MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

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

Determination of True-Up of Aggregate Revenue Requirement (ARR) for FY 2019-20 for MPIDC (erstwhile MPAKVN(I)L), for Electricity Distribution Business of Special Economic Zone (SEZ) at Pithampur Area.

Petition No. 65 of 2021

PRESENT:

S.P.S. Parihar, Chairman

Mukul Dhariwal, Member

Gopal Srivastava, Member (Law)

IN THE MATTER OF:

True Up of ARR for FY 2019-20 under the prevailing MPERC MYT Regulations, along with other guidelines and directions issued by the MPERC from time to time and under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant Guidelines.

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List of Abbreviations

A&G	Administrative and General Expenses
ARR	Aggregate Revenue Requirement
CERC	Central Electricity Regulatory Commission
CSD	Consumer Security Deposit
Discom	Distribution Company
EA 2003	Electricity Act, 2003
EHT	Extra High Tension
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GFA	Gross Fixed Asset
GoI	Government of India
GoMP	Government of Madhya Pradesh
GST	Goods and Service Tax
HP	Horse Power
HT	High Tension
IND-AS	Indian Accounting Standards
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
MOD	Merit Order Despatch
MP	Madhya Pradesh
MPAKVN(I)L	Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited
MPIDC	Madhya Pradesh Industrial Development Corporation
MPERC	Madhya Pradesh Electricity Regulatory Commission
MPPGCL	Madhya Pradesh Power Generation Company Limited
MPPMCL	MP Power Management Company Limited
MPPTCL	Madhya Pradesh Power Transmission Company Limited
MU	Million Unit
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
TP	Tariff Policy
NTPC	NTPC Limited
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Ltd.
PLF	Plant Load Factor

PoC	Point of Connection
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

1. ORDER

(Passed on this 13th Day of April, 2022)

1.1 This order is in response to the Petition no. 65 of 2021, filed by Madhya Pradesh Industrial Development Corporation (MPIDC), erstwhile Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Ltd., (hereinafter referred as the Petitioner or the Distribution Licensee), a Company incorporated under the Companies Act, 1956 (Now Companies Act, 2013) having its registered office at 1st Floor, Atulya IT Park, Near Crystal IT Park, Khandwa Road, Indore, before Madhya Pradesh Electricity Regulatory Commission (hereinafter referred to as MPERC or the Commission). The Petitioner is a deemed distribution licensee under the fifth Provision to Section 14 of the Electricity Act, 2003. The area of supply of the Petitioner is SEZ Indore (Pithampur) within the State of Madhya Pradesh (MP). This petition has been filed under Section 61 and Section 62 (1) (d) of the Electricity Act, 2003 for True up of ARR of FY 2019-20, under tariff principles laid down in the Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2015 and its amendments thereof (hereinafter referred to as MYT Regulations).

1.2 The Commission issued retail supply tariff order for the Petitioner for FY 2019-20 vide Tariff Order dated 17th October, 2019. In accordance with the MYT Regulations, MPIDC was required to file the petition for True-up of ARR of FY 2019-20 latest by 31st December, 2020. The Petitioner, vide letter dated 30th November, 2021 requested the Commission for grant time extension upto 15th January, 2022 on the grounds that Audited Accounts for FY 2019-20 for their power business were in the process of being finalised. The Commission vide letter dated 2nd December, 2021 had considered the request and granted time extension upto 15th December, 2021. Subsequently, the Petitioner filed True-up Petition for FY 2019-20 on 15th December, 2021.

1.3 Thereafter, the Commission held the motion hearing on 11th January, 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. The public notice issued on 31st January, 2022 was published in the newspapers Nai Dunia and Free Press Journal, Indore. Last date for inviting comments / suggestions / objections was 18th February, 2022.

1.4 Based on the analysis of the Petition, the Commission observed that the Petition was deficient and had not been substantiated with supporting documents, including tariff formats and relevant model in excel sheets. Accordingly, the Commission communicated additional information and additional data requirements vide letter dated 3rd February, 2022.

1.5 The Petitioner submitted the consolidated response on additional information and data gaps vide letter dated 25th February, 2022.

