR	Aggregate Revenue Requirement
CSD	Consumer Security Deposit
Discom	Distribution Company
EHT	Extra High Tension
FY	Financial Year
GFA	Gross Fixed Asset
GoI	Government of India
GoMP	Government of Madhya Pradesh
HP	Horse Power
HT	High Tension
kV	kilo Volt
kVA	kilo Volt Ampere
kVAh	kilo Volt Ampere hour
kW	kilo Watt
kWh	kilo Watt hour
LT	Low Tension
MD	Maximum Demand
MP	Madhya Pradesh
MPIDC	Madhya Pradesh Industrial Development Corporation
MPERC	Madhya Pradesh Electricity Regulatory Commission
MPPGCL or MP Genco	Madhya Pradesh Power Generating Company Limited
MPPMCL	MP Power Management Company Limited
MPPTCL or MP Transco	Madhya Pradesh Power Transmission Company Limited
MU	Million Unit
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
TP	Tariff Policy
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Ltd.
PPA	Power Purchase Agreement
R&M	Repair & Maintenance
RBI	Reserve Bank of India
RoE	Return on Equity
RPO	Renewable Purchase Obligation
SBI	State Bank of India
SEZ	Special Economic Zone
SLDC	State Load Dispatch Centre

A1: ORDER

(Passed on this 31st Day of March, 2023)

1.1 This order is in response to the Petition No.81 of 2022 filed by the MP Industrial Development Corporation, erstwhile MP Audyogik Kendra Vikas Nigam (Indore) Ltd., (hereinafter referred to as MPIDC or the Petitioner or the Licensee) before MP Electricity Regulatory Commission {hereinafter referred to as the Commission or MPERC} for determination of Aggregate Revenue Requirement (ARR) for FY 2023-24 and Retail Supply Tariff for FY 2023-24 for its Special Economic Zone (SEZ) area at Pithampur, Indore, Madhya Pradesh. This Petition has been filed under the provisions of "Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 and amendments thereof {RG-35 (III) of 2021}" {hereinafter referred to as the MYT Regulations, 2021 or Regulations}.

1.2 In accordance with the MYT Regulations, MPIDC was required to file the petition for determination of ARR and Retail Supply Tariff for FY 2023-24 latest by 30th November, 2021. The Petitioner vide letter dated 25th November, 2022, filed their Petition. Thereafter, the Commission held the motion hearing on 06th December, 2022 and admitted the Petition for further deliberations and directed the Petitioner to publish the public notice in newspapers for obtaining the comments / objections / suggestions from the stakeholders.

1.3 Based on the analysis of the Petition, the Commission observed that the Petition was not substantiated with supporting documents, including tariff formats and relevant model in excel sheets. Accordingly, the Commission communicated requirement of additional information vide letter dated 29th December, 2022.

1.4 The Petitioner submitted additional information to fill data gaps vide letter dated 23rd January, 2023.

Public Hearing

1.5 The public notice dated 28th December, 2022 was published in the newspapers Nai Dunia and Free Press Journal, Indore. Last date for inviting comments / suggestions / objections was 19th January, 2023

1.6 The Commission held public hearing on the Petition for approval of ARR and tariff proposal for FY 2023-24 through video conferencing on 31st January, 2023.

1.7 The Commission has ensured transparency with regard to public participation and meticulously observed the same at every stage. Adequate opportunity has been given to all stakeholders to file as well as present their objections/comments/suggestions on the petition.

1.8 In response to the public notice, the Commission has not received any suggestions/ comments/ objections from the stakeholders. Further, none of the stakeholders made any representation before the Commission during the public hearing conducted on 31st January, 2023 through virtual mode.

Disclaimer for Rounding

1.9 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 the tables upto 2 decimal places and numbers given in the corresponding analyses in the text of this order.

Snapshot of Petition

1.10 The Petitioners have prayed to approve the net ARR of Rs 231.66 Crore and the revenue gap of Rs. 23.37 Crore for FY 2023-24 and to recover the same through a tariff hike of 11.22%. The summary of the ARR and Tariff proposal as submitted by the Petitioners for FY 2023-24 is as follows:

Table 1: Summary of Tariff Proposal for FY 2023-24 as submitted by Petitioner (Rs. Crore)

Particulars	FY 2023-24
Aggregate Revenue Requirement	231.66
Revenue from sale of power as per existing tariff	208.29
Revenue Gap for FY 2023-24 at existing tariff	**23.37**
Revenue from sale of power as per proposed tariff	**231.70**
Revenue Surplus for FY 2023-24 at proposed tariff	**(0.04)**

Aggregate Revenue Requirement

1.11 The Commission has determined the ARR and Retail Supply Tariff for FY 2023-24 for the Petitioner in this order.

1.12 The ARR admitted against the claimed amount, Revenue at Existing Tariff and Revenue Gap/(Surplus) at Existing Tariff for FY 2023-24 are shown below in the table:

Table 2: ARR admitted and Revenue at Existing Tariff for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	
		Claimed	**Admitted**
A	**Expenditure**		
1	Purchase of Power	196.09	208.06
2	Intra-state transmission (MP Transco) charges	18.30	10.26
3	SLDC charges	0.03	0.04
4	R&M expense	2.14	1.64
5	Employee expenses	4.57	4.06
6	A&G expense (excluding MPERC fees)	2.49	2.39
7	MPERC Fees	0.04	0.04
8	Depreciation	0.96	0.32
9	Interest & finance charges	1.80	1.24
10	Bad Debt	2.08	-
11	Lease Rent	2.19	-
12	Return on Equity (RoE)	0.99	0.53

Sr. No.	Particulars	FY 2023-24	
		Claimed	**Admitted**
13	**Total Expenses Admitted**	**231.68**	**228.58**
14	*Less:* Other income	0.02	2.93
15	**Aggregate Revenue Requirement (ARR) (excluding True Ups)**	**231.66**	**225.64**
16	Revenue from sale of power at Existing Tariff	**208.29**	**209.93**
17	**Revenue Gap / (Surplus) at Existing Tariff (Sr. No. 15 - Sr. No.-16)**	**23.37**	**15.72**

1.13 From above, it can be observed that the Commission has admitted standalone ARR (excluding true up of previous years) of Rs. 225.64 Crore for FY 2023-24 against the Petitioner claim of Rs. 231.66 Crore. The Commission in approval of ARR has undertaken thorough review of the Petitioner submission and has admitted only the prudent expenses in accordance with the provision of the MYT Regulations, 2021 and amendments thereof. The revenue for FY 2023-24 at existing tariff is Rs. 209.93 Crore. Accordingly, on standalone basis for FY 2023-24, the Petitioner is in revenue gap of Rs.15.72 Crore. The Commission has recently approved following True Up Orders for MPPTCL and MPIDC as follows:

(i). Revenue Surplus of Rs. 14.85 Crore in True Up of ARR of FY 2021-22 of MPIDC approved vide order dated 29th March, 2023.

(ii). Revenue Gap of Rs. 1.62 Crore in True Up of ARR of FY 2020-21 of MP Power Transmission Company Ltd. approved vide order dated 16th August, 2022 in respect of MPIDC.

(iii). Revenue Gap of Rs. 3.67 Crore in True Up of ARR of FY 2021-22 of MP Power Transmission Company Ltd. approved vide order dated 07th March, 2023 in respect of MPIDC.

1.14 These true-up amounts (Surplus/Gap) have been admitted by the Commission after carrying out due diligence and the same need to be considered while approving ARR and tariff for FY 2023-24 to enable recovery of the same for the Petitioner. Therefore, considering the above true ups, the revenue gap at existing tariff for FY 2023-24 works out as Rs.6.15 Crore. In order to allow recovery of the same, the Commission in this Order has allowed a tariff hike of 2.93% against the Petitioners claim of 11.22%.

1.15 The ARR admitted for FY 2023-24, Revenue Gap/ Surplus for FY 2020-21 and 2021-22 and Revenue at Existing Tariff and Proposed/Admitted Tariff for FY 2023-24 are shown in the following table:

Table 3: ARR admitted and Revenue at Existing/Approved Tariff for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	
		Claimed	**Admitted**
1	**Aggregate Revenue Requirement (ARR) excluding True Ups**	**231.66**	**225.64**
2	*Revenue Gap / (Surplus) in MP Transco True Up of FY 2020-21*	0.00	1.62

Sr. No.	Particulars	FY 2023-24	
		Claimed	**Admitted**
3	*Revenue Gap / (Surplus) in MPIDC True Up of FY 2021-22*	0.00	(14.85)
4	*Revenue Gap / (Surplus) in MP Transco True Up of FY 2021-22*	0.00	3.67
5	**Total ARR including True Ups**	**231.66**	**216.08**
6	Revenue from sale of power at existing tariff	208.29	209.93
7	**Revenue Gap/ (Surplus) at existing tariff (Sr. No. 5 - Sr. No. 6)**	**23.37**	**6.15**
8	Revenue at Proposed / Approved tariff	231.70	216.08
9	**Revenue Gap/ (Surplus) at approved/ proposed tariff (Sr. No. 5 - Sr. No. 8)**	**(0.04)**	**0.00**

Implementation of the Order

1.16 The Petitioner must take immediate steps to implement this order after giving seven (7) days Public Notice in prominent newspapers having wide circulation in Distribution Licence area, in accordance with Regulation 1.30 of MPERC (Details to be furnished and fee payable by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004, as amended from time to time. The tariff determined by this Order shall take effect only after seven (7) days from the date of such publication and bills shall be issued accordingly. The tariff determined by this order shall be applicable until amended or modified by an order of this Commission.

1.17 The detailed Order provides for the grounds and reasons of determining the ARR and includes a section dealing with the status report on the compliance of the Commission's Directives as well as the responses of the Petitioner thereto. The Commission directs the Petitioners that this Order be implemented along with directions given and conditions mentioned in the detailed Order and in the tariff schedules annexed with (Annexure-1 and Annexure-2) this Order. It is further ordered that Petitioner is permitted to issue bills to consumers in accordance with the provisions of this Tariff Order and applicable Regulations.

1.18 With this Order, the Commission has disposed of the instant petition.

Sd/-	Sd/-	Sd/-
P.K Chaturvedi	**Gopal Srivastava**	**S. P. S. Parihar**
Member (Technical)	**Member (Law)**	**Chairman**

Dated: 31st March, 2023
Place: Bhopal

A2: AGGREGATE REVENUE REQUIREMENT FOR PETITIONER

Sales Forecast

Petitioner's Submission

2.1 For estimating the sales, consumers and connected load for FY 2023-24, the Petitioner has used the historical data of previous four years from FY 2019-20 to FY 2022-23 (projected for full year using data from Apr-Sept'22).

2.2 The Petitioner has used the average of year-on-year, two years, and three years CAGRs for all consumer categories for projecting the growth for FY 2023-24

2.3 Summary of sales projections for FY 2023-24 as submitted by the Petitioner is given in the table below:

Table 4: Summary of Sales Projections filed by the Petitioner for FY 2023-24 (MU)

Categories	FY 2023-24
LT Consumers	
LV-1 Domestic	0.00
LV-2 Non-Domestic	0.09
LV-3 Public Water Works	0.00
LV-4 LT Industrial	0.36
LV-5 E- Vehicle / E-Rickshaws Charging Stations	
LT Total	**0.45**
HT Consumers	
HV-1 Industrial & Non-Industrial	**511.94**
HT Total	**511.94**
TOTAL	**512.38**

Commission's Analysis

2.4 The Petitioner has considered consumers and connected load for FY 2023-24 and has used the historical data of previous four years from FY 2019-20 to FY 2022-23. The average of year-on-year, two years, and three years CAGRs is used by the Petitioner for projecting the growth for FY 2023-24. The Commission finds the projections made by the Petitioner appropriate and has therefore considered the Total sales as 512.38 MUs for FY 2023-24.

2.5 The category wise sales admitted by the Commission for FY 2023-24 is as shown in the table below:

Table 5: Summary of sales admitted by the Commission for FY 2023-24 (MU)

Categories	FY 2023-24 Admitted
LT Consumers	
LV-1 Domestic	0.00
LV-2 Non-Domestic	0.09
LV-3 Public Water Works	0.00
LV-4 LT Industrial	0.36
LV-5 E- Vehicle / E-Rickshaws Charging Stations	0.00

Categories	FY 2023-24
	Admitted
LT Total	**0.45**
HT Consumers	
HV-1 Industrial & Non Industrial	**511.93**
HT Total	**511.93**
TOTAL	**512.38**

Energy / Power Purchase Requirement

Petitioner's Submission

2.6 The energy requirement has been estimated considering the normative distribution loss level as specified by the Commission in MYT Regulations, 2021 for FY 2023-24.

2.7 For computation of the Intra-State transmission losses (MPPTCL system losses), the loss level of 2.62% for FY 2023-24 has been considered, as approved by the Commission in the Retail Supply Tariff Order for Petitioner for FY 2022-23.

2.8 Further, no external losses have been considered as the entire energy requirement is expected to be met by supply from within the State through MPPMCL.

2.9 Based on the information provided above, the Petitioner has filed the energy requirement for FY 2023-24, as shown in the table below:

Table 6: Energy Requirement for FY 2023-24 claimed by the Petitioner (MU)

Sr. No.	Particulars	UoM	FY 2023-24
	Energy Sales		
1	LT Sales	MU	0.45
2	HT Sales	MU	511.94
3	**Total Energy Sales**	**MU**	**512.38**
4	Distribution Losses	%	1.40
5	Distribution Losses	MU	7.28
6	**Energy Requirement at T-D Boundary**	**MU**	**519.66**
7	Intra-State Transmission losses	%	2.62
8	Intra-State Transmission losses	MU	13.98
9	**Energy Requirement at the State Periphery**	**MU**	**533.64**
10	Inter-State Transmission losses	%	0.00
11	Inter-State Transmission losses	MU	0.00
12	**Total Energy Requirement (12=9+11)**	**MU**	**533.64**

Commission's Analysis

2.10 The distribution loss trajectory for FY 2023-24 as specified in the MYT Regulations, 2021 for the Petitioner is given in the table below:

Table 7: Distribution loss trajectory as per Regulations

Sr. No.	Distribution Licensee	FY 2023-24
1.	MPIDC for SEZ, Pithampur	1.40%

2.11 For projecting the energy requirement, the Commission has considered the distribution loss for FY 2023-24 in accordance with the Distribution Loss trajectory specified in the MYT Regulations, 2021.

2.12 The Commission has considered Intra-State transmission losses as 2.63% for FY 2023-24 based on actual Intra-State transmission loss for FY 2021-22 as considered in the ARR and Retail Supply Tariff Order of FY 2023-24 for State DISCOMs.

2.13 Since the Petitioner has proposed to source entire requirement of power from state generating stations through MPPMCL, there shall not be any external losses. Accordingly, the Inter-State transmission losses have not been considered.

2.14 Based on the above, the Commission has worked out the Energy Requirement for the Petitioner during FY 2023-24 by grossing up the admitted sales for FY 2023-24 with the admitted loss levels, as shown in table below:

Table 8: Energy requirement admitted by the Commission for FY 2023-24

Sr. No.	Particulars	FY 2023-24	
		%	MU
1	**Energy Sales**		**512.38**
2	Distribution Losses	1.40%	7.28
3	**Energy requirement at T-D boundary**		**519.66**
4	Intra-State Transmission Losses	2.63%	14.04
5	**Total Energy requirement**		**533.69**

Assessment of Energy Availability

Petitioner's Submission

2.15 A Bulk Power Supply Agreement (BPSA) has been signed between MP Power Management Company Ltd. (MPPMCL) and MPIDC Indore on 29th March, 2016 for supply of power on long term basis up to 40 MW which is effective from 1st April, 2015.

2.16 The Petitioner signed Supplementary Agreements with MPPMCL and as per the Supplementary Agreement signed on 31st March 2017, the contracted capacity of MPIDC with MPPMCL has been enhanced to 45 MW. The capacity was later enhanced to 50 MW from August 2018. Considering the increase in demand, the Petitioner then enhanced the demand to 55 MW from September, 2020 and then to 60 MW effective from 01st July, 2021

2.17 As per the BPSA *"The Bulk Electricity shall be supplied to procurer at the weighted average tariff as determined/approved by the State Commission in tariff order of MPGENCO of the* *state for the allocated thermal power station"*.