1.6 Summary of the Aggregate Revenue Requirement and revenue gap / surplus submitted by the Petitioner for true up of FY 2019-20 is shown below:

Table 1: Summary of ARR and Revenue Gap claimed in True Up of FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	FY 2019-20
1	Power Purchase Cost	144.12
2	Intra State Transmission charges	9.52
3	SLDC and Other Charges	0.03
4	Employee expenses	3.46
5	R&M expenses	2.07
6	A&G expenses	2.00
7	MPERC and MPPMCL Fees & others	0.00
8	Depreciation	0.06
9	Interest and Finance Charges	1.82
10	Interest on Working Capital	0.00
11	Return on Equity (RoE)	0.83
12	Lease Rent	2.19
13	Income Tax	0.00
14	**Gross ARR**	**166.11**
15	Less: Other Income	0.10
16	**Net ARR**	**166.01**
17	Revenue from Sale of Power	168.35
18	**Revenue Gap / (Surplus) (Sr. No. 16- Sr. No. 17)**	**(2.34)**

Public Hearing

1.7 The Commission held public hearing on the True-up petition for FY 2019-20 through video conferencing on 22nd February, 2022.

1.8 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. The Commission has observed that one (1) stakeholder has submitted suggestions/ comments / objections on the Petition within stipulated time and also made representation during the Public Hearing. Detail of stakeholder comments is annexed to this Order as Annexure-1.

1.9 As per the provisions of the Electricity Act, 2003 and relevant regulations notified by the Commission in this regard, the Commission has finalized this order.

Allowable Revenue Gap / Surplus of MPIDC

1.10 Based on the scrutiny of various cost components under tariff principles laid down in the prevailing 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, 2015 and its amendments thereof regarding revenue income and expenditures of Petitioner, the Commission has considered the following Revenue gap / (surplus) for FY 2019-20 for adjustment through Retail Supply Tariffs in future:

Table 2: Revenue Gap/(Surplus) admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order	Claimed	Approved in True Up Order
1	Power Purchase Cost	175.78	144.12	142.28
2	Intra-State Transmission Charges	8.43	9.52	9.52
3	SLDC Charges	0.04	0.03	0.03
4	O&M Expenses	6.48	7.53	7.53
5	Depreciation	0.33	0.07	0.63
6	Interest and Finance Charges	1.46	1.82	1.49
7	Return on Equity	0.33	0.83	0.60
8	Lease Rent	0.00	2.19	0.00
9	Bad and Doubtful Debt	0.00	0.00	0.00
10	Income Tax	0.00	0.00	0.00
11	**Total Expenses**	**192.83**	**166.11**	**162.08**
12	Less: Other Income	2.44	0.10	3.01
13	**Aggregate Revenue Requirement**	**190.40**	**166.02**	**159.07**
14	Revenue from Sale of Power	190.45	168.35	168.12
15	**Revenue Gap/ (Surplus) (Sr. No. 13- Sr. No. 14)**	**(0.05)**	**(2.34)**	**(9.05)**

1.11 The Commission has admitted the Revenue Surplus of Rs. 9.05 Crore, as indicated in the table above, on the true up of FY 2019-20.

1.12 Ordered as above, read with the detailed reasons, grounds and conditions annexed herewith.

Sd/-	**Sd/-**	**Sd/-**
(Gopal Srivastava)	**(Mukul Dhariwal)**	**(S.P.S. Parihar)**
Member (Law)	**Member**	**Chairman**

2. TRUE UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20

Sales

Petitioner's Submissions

2.1 The Petitioner has submitted that actual category-wise sales (in MU) for FY 2019-20 was 400.16 MU as against the sales of 436.86 MU approved in the Tariff Order for FY 2019-20.