2.18 The Petitioner is planning to purchase renewable power themselves or through MPPMCL in accordance with Renewable Power Obligation for FY 2023-24 as specified in MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy), (Revision-II), Regulations, 2021. The Petitioner in reply for filling data gaps submitted that it has initiated the process to purchase Renewable Energy Certificate (RECs) in line with Renewable Power Obligation for FY 2023-24. Further, the Petitioner has implemented the Solar Rooftop Policy in FY 2020-21 for its consumers and presently two consumers have installed Solar Rooftop at their premises and connected to the grid from 1st February, 2022. Another consumer is likely to be connected shortly. The Petitioner is in discussion with other consumers as well to implement Solar Rooftop to meet out, a part of Renewable Power Obligation. Petitioner will procure Green energy/ Renewable Energy Certificates for further RPO compliance.

2.19 To comply with Renewable Purchase Obligation, power purchase requirement from renewable sources as worked out by the Petitioner is shown in the table below:

Table 9: Renewable Power Purchase Requirement as submitted by the Petitioner for FY 2023-24

Particulars	FY 2023-24
RPO Solar (%)	10.00%
RPO Non-Solar (%)	10.00%
Total	**20.00%**
Ex-bus requirement	**533.64**
RPO Solar (MU)	51.05
RPO Non-Solar (MU)	51.05
Total Renewable Power Purchase (MU)	**102.11**

2.20 The Petitioner is planning to buy remaining power from MPPMCL as per the supplementary agreement signed on 31st March 2017. Based on all the above factors, a forecast for power availability has been worked out by the Petitioner for FY 2023-24 as shown in the table below:

Table 10: Energy Availability as submitted by the Petitioner for FY 2023-24

Particulars	FY 2023-24
Ex-Bus Requirement	533.64
Total Renewable Power Purchase	102.11
Power Purchase from MPPMCL (other than Renewables)	431.58

Commission's Analysis

2.21 The Petitioner has projected to procure 60 MW from MPPMCL for FY 2023-24 to cater its energy demand. The Commission has observed that the Petitioner requested MPPMCL for increasing its contracted capacity from 55 MW to 60 MW on the same terms and conditions of its existing Bulk Power Supple Agreement (BPSA). The consent for the same was provided by MPPMCL vide letter dated 29th June, 2021, effective from 1st July, 2021. The

Commission has considered the contracted capacity of 60 MW for purchase of power from MPPMCL in accordance with the terms and conditions as per the BPSA from 1st July, 2021.

2.22 The Commission has taken cognizance of surplus power available with MPPMCL as per ARR and Retail Supply Tariff Order for FY 2023-24 for MP State DISCOMs. Accordingly, the Commission has considered that any shortfall in availability from the allocated generating stations to meet Energy Requirement of the Petitioner shall be met from surplus power available with the MPPMCL / MP State DISCOMs at weighted average rate of power purchase towards allocated stations as approved by the Commission in tariff order for MP Genco as per Petitioner submission.

2.23 The Commission has computed the contracted capacity from each allocated station by prorating the contracted capacity of 60 MW to the total installed capacity of the allotted generating station i.e. 3,250 MW (ATPS, Chachai Phase-III, STPS, Sarni Phase-IV, SGTPS Phase-III, SSTPP (Singaji) Phase-I and SGTPS Phase-I & II). In doing so, the Commission has not considered any allocation from STPS, Sarni (Unit No. 6 & 9) generating station in line with the approach adopted in ARR and Retail Supply Tariff Order of FY 2023-24 for MP State DISCOMs.

2.24 To project the energy availability from the allocated generating stations to the Petitioner for FY 2023-24, the Commission has considered the total energy availability against each generating station as approved in the ARR and Retail Supply Tariff Order for State DISCOMs for FY 2023-24 and prorated the same for allocated capacity of the Petitioner. as shown in table below:

Table 11: Details of energy available from MPPMCL for FY 2023-24

Sr. No.	Name of Allocated Generating Stations	Installed Capacity (MW)	Allocation to Petitioner as per BPSA (MW)	Total Availability as per Tariff Order for DISCOMs (MU)	Availability for MPIDC as per allocation (MU)
		A	B	C	D=B/A*C
1	Amarkantak TPS Ph-III	210	3.88	1,542.42	28.48
2	Satpura TPS Ph-IV	500	9.23	3,485.67	64.35
3	SGTPS Ph-III	500	9.23	3,518.18	64.95
4	Shri Singaji STPS, Ph-I	1,200	22.15	7,580.41	139.95
5	SGTPS Ph-I & II	840	15.51	4,738.16	87.47
6	**Total availability from MPPMCL**	**3,250**	**60.00**	**20,864.84**	**385.20**

2.25 The Commission had notified the MPERC (Co-generation and generation of electricity from Renewable sources of energy) (Revision-II) Regulations, 2021 on 12th November, 2021 and its first amendment on 16th January, 2023. In the said Regulations, the Commission has specified Renewable Purchase Obligation (RPO) for Wind, HPO and Other sources for the Period from FY 2022-23 to FY 2029-30.

2.26 Accordingly, the Commission has computed quantum of Wind, HPO and Other power purchase requirement for RPO compliance based on the total energy requirement admitted for the FY 2023-24, as shown in the table below:

Table 12: Renewable Purchase Obligation computed by the Commission

Sr. No.	Particulars	FY 2023-24
1	Other RPO (%)	25.13%
2	Wind RPO (%)	1.60%
3	HPO (%)	0.66%
4	**Total (%)**	**27.39%**
5	**Ex-bus requirement (MU)**	**533.69**
6	Other RPO (MU)	134.12
7	Wind RPO (MU)	8.54
8	HPO (MU)	3.52
9	**RPO Total (MU)**	**146.18**

2.27 The Commission sought preparedness of the Petitioner to fulfil RPO and existing tied up capacity for purchase of power from Renewable Energy plants. The Petitioner submitted that it is planning to purchase renewable power on its own or through MPPMCL in line with Renewable Power Obligation (RPO) for FY 2023-24 and also has initiated the process to purchase Renewable Energy Certificate (RECs). The Petitioner submitted that in order to limit reliance on external sources, the Petitioner has implemented the Solar Rooftop Policy in FY 2020-21. As per the present status two consumers has installed Solar Rooftop at its premises and one consumer is in the process to install Solar Rooftop at its premises. Petitioner is also in discussion with other consumers for further implementation of Solar Rooftop. The Commission has observed that the Petitioner has proposed to procure REC or RE power from MPPMCL or through any other source. Accordingly, the Commission directs the Petitioner to comply its RPO obligation for FY 2023-24 through purchase of REC or power from MPPMCL or through any other RE generators as detailed in subsequent section *'Renewable Purchase Obligation"*.

2.28 Considering the Petitioner's submission, the shortfall in energy availability from allocated sources through MPPMCL stations and RE power for fulfilment of RPO have been considered to be met by way of additional sourcing through MPPMCL. The energy availability for FY 2023-24 as admitted by the Commission is given in the table below:

Table 13: Ex-bus energy availability as admitted by the Commission for FY 2023-24 (MU)

Sr. No.	Particulars	FY 2023-24
1	**Total Energy Requirement**	**533.69**
2	Renewable Power Purchase as per RPO	146.18
3	Requirement to be met from MPPMCL	387.52
4	*Availability from allocated generating stations*	*385.20*
5	*Additional requirement to be met from MPPMCL*	*2.32*

Assessment of Power Purchase Cost

Petitioner Submission

2.29 For energy procured from MPPMCL, the Petitioner has computed fixed charges for FY 2023-24 considering a nominal escalation of 1% on the actual fixed charges as observed by the Petitioner in FY 2021-22.

2.30 The provisional station-wise energy charges of FY 2021-22 have been escalated considering a nominal factor of 1% to arrive at the energy charges for FY 2022-23 and FY 2023-24.

2.31 The computation for power purchase cost from MPPMCL for FY 2023-24 as per the above methodology is shown in table below:

Table 14: Power Purchase Cost from MPPMCL as submitted by the Petitioner for FY 2023-24 (Rs. Crore)

Sr. No	Particulars	FY 2023-24
1	Total Energy Requirement from MPPMCL in (MU)	431.53
2	Average Power Purchase Cost (Rs. /kWh)	3.46
3	**Total Power Purchase Cost from MPPMCL (Rs. Crore)**	**149.43**

2.32 The Petitioner submitted that it has been paying the Trading Margin @ 4 paise/ kWh to MPPMCL for the power procurement through it. The same could also be verified from the audited accounts of the Petitioner. Considering the same, it has projected Trading Margin for power procurement for FY 2023-24.

2.33 The power purchase quantum, rate and cost from MPPMCL are as shown in table below:

Table 15: Power Purchase Cost including trading margin as filed by the Petitioner for FY 2023-24

Financial Year	Source of Power Purchase	Quantum (MU)	Average Rate (Rs/kWh)	Power Purchase Cost (Rs Crore)
FY 2023-24	MPPMCL	431.53	3.46	149.43
	Trading Margin		0.04	2.13
	Total	**431.53**		**151.56**

Commission's Analysis

2.34 The Commission has noted that a Bulk Power Supply Agreement (BPSA) and a Supplementary Agreement have been signed between MP Power Management Company Ltd. (MPPMCL) and Petitioner on 29th March, 2016 and 31st March, 2017, respectively, for supply of power on long term basis up to 45 MW. The Petitioner increased its contracted capacity to 50 MW from August, 2018, thereafter to 55 MW from 1st September, 2020 and 60 MW from 1st July, 2021.

2.35 Accordingly, based on BPSA, the Commission has considered Energy Charge and proportionate Fixed Charges for the allocated generating stations as per ARR and Retail

Supply Tariff Order of FY 2023-24 for MP State DISCOMs. The Commission has considered purchase of additional energy requirement (above allocated 60 MW) by the Petitioner from MPPMCL at weighted average rate as shown in table no. 17. Accordingly, admitted fixed cost, variable cost and total power purchase cost from MPPMCL are shown in the tables below:

Table 16: Fixed Cost of Power Purchase from MPPMCL admitted for FY 2023-24

Allocated Generating Stations	Installed Capacity (MW)	Allocation to Petitioner as per BPSA(MW)	Fixed Cost for the approved Station (Rs. Crore)	Proportionate Fixed Cost for the Petitioner (Rs. Crore)
	A	B	C	D=B/A*C
Amarkantak TPS Ph-III	210	3.88	163.59	3.02
Satpura TPS Ph-IV	500	9.23	603.99	11.15
SGTPS Ph-III	500	9.23	309.32	5.71
Shri Singaji STPS, Ph-I	1,200	22.15	1246.84	23.02
SGTPS Ph-I & II	840	15.51	404.14	7.46
Total	**3,250**	**60**	**2,727.88**	**50.36**

Table 17: Variable Power Purchase cost from MPPMCL admitted for FY 2023-24

Generating Stations	Utilization by Petitioner (MU)	Variable Charge (Rs./ Unit)	Variable Cost (Rs. Crore)
	A	B	C=A*B/10
Amarkantak TPS Ph-III	28.48	3.25	9.25
Satpura TPS Ph-IV	64.35	2.45	15.78
SGTPS Ph-III	64.95	2.10	13.67
Shri Singaji STPS, Ph-I	139.95	3.41	47.73
SGTPS Ph-I & II	87.47	2.48	21.65
Additional Purchase from MPPMCL	2.32	4.11	0.95
Total	**387.52**		**109.04**

Table 18: Total Power Purchase cost from MPPMCL admitted for FY 2023-24

Generating Stations	Fixed Cost (Rs. Crore)	Variable Cost (Rs. Crore)	Power Purchase Cost (Rs. Crore)	Utilization by Petitioner (MU)	Total Energy Rate (Rs/Unit)
	A	B	C=A+B	D	E=C/D*10
Amarkantak TPS Ph-III	3.02	9.25	12.27	28.48	4.31
Satpura TPS Ph-IV	11.15	15.78	26.93	64.35	4.18
SGTPS Ph-III	5.71	13.67	19.38	64.95	2.98
Shri Singaji STPS, Ph-I	23.02	47.73	70.75	139.95	5.06
SGTPS Ph-I & II	7.46	21.65	29.11	87.47	3.33
Additional Purchase from MPPMCL		0.95	0.95	2.32	4.11
Total	**50.36**	**109.04**	**159.40**	**387.52**	4.11

Renewable Purchase Obligation (RPO)

Petitioner Submission

2.36 The Petitioner submitted that they are looking forward to procuring power from Renewable Sources. The per unit rate for renewables for FY 2023-24 has been considered same as approved by the Commission in the Tariff Order of the Petitioner for FY 2022-23.

2.37 The power purchase cost quantum and cost towards RPO compliance as filed by the Petitioner for FY 2023-24 is given in the table below:

Table 19: RPO Cost filed by the Petitioner for FY 2023-24

Financial Year	Source of Power Purchase	Quantum (MU)	Average Rate (Rs/kWh)	Power Purchase Cost (Rs Crore)
FY 2023-24	Solar	51.05	3.22	16.45
	Non-Solar	51.05	5.50	28.07
	Total	**102.11**		**44.52**

Commission's Analysis

2.38 The Commission has observed that the Petitioner has proposed to procure REC or RE power from MPPMCL or directly through RE generators. Accordingly, RE power for fulfilment of RPO has been considered to be met by way of additional sourcing through MPPMCL. MPPMCL is procuring Renewable Energy for Wind, HPO and other RPO of State DISCOMs at the rate of Rs. 2.74, 5.09 and 3.32 per unit respectively. The same rate is considered by the Commission for the Petitioner to fulfil its RPO obligations. The cost for fulfilment of RPO computed by the Commission is shown in the table below:

Table 20: Power purchase cost for fulfilment of RPO computed by the Commission for FY 2023-24

Particulars	Rate	Quantum	Cost
	Rs. /kWh	MU	Rs. Crore
Other RPO	3.32	134.12	44.53
Wind RPO	2.74	8.54	2.34
HPO	5.09	3.52	1.79
Total		**146.18**	**48.66**

2.39 The Commission directs the Petitioner to explore all the possible options to avail cheaper Renewable energy for fulfilment of RPO obligation for the benefit of the consumers.

Summary of Power Purchase Cost

2.40 Total power purchase cost filed by the Petitioner and as admitted by the Commission for FY 2023-24 is summarized in the following table:

Table 21: Total power purchase cost filed by the Petitioner and admitted by the Commission for FY 2023-24

Source	Particulars	FY 2023-24	
		Claimed	Admitted
MPPMCL	Energy (MU)	431.53	387.52
	Amount (Rs. Crore)	149.43	159.40
	Weighted Average Rate (Rs./kWh)	3.46	4.11
RE Purchase	Energy (MU)	102.11	146.18
	Amount (Rs. Crore)	44.52	48.66
	Weighted Average Rate (Rs./kWh)	4.36	3.33
Total	**Energy (MU)**	**533.64**	**533.69**
	Amount (Rs. Crore)	**193.95**	**208.06**
	Average Rate (Rs./kWh)	**3.63**	**3.90**

Intra - State Transmission and SLDC Charges

Petitioner's Submission

2.41 The transmission charges of MPPTCL for FY 2022-23 and FY 2023-24 have been determined based on the actual transmission charges of FY 2021-22 and escalated with an escalation rate of 5%. The Petitioner submitted that in case the actual transmission charges payable to MPPTCL are different from the approved charges, the same would be sought at the time of true-up.

2.42 The Petitioner submitted that the SLDC charges of MPPTCL for FY 2022-23 and FY 2023-24 have been determined based on the actual SLDC charges of FY 2021-22 and escalated with an escalation rate of 5%.

2.43 Accordingly, Intra-State transmission charges and SLDC charges filed by the Petitioner for FY 2023-24 are shown in the table below:

Table 22: Intra-State Transmission charge and SLDC Charge filed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Intra-State Transmission Charges	18.30
SLDC Charges	0.03

Commission's Analysis

2.44 The Commission has already determined Intra-State Transmission Charges for the period from FY 2019-20 to FY 2023-24 in the MPPTCL MYT order dated 19th May, 2021 in Petition No. 45/2020. Accordingly, Commission has considered Intra-State transmission charges for FY 2023-24 as per aforesaid MYT Order.

2.45 The Commission has admitted SLDC Charges for FY 2023-24 vide SLDC fees and charges Order dated 20th February, 2023 in Petition No.73 of 2022. The same has been considered for the FY 2023-24.

2.46 Accordingly, Intra–State transmission charges including SLDC charges for FY 2023-24 have been admitted as shown in the table below:

Table 23: Intra-State transmission and SLDC charges admitted by the Commission for FY 2023-24

Particulars	FY 2023-24	
	Claimed	Admitted
Intra-state transmission charges	**18.30**	**10.26**
SLDC charges	**0.03**	**0.04**

Capital Expenditure Plan/ Capitalization of Assets

Petitioner's Submission

2.47 For the FY 2023-24, capital expenditure of Rs. 6.81 Crore is projected to be incurred on account of installation of additional 63 MVA transformer and the same shall be capitalized during the FY 2023-24.

2.48 The scheme wise projected capital expenditure for FY 2023-24 claimed by the Petitioner are shown in the table below:

Table 24: Capitalisation Plan submitted by the Petitioner for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24
1.	Furniture & Fixtures	0.00
2.	Computers	0.00
3.	Buildings	0.00
4.	Plant & Machinery	6.81
	Total	**6.81**

2.49 The Petitioner has submitted that the funding of capitalization is envisaged through various sources categorized under four heads namely Consumer Contribution, Grants, Equity and Debt. The balance expenditure after deducting consumer contribution and grants is proposed to be funded through debt and equity in the ratio of 70:30.

2.50 The detailed breakup of funding of capitalization for FY 2023-24 is shown in table below:

Table 25: Capitalisation funding submitted by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Total Capitalization	**6.81**
Consumer Contribution	0.07
Grants	0.00
Balance Capitalization for the Year	**6.74**
Debt	4.72
Equity	2.02

Commission's Analysis

2.51 The Commission has observed that the Petitioner has projected capitalisation of Rs. 6.81 Crore towards 63 MVA substation in FY 2023-24. It is observed by the Commission that vide Order dated 6th December 2021 in Petition No. 8 of 2021 in principle approval was already accorded for capital expenditure of Rs. 6.71 Crore for installation of 63 MVA transformer.

2.52 The Commission observed that aforesaid capital expenditure was proposed by the petitioner in its Retail Supply Tariff Petition for FY 2021-22 and FY 2022-23. Accordingly, Rs 6.71 Crore was admitted by the Commission in Retail Supply Tariff Order for FY 2021-22 and FY 2022-23. In the instant petition, the Petitioner has again proposed to capitalise the expenditure of Rs. 6.81 Crore towards installation of 63 MVA transformer in FY 2023-24. The petitioner is seeking the capital expenditure against aforesaid work repeatedly in consecutive years.

2.53 The petitioner has not been able to complete the aforesaid Capex in last two years. In view of the uncertainty of completion of proposed work, the Commission has disallowed the claimed Capex of Rs 6.81 Crore in this order. The same shall be considered based on actual capitalisation, subject to prudence check at the time of true up.

2.54 Admitted Capitalisation for FY 2023-24 is as follows:

Table 26: Capitalization admitted for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Admitted
Addition to GFA	6.81	0.00

Operation and Maintenance Expenses

Petitioner's Submission

Employee and Administrative & General Expenses

2.55 Employee and Administrative & General expenses have been projected for FY 2023-24 on basis of Regulation 36 of the MYT Regulations, 2021, with the escalation factor derived using Consumer Price Index (CPI) and Wholesale Price Index (WPI).

2.56 Further, the escalation rate for projections has been considered in line with the methodology specified by the Commission in the MYT Regulations, 2021. The escalation rate considered for calculating the normative expenses of FY 2020-21 has been derived based on the average yearly inflation of past five years, i.e., from FY 2015-16 to FY 2019-20 with 30% and 70% weightage to WPI and CPI, respectively. However, Petitioner find that yearly WPI inflation mainly for FY 2015-16 comes out to be negative (3.65%) which is abnormal. Hence, the Petitioner excluded the same in its calculation and accordingly arrived at escalation rate of

4.41% for FY 2020-21. Similarly, the escalation rate for FY 2021-22 has been worked out as 4.24% as shown in the table below:

Table 27: Computation of Escalation Rate (%)

Year	Yearly WPI	WPI Inflation	Yearly CPI	CPI Inflation
FY 2015-16	109.72	-3.65%	265.00	5.65%
FY 2016-17	111.62	1.73%	275.92	4.12%
FY 2017-18	114.88	2.92%	284.42	3.08%
FY 2018-19	119.79	4.28%	299.92	5.45%
FY 2019-20	121.80	1.68%	322.50	7.53%
FY 2020-21	123.38	1.29%	338.69	5.02%
Average from FY16 to FY20		2.65%		0.0517
Average from FY17 to FY21		2.38%		5.04%
Weightage		30%		70%
Escalation rate for FY 2020-21 (2.65%*30%+5.17%*70%)				**4.41%**
Escalation rate for FY 2021-22 (2.38%*30%+5.04%*70%)				**4.24%**

2.57 The actual Employee and A&G Expenses for FY 2021-22 have been given in table below:

Table 28: Employee and A&G Expenses as submitted by the Petitioner for FY 2021-22 (Rs. Crore)

Particulars	FY 2021-22 (Actuals)
Employee Expenses	4.21
Administrative & General Expenses	2.04

2.58 Thereafter, an escalation factor of 4.24% has been used to project Employee and A&G expenses for FY 2023-24. The Employee and A&G Expenses claimed by the Petitioner is shown in the table below:

Table 29: Projection of Employee and A&G Expenses for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Employee Expenses	4.57
Administrative & General Expenses	2.49

Repair and Maintenance Expenses

2.59 The Repair and Maintenance of electrical distribution network is not a core specialisation of the Petitioner. Thus, the Petitioner has engaged specialised agencies for effective execution of R&M activities (for Distribution Network and 132/33 kV Substation). The Petitioner has engaged PTC India Limited, through a competitive bidding process (award mandated on L1 basis), to carry out all R&M activities on its electrical network and to provide consultancy services in various techno-commercial matters relating to the distribution and supply of electricity in the Special Economic Zone. The agreement is in effect from 1st January, 2020 and shall be valid for three years.

2.60 R&M activities on 132 kV substation are being carried out by MP Transmission Company.

The R&M expenses FY 2023-24 have been estimated using base as provisional of FY 2020-21 and escalated using a factor @4.24% derived with Consumer Price Index (CPI) and Wholesale Price Index (WPI) since they are a true measure of inflation indices.

2.61 The Petitioner submitted that the Commission had considered this expenditure in its earlier Tariff Order for the FY 2013-14, FY 2014-15 and FY 2015-16. The relevant extracts of the Tariff Order for FY 2013-14 dated September 10, 2013 has been reproduced below:

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

2.62 With PTC India managing R&M activities of the Petitioner various aspects related to distribution of power have improved considerably, including:

- The loss levels have reduced significantly, and hard efforts are being pushed to reduce it further and bring the same in the trajectory as approved by the Commission.
- The Petitioner has successfully upgraded its connectivity levels to grid from 33 kV to 132 kV voltage level.
- Quality of supply has improved considerably with minimum tripping and uninterrupted supply of power.
- Scheduling practices are optimised resulting into effective procurement.
- Number of incoming and outgoing feeders have been optimized and increased resulting into redundant supply, appropriate loading levels, load bifurcation and further reduction of distribution losses.
- Customer satisfaction level have improved with implementation of 24x7 call centre and expeditious resolution of network and supply related issues.

2.63 The Petitioner requested the Commission to approve R&M expenses as per the agreement signed with PTC India Ltd owing to the criticality of incurring such expenses to ensure proper operation and maintenance and upkeep of the electrical network which ensures supply of quality and reliable power supply to the consumers.

2.64 Accordingly, R&M expenses projected by the Petitioner for FY 2023-24 is shown in the table below:

Table 30: R&M expenses filed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
R&M Expenses	2.14

MPERC Fees

2.65 The Petitioner has considered the MPERC fees for FY 2023-24 to be same as per actuals of FY 2022-23 i.e., Rs. 0.04 Crore.

2.66 Summary of claims of the Petitioner with respect to O&M Expenses is shown in the table below:

Table 31: O&M Expenses Claimed by Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Employee Expenses	4.57
Administrative & General Expenses	2.49
Repair & Maintenance Expenses	2.14
MPERC Fees	0.04
Total O&M Expenses	**9.24**

Commission's Analysis

2.67 Regulation 36 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specify the methodology for computation of O&M Expenses of the DISCOMs. These expenses comprise Employee expenses, Repair and Maintenance (R&M) expenses and Administrative & General (A&G) expenses. The relevant extract for the Regulation is reproduced below:

"36.2. The Employee expenses and Administrative and General expenses shall be derived on the basis of the average of the actual expenses for the period from FY 2018-19 to FY 2020-21, excluding abnormal expenses, if any, subject to prudence check by the Commission:

Provided that the average of such expenses shall be considered as expenses for the Year ended 31 March, 2020, and shall be escalated at the respective escalation rate for FY 2020-21 and FY 2021-22, to arrive at the expenses for the base year ending 31 March, 2022:

Provided further that the escalation rate for FY 2020-21 and FY 2021-22 shall be computed by considering 30% weight age to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years as per the Labour Bureau, Government of India.

36.3. The Employee expenses and Administrative and General expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2021-22 by an inflation factor with 30% weight-age to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weight-age to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, to arrive at the permissible expenses for each year of the Control Period.

"36.4. The R and M Expenses shall be allowed on the opening GFA of the financial year @ 2.3% for East Discom, @ 2.3% for West Discom, @ 2.3% for Central Discom, and @ 5% for SEZ Pithampur. Further, the DISCOMs shall be eligible for additional R and M Expenses of 0.50%, if the Licensee is able to achieve the performance standards targets specified by the Commission in MPERC (Distribution Performance Standards) (Revision-II) Regulations, 2012 and its amendment thereof. Further, the DISCOMs shall also be eligible for additional R&M Expenses of 0.50%, if the Licensee is able to achieve Distribution Loss target specified in Regulation 26.1 of these Regulations or is also to achieve at least 3% reduction in losses as compared to previous year."

2.68 The Commission has computed the O&M expenses considering the methodology specified in the aforesaid Regulation. For approval of Employee Expenses for FY 2023-24, following approach has been adopted:

- ❖ The average of past years' actual audited employee expenses from FY 2019-20 to FY 2021-22 has been considered for deriving normative Employee Expenses for FY 2020-21 and then escalated with escalation rate of FY 2021-22 to arrive at the base year i.e FY 2021-22 .
- ❖ The base year expenses so calculated has been escalated twice to arrive at normative Employee expenses for FY 2023-24.

2.69 The escalation rate considered for calculating the normative expenses of FY 2021-22 has been derived based on the average yearly inflation of past five years, i.e., from FY 2016-17 to FY 2020-21 with 30% and 70% weightage to WPI and CPI, respectively. Accordingly, based on the same, the Commission have arrived at escalation rate of 4.24% for FY 2021-22. Similarly, the escalation rate for FY 2022-23 has been worked out as 5.06% as shown in the table below:-

Table 32: Escalation Rate admitted for FY 2021-22 and FY 2022-23 (%)

Year	Yearly WPI	WPI Inflation	Yearly CPI	CPI Inflation
FY 2016-17	111.62	1.73%	275.92	4.12%
FY 2017-18	114.88	2.92%	284.42	3.08%
FY 2018-19	119.79	4.28%	299.92	5.45%
FY 2019-20	121.80	1.68%	322.50	7.53%
FY 2020-21	123.38	1.29%	338.69	5.02%
FY 2021-22	139.41	13.00%	356.06	5.13%

Year	Yearly WPI	WPI Inflation	Yearly CPI	CPI Inflation
Average from FY17 to FY21		2.38%		5.04%
Average from FY18 to FY22		4.63%		5.24%
Weightage		30%		70%
Escalation rate for FY 2021-22 (2.38%*30%+5.04%*70%)				**4.24%**
Escalation rate for FY 2022-23 (4.63%*30%+5.24%*70%)				**5.06%**

2.70 Similar to the methodology adopted for projection of Employee Expenses for FY 2023-24, A&G Expenses has also been projected. With regard to MPERC Fees, the Commission has considered it as per the provision of MPERC (Fees, Fines and Charges) (Revision-I) Regulations, 2010 and amendments thereof.

2.71 With regard to R&M Expenses, the Commission has considered 5.00% of opening GFA towards base R&M expenses for FY 2023-24 in accordance with Regulation 36.4 of the MYT Regulations, 2021.

2.72 Based on above, admitted Operation and Maintenance Expenses for FY 2023-24 is shown in the table below:

Table 33: O&M expenses admitted for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24
A	**Employee Expenses**	
1	Salary	1.54
2	DA	1.88
3	Terminal benefits	0.64
4	**Total Employee Expense**	**4.06**
B	**A&G Expenses**	**2.39**
C	**MPERC Fees**	**0.04**
D	**R & M (% of GFA)**	
1	Opening GFA	32.87
2	R& M @5% of opening GFA	1.64
E	**Total O&M**	**8.14**

Depreciation

Petitioner's Submission

2.73 The Petitioner has considered the opening gross block of fixed assets for FY 2023-24 as per the closing block of FY 2022-23 (as per provisional accounts of Apr-Sept 22), and thereafter considering provisional asset addition in FY 2022-23.

2.74 The additions to asset during FY 2023-24 have been considered as per the projected capitalisation for FY 2023-24.

2.75 Depreciation has been worked out considering the asset head wise depreciation rates provided in Annexure II of MYT Regulations, 2021. The projected depreciation for FY 2023-24 is as shown below:

Table 34: Depreciation Claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24
1	Opening Gross Fixed Asset	24.80
2	Addition during the year	6.81
3	Deduction	-
4	Closing Gross Fixed Asset	31.61
5	**Depreciation**	**1.35**

2.76 The Petitioner has reduced the amortization of the assets capitalised from the consumer contributions and grant. Accordingly, net depreciation on GFA for FY 2023-24 after reducing amortization on consumer contribution, is shown in the table below:

Table 35: Net Depreciation Claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Depreciation	1.35
Less: Consumer contribution/ grant amortized	0.39
Net Depreciation	**0.96**

Commission's Analysis

2.77 MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specify the methodology for deriving depreciation. The relevant extract of the Regulations is reproduced below: -

*"**33. Depreciation.-***

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

(a) The value base for the purpose of depreciation shall be the capital cost of the assets as admitted by the Commission.

(b) 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.

(c) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

(d) 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.

(e) Depreciation shall be calculated annually based on 'straight line method' and at rates specified in Annexure II to these Regulations for the assets of the Distribution

System declared in commercial operation after 31 March, 2022:

Provided that the remaining depreciable value as on 31stMarch of the Year closing after a period of 15 Years from Date of Commercial Operation shall be spread over 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 may be notified by the Commission from time to time.

(f) In case of the existing Projects, the balance depreciable value as on 01 April, 2022 shall be worked out by deducting the cumulative depreciation including Advance against Depreciation as admitted by the Commission up to 31 March, 2022 from the gross depreciable value of the assets. The rate of Depreciation shall be continued to be charged at the rate specified in Annexure-II till cumulative depreciation reaches 70%. Thereafter, the remaining depreciable value shall be spread over the remaining life of the asset such that the maximum depreciation does not exceed 90 %.

(g) 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.

34. Consumer Contribution, Deposit Work, Grant and Capital Subsidy.-

34.1. The expenses of the following categories of works carried out by the Distribution Licensee shall be treated as specified in Regulation34.2:

(a) Works undertaken from funds, partly or fully, provided by the users, which are in nature of deposit works or consumer contribution works;

(b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;

(c) Other works undertaken with funding received without any obligation of repayment and with no interest costs;

34.2. The expenses on such capital works shall be treated as follows:

……………………….