Commission's Analysis

2.2 The Commission has verified the actual sales from the R-15 statement and Audited account submitted by the Petitioner. Accordingly, the Commission has admitted the sales as reflected in the R-15 statement and Audited Accounts for FY 2019-20. The claimed sales and admitted sales for FY 2019-20 is as shown below:

Table 3: Category wise sales admitted by the Commission for FY 2019-20 (MU)

Sr. No.	Consumer category	Claimed	Admitted
1	**LT consumer categories**		
2	Non-Domestic	0.11	0.11
3	Public Water Works and Street Light	0.22	0.22
4	Industrial	0.21	0.21
5	**Total LT Sale**	**0.54**	**0.54**
6	**HT Consumer Categories**		
7	Industrial	399.63	399.63
8	Non-Industrial	-	-
9	Total HT Sale	**399.63**	**399.63**
10	**Total LT+HT Sale**	**400.16**	**400.16**

Power Purchase

Petitioner's Submissions

2.3 The Petitioner has claimed actual distribution loss of 1.49% for FY 2019-20.

2.4 The Petitioner has met its entire power requirement for FY 2019-20 from MPPMCL, considering the actual distribution losses, intra state transmission losses at 2.59%. Power purchase requirement claimed by the Petitioner for FY 2019-20 is 417.02 MU

Commission's Analysis

2.5 The Commission has observed that the Petitioner is able to achieve lower distribution loss of 1.49% as compared to normative distribution losses of 1.80% allowable as per MYT Regulations, 2015 and its amendments thereof. Accordingly, the Commission has approved the actual distribution loss of 1.49% for FY 2019-20 as claimed by the Petitioner.

2.6 Further, for computing the energy requirement of FY 2019-20, the Commission has admitted the actual MPPTCL loss of 2.59% for FY 2019-20 as per the Regulatory Compliance Report submitted by MPPTCL.

2.7 The energy balance / power purchase requirement on the basis of the sales and losses admitted by the Commission for the Petitioner for FY 2019-20 is shown in the following table:

Table 4: Power Purchase Requirement admitted by the Commission for FY 2019-20

Sr. No.	Particulars	Claimed	Admitted
1	Sales (MU)	400.16	400.16
2	Distribution Loss (%)	1.49%	1.49%
3	Distribution Loss (MU)	6.05	6.05
4	Input at MPIDC boundary (MU)	406.22	406.22
5	Intra-State Transmission Loss (%)	2.59%	2.59%
6	Intra-State Transmission Loss (MU)	10.80	10.80
7	**Energy Requirement (MU)**	**417.02**	**417.02**

Power Purchase Cost & Transmission charges

Petitioner's Submissions

2.8 The Petitioner has executed a long-term power purchase agreement with MPPMCL for a quantum of 40 MW with effect from 1st April, 2015 on 29th March, 2016. The Petitioner has also signed supplementary agreement with MPPMCL on 31st March, 2017 and 1st August, 2018 and enhanced the contracted capacity to 45 MW and subsequently again increased it to 50 MW. Based on this power purchase arrangement the Petitioner has met its entire power requirement from MPPMCL for FY 2019-20. Net Power purchase expense from MPPMCL during FY 2019-20 amounted to Rs. 144.12 Crore, including MPPMCL's power trading margin of Rs. 1.61 Crore and rebate on power sales of Rs. 0.23 Crore.

2.9 The Petitioner has submitted that it has not incurred any Inter-state transmission charges as the entire power requirement has been met from MPPMCL during FY 2019-20.

2.10 The Petitioner has incurred intra-state transmission charges of Rs. 9.52 Crore and SLDC charges of Rs. 0.03 Crore during FY 2019-20.

Commission's Analysis

2.11 The Commission has considered total power purchase cost booked for FY 2019-20 strictly as per the audited accounts.

2.12 The Commission has observed that the Petitioner has claimed trading margin of Rs. 1.61 Crore for FY 2019-20. On analysis of the account, it is observed that in Note 2.14 of its audited account for FY 2019-20, it is clearly specified that in the absence of Commission's approval of trading margin, only provisioning is being done and no actual payment of trading margin is being made to MPPMCL. Therefore, considering that the Commission has not approved recovery of any trading margin by MPPMCL, expense towards the trading margin has not been allowed to the Petitioner. For claiming trading margin in future, appropriate petition should be filed before the Commission.