(e) Provisions related to depreciation, as specified in Regulation 33, shall not be applicable to the extent of such financial support received."

2.78 Accordingly, the Commission has considered the asset addition for FY 2023-24 as nil (Table 26). Further, consumer contributions towards Capital Assets addition for FY 2023-24 has been considered as per petitioner submission and reduced the same from the GFA for arriving at net GFA for FY 2023-24. Depreciation has been worked out on basis of the projected average net GFA computed considering the opening and closing net GFA of FY 2023-24. In accordance to the provision of the Regulations, the Commission has not allowed depreciation towards assets created through consumer contribution and grants.

2.79 As per the Tariff Regulations, depreciation shall be calculated annually based on 'Straight line method' and at the rates specified in Annexure II of the Regulations on the assets of distribution system declared in commercial operation as on 31st March, provided that the remaining 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 the balance useful life of the assets.

2.80 Further, depreciation rates specified in the MYT Regulations, 2021, differ from rates specified in the MYT Regulations, 2015, accordingly, the depreciation for FY 2023-24 is required to be computed in accordance to rate specified in MYT Regulations, 2021. However, for computation of depreciation as per the rates specified in the MYT Regulations, 2021 class wise GFA is required for FY 2023-24, which are yet to complete its useful life. The Commission has observed that the Petitioner has been repeatedly not complying with the direction of the Commission in respect of submission of Fixed Asset Register. This Register is necessary to substantiate that the assets have still not completed their useful life as per the Regulations. Hence, the Commission in this Order has computed the Depreciation provisionally based on the depreciation rate of 5.04% as admitted by the Commission in True Up Order for FY 2021-22. The Commission in this order has decided to withhold 50% of the depreciation computed for FY 2023-24, which shall be considered at the time of true up for FY 2023-24 subject to submission of Fixed Asset Register in the specified Format.

2.81 The admitted depreciation for FY 2023-24 is as shown in the table below: -

Table 36: Depreciation admitted by the Commission for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24
1	Net Opening GFA	12.60
	Add: GFA Addition in Financial Year	*0.00*
	Less: Consumer contribution/ Grant	*0.00*
2	Net GFA Addition during the year	0.00
3	Net Closing GFA	12.60
4	**Average Net GFA**	**12.60**
5	**Depreciation Rate (%)**	**5.04%**
6	**Depreciation**	**0.63**
7	50% Depreciation allowed due to non-submission of Fixed Asset Register	0.32
8	**Net Depreciation admitted**	**0.32**

Return on Equity

Petitioner's Submissions

2.82 As per MYT Regulations, 2021 a return at 14% on equity base is allowed by the Commission. Further, an additional rate of 2% is also allowed linked to parameters related to metering, capitalisation of capital investment, and expenditure of R&M expenses.

2.83 Since, the Petitioner is complying to all above mentioned parameters, thus the Petitioner has computed the return on equity considering a rate of return at 16%.

2.84 The return on equity is computed on average equity based upon the opening balance of equity and normative additions during the year, which has been arrived at by considering 30% of the capitalization net of consumer contribution and grants as funded from equity.

2.85 Accordingly, the projected return on equity for FY 2023-24 is shown in the table below:

Table 37: Return on Equity Claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Equity associated with GFA as on the beginning of the year	5.19
30% of addition to net GFA considered as funded through equity	2.02
Total equity associated with GFA at the end of the year	7.21
Average equity associated with GFA at the end of the year	6.20
Rate of Return on Equity	16%
Return on Equity	**0.99**

2.86 The Petitioner submitted that it is not expecting any tax liability in FY 2023-24 and accordingly, has not projected any tax on income for FY 2023-24.

Commission's Analysis

2.87 Regulation 31 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Return on Equity (RoE). The relevant extract of the provision has been reproduced below:-

*"**31. Return on Equity.-***

31.1. Return on equity shall be computed in rupee terms, on the paid-up equity capital determined in accordance with Regulation 22.

31.2. Return on Equity shall be allowed in two parts, i.e., Base Return on Equity and Additional Return on Equity linked to actual performance.

31.3. Base Return on Equity shall be allowed at the rate of 14%.

31.4. The Additional Return on Equity shall be allowed at the time of true-up subject to the following:

(a) If the status of metering of rural consumers under the domestic categories is achieved at the levels specified below, the Additional Return on Equity of 0.75% shall be allowed:

……

(b) If the total value of capital investment works capitalized in a year is more than 95% of the total approved capitalisation towards approved works for that year, the Additional Return on Equity of 0.75% shall be allowed;

(c) If the actual Repairs and Maintenance expenses in a year is more than 95% of the approved Repairs and Maintenance expenses for that year, the Additional Return on Equity of 0.50% shall be allowed.

31.5. Any expenses on payment of Income Tax paid shall be allowed extra on actual basis on the licensed business of the Distribution Licensee.

31.6. The premium raised by the Licensee while issuing share capital and investment of internal resources created out of free reserve, if any, shall also be reckoned as paid-up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting capital expenditure and forms part of the approved financial package. For the purposes of calculation of computation of return, the portion of free reserves utilized for meeting the capital expenditure shall be considered from the date the asset created is productively deployed in the distribution business."

2.88 As per MYT Regulations, 2021, Return on Equity is allowable in two parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subject to achievement of target / performance, which is to be allowed at the time of true-up after prudence check. Therefore, Commission in this order has considered base rate of 14% for computation for Return on Equity for FY 2023-24. The Commission will consider Additional RoE of 2% subject to achievement of targets baed on actual performance at the time of truing up.

2.89 Regulation 22 of the MYT Regulations, 2021 provides that the debt-equity ratio of the capital employed for determination of tariff shall be 70:30. In case the actual equity is less than 30%, actual equity infused is to be considered and wherever the actual equity infused exceeds 30%, equity in excess of 30% shall be treated as normative loan.

2.90 Further, Regulation 31 of the MYT Regulations, 2021 provides that only such paid up share capital is to be reckoned for computation of Return on Equity, which has been actually utilised for meeting capital expenditure and forms a part of the approved financial package. Based on the above approach adopted by the Commission for computation of Return on Equity for FY 2023-24 is as follows:

a) Opening Equity for FY 2022-23 has been considered as the closing equity admitted in true up of FY 2021-22. Thereafter addition in equity for FY 2022-23 has been considered as per the Petitioners Submission. The closing equity thus arrived for FY 2022-23 has been considered as opening equity for FY 2023-24.

b) Net asset addition to GFA during the year is arrived by subtracting the consumer contribution/Grants received from total asset addition to GFA.

c) 30% of the net asset addition to GFA during the year has been considered as funded through equity as the Petitioner has not availed any loan and proposed to fund entire capital expenditure through equity.

d) RoE for each year has been computed considering the average equity for the year and RoE of 14% as per Regulation 31.

2.91 Total equity admitted, along with RoE as admitted for FY 2023-24 is shown in the tables below:

Table 38: RoE admitted for FY 2023-24 (Rs. Crore)

Sr. No.	Particular	FY 2023-24
1	**Equity Associated with GFA as on the beginning of the year**	3.78
2	30% of addition to net GFA considered as funded through equity net of consumer contribution	0.00
3	**Total equity at the end of the year**	3.78
4	**Average Equity**	3.78
5	ROE	14%
6	**Return on Equity Admitted**	**0.53**

Interest and Finance Charges

Petitioner's Submissions

2.92 The Petitioner does not have any borrowed capital loan. However, as per the provisions of the MYT Regulations, 2021 the Petitioner has computed normative loans for FY 2023-24 and computed interest rate of 7.34% as per tariff order of the Petitioner for FY 2022-23 considering Base Rate as on 1st April of the respective year.

2.93 The interest on normative loan considered for FY 2023-24 has been shown in the table below:

Table 39: Interest on normative loans claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Debt Associated with GFA as on the beginning of the year (Net of consumer contribution & grant)	10.47
Additions to loans during the year	4.72
Repayment during the year	0.96
Total debt associated with GFA at the end of the year	14.23
Average Loan	**14.03**
Interest Rate	7.34%
Interest on normative project loans	**0.91**

Commission's Analysis

2.94 Regulation 22 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of debt and equity towards the existing and admitted capitalisation. The relevant extract of the Regulation is reproduced below:

"22. Debt-equity ratio.-

22.1. For the purpose of determination of tariff, the normative debt-equity ratio of the total capital employed, after deducting the funding from Consumer Contributions, Deposit Work, Grant and Capital Subsidy, in completed assets shall be 70:30 subject to Regulation.

22.2. The debt-equity amount arrived in accordance with this Regulation shall be used for calculation of interest on loan, return on equity, depreciation and foreign exchange rate variation.

22.2. For a Project declared under commercial operation on or after 01 April, 2022, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

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

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

…

22.3. In case of the Distribution System declared under commercial operation prior to 01 April, 2022, debt-equity ratio allowed by the Commission for determination of Tariff for the period ending 31 March, 2022 shall be considered."

2.95 Regulation 32 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Interest and finance charges on loan. The relevant extract of the Regulation is reproduced below:

"32. Interest and finance charges on loan capital.-

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

32.2. The normative loan outstanding as on 01 April, 2022 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31 March, 2022 from the gross normative loan.

32.3. Notwithstanding any moratorium period availed by the Distribution Licensee, the repayment of loan shall be considered from the first Year of commercial operation of the Project and shall be equal to the annual depreciation allowed.

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

Provided that at the time of true-up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the concerned year shall be considered as the rate of interest:

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

Provided also that if the Distribution Licensee as a whole does not have actual long-term loan, then the Base Rate as on 1st April of the respective year shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

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

32.6. The Distribution 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 consumers and the net savings shall be shared between consumers and Distribution Licensee in ratio 2:1.

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

32.8. Interest charges on security deposits with the Licensee shall be considered at the rate specified by the Commission from time to time."

2.96 Based on the above, the Commission has considered interest and finance charges as pass through in the ARR, only for the loans for which the associated capital works have been completed and assets have been put to use.

2.97 Interest on loan for works in progress is considered as interest during construction (IDC), which shall be capitalized and added to the project cost at the time of asset capitalization. Therefore, such interest cost has not been considered as pass through in the ARR. The underlying principle for considering the capitalization instead of capital expenditure incurred during the year is that the consumer should bear the interest cost related to only those assets, which are put to use. The asset under construction is not being used by the consumers. Interest cost incurred during the course of construction of assets becomes a part of CWIP and therefore, is not admitted as pass through.

2.98 Regulation 22 of the MYT Regulations, 2021 provides that the debt-equity ratio of the capital employed for determination of tariff shall be 70:30. In case the actual equity is less than 30%, actual equity infused is to be considered and wherever the actual equity infused exceeds 30%, equity in excess of 30% shall be treated as normative loan.

2.99 The approach adopted by the Commission for computation of interest on loan for FY 2023-24 is as follows:

a) Opening loan for FY 2022-23 has been considered same as the closing loan admitted in true up of FY 2021-22. Thereafter addition in FY 2022-23 has been considered corresponding to the loan component of the asset capitalisation in FY 2022-23. The closing loan thus arrived for FY 2022-23 has been considered opening loan for FY 2023-24.

b) Net asset addition to GFA during the year is arrived by subtracting the consumer contribution/Grants received from total asset addition to GFA.

c) 30% of the net asset addition to GFA during the year or actual equity infusion as admitted, whichever being less has been considered as funded through equity. Balance of net asset addition to GFA is considered as having been funded through debt and added to the total debt in GFA.

d) Debt repayments have then been subtracted from the total debt identified with completed assets as computed from the above. The repayment for the year has been considered equal to the depreciation allowed for that year.

e) As the Petitioner does not have any loan, it is not possible to compute actual weighted average rate of interest. Accordingly, the Commission has considered weighted average interest rate of long-term loans of other distribution licensees of Madhya Pradesh as admitted in the State DISCOMs ARR and Retail Supply Tariff Order for FY 2023-24.

2.100 Details of the normative loan and interest admitted are shown in the table below:

Table 40: Interest on normative project loan admitted for FY 2023-24 (Rs. Crore)

Particular	FY 2023-24
Net debt at the beginning of the year	4.60
70% of addition to net GFA considered as funded through Loan net of Consumer Contribution	0.00
Repayment during the year	0.32
Total Debt Associated with GFA at the end of the year	4.28
Average Debt	**4.77**
Interest Rate (%)	7.14%
Interest on project loans (normative)	**0.32**

Interest on Working Capital

Petitioner's Submissions

2.101 The interest on working capital has been computed as per the provisions of Regulation 38 of MYT Regulations, 2021.

2.102 The Petitioner has considered interest rate of 10.50% at a rate equal to Base Rate as on 1st April of the relevant year plus 350 basis points for computing Interest on Working Capital. The Petitioner has submitted that it is making power purchase payments on immediate basis to earn power purchase rebate, therefore, the Petitioner has not considered 30 days (one month) credit principle while estimating the Interest on Working Capital.

2.103 Interest on Working Capital as submitted by the Petitioner is shown in table below:

Table 41: Interest on Working Capital claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
For Wheeling Activity	
Inventory for 2 months based on ARR considered at 1% of GFA for previous year	0.25
1/12th of O&M Expenses	0.77
2 months of Receivables from Wheeling charges	0.00
Total Working Capital	1.02
Rate of Interest	10.50%
Interest on Working Capital – (1)	**0.11**
For Retail Activity	
Inventory for 2 months based on ARR for previous year	0.00
O&M expenses for one month	0.00
2 months of Receivables of average billing	34.72
Minus: 1/12th of Power Purchase expenses	16.16
Minus: Consumer Security Deposit	20.95
Total Working Capital	(2.40)
Rate of Interest	0.11
Interest on Working Capital - (2)	**(0.25)**
Total Interest on Working Capital – (1+2)	**0.00**

Commission's Analysis

2.104 Regulations 23 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Interest on Working Capital. The relevant extract for the provision has been reproduced below:-

*"**23.Working capital.-***

23.1.Working capital for supply activity of the Licensee shall consist of:

(i)Receivables of two months of average billing reduced by power purchase cost of one month, consumer security deposit, and any amount paid by the prepaid consumers,

(ii)O&M expenses for one month, and

(iii)Inventory (meters, metering equipment, testing equipment are particularly relevant in case of supply activity) for 2 months based on annual requirement considered at 1% of the Gross Fixed Assets for previous year.

23.2.Working capital for wheeling activity of the Licensee shall consist of:

(i)O and M expenses for one month, and

(ii)Inventory (excluding meters, etc., which are considered part of supply activity) for 2 months based on annual requirement considered at 1% of the gross fixed assets for previous year.

23.3.The norms described above shall be applicable for each year of the Control Period.

38. Interest charges on working capital.-

Working capital shall be computed as provided in these Regulations and Rate of interest on working capital shall be equal to the Base Rate as on 1April of the relevant Year plus 350 basis points. The interest on working capital shall be payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has borrowed in excess of the working capital loan computed on normative basis."

2.105 Accordingly, the Commission has considered the opening Gross Fixed Asset of FY 2023-24 for computation of Interest on Working Capital for Petitioner. One percent of opening Gross Fixed Asset has been pro-rated to two months to work-out the inventory requirement for wheeling activity and retail activity. This has been further divided into wheeling and retail inventory in the ratio of 80:20 as per the practice adopted in previous Tariff Orders. The average consumer security deposit has been considered which is average of opening and closing of consumer security deposit for FY 2023-24. Values of other elements of working capital have been recomputed for the expenses admitted by the Commission in the relevant sections of this order. Further, annual revenue from wheeling charges has been considered as Nil based on actuals of previous year.

2.106 Further, the interest on Working Capital has been computed at 10.5%. (MCLR-7% as on 1st of April 2022 plus 350 basis). Accordingly, the interest on working capital admitted by the Commission for wheeling and retail sales activity combined together is shown in the table below:

Table 42: Interest on Working Capital Admitted for FY 2023-24 (Rs. Crore)

Sl. No.	Particulars	FY 2023-24
For wheeling activity		
A)	1/6th of annual requirement of inventory for previous year	0.04
B)	Total O&M expenses	8.14
B) i)	1/12th of total O&M expenses	0.68
C)	**Receivables**	
C) i)	Annual revenue from wheeling charges	0.00
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	0.00
D)	Total working capital ((A) + (B)(i) + (C)(ii))	0.72
E)	Rate of interest (%)	10.50%
F)	**Interest on working capital**	**0.08**
For Retail Sale activity		
A)	1/6th of annual requirement of inventory for previous year	0.01
B)	**Receivables**	
B) i)	Annual revenue from tariff and charges	225.64

Sl. No.	Particulars	FY 2023-24
B) ii)	Receivables equivalent to 2 months average billing	37.61
C	Power purchase expenses	208.06
C) i)	1/12th of power purchase expenses	17.34
D	Consumers security deposit	20.49
E)	Total working capital ((A) + (B)(ii) – (C)(i) – (D))	(0.21)
F)	Rate of interest	10.50%
G)	**Interest on working capital**	**(0.02)**
	Summary	
1	**For wheeling activity**	**0.08**
2	**For retail sale activity**	**(0.02)**
3	**Total interest on working capital admitted**	**0.05**

Interest on Consumer Security Deposit

Petitioner's Submissions

2.107 The Petitioner has submitted that the Interest on consumer security deposit has been paid to the consumers according to the provisions of Regulation for security deposit notified by the Commission. Interest rate has been considered same as the RBI bank rate of 4.25% prevailing as on 1st April, 2021.

2.108 Interest on Consumer Security Deposit claimed by the Petitioner is shown in the table given below:

Table 43: Interest on Consumer Security Deposit claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Interest on Consumer Security Deposit	**0.89**

Commission's Analysis

2.109 The Commission observed that the Petitioner computed interest rate on consumer security deposit on closing amount as on 31st March, 2024.

2.110 The approach adopted by the Commission for computation of interest on consumer security deposit (CSD) for FY 2023-24 is as follows:

a) Opening interest on CSD for FY 2022-23 has been considered same as the closing interest on CSD admitted in true up of FY 2021-22. Thereafter addition in FY 2022-23 has been considered as per Petitioner submission and the closing interest on CSD is thus arrived for FY 2022-23. Taking this as opening interest on CSD for FY 2023-24, the addition during the year (i.e. FY 2023-24) has been considered as per Petitioner submission.

b) The interest on consumer security deposit has been computed considering average of consumers security deposit for the year (i.e., Opening and Closing during the year) and

RBI latest available Bank Rate of 4.25% as per the norms of the MYT Regulations, 2021.

2.111 The admitted interest on consumer security deposit is shown in the table below:

Table 44: Interest on Consumer Security deposit admitted for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Interest on consumer Security Deposit	**0.87**

Lease Rent

Petitioner's Submissions

2.112 The Petitioner is the SEZ developer who is responsible for providing various services to the business units who setup their factories in the SEZ premises. As a deemed licensee, MPIDC also supplies power to the occupants of the SEZ. For this purpose, MPIDC (SEZ Developer) has provided land to power business of MPIDC for setting up its infrastructure necessary for providing power to the industrial units. Against this land which has been allocated to the power business, MPIDC is charging lease rent for the area allocated to the power business which is a separate business unit within the company and is a distribution licensee recognised by the Commission. The lease rent applicable for the land allocated for establishing various assets.

2.113 The Petitioner has claimed Rs. 2.19 Crore Lease Rent for FY 2023-24.

2.114 The abstract of the clause 35 of the MYT Regulations, 2021 is reproduced below:

*"**35.Lease/Hire purchase charges.***

Lease charges for assets taken on lease by Distribution Licensee shall be considered as per lease agreement provided the charges are considered reasonable by the Commission."

2.115 The lease rent is legitimate expense and should be permitted to be recovered as an expense through the ARR. The lease rent is being charged by MPIDC as it is an opportunity cost lost for MPIDC SEZ business as they could have leased out this land to some other industry and received lease rent against it. Further, as a distribution licensee, in normal course of action MPIDC would have purchased this land for establishment of its power distribution infrastructure. The cost incurred for purchase of land gets capitalized and the Commission allows depreciation, interest on loan and return on equity chargeable on account of this cost as part of ARR. Accordingly, this expenditure, in the form of either lease rent or depreciation, interest on loan and return on equity chargeable on the capital cost incurred by MPIDC, is inevitable.

2.116 The Petitioner has sought lease rent in its review petition 86 of 2012 and the Commission in its Order dated 21st December, 2012 has disallowed lease rent sighting reason of non-payment. The relevant part of the same is reproduced here below for reference.

"ii. Land Premium and Lease rent charges:
…….
The Commission considered the matter and observed that in the instant case since no actual payments are being made to the SEZ on account of land premium or lease rent such notional expense cannot be charged to the consumers. The claim made by the petitioner in this regard is not sustainable."

2.117 The Petitioner submitted that it has now made all past payments towards lease rent and hence the Commission is requested to approve lease rent on actual basis. There have been instances in other states wherein the Commission has allowed this expenditure pertaining to lease rental as a pass through in the tariff over and above the other expenses.

2.118 The Petitioner further submitted that a precedence in this matter can be seen in case of approval of the Truing-up of FY 2013-14 and FY 2014-15, Provisional Truing-up of FY 2015-16, and Projection of ARR for the 3rd Control Period FY 2016-17 to FY 2019-20 for the transmission licensee MEGPTCL in Maharashtra by the Hon'ble MERC in Case no. 50 of 2016. In the said case, the land for Akola-II Sub-station was initially to be purchased and handed over by MSETCL to MEGPTCL, however, later on based on management decision, the land was later leased out to MEGPTCL. Accordingly, while the total capital cost of land in the overall capital cost was reduced, the corresponding increase in the lease rental for the same was factored as additional Operation and Maintenance (O&M) expenses in the ARR for the Control Period. Considering the facts of the case, the Commission had approved the least rent for Akola II Sub-station over and above the normative O&M expenses of MEGPTCL prescribed in the MYT Regulations.

2.119 In view of the above, the Petitioner requested the Commission to allow lease rent charged to its power business as a legitimate expenditure as part of the ARR for the FY 2023-24.

Commission's Analysis

2.120 After examining the submissions regarding lease rent by the Petitioner, the Commission has not admitted the lease rent of Rs. 2.19 Crore for FY 2023-24 as claimed by the Petitioner in line with the approach followed by the Commission in the previous orders.

Interest and Finance Charges Admitted

2.121 As discussed in above paragraph, summary of the interest and finance charges as filed and as admitted are given in table below:

Table 45: Interest and Finance charges admitted for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	
	Claimed	Admitted
Interest on Project Loans	0.91	0.32
Interest on Working Capital Loan	0.00	0.05
Interest on Consumer Security Deposit	0.89	0.87
Lease Rent	2.19	0.00
Total	**1.80**	**1.24**

Bad & Doubtful Debts

Petitioner Submission

2.122 The Petitioner has submitted that as per clause 37 of the MYT Regulations, 2021, bad and doubtful debts in the ARR can be considered up to 1% of the yearly revenue. The Petitioner has considered doubtful debts to the tune of 1% of the yearly revenue for FY 2023-24.

2.123 Bad and Doubtful Debts claimed by the Petitioner is shown in the table given below:

Table 46: Bad and Doubtful Debts claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Revenue at Existing Tariff	208.29
Doubtful Debt @ 1% of the Yearly Revenue	**2.08**

Commission's Analysis

2.124 Regulation 37 of the MYT Regulations, 2021 specifies methodology for computation of Bad and Doubtful Debts. The relevant extract of the Regulations is reproduced below:-

"37. Bad and doubtful debts.-

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

2.125 The Commission has not considered any provision for Bad and doubtful debt for FY 2023-24 and these shall be allowed based on actual write off. The Commission is of the view that any expenses against the bad and doubtful debts should be considered only at time of true-up based on actual bad debt written off after prudence check.

2.126 Further, **the Petitioner is directed to submit draft policy and procedure for identification of bad debts and writing off the same for the approval of the Commission**.

Other Income

Petitioner submission

2.127 The Petitioner submitted that the other income for FY 2023-24 has been considered same as per the audited accounts for FY 2021-22.

2.128 The rebate as received on purchase of power has not been considered under the other income by the Petitioner, as the Petitioner proactively timely paid the expenses for purchase of power and earned the rebate.

2.129 The Other Income for FY 2023-24 as claimed by the Petitioner is shown in the table below:

Table 47: Other Income claimed by the Petitioner for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Miscellaneous Income	0.000
Shutdown Charges	0.014
Power Application Processing Fees	0.001
Supervision Charges	0.000
Prior Period Income	0.007
Total Other Income	**0.022**

Commission's Analysis

2.130 The Commission has admitted Other Income for FY 2023-24 as the average of actual other income during FY 2019-20 to FY 2020-21 as admitted in true-up orders for FY 2019-20 to FY 2021-22.

2.131 The admitted Other Income for FY 2023-24 by the Commission is tabulated below, which shall be considered on actuals at the time of true up.

Table 48: Other Income admitted for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Other Income	**2.93**

ARR Claimed and Admitted for the FY 2023-24

2.132 The Commission has determined the ARR for FY 2023-24 as detailed in preceding paragraphs.

2.133 Accordingly, the details of ARR claimed by the Petitioner and as admitted by the Commission for FY 2023-24 is shown in the table as follows:

Table 49: ARR as Claimed by the Petitioner and as Admitted by the Commission for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	
		Claimed	Admitted
1	Purchase of Power	196.09	208.06
2	Intra-State Transmission (MP Transco) charges	18.30	10.26
3	SLDC Charges	0.03	0.04
4	R&M Expense	2.14	1.64
5	Employee Expenses	4.57	4.06
6	A&G Expense	2.49	2.39
7	MPERC Fees	0.04	0.04
8	Depreciation	0.96	0.32
9	Interest and Finance Charges	1.80	1.24
10	Bad and Doubtful Debt	2.08	-
11	Lease Rent	2.19	-

Sr. No.	Particulars	FY 2023-24	
		Claimed	Admitted
12	Return on Equity (RoE)	0.99	0.53
13	**Total Expenses**	**231.68**	**228.58**
14	*Less:* Other income	0.02	2.93
15	**Aggregate Revenue Requirement (ARR)**	**231.66**	**225.64**
16	*Revenue Gap / (Surplus) in MP Transco True Up of FY 2020-21*	0.00	1.62
17	*Revenue Gap / (Surplus) in MPIDC True Up of FY 2021-22*	0.00	(14.85)
18	*Revenue Gap / (Surplus) in MP Transco True Up of FY 2021-22*	0.00	3.67
19	**Total ARR including True Ups**	**231.66**	**216.08**

2.134 MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies that till the time there is complete accounting segregation between Wheeling and Supply Businesses of the Distribution Licensee being done, the expenses of the Distribution Licensee shall be apportioned between the Wheeling and Supply Businesses in accordance with the allocation matrix. The relevant extract for the provision has been reproduced below:

"8.11. Till such time the complete accounting segregation has not been done between Wheeling and Supply Businesses of the Distribution Licensee, the expenses of the Distribution Licensee shall be apportioned between the Wheeling and Supply Businesses in accordance with the following Allocation Matrix:

Particulars	*Wheeling Business*	*Supply Business*
Operation and Maintenance expenses	*70%*	*30%*
Depreciation	*95%*	*5%*
Interest on loan	*95%*	*5%*
Interest on working capital	*10%*	*90%*
Return on Equity	*90%*	*10%*
Power purchase cost including transmission and SLDC charges	*0%*	*100%*

2.135 The purpose of segregating the total distribution expenses into wheeling and Supply activities is to establish the wheeling charges that are to be recovered from open access customers.

2.136 Accordingly, the Commission has allocated the cost related to Wheeling and Supply activities as per allocation matrix. As such the ARR for FY 2023-24 for Distribution Licensee is segregated as under:

Table 50: Admitted ARR for Wheeling Business for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Operation and Maintenance expenses	8.14
70% of Operation and Maintenance expenses for Wheeling Business	5.69
Depreciation	0.32

Particulars	FY 2023-24
95% of Depreciation for Wheeling Business	0.30
Interest on Project Loans	0.32
95% of Interest on Project Loans for Wheeling Business	0.30
Interest on Working Capital for Wheeling Business	0.01
Return on Equity	0.53
90% of Return on Equity for Wheeling Business	0.48
Less: Other income and Non-Tariff Income	2.93
10% of other income and Non-Tariff Income for Wheeling Business	0.29
Impact of True-Ups of Past Years of MP Transco and MPIDC for Wheeling Business	(9.56)
10% of Impact of True-Ups of Past Years of MP Transco and MPIDC	(0.96)
Total for Wheeling Business	**5.53**

Table 51: Admitted ARR for Supply Business for FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24
Power Purchase Cost including transmission and SLDC charges	218.35
100% of Power Purchase Cost including transmission and SLDC charges for Supply Business	218.35
Operation and Maintenance expenses	8.14
30% of Operation and Maintenance expenses for Supply Business	2.44
Depreciation	0.32
5% of Depreciation for Supply Business	0.02
Interest on Project Loans	0.32
5% of Interest on Project Loans for Supply Business	0.02
Interest on Working Capital for Supply Business	0.05
Return on Equity	0.53
10% of Return on Equity for Supply Business	0.05
Interest on Consumer Security Deposit	0.87
100% of Interest on Consumer Security Deposit for Supply Business	0.87
Less: Other income and Non-Tariff Income	2.93
90% of other income and Non-Tariff Income for Supply Business	2.64
Impact of True-Ups of Past Years of MP Transco and MPIDC	(9.56)
90% of Impact of True-Ups of Past Years of MP Transco and MPIDC for Supply Business	(8.61)
Total for Supply Business	**210.55**

Revenue from Existing Tariffs and Gap / Surplus

Petitioner's submission

2.137 The Petitioner has submitted that the projected revenue at existing tariff for FY 2023-24 is estimated at Rs. 208.29 Crore. The category wise revenue projected by the Petitioner at existing tariff is shown in table below:

Table 52: Revenue at Existing Tariff Projected by Petitioner for FY 2023-24 (Rs. Crore)

Particulars	Revenue
LT CATEGORIES	
LV-1 Domestic	0.00
LV-2 Non -Domestic	0.05
LV-3 Public Water Works and Street Lights	0.02
LV-4-LT Industrial	0.17
HT CATEGORIES	
HT I: 33 kV Industrial	207.96
HT I: 11 kV Industrial	0.10
Total	**208.29**

2.138 Based on the projected ARR and revenue at Existing Tariff, the Petitioner has projected revenue gap for FY 2023-24 as follows:

Table 53: Revenue Gap / (Surplus) at existing tariff as submitted by the Petitioner for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	Amount
1	Aggregate Revenue Requirement	231.66
2	Revenue at existing tariff	208.29
3	**Revenue Gap/(Surplus)**	**23.37**

2.139 The consumer category wise revenue for FY 2023-24 estimated by Petitioner at proposed tariff is given in the table below:

Table 54: Revenue at Proposed Tariff Projected by Petitioner for FY 2023-24 (Rs. Crore)

Particulars	Revenue
LT CATEGORIES	
LV-1 Domestic	0.00
LV-2 non-Domestic	0.06
LV-3 Public Water Works and Street Lights	0.01
LV-4-LT Industrial	0.19
HT CATEGORIES	
HT I: 33 kV Industrial	231.33
HT I: 11 kV Industrial	0.11
Total	**231.70**

Commission's Analysis

2.140 The consumer category-wise revenue at existing tariff for FY 2023-24 projected by the Commission is shown in the table below:

Table 55: Revenue at Existing Tariff for FY 2023-24 (Rs. Crore)

Particulars	Revenue at Existing Tariff
LT CATEGORIES	
LV-1 Domestic	0.00
LV-2 Non -Domestic	0.04
LV-3 Public Water Works and Street Lights	0.01
LV-4-LT Industrial	0.21
HT CATEGORIES	
HV-1 Industrial & Non-Industrial	209.67
Total	**209.93**

2.141 On basis of the above and admitted Aggregate Revenue Requirement for FY 2023-24, the Revenue Gap / (Surplus) at existing tariff for FY 2023-24 admitted by the Commission is as follows:

Table 56: Final ARR and Revenue from existing tariff for FY 2023-24 (Rs Crore)

Particulars	FY 2023-24
Total ARR Admitted including True-up (A)	216.08
Revenue at Existing Tariffs (B)	209.93
Uncovered Gap/(Surplus) (C=A-B)	**6.15**

2.142 To meet the aforesaid Revenue Gap of Rs.6.15 Crore, the Commission has increased the tariff by 2.93%, which has been detailed in Tariff design chapter of this order. The total ARR admitted by the Commission and revenue at admitted tariff is shown in table below:

Table 57: Final ARR and Revenue from admitted tariffs for FY 2023-24 (Rs Crore)

Particulars	FY 2023-24
Total ARR admitted including True-up (A)	216.08
Revenue at admitted Tariffs (B)	216.08
Uncovered Gap/(Surplus) (C=A-B)	**0.00**

2.143 The Category wise Revenue at approved tariff is as follows:

Table 58: Revenue at Approved Tariff for FY 2023-24 (Rs. Crore)

Particulars	Revenue at Approved Tariff
LT CATEGORIES	
LV-1 Domestic	0.00
LV-2 Non-Domestic	0.04
LV-3 Public Water Works and Street Lights	0.01
LV-4-LT Industrial	0.21
HT CATEGORIES	
HV-1 Industrial & Non-Industrial	215.81
Total	**216.08**

A3: WHEELING CHARGES, CROSS SUBSIDY SURCHARGE AND ADDITIONAL SURCHARGE

Determination of Wheeling Cost

3.1 Regulation 8.11 of the MYT Regulations, 2021 specifies allocation matrix for apportioning expenses of Distribution Licensee into wheeling and supply businesses, which is as follows:

Particulars	Wheeling Business	Supply Business
Operation and Maintenance expenses	70%	30%
Depreciation	95%	5%
Interest on loan	95%	5%
Interest on working capital	10%	90%
Return on Equity	90%	10%
Power purchase cost including transmission and SLDC charges	0%	100%

3.2 On basis of above allocation matrix and admitted ARR for FY 2023-24, expenditure towards wheeling business for Distribution Licensee works out to Rs. 5.53 Crore.