2.13 Further, the Commission has observed that the petitioner has claimed rebate on power sales of Rs. 0.23 Crore for FY 2019-20 as part of Power Purchase Cost. On analysis, it was observed that the rebate that the petitioner has provided to its consumers on power sales, pertains to revenue from Sales of power. Therefore, the Commission consider it appropriate to not to consider rebate on power sales in power purchase cost rather the same has been reduced from revenue from sales of power.

2.14 The Commission has considered the actual intra-state transmission and SLDC charges paid by the Petitioner as per audited account for FY 2019-20.

2.15 Accordingly, the admitted power purchase cost for FY 2019-20, is as shown below:

Table 5: Power Purchase Cost (including Transmission and SLDC Charges) admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Power Purchase from MPPMCL	142.28	142.28
2	Trading Margin	1.61	0.00
3	Rebate on Power Sale	0.23	0.00
4	**Total Power Purchase Cost**	**144.12**	**142.28**
5	Intra-State Transmission Charges	9.52	9.52
6	SLDC Charges	0.03	0.03
7	**Total Power Purchase Cost and Transmission Charges including SLDC Charges**	**153.67**	**151.83**

Gross Fixed Assets (GFA) and Capitalisation

Petitioner's Submissions

2.16 The opening value of the GFA for FY 2019-20 has been considered as per the closing value of GFA for FY 2018-19.

2.17 The additions to asset have been considered as per the actual capitalisation for FY 2019-20. The actual GFA capitalisation of the Petitioner pertaining to power business for FY 2019-20 is Rs. 0.11 Crore.

Commission's Analysis

2.18 The Commission has considered the closing balance of GFA admitted in True-up order of FY 2018-19 as the opening balance of GFA for FY 2019-20.

2.19 In reply to data gaps, the Petitioner submitted that GFA addition of Rs. 0.11 Crore in FY 2019-20 is towards boundary wall/building of SEZ area, which includes boundary wall of power substation. Accordingly, 10% of Rs. 1.08 Crore has been allocated to Power business.

2.20 On the basis of the above, the Commission has considered the capitalization of 0.11 Crore for FY 2019-20 is as follows:

Table 6: Capitalisation Admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Buildings	0.11	0.11
2	**Total**	**0.11**	**0.11**

2.21 The Commission has observed that Closing GFA for FY 2018-19 was Rs. 31.65 Crore. The Same has been considered as Opening GFA for FY 2019-20. Petitioner has wrongly claimed Rs. 23.58 Crore as Opening GFA for FY 2019-20. The GFA admitted for FY 2019-20, based on the Capitalisation admitted by the Commission, is as below:

Table 7: GFA Admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Opening GFA	23.58	31.65
2	Addition during the Year	0.11	0.11
3	Adjustment during the Year	0.00	0.00
3	Closing GFA	23.69	31.76

Funding of Capitalisation

Petitioner's Submissions

2.22 The Petitioner has submitted that the funding of above-mentioned capital expenditure is done through various sources which are mainly categorized under four headings, namely:

i. Grants
ii. Consumer Contribution;
iii. Equity; and
iv. Debt.

2.23 The Petitioner has submitted that for FY 2019-20, the consumer contribution is more than the total capitalisation, thus no additional debt and equity has been considered.

Commission's Analysis

2.24 Regulation 21.1 of the MYT Regulations, 2015 and its amendments thereof specifies that debt-equity ratio shall be 70:30 for calculation of interest on loan and for return on equity. Further, equity addition is to be limited to 30% of the net GFA and equity in excess of 30% is to be considered as normative loan. However, the Commission observed that the Petitioner has not utilised any equity or availed any loan and rather has funded the capitalization entirely through consumers contribution. The Petitioner has received consumer contribution of Rs. 1.07 Crore in FY 2019-20. Accordingly, the GFA addition of Rs. 0.11 Crore for the year has been considered as to be funded through consumer contribution and remaining balance consumer contribution shall be considered in the subsequent years true ups. Accordingly, as the total GFA has been considered to be funded through consumer contribution, debt and equity addition for the year has been considered as nil.