Segregation of costs among voltage levels

3.3 The costs of wheeling activity have been distributed among two voltage levels of distribution i.e. 33 kV and below 33 kV.

3.4 Distribution Licensee presently does not maintain account of their costs on voltage-wise basis. Similar is the case with State DISCOMs and other Government owned Distribution Licensees operating in most of the States.

3.5 It is observed that the present accounting practices followed by the Petitioner does not permit segregation of GFA among the voltage levels directly. The Commission, therefore, considers it appropriate to adopt the approach to use the transformation capacity in MVA at interfaces of 33/11 kV and 11/0.4 kV.

3.6 The data used for this exercise for the value of the asset base is as follows:

Table 59: Voltage-wise Cost Break-up of Sub Transmission & Distribution Lines

Voltage level of Lines	Cumulative length of lines (ckt-km)	Total Cost of lines (Rs. Crore)	Per unit cost (Rs. Lakh /ckt km)
33 kV	35.25	6.22	17.64
Below 33 kV			
11 kV	12.00	1.95	16.29
LT	10.00	0.94	9.39
Sub-total	22.00	2.89	
Total	**57.25**	**9.11**	

Table 60: Voltage level -wise cost of Transformer

Transformer Voltage Level	Cumulative Capacity (MVA)	Total Cost (Rs. Crore)	Per unit cost (Rs. Lakh /MVA)
33/11 kV Transformer	73.00	35.32	48.39
11/0.4 kV Transformer	3.00	0.98	3.26
Total	**76.00**	**36.30**	

3.7 Data for length of lines and transformation capacity expected to be added during FY 2023-24 has been considered as provided in the petition.

3.8 In order to identify the asset values at different voltage levels, it is necessary to "assign" the interface transformers to either voltage levels. For this exercise, the Commission considers it appropriate to include the distribution transformers (11/0.4 kV) to be a part of the 11kV network and the power transformers of 33/11 kV to be a part of the 33kV network. Based on this method, the asset values at different voltage levels work out to be as follows:

Table 61: Identification of value of network at each voltage level (Rs. Crore)

Voltage level	Cost of Lines (Rs. Crore)	Cost of Transformation (Rs. Crore)	Total Cost (Rs. Crore)
33 kV	6.22	35.32	41.54
Below 33 kV	2.89	0.98	3.87
Total	**9.11**	**36.30**	**45.41**

3.9 Expenses of wheeling activity are worked out using the asset value ratios as obtained from above, as given in table below:

Table 62: Identification of network expenses (wheeling cost) at different voltage level

Voltage Level	Asset value (Rs. Crore)	Asset value Ratio (%)	Total wheeling cost (Rs Crore)	Wheeling Cost (Rs Crore)
33 kV	41.54	91.47%	**5.53**	5.06
Below 33 kV	3.87	8.53%		0.47
Total	**45.41**	**100.00%**		**5.53**

Sharing of Wheeling costs

3.10 The cost of wheeling is again required to be allocated to the users at the same voltage levels since the 33kV network is used by the consumers at 33 kV and below 33 kV (those at 11 kV and LT).

3.11 The Sales at different voltage levels are as follows:-

Table 63: Sales at different voltage levels (MU)

33 kV	11 kV	LT	Total
511.78	**0.15**	**0.45**	**512.38**

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

Table 64: Allocation of wheeling cost over Distribution System Users at 33 kV

Particulars	Reference	Units	Amount
Wheeling Cost at 33 kV	A	Rs. Crore	5.06
Sales at 33 kV (as per Table 63)	B	MU	511.78
Total Sales {HV + LV} (as per Table 63)	C	MU	512.38
Proportion of 33 kV sales to total sales	D=B/C*100	%	99.98%
Cost allocation			
Wheeling cost of 33 kV allocated to 33 kV users only	**E=A*D**	**Rs. Crore**	**5.05**

3.13 Based on this allocation and considering the consumption at 33 kV, the wheeling charges in Rupees per unit are determined as follows:

Table 65: Wheeling Charges at 33 kV Voltage level

Voltage	Wheeling Cost allocated (Rs. Crore)	Sales (MU)	Wheeling charges (Rs. /kWh)
33 kV	5.05	511.78	0.10

3.14 Applicability of wheeling charges for the Open Access consumers depending on their connectivity shall be governed by MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 and MPERC (Methodology for determination of Open Access charges and Banking charges for Green Energy Open Access consumers) Regulations, 2023 and amendments thereof.

Determination of Cross-Subsidy Surcharge

3.15 The Tariff Policy notified by GOI on dated 28th January, 2016 prescribes the following formulae for determination of cross- subsidy surcharge for various categories of consumers.

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

8.5.1 …

….

Surcharge formula:

S= T – [C/ (1-L/100) + D+ R]

Where

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

Above formula may not work for all distribution licensees, particularly for those having power deficit, the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee.

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption.

8.5.4 The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges.

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

3.16 Accordingly, the cost of supply to the consumer may be computed on the basis of the weighted average cost of power purchase by the Licensee including cost of meeting the Renewable Purchase Obligation (C), applicable transmission and distribution losses (L), Cost of transmission and distribution of electricity (D). The Commission in subsequent section has determined these components of Cost of Supply. Depending on the applicability of various charges for each consumer, as specified in MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 and MPERC (Methodology for determination of Open Access charges and Banking charges for Green Energy Open Access consumers) Regulations, 2023 and amendments thereof, the Licensee shall compute the Cross Subsidy surcharge.

3.17 The weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation (C) works out as shown in table below:

Table 66: Power Purchase Cost per unit

Sr. No.	Particulars	FY 2023-24
1	Quantum of Power Purchase (MU)	533.69
2	Cost of Power Purchase (Rs. Crore)	208.06
3	**Wt. Average Power Purchase Cost (Rs./kWh)**	**3.90**

3.18 The Tariff Policy prescribes that the Loss level (term 'L') should be worked out for each voltage level separately. Losses at each voltage levels are assumed as below for this purpose because of non-availability of required reliable data with the Petitioner:

Table 67 : Voltage-wise losses

Voltage Level	Loss level (L)
EHT Voltage (Transmission System) excluding External losses	2.63%
HT Voltage System Losses	1.40%

3.19 The cost of transmission has been uniformly spread over all consumers at every voltage level, as the transmission network is utilized by all consumers. Therefore, similar to wheeling costs, the admitted transmission charges for FY 2023-24 are worked out as under:

Table 68 : Transmission Charges

Particulars	Unit	Quantity
MPPTCL Charges including SLDC Charges	Rs. Crore	10.30
Units to be handled by MPPTCL	MU	533.69
Transmission Charges per unit	**Rs/kWh**	**0.19**

3.20 Wheeling charges has been determined for consumers connected at 33 kV and below 33 kV as shown in *"*Table 65: Wheeling Charges*"*.

3.21 Finally, the term in the Tariff Policy formula 'T', which is Average Tariff for different categories, has been derived from their expected revenue determined for FY 2023-24 as shown in the following table:

Table 69 : Average Billing Rate (ABR) for FY 2023-24 at approved tariff (Rs./kWh)

Category of consumers	Average Tariff 'T' (Rs Per Unit)
LV-2: Non-Domestic	5.06
LV-3: Public Water Works and Street Lights	4.12
LV-4: LT Industrial	4.01*
HV-1: Industrial and Non-Industrial	4.22

**For LV-4 category, ABR has been computed considering a representative load factor of 50%, since the load factor for projected sales is very low i.e below 10% and leads to very high ABR, which does not represent the actual cost of electricity supply to these consumers.*

3.22 As per the MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 and amendments thereof, the consumers other than Renewable Energy users with contract demand of 1 MW and above are allowed Open Access. These consumers are to be connected at 33 kV or above as per Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time.

3.23 Further, Renewable Energy Generators and users having capacity of 100 kW or above are also eligible for Open Access, subject to no operational constraints in the Licensee's system as per MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 and MPERC (Methodology for determination of Open Access charges and Banking charges for Green Energy Open Access consumers) Regulations, 2023 and amendments thereof{hereinafter referred to as MPERC (Intra-State or Green Energy Open Access) Regulations}.

3.24 In accordance with the above provisions, the total charges (Rs/unit) i.e. [C/ (1-L/100) + D+ R] for various LT & HT categories are to be computed as per applicable cost and eligibility as per the MPERC (Intra-State or Green Energy Open Access) Regulations. The Cross-Subsidy Surcharge shall be the difference of average tariff (T) as specified in Table:69, above and the total charges (Rs/unit) for that particular category at particular voltage level to be computed based on cost component determined above depending upon its applicability as per MPERC (Intra-State or Green Energy Open Access) Regulations. However, Cross-Subsidy surcharge is not to exceed 20% of the average cost of supply for the consumers seeking Open Access as per MYT Regulations, 2021 and amendments thereof. In case where Cross-Subsidy Surcharge, based on above methodology, works out to be negative, the same shall be considered as zero for billing purposes.

Illustration for computation of Cross Subsidy Surcharge

3.25 Illustration: Generator is connected to Transmission network (EHT voltages), while the consumer is connected to the distribution network at 33 kV of Distribution Licensee.

Table 70 : Illustration of Computation of Cost for Cross Subsidy Surcharge (Rs. per unit)

Sr. No.	Wt. Average rate of power purchase (Rs. /unit)	Cost of Power grossed up for transmission losses (2.63%)	Cost of Power grossed up for distribution losses (1.40%)	Transmission charges (Rs. per unit)	Wheeling charges at 33 kV (Rs. per unit)	Total Charges [C/(1-L/100) + D+R]
1	3.90	4.00	4.06	0.19	0.10	4.35

Table 71 : Category wise Cross Subsidy Surcharge as per above Illustration (Rs. per unit)

Category of HT/EHT Consumers	Average Tariff 'T' (Rs Per Unit)	Ceiling 20% of ACoS (Rs/Unit)	CSS (Rs/Unit)	Applicable CSS (Rs/Unit)
HV-1: Industrial and Non-Industrial	4.22	0.84	(0.14)	0.00

Note:
1. Cross-Subsidy surcharge shall not exceed 20% of the average cost of supply for the consumers seeking Open Access.
2. Based on the applicability of charges specified in the MPERC (Intra-State or Green Energy Open Access) Regulations, the Distribution Licensee shall compute applicable CSS for other consumer categories.
3.The applicable Terms and Conditions of MPERC (Intra-State or Green Energy Open Access) Regulations shall be applicable to the consumers seeking Open Access.

Determination of Additional Surcharge

3.26 With regard to the Petitioner request for determination of additional surcharge to be levied from open access consumers, the Commission observed that the Petitioner has not furnished the requisite details. Hence, the Commission has not approved Additional Surcharge in this Order. The Petitioner may, if required, file a separate petition for determination of additional surcharge with details related to existing open access consumers.

A4: FUEL COST ADJUSTMENT CHARGE

4.1 For timely recovery of Power Purchase Cost by Distribution Licensees, the Commission has notified on 17th March, 2023 the First Amendment to MYT Regulations, 2021 and specified the methodology and formula for Fuel and Power Purchase Adjustment Surcharge (FPPAS) in terms of Section 62(4) of the Electricity Act, 2003. As per the provisions of the aforesaid Regulations FPPAS shall be computed and billed to consumers automatically, without going through regulatory approval process, on a monthly basis, subject to true-up on annual basis.

4.2 The Distribution Licensees shall submit necessary details within 7 days of FPPAS computation on monthly basis for the information to the Commission.

4.3 The Distribution Licensees shall publish all details including the FPPAS formula, calculation of monthly FPPAS and recovery of fuel and power purchase adjustment surcharges (separately for automatic and approved portions) on its website.

4.4 In view of Regulation 9 of the MYT Regulations, 2021 and amendments thereof the Commission directs the Petitioners to implement provision of the Regulations along with its associated mechanism /modalities as specified in the MYT Regulations, 2021 and amendments thereof.

4.5 Further, Petitioners shall show the FPPAS charge separately in the consumer bills.

A5: RETAIL TARIFF DESIGN

Legal Position

5.1 In exercise of the powers vested under Section 61 and Section 62 of the Electricity Act, 2003, and all other powers enabling in this behalf, the Commission has determined the Aggregate Revenue Requirement and Tariff for FY 2023-24 for the Petitioner. Due consideration was given to the submissions made by Petitioner, suggestions made by State Advisory Committee and all other relevant material available to the Commission. While determining tariff for various consumer categories, the Commission has given due consideration to the relevant provisions of the Electricity Act, 2003, Tariff Policy, 2016, and relevant Regulations.

Commission's Approach to Tariff Determination

5.2 Aggregate Revenue Requirement for FY 2023-24 is determined on basis of distribution loss level trajectory and other principles specified in the MYT Regulations, 2021 and amendments thereof and on the basis of the same, tariff has been determined for Petitioner.

Linkage to Average Cost of Supply

5.3 The Commission directed the Petitioner to determine voltage wise cost of supply in compliance to the directives given in the judgment passed by Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal No. 103 of 2010 & IA Nos. 137 & 138 of 2010. However, the Petitioner till date has not submitted the details of calculation of the voltage-wise cost of supply as per the methodology provided by the Hon'ble APTEL.

5.4 In view of the above, the Commission has endeavoured to work out indicative category wise cross subsidy based on voltage wise cost of supply in-spite of constraints in segregation of voltage wise cost of losses and capital expenditure related costs. As can be seen from the foregoing, Hon'ble APTEL has concluded that the mandate of the Tariff Policy to limit cross subsidies within (+/-) 20% of the overall average cost of supply can be applied to determine the category wise retail tariff. However, determination of voltage wise cost of supply is required to enable the Commission to evaluate cross subsidies prevalent at various voltages. The Commission would thus be guided by the voltage wise cost of supply in gradually reducing cross subsidies at various voltage levels.

5.5 In the absence of requisite data, Hon'ble APTEL has further advised that the power purchase cost which is the major component of the Distribution Licensee costs can be apportioned to different voltage levels in proportion to the sale and losses at the respective voltage levels. As regards the other costs such as Return on Equity, Interest on Loan, depreciation, Interest on Working Capital and O&M costs, these costs can be pooled and apportioned equitably, on pro-rata basis to all voltage levels.

5.6 Determination of voltage-wise losses would require detailed technical studies of the distribution network. As a first step in the direction of working out category wise cross subsidy based on voltage wise cost of supply, the Commission has attempted to determine the same based on the following methodology. The category wise cross subsidy so worked out is indicative in nature, as the base data for the same need to be duly culled out on actual.

(i) Voltage wise cost of supply has been computed for 33 kV and 11 kV (inclusive of LT) categories only.

(ii) Sales as admitted by the Commission for 33 kV and 11 kV (inclusive of LT) categories have been considered.

(iii) Distribution losses has been considered the same as specified in the MYT Regulations, 2021 for FY 2023-24 while Intra-State transmission losses have been considered as per actuals for FY 2021-22 as admitted in the previous section of this Order.

(iv) Total losses as admitted by the Commission have been segregated voltage wise for 33 kV and 11 kV (inclusive of LT) in the same proportion as submitted by the Petitioner.

(v) Power purchase costs at the Petitioner's periphery for 33 kV and 11 kV (inclusive of LT) based on the voltage-wise input energy have been considered. All other costs of the Petitioner are allocated based on the sales to each voltage-level.

(vi) Voltage wise total cost derived has been divided by voltage wise sales for working out the voltage wise cost of supply.

5.7 Based on the above methodology, the Commission has worked out indicative voltage wise cost of supply and commensurate cross-subsidy as shown in the table below:

Table 72: Computation of voltage-wise cost of supply for FY 2023-24

Particulars	Units	33 KV System	11 KV + LT System	Total
Sales Admitted	MU	511.78	0.60	512.38
Technical and Commercial losses considered (including MPPTCL Losses)	%	3.99%	4.99%	3.99%
Energy Input Admitted	MU	533.06	0.63	533.69
Energy Lost Admitted	MU	21.28	0.03	21.31
Technical losses for all voltage in proportion to Sales	MU	21.28	0.03	21.31
Net Energy Input	MU	533.06	0.63	533.69
Power Purchase Costs (allocated based on voltage-wise losses)	Rs Crore	218.10	0.26	218.35
Other costs - allocated based on voltage-wise sales	Rs Crore	10.21	0.01	10.22
Less: Other income - allocated based on voltage-wise sales	Rs Crore	2.93	0.00	2.93
Recoveries of Past Years		(9.56)	(0.01)	(9.56)
Total Costs (ARR Requirement)	Rs Crore	**215.82**	**0.26**	**216.08**
VCoS	**Rs/kWh**	**4.22**	**4.26**	**4.22**

5.8 Category wise cross-subsidy admitted by the Commission for FY 2023-24 is shown in the table below:

Table 73: Cross subsidy-based voltage-wise cost of supply for FY 2023-24

Category	VCOS (Rs. / Unit)	Average billing rate (Rs. /Unit)	Ratio of Average billing Rate to Voltage-wise Cost of Supply (%)
LT CATEGORIES			
LV-2: Non- Domestic	4.26	5.06	119%
LV-3: Public Water Works and Street Lights	4.26	4.12	97%
LV-4: LT Industrial	4.26	4.01*	94%
HT CATEGORIES			
HV-1: Industrial and Non-Industrial	4.22	4.22	100%

**For LV-4 category, ABR has been computed considering a representative load factor of 50%, since the load factor for projected sales is very low i.e below 10% and leads to very high ABR, which does not represent the actual cost of electricity supply to these consumers.*

5.9 While determining the tariffs for FY 2023-24, the Commission has given due consideration to the requirement of the Electricity Act, 2003 that consumer tariffs should reflect the cost of supply. The average cost of supply for FY 2023-24 works out to be Rs 4.22 per unit as against Rs 4.08 per unit in FY 2022-23. The table below shows the cost coverage (Average realization in percentage of Average cost of supply) on account of tariff for FY 2023-24 as compared to the cost coverage in the tariff order for FY 2022-23:

Table 74: Comparison of tariff v/s overall average cost of supply

Category	Average Realisation as % of Average CoS		Average Billing Rate (ABR) (Rs. /Unit)	Average Cost of Supply (ACoS) (Rs. /Unit)
	FY 2022-23 (As per Tariff Order)	FY 2023-24 (Achieved as per this Tariff Order)		
LT CATEGORIES				**4.36**
LV-2: Non- Domestic	123%	120%	5.06	
LV-3: Public Water Works and Street Lights	98%	98%	4.12	
LV-4: LT Industrial	95%*	95%*	4.01*	
HT CATEGORIES				
HV-1: Industrial and Non-Industrial	100%	100%	4.22	

** For LV-4 category, ABR has been computed considering a representative load factor of 50%, since the load factor for projected sales is very low i.e below 10% and leads to very high ABR, which does not represent the actual cost of electricity supply to these consumers.*

A6: COMPLIANCE ON DIRECTIVES ISSUED IN TARIFF ORDER FOR FY 2021-22

The response submitted by Petitioner on the directives issued by the Commission in the Retail Supply tariff order for FY 2022-23 and the Commission's observations/ directions thereon are given below:

6.1 Depreciation Model

Commission's Directive:

The Commission expresses its displeasure over casual approach of the Petitioner in complying the directives provided by this Commission. In order to reprimand the Petitioner, the Commission is allowing 50% depreciation as per the rates prescribed in the MYT Regulations, 2021. Remaining depreciation shall be allowed in true-up subject to submission of Fixed Asset Register along with the true up petition of FY 2022-23. Further, the Commission directs the Petitioner to submit the Fixed Asset Register upto FY 2021-22 along with the Tariff Petition for FY 2023-24 in the format prescribed by the Commission

Petitioner Submission:

The Petitioner submits that it has considered the depreciation rates, for various asset heads/classes, as prescribed by the Commission in the Annexure-II of MYT Distribution Regulations, 2021 for computing the depreciation for FY 2023-24. The Petitioner submitted that while preparing the Petition, it has duly reduced the value of the assets created from the consumer contributions from the gross value of the assets and thereafter worked out the net depreciation. Further, the Petitioner has also submitted that the ARR/ Tariff model in MS Excel Format to the Commission consisting of computation of depreciation in "Depreciation" sheet for the kind reference of the Commission.

The Petitioner submitted that the process of preparation of separate Fixed Assets Register (as directed by Commission), has been started and already appointed agency for the said assignment. The Petitioner submitted that a separate Fixed Assets Register up to FY 2021-22 as per the format stipulated in MYT Distribution Regulation 2021 shall be submitted before 15th March, 2023.

Commission's Observations/ Directions:

The Commission expresses its displeasure over casual approach of the Petitioner in complying the directives provided by this Commission. Though the Petitioner in its Petition has submitted that the Fixed Asset Register upto FY 2021-22 shall be submitted before 15th March, 2023, however, the same has not been submitted by the Petitioner till date. In order to reprimand the Petitioner, the Commission is allowing 50% depreciation as per the rates prescribed in the MYT Regulations, 2021. Remaining depreciation shall be allowed in true-up subject to submission of Fixed Asset Register along with the true up petition of FY 2023-24. The Commission once again directs the Petitioner to submit the Fixed Asset Register upto

FY 2022-23 along with the Tariff Petition for FY 2024-25 as per the format specified by the Commission.

6.2 Technical studies of the Distribution network to ascertain voltage-wise cost of supply

Commission's Directive:

The Commission has noted the submission of the Petitioner and directs the Petitioner to submit the report to the Commission within six months of issuance of this Tariff Order.

Petitioner Submission:

The Petitioner submitted that it has already submitted the comprehensive energy audit report along with assessment of category wise voltage wise cost of supply on 5th August, 2022 (attached herewith as Enclosure – 1) for kind consideration of the Hon'ble Commission.

Commission's Observations/ Directions:

The Commission observed that the study report does not contain any assessment of voltage wise cost of supply. The Commission again directs the Petitioner to submit a comprehensive study on voltage wise cost of supply with large representative sample covering all consumer categories. The study should be conducted through an outsource independent agency of repute. Further, the Petitioner are directed to submit methodology of the study and get it approved by the Commission within 2 months of issuance of this Order.

6.3 Non-Compliance of Renewable Purchase Obligation

Commission's Directive:

The Commission has observed that the Petitioner has not met its Renewable Purchase Obligation (RPO) for FY 2019-20 and FY 2020-21. In view of this, the Commission directs the Petitioner to submit the details of the compliance made by the Petitioner towards RPO trajectory specified by the Commission in MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations and amendments thereof from FY 2010-11 to FY 2021-22 within three months from the date of issuance of this Order. The Commission will take appropriate action separately as per the provision of the aforesaid Regulations.

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Petitioner Submission:

The Petitioner has been procuring power from MPPMCL through long term contract since 29^{th} March, 2016 onwards. Prior to 29^{th} March, 2016, the Petitioner was procuring power from MPPMCL through short term contracts and had an RPO arrangement with MPPMCL, as mentioned in the MPPMCL letter to MPIDC vide no. GM (PM)/MPAKVN/Sale 14-15/368 dated 24^{th} June, 2014. As per the above stated letter, MPPMCL was supplying blended power to MPIDC, accordingly, MPIDC had not purchased any renewable power separately.

MPIDC is procuring power solely from MPPMCL through long term contract and accordingly, MPIDC has requested MPPMCL vide its letter no. MPIDC/RO/IND/SEZ/POWER/2022/ dated 22.07.22 to provide quotation for RE blended power to MPIDC. The total requirement of RE Power is 96.97 MUs for FY 2022-23, for which MPIDC is awaiting response from MPPMCL. In case MPPMCL is unable to provide a viable quotation, MPIDC may go for open market for RE Power or procure RECs of equal valuation from Power Exchanges.

The Petitioner submitted that it has granted three net metering connections to its consumers amounting to (474 kWp + 800 kWp + 3124.58 kWp) = 4398.58 kWp. The quantum of renewable energy produced from the RE-Systems of the Net Metered Consumers, shall qualify towards compliance of Renewable Purchase Obligation (RPO) for the Petitioner.

The Petitioner is also planning to set up a 5 MW ground mounted solar power plant within its licensee area. The Petitioner is exploring options available for fulfilment of RPO Compliances for past years i.e. from FY2016-17 to FY 2021-22 and reply with action plan will be submitted to the Commission on or before 31st March, 2023.

Commission's Observations/ Directions:
The Commission has observed that the Petitioner has not met its Renewable Purchase Obligation (RPO) for FY 2019-20 and FY 2021-22. In view of this, the Commission again directs the Petitioner to submit the details of the compliance made by the Petitioner towards RPO trajectory specified by the Commission in MPERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2021 and amendments thereof from FY 2010-11 to FY 2021-22 within three months from the date of issuance of this Order. The Commission will take appropriate action separately as per the provision of the aforesaid Regulations.

6.4 Policy and procedure for identification of bad debts and writing off the same

Commission's Directive:
Regulation 37 of the MPERC MYT Regulations, 2021, specifies as follows:

"Bad and doubtful debts

The Licensee shall submit the Draft policy and procedure for identification of bad debts and writing off the same for the approval of the Commission within three months from the date of notification of these Regulations."

Accordingly, the Petitioner is directed to submit draft policy and procedure for identification of bad debts and writing off the same for the approval of the Commission within three months from the date of issuance of this tariff order.

Petitioner Submission:

The Petitioner submitted that it has not written off any Bad Debt amount in the books so far. The Petitioner monitors continuously on the outstanding of consumer and take appropriate action time to time. However, there are only 2 cases of Bad Debts comes out so far as shown below:

Name of the Consumer	Year of Default	Amount (Rs.)
Mission Viva Care	FY 2016-17	79,32,227
Geotech Worldwide	FY 2018-19	43,32,416

Both the above cases are sub judice. Appropriate action will be taken according to the verdicts out come.

Further, MPIDC (the parent company) has not yet adopted any policy related to Bad Debt. However, as directed by the Commission, the Petitioner is preparing a separate policy and procedure for identification of bad debts and writing off the same and will submit the same shortly.

Commission's Observations/ Directions:

The Commission has taken note of the submission made by the Petitioner and directs the Petitioner to submit draft policy and procedure for identification of bad debts and writing off. within three months to get approval of the same from the Commission.

A7: PUBLIC SUGGESTIONS AND COMMENTS ON LICENSEE'S PETITION

7.1 After admission of the ARR and Tariff proposals for FY 2023-24 filed by Petitioner, public notice issued on 28th December, 2022 and published by Petitioner in the prominent English and Hindi newspapers (Free Press Journal, Indore in English and Nai Dunia, Indore in Hindi Language), requesting the Stakeholders to file their objections/ comments / suggestions, latest by 19th January, 2023. Further, the gist of the Petitions was uploaded on the Commission's and the Petitioner's websites.

7.2 The Commission held public hearing on the Petition for approval of ARR and tariff proposal for FY 2023-24 through video conferencing on 31st January, 2023.

7.3 The Commission has ensured transparency with regard to public participation and meticulously observed the same at every stage. Adequate opportunity has been given to all stakeholders to file as well as present their objections/comments/suggestions on the petition.

7.4 In response to the public notice, the Commission has not received any suggestions/ comments/ objections from the stakeholders. Further, none of the stakeholders made any representation before the Commission during the public hearing conducted on 31st January, 2023 through virtual mode.

TARIFF SCHEDULES

Annexure-1 (Tariff Schedules for Low Tension Consumers)

ANNEXURE TO THE TARIFF ORDER PASSED BY MPERC FOR FINANCIAL YEAR 2023-24

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION TARIFF SCHEDULES FOR LOW TENSION CONSUMERS OF MPIDC (Indore), LTD., SEZ PITHAMPUR

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Tariff Schedule LV - 1

DOMESTIC:

Applicability:

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

Tariff:

Energy charges (paise per unit)	Monthly Fixed Charges (in Rs)
322	58 per connection

Specific Terms and conditions for LV-1 category

a) No minimum charges are applicable to this category of consumers.

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

Tariff Schedule LV - 2

NON-DOMESTIC:

Applicability:

This tariff is applicable for light, fan and power to Railways (for purposes other than traction and supply to Railway Colonies/water supply), Shops/showrooms, Parlours, All Offices, Hospitals and medical care facilities including Primary Health Centres, clinics, nursing homes belonging to either Govt. or public or private organisations, public buildings, guest houses, Circuit Houses, Government Rest Houses, X-ray plant, recognized Small Scale Service Institutions, clubs, restaurants, eating establishments, meeting halls, places of public entertainment, circus shows, hotels, cinemas, professional's chambers (like Advocates, Chartered Accountants, Consultants, Doctors etc.), bottling plants, marriage gardens, marriage houses, advertisement services, advertisement boards/ hoardings, training or coaching institutes, petrol pumps and service stations, tailoring shops, laundries, gymnasiums, health clubs, telecom towers for mobile communication and any other establishment (except those which are covered in LV 2.1), who is required to pay GST/Commercial tax/service tax/value added tax (VAT)/entertainment tax/luxury tax under any Central/State Acts., Educational Institutions including workshops and laboratories of Engineering Colleges / Polytechnics/ITIs (which are registered with /affiliated/ recognized by the relevant Govt. body or university), and any other establishment which is not covered in other LV categories.