2.25 Accordingly, the funding of the capitalisation approved for FY 2019-20 is shown as follows:

Table 8: Admitted funding of Capitalisation for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Total Capitalisation	0.11	0.11
2	Consumer Contribution and Grants	1.07	1.07
3	**Consumer Contribution and Grants Admitted for FY 2019-20**	**0.11**	**0.11**
4	**Net Capitalisation**	**0.00**	**0.00**
5	Normative Debt	0.00	0.00
6	Normative Equity	0.00	0.00

Operations and Maintenance Expenses

Petitioner's Submissions

2.26 The Operations and Maintenance (O&M) Expenses consists of the following elements as per Regulation 34.1 of the MYT Regulations, 2015:

- Employee Expenses
- Repairs and Maintenance (R&M) Costs
- Administrative and General (A&G) Expenses
- MPERC Expenses

Employee Expenses

2.27 The employees of Petitioner's various department like planning, commercial, technical, legal, finance & accounts, administration etc. are involved in activity of power business. The actual employee expenses for FY 2019-20 as incurred by the Petitioner based on the audited accounts is Rs. 3.46 Crore, including DA and terminal benefits.

A&G Expenses

2.28 The Petitioner has submitted that actual A&G expenses incurred for FY 2019-20 is Rs. 2 Crore, which is lower than the normative A&G expenses set by the Commission in the MYT Regulations, 2015 and its amendments thereof.

R&M Expenses

2.29 The Petitioner submitted that it has entered into an agreement with MPPKVVCL, Indore on dated 26 March, 2013 to carry out all R&M Expenses of its Electrical Network situated in the Special Economic Zone Phase I and Phase II in Pithampur area of the Dhar District and also to provide consultancy services in various techno-commercial matters relating to the distribution and supply of electricity in the Special Economic Zone area for an initial period of 3 years from the effective date. For first six months of FY 2017-18, MPPKVVCL was carrying out all R&M activities. Subsequently, the Petitioner has entered into agreement with PTC India Ltd. on 29th September, 2016 for R&M activities of its electrical network and other consultancy services at lower rates.

2.30 The Petitioner has 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 10th September, 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 Added]"***

2.31 With PTC India managing R&M activities, various distribution of power related aspects has improved considerably, including:

- The distribution loss levels have reduced significantly, and hard efforts are being pushed to reduce it further;
- 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 have been optimized 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.
- Consumer satisfaction level has improved with implementation of 24x7 call center and expeditious resolution of network and supply related issues.

2.32 The Petitioner has also submitted that a part of R&M expenses of Rs. 2.07 Crore incurred for FY 2019-20 is reflected as part of Power Purchase Cost in the audited financials. However, for the purpose of filing of this Petition, the Petitioner has re-classified the same as a part of the R&M expenses. Accordingly, the Petitioner has requested the Commission to approve actual R&M Expenses of Rs. 2.07 Crore for FY 2019-20.

MPERC Fees

2.33 The Petitioner has submitted that the actual MPERC Fees for FY 2019-20 is Nil.

Commission's Analysis

2.34 Operation and Maintenance expenses comprise of the following heads:

- Employees Expenses which includes the salaries, dearness allowance, dearness pay, other allowances and retirement benefits paid to the staff;
- Repair and Maintenance (R&M) Expenses, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and

- Administrative and General Expenses, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.
- MPERC Fees, is the fees payable to the MPERC as per Regulations.

2.35 It is observed that the Petitioner has claimed the Employee and Administrative & General Expense as per actuals, whereas the Repair & Maintenance Expense has been claimed as per the agreement with PTC.

2.36 As per MYT Regulations, 2015 and its amendments thereof, basic salary of employee is allowable as per the norms specified in the Regulations, whereas, terminal benefits and arrears are allowable as per actuals. With regard to A&G Expenses, it is allowable in accordance with the norms specified in the Regulations, whereas MPERC fees is to be allowed on actuals. As per MYT Regulations, 2015 and its amendments thereof, R&M Expenses are allowable on normative basis i.e. 5% of the opening GFA for the year.