Tariff:

Sub category	Energy charges (paise/unit)	Monthly Fixed charges (in Rs)
LV 2.1 Sanctioned load-based tariff (only for connected load up to 20kW)		
On all units if monthly consumption is not more than 50 units	332	53 per KW
On all units in case monthly consumption exceeds 50 units	367	88 per KW
LV 2.2 Demand based tariff		
OPTIONAL Demand based tariff (only for contract demand above 10 KW and up to 20kW)	367	108 per KW or 86 per kVA of billing demand
Mandatory demand based tariff for contract demand above 20 kW	367	108 per KW or 86 per kVA of billing demand
Temporary connections including Multi point temporary connection at LT for Mela*	442	108 per KW or 86 per kVA or part thereof of sanctioned or connected or recorded load whichever is highest

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

Specific Terms and Conditions for LV-2 category:

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

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

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

Tariff Schedule LV - 3

PUBLIC WATER WORKS AND STREET LIGHTS

Applicability:

The tariff **LV-3** is applicable for Public Utility Water Supply Schemes, Sewage Treatment Plants, Sewage Pumping Installations run by SEZ or any other organization authorised by the Government in the area of SEZ to supply/ maintain public water works / sewerage installations and shall also be applicable to electric crematorium maintained by local bodies/trusts.The tariff **LV-3** is also applicable to traffic signals and lighting of public streets or public places including parks, town halls, monuments and its institutions, museums, public toilets, public libraries, reading rooms run by Government or Local Bodies or SEZ and Sulabh Shochalaya**.**

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

Tariff: For Public Water Works and Street Light

Category	Energy Charges (paise per unit)	Monthly Fixed Charges (in Rs. per KW)	Minimum Charges (Rs)
LV 3: Public Water Works and Street Lights	412	NIL	300 per kW
Temporary supply for **Public Water Works and Street Lights**	1.25 times the applicable tariff		

Specific Terms and Conditions for LV-3 category:

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

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

Tariff Schedule LV - 4

LT INDUSTRIAL

Applicability:

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

Tariff: For industrial consumers

	Category	Monthly Fixed Charges (in Rs.)	Energy Charges (paise per unit)
4.1	**Industrial consumers**		
4.1 a	Demand based tariff (for Contract demand up to 150 HP)	108 per kW or 86 per kVA of billing demand	367
4.1 b	Temporary connection	1.25 times of the applicable tariff	

Specific Terms and Conditions for LV-4 category:

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

(b) Demand based tariff is mandatory for all the LT Industrial consumers.

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

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

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

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

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

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

Tariff Schedule LV - 5

E- VEHICLE / E-RICKSHAWS CHARGING STATIONS

Applicability:

The tariff is applicable exclusively for Electric Vehicle / Electric Rickshaws charging stations. However, tariff for other consumers who use electricity for charging their own Vehicle / Rickshaws shall be the same as applicable for the relevant category of metered connection from which the Vehicle / Rickshaws are being charged.

Applicable Tariff:

Category	Energy Charge (Paise/unit)
Electric Vehicle/ Rickshaw charging installations	422

Specific Terms and Conditions for LV-5 category:

a) Other terms and conditions shall be as specified under General Terms and Conditions of Low Tension Tariff.

GENERAL TERMS AND CONDITIONS OF LOW-TENSION TARIFF

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

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

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

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

5. **<u>Method of billing of Minimum Charges:</u>**

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Other Terms and Conditions:

(a) For **advance payment** made before commencement of consumption period for which bill is prepared, a rebate at one twelfth of annual interest rate in percentage applicable on working capital shall be given on the amount (excluding security deposit), which remains with the Distribution Licensee at the end of billing month. However, such amount shall be credited to the account of the consumer after adjusting any amount payable to the Distribution Licensee.

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

(c) The Sanctioned load or connected load, in case of connected-load based tariff should not exceed 112 kW / 150 HP. In case of demand-based tariff, the contract demand should not exceed 112 kW / 150 HP without any ceiling on connected load. If the consumer exceeds his load / demand beyond this ceiling on more than two occasions in two billing months during the tariff period, the Licensee may insist on the consumer to avail HT supply.

(d) No metering charges shall be levied.

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

(f) Other charges, wherever applicable shall be as specified in Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other Charges for providing

Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022 and amendments thereof.

(g) Existing LT power consumer shall ensure that LT capacitor of proper rating is provided. In this regard, Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time may be referred for guidance. It shall be the responsibility of the consumer to ensure that overall average power factor during any month is not less than 0.8 (80%), failing which the consumer shall be liable to pay low power factor surcharge on the entire billed amount. Provided that such surcharge shall be billed on the basis of energy actually consumed during the month. Power factor surcharge shall be billed at the rates given below:

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

Average Monthly Power Factor	Percentage Surcharge payable on billed energy charges
79%	1%
78%	2%
77%	3%
76%	4%
75%	5%
74%	6.25%
73%	7.50%
72%	8.75%
71%	10.00%
Below 71%	10.00%

For this purpose, the "average monthly power factor" shall have the same meaning as in Madhya Pradesh Electricity Supply Code, 2021, as amended from time to time.

In case of billing or credit of minimum consumption such surcharge shall be billed with respect to energy actually consumed during the month.

2. **For the consumer other than g(1) above**: The consumer shall ensure that LT capacitors of proper rating are provided and are in good working. In this regard, Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time may be referred for guidance. In case of failure to meet the above criteria, the consumer would be levied a low power factor surcharge of 10% on the entire billed amount against energy charges during the month and would be continued to be billed till such time the consumer meets the above criteria.

In case of billing or credit of minimum consumption such surcharge shall be billed with respect to energy actually consumed during the month.

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

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

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

(k) **Delayed payment Surcharge for all categories:** Surcharge at the rate of 1% per month or part thereof on the amount outstanding (including arrears) will be payable if the bills are not paid up to due date subject to a minimum of Rs.5/- per month for total outstanding bill amount up to Rs. 500/- and Rs 10/ per month for amount of bill more than Rs.500/. The part of a month will be reckoned as full month for the purpose of calculation of delayed payment surcharge. The delayed payment surcharge will not be levied for the period after supply to the consumer is permanently disconnected. However, for the temporary connection, if any, amount is outstanding after disconnection, Delayed Payment Surcharge at the rate of 1% per month or part thereof shall be applicable as per Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time.

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

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

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

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

(p) If any difficulty arises in giving effect to any of the provisions of this order, the Commission may, by general or special order, direct the Licensees to do or undertake things, which in the opinion of the Commission is necessary or expedient for the purpose of removing the difficulties.

8. Additional conditions for Temporary Supply at LT:

(a) Temporary supply cannot be demanded by a prospective/ existing consumer as a matter of right but will normally be arranged by the licensee when a requisition giving due notice is made. The temporary additional supply to an existing consumer also shall be treated as a separate service and charged subject to following conditions. However, service under Tatkal Scheme shall be made available within 24 hours subject to charges as specified in Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022 and amendments thereof.

(b) Fixed Charge and energy charge for temporary supply shall be billed at 1.25 times the normal charges as applicable to relevant category if not specified otherwise specifically.

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

(d) The Sanctioned load or connected load, in case of connected load based tariff should not exceed 112 kW /150 HP. In case of demand based tariff the contract demand should not exceed 112 kW / 150 HP without any ceiling on connected load.

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

(f) Connection and disconnection charges and other miscellaneous charges shall be paid separately as specified in Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022 and amendments thereof.

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

9. Wherever, there is contradiction in general terms & conditions and specific terms & conditions given for any particular category, the specific terms and conditions shall prevail for that category.

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Annexure-2 (Tariff Schedules for High Tension Consumers)

ANNEXURE TO THE TARIFF ORDER PASSED BY MPERC FOR FINANCIAL YEAR 2023-24

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION TARIFF SCHEDULES FOR HIGH TENSION CONSUMERS OF MPIDC (Indore), LTD., SEZ PITHAMPUR

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Tariff Schedule - HV - 1

INDUSTRIAL AND NON-INDUSTRIAL

Applicability:

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

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

Tariff:

S. No.	Category	Monthly Fixed Charges (Rs/kVA of billing demand per month)	Energy charges (Paise / unit)
1.1	**Industrial**		
	11 KV supply	193	377
	33 KV supply	228	374
1.2	**Non-Industrial**		
	11 KV supply	248	397
	33 KV supply	263	387

Specific Terms and Conditions for HV-1 Category:

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

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

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

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

Tariff Schedule - HV - 2

PUBLIC WATER WORKS

Applicability:

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

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

Tariff:

Category	Monthly Fixed charges (Rs. / kVA of billing demand per month)	Energy Charges (paise per unit)
11 kV supply	198	367
33 kV supply	223	337

Specific Terms and Conditions for HV-2 Category:

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

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

Tariff Schedule - HV - 3

SYNCHRONIZATION OF POWER FOR GENERATORS CONNECTED TO THE GRID

Applicability:

This Tariff shall apply to those generators who are already connected to the grid and seek to avail power for synchronization with the grid. This Tariff category shall also be applicable to the Generator/Co-generation plant from Renewable Sources entitled to draw power exclusively for its own use from the State Distribution Licensee for synchronization of plant with the grid or during shutdown period of its plant or during other emergencies (but not for construction) or for auxiliaries or forced outage.

Tariff for all voltages:

Category	Energy Charge (Paise/unit)
For all Voltage levels of HV category	773

Specific Terms and Conditions for HV-3 Category:

(a) The supply for above purpose with the grid shall not exceed 15% of the capacity of the Power Plant. In case of drawl of power above 15% of the capacity of the power plant on any occasion, the excess energy drawn during the billing month shall be billed at the rate of 2 times of the normal energy charges.

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

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

(d) The synchronization with the grid shall only be made available after commissioning of the plant.

(e) The generator including CPP shall execute an agreement with the Licensee for meeting the requirement of synchronization/power with the grid incorporating the above terms and conditions.

Tariff Schedule - HV - 4

E- VEHICLE / E- RICKSHAWS CHARGING STATIONS

Applicability:

The tariff is applicable exclusively for Electric Vehicle / Electric Rickshaws charging stations. However, tariff for other consumers who use electricity for charging their own Vehicles/Rickshaws shall be the same as applicable for the relevant category of connection from which the Vehicles/Rickshaws is being charged at such premises.

Applicable Tariff:

Category	Energy Charge (Paise/unit)
HT Supply	422

Specific Terms and Conditions for HV-4 Category:

a) Other terms and conditions shall be as specified under General Terms and Conditions for High Tension Tariff.

GENERAL TERMS AND CONDITIONS OF HIGH-TENSION TARIFF

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

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

1.2 **Character of Service:** The character of service shall be as per Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time.

1.3 **Point of Supply:** The point of supply shall be as per provisions of Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time.

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

1.5 **Billing demand:** The billing demand for the month shall be the actual maximum kVA demand of the consumer during the month or 90% of the contract demand, whichever is higher. In case power is availed through open access, the billing demand for the month shall be the actual maximum kVA demand during the month excluding the demand availed through open access for the period for which open access is availed or 90% of the contract demand, whichever is higher, subject to clause 3.4 of the M.P. Electricity Supply Code, 2021.

The provisions regarding additional charges for excess demand shall be applicable as per clause 1.11 of these conditions.

Note: The billing demand shall be rounded off to the nearest integer number i.e. the fraction of 0.5 or above will be rounded off to next integer figure and the fraction of less than 0.5 shall be ignored.

1.6 **Minimum charges shall be billed** as follows :

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

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

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

4) In the month which cumulative actual or billed monthly consumption of the consumer exceeds the cumulative monthly prorated minimum annual consumption and if the consumer was charged in earlier months for minimum difference consumption on account of his actual consumption being less, then such minimum consumption shall be adjusted in the month in which cumulative actual or billed monthly consumption exceeds cumulative monthly prorated minimum annual consumption. If such tariff difference consumption does not get fully adjusted in that month, such adjustment shall continue to be done in subsequent months of the financial year. The following example illustrates the procedure for monthly billing of consumption where prorated monthly minimum consumption is 100 kWh based on annual consumption of 1200 kWh.

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

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

Incentive/ Rebate / Penalties

1.8 ***For advance* payment made before** commencement of consumption period for which bill is prepared, an incentive at one twelfth of annual interest rate in percentage applicable on working capital shall be given on the amount (excluding security deposit), which remains with the Distribution Licensee at the end of billing month. However, such amount shall be credited to the account of the consumer after adjusting any amount payable to the Distribution Licensee

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

1.10 **Power Factor Penalty**

(i) If the average monthly power factor of the consumer falls to 89% or below, the consumer shall be levied a penalty @ 1% (one percent), for each one percent fall in his average monthly power factor below 90 percent, on total amount of bill under the head of "Energy Charges".

(ii) If the average monthly power factor of the consumer falls to 84% or below, the consumer shall be levied a penalty of 5% (five percent) plus @ 2% (two percent) for each one percent fall in his average monthly power factor below 85 percent on the total amount of bill under the head of "Energy Charges". This penalty shall be subject to the condition that overall penalty on account of low power factor does not exceed 35%.

(iii) Should the average monthly power factor fall to 69% or below, the Distribution Licensee reserves the right to disconnect the consumer's installation till steps are taken to improve the same to the satisfaction of the Distribution Licensee. This is, however, without prejudice to the levy of penalty charges for low power factor in the event of supply not being disconnected.

(iv) For this purpose, the "average monthly power factor" shall have the same meaning as in Madhya Pradesh Electricity Supply Code, 2021, as amended from time to time.

Power Factor penalty shall be billed on the basis of energy actually consumed during the month.

(v) Notwithstanding what has been stated above, if the average monthly power factor of a new consumer is found to be 89% or less in any month during the first 6 (six) months from the date of connection, the consumer shall be entitled to a maximum period of six months to improve it to not less than 90% subject to following conditions:

a) This period of six months shall be reckoned from the month following the month in which the average power factor was found for the first time to be 89% or less.

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

c) The facility, as mentioned herein, shall be available not more than once to new consumer whose average monthly power factor is 89% or less in any month during 6 months from the date of connection. Thereafter, the charges on account of low average power factor, if found 89% or less, shall be payable as applicable to any other consumer.

1.11 **Additional Charges for Excess Demand**

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

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

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

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

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

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

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

a) Up to 105 kVA at normal tariff.

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

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

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

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

v. The billing of excess demand at higher tariff is without prejudice to the Licensee's right to discontinue the supply in accordance with the provisions contained in the Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time.

1.12 **Delayed Payment Surcharge:** Surcharge at the rate of 1 % per month or part thereof on the amount outstanding (including arrears) will be payable if the bills are not paid up to due date. The part of a month will be reckoned as full month for the purpose of calculation of delayed payment surcharge. The delayed payment surcharge will not be applicable after supply to the consumer is permanently disconnected. However, for the temporary connection, if any, amount is outstanding after disconnection, Delayed Payment Surcharge at the rate of 1% per month or part thereof shall be applicable as per Madhya Pradesh Electricity Supply Code, 2021 as amended from time to time.

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

1.14 **Temporary supply at HT:** Temporary supply shall be as defined in the M.P. Electricity Supply Code, 2021 as amended from time to time**.** If any consumer requires supply for a temporary period, the temporary supply shall be treated as a separate service and charged subject to the following conditions:

(a) Fixed Charges and Energy Charges shall be charged at 1.25 times the normal tariff. The fixed charges shall be recovered for the number of days for which the connection is availed during the month by prorating the monthly fixed charges. Month shall be considered as the number of total days in that calendar month.

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

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

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

Month	Recorded Maximum Demand (kVA)	Billing Demand (kVA)
April	100	100
May	90	100
June	80	100
July	110	110
August	100	110
September	80	110
October	90	110
November	92	110
December	95	110
January	120	120
February	90	120
March	80	120

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

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

(f) In case of existing HT consumer, requires temporary supply for the purpose of addition and/or alteration within the premises of existing HT connection, then the consumer is allowed to avail the same through its existing permanent connection to the extent of its Contract Demand and such consumer shall be billed at applicable tariff for permanent connection. Excess demand, if any, shall be treated as per the provisions in clause 1.11 above.

(g) Power factor penalties and the condition for Surcharge/ rebate shall be applicable at the same rate as for permanent connection.

Other Terms and Conditions:

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

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

1.17 No metering charges shall be levied.

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

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

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

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

1.22 If any difficulty arises in giving effect to any of the provisions of this order, the Commission may, by general or special order, direct the Licensees to do or undertake things, which in the opinion of the Commission is necessary or expedient for the purpose of removing the difficulties.

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

1.24 Wherever, there is contradiction in general terms & conditions and specific terms & conditions given for any particular category, the specific terms and conditions shall prevail for that category.

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

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