2.37 On analysis of O&M Expenses, it is observed that the actual Employee and A&G expenses are lower than the normative expenses allowable as per Regulations, whereas actual R&M Expenses are higher than the normative R&M expenses allowable as per Regulations. Comparison of Actual and Normative O&M Expenses is shown below:

Table 9: Comparison of Actual and Normative Employee Expenses for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Actual	Normative
1	Salary	1.36	1.36	2.75
2	Dearness Allowance	1.62	1.62	1.62
3	Terminal Benefits	0.35	0.35	0.35
4	Arrears	0.14	0.14	0.14
5	**Total**	**3.46**	**3.46**	**4.85**

Table 10: Comparison of Actual and Normative A&G Expenses for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Actual	Normative
1	A&G Expenses	2.00	2.00	2.33
2	MPERC Fees	0.00	0.00	0.00
3	**Total A&G Expenses**	**2.00**	**2.00**	**2.33**

Table 11: Comparison of Actual and Normative R&M Expenses for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Actual	Normative
1	R&M Expenses	2.07	2.07	1.58

2.38 The primary reason for Employee Expenses being lower than the normative is that the petitioner has outsourced R&M activity to external agency i.e. PTC. On the other hand, the actual R&M Expenses is higher as compared to normative R&M expenses allowable as per Regulations due to the fact that the Repair and Maintenance activity has been outsourced and it would also include part of the employee expenses. Accordingly, considering the fact that the Petitioner has been able to achieve distribution loss targets consistently in past years, the Commission in this order has admitted O&M Expenses considering that the norms specified in the Regulations are the ceiling norms and thereby allowing O&M expenses on actuals, if the same is lower as compared to norms specified in the Regulations.

2.39 Accordingly, based on the above, the total O&M expenses admitted by the Commission for FY 2019-20 is shown in the table below:

Table 12: O&M Expenses admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Actual	Normative	Admitted
1	O&M Expenses	7.53	7.53	8.76	7.53

Depreciation

Petitioner's Submissions

2.40 The Petitioner has submitted that the rates of depreciation as specified in the MYT Regulations, 2015 and its amendments thereof have been considered for the computation of depreciation for FY 2019-20. The additions to asset have been considered as per the actual Capitalisation for FY 2019-20. Accordingly, the Petitioner has computed Depreciation for FY 2019-20 as Rs. 0.06 Crore.

2.41 The Petitioner further submitted that it has reduced the amortization of the assets capitalized from the consumer contribution for FY 2019-20. Accordingly, net depreciation on GFA for FY 2019-20, after reducing amortization on consumer contribution of Rs. 1.07 Crore is Rs. 0.06 Crore as follows:

Table 13: Depreciation claimed by the Petitioner for FY 2019-20 (Rs. Crore)

Sl. No.	Particulars	Claimed
1	Gross Opening GFA	23.58
2	Net Additions during the year	0.11
3	Closing Gross Fixed Asset	23.69
4	Depreciation	1.14
5	Consumer contribution amortized	1.07
6	**Net Depreciation**	**0.06**

Commission's Analysis

2.42 The Commission has considered the capitalisation for FY 2019-20 as detailed earlier in this Order. Depreciation has been computed considering the rates of depreciation as per MYT Regulations, 2015 and its amendments thereof as per specified class of assets. Further, the Commission has not allowed depreciation on assets created through consumer contribution and grants. Accordingly, the computation of depreciation rate considered by the Commission for approval of depreciation for FY 2019-20 is as shown below:

Table 14: Computation of depreciation rate for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Depreciation Rate (%)	Opening GFA	Net Addition during the year	Closing GFA	Average GFA	Gross Depreciation
1	Furniture & Fixtures	6.33%	0.21	0.00	0.21	0.21	0.01
2	Computers	5.28%	0.02	0.00	0.02	0.02	0.00
3	Buildings	3.34%	4.12	0.11	4.23	4.17	0.14
4	Plant & Machinery	5.28%	27.30	0.00	27.30	27.30	1.44
5	**Total**		**31.65**	**0.11**	**31.76**	31.70	1.60
6	**Weighted Average Depreciation Rate (%)**						**5.03%**

2.43 Based on the depreciation rate computed above, the net depreciation admitted by the Commission for FY 2019-20 is as follows:

Table 15: Net Depreciation admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Admitted
1	Net Opening GFA as on 1st April, 2019 (as per closing net GFA approved in true up order of FY 2018-19)	12.58
2	Net addition to GFA of Consumer Contribution and Grants	0.00

Sr. No.	Particulars	Admitted
3	Net Closing GFA as on 31st March, 2020	12.58
4	**Average Net GFA**	**12.58**
5	Depreciation Rate (%)	5.03%
6	**Depreciation**	**0.63**

Interest and Finance Charges

Interest on Project Loans

Petitioner's submissions

2.44 The Petitioner has submitted that for assessing interest charges on loans for FY 2019-20, the opening balance of loan has been considered to be equal to closing loan balance of the same for the previous year. The addition to loan for FY 2019-20 has been considered as nil based on the actual Capitalisation during the year.

2.45 The repayment of the loan during the year has been considered equal to depreciation charged for the financial year as per clause 31.3 of the MYT Regulations, 2015 and its amendments thereof. Since the Petitioner does not have actual loans, the weighted average rate of interest of three state Discoms of 6.57%, as admitted by the Commission in its Retail Supply Tariff Order for the FY 2019-20 has been considered, in line with the approach adopted by the Commission in its earlier Tariff Orders in approving the Interest and finance charges.

Commission's Analysis

2.46 The Commission has considered the opening net loan for FY 2019-20 as per the closing net loan for FY 2018-19 as approved in true up order for FY 2018-19. Loan addition during the year has been considered as 70% of the net capitalisation (net of consumer contribution) admitted for the year. The repayment has been considered equivalent to admitted depreciation for the year.

2.47 Interest on loan has been computed considering interest rate of 8.08%, as admitted by the Commission in true up of State DISCOMs of FY 2019-20, dated 12th October, 2021. The interest on loans as admitted by the Commission for FY 2019-20 is as shown below:

Table 16: Interest and finance charges admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Net Opening Loan as on 1st April, 2019	12.10	6.17
2	Addition to net loan during the year	0.11	0.00
3	Repayment during the year	0.06	0.63
4	Total net loan as on 31st March, 2020	12.27	5.54
5	**Average Net Loan**		**5.85**
6	Interest Rate (%)	6.57%	8.08%
7	**Interest on Loans**	**0.81**	**0.47**

Interest on Security Deposit

Petitioner's Submissions

2.48 The Petitioner has submitted that the actual interest paid on consumer security deposit for FY 2019-20 is Rs. 1.02 Crore as per the audited accounts.

Commission's Analysis

2.49 The Commission for true-up of ARR for FY 2019-20, has admitted the actual interest on consumer security deposit of Rs. 1.02 Crore as per the Audited Accounts.

Interest on Working Capital

Petitioner's Submissions

2.50 The Petitioner has submitted that the Interest on working capital has been calculated on the basis of normative parameters as provided in the Clause 22.1 of the MYT Regulations, 2015 and its amendments thereof which have been reproduced below:

"22. Working capital.-

22.1. Following shall be included in the working capital for supply activity of the Licensee:

(1) Receivables of two months of average billing reduced by power purchase cost of one month and any consumer security deposit, O&M expenses for one month, and Inventory (meters, metering equipment, testing equipment are particularly relevant in case of supply activity) for 2 months based on annual requirement for previous year.

22.2. Following shall be included in the working capital for wheeling activity of the Licensee:

(i) O&M expenses for one month, and Inventory (excluding meters, etc. considered part of supply activity) for 2 months based on annual requirement considered at 1% of the gross fixed assets for previous year."

2.51 The rate of interest considered is the State Bank Advance Rate (SBAR) as on 1st April, 2019 as provided in Regulation 36 of the MYT Regulations, 2015 and its amendments thereof.

Commission's Analysis

2.52 The MYT Regulations specify that the 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 and any consumer security deposit,
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 for previous year.

2.53 Working capital for wheeling activity of the licensee shall consist of:

i. O&M expenses for one month, and
ii. Inventory (excluding meters, etc. considered part of supply activity) for 2 months based on annual requirement considered at 1% of the gross fixed assets for previous year.

2.54 Further, as per the Regulations, the rate of interest on working capital shall be equal to the State Bank Prime Lending Rate as on 1st of April of the relevant year. SBI PLR rate as on 1st April, 2019 was 13.80%. Accordingly, the Commission has considered the same for computing the interest on working capital for FY 2019-20. The summary of interest on working capital admitted by the Commission for FY 2019-20 is shown in the Table below:

Table 17: Interest on Working Capital admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
For Wheeling Activity			
A)	1/6th of annual requirement of inventory for previous year	0.17	0.04
B) i)	Total of O&M expenses		7.53
B) ii)	1/12th of total	0.63	0.63
C)	Receivables		
C) i)	Annual Revenue from wheeling charges	0.00	0.00
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	0.00	0.00
D)	Total Working capital	0.80	0.67
E)	Rate of Interest	13.80%	13.80%
F)	**Interest on Working capital**	**0.11**	**0.09**
For Retail Sale activity			
A)	1/6th of annual requirement of inventory for previous year	0.00	0.01
B)	Receivables		
B) i)	Annual Revenue from Tariff and charges		159.07
B) ii)	Receivables equivalent to 2 months average billing	28.06	26.51
C)	Power Purchase expenses		142.28
C) i)	1/12th of power purchase expenses	12.01	11.86
D	Consumer Security Deposit	18.25	18.25
E)	Total Working capital (A+B ii) - C i) - D)	(2.20)	(3.60)
F)	Rate of Interest	13.80%	13.80%
G)	**Interest on Working capital**	**(0.30)**	(0.50)
	Summary		
1	**For wheeling activity**	**0.11**	**0.09**
2	**For Retail Sale activity**	**(0.30)**	**(0.50)**
	Total Interest on working Capital	**(0.19)**	**(0.40)**
	Total Interest on working Capital admitted	**0.00**	**0.00**

2.55 Total Interest and Finance Charges admitted by the Commission for FY 2019-20 is shown as follows:

Table 18: Interest & Finance Charges admitted for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Interest on Loans	0.81	0.47
2	Interest on Security Deposit	1.02	1.02
3	Interest on Working Capital	0.00	0.00
4	**Total Interest and Finance Charges**	**1.82**	**1.49**

Lease Rent

Petitioner's Submissions

2.56 The Petitioner has submitted that it 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, the Petitioner also supplies power to the occupants of the SEZ. For this purpose, MPIDC (SEZ Developer) has provided land to power business of the Petitioner for setting up its infrastructure necessary for providing power to the industrial units. Against this land which has been allocated to the power business, the Petitioner 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.

2.57 As per Clause 33 of the MYT Regulations, 2015:

> *"33. 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."*

2.58 Lease rent is a 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 the SEZ business as they could have leased out this land to some other industry and received lease rent against it.

2.59 Further, as a distribution licensee, in normal course of action, the Petitioner 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 the Petitioner, is inevitable.

2.60 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."

2.61 The Petitioner has submitted that as it has now made all past payments towards lease rent, the Commission is requested to approve lease rent on actual basis as incurred by the Petitioner.

2.62 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.

2.63 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 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 Hon'ble Commission had admitted the least rent for Akola II Sub-station over and above the normative O&M expenses of MEGPTCL prescribed in the MYT Regulations.

2.64 The Petitioner has requested the Commission to allow lease rent of Rs. 2.19 Crore charged to MPIDC to the power business as a legitimate expenditure as part of the ARR for FY 2019-20.

Commission's Analysis

2.65 The Commission in its Regulations has clearly defined the expenses and costs that can be passed on to the consumers in its ARR. The expense in form of lease rent has not been considered as legitimate expense to be passed on in the ARR.

2.66 The recovery of asset utilization in form of depreciation, return on equity and interest on debt has been defined on premise of adequate cost recovery after detailed deliberation and stakeholder consultation. Whereas there is no reliable basis of the amount of lease rental being claimed by the Petitioner.

2.67 Further, the submission of the Petitioner that it has paid the lease rent is also not correct. Such expense has not been paid in actuals and is only a book entry from one department of Petitioner Company to another, which cannot be called as expense for passing it to ARR. The Commission in provisional true up for FY 2010-11 and FY 2011-12 had not allowed the lease rent, which was upheld by the Hon'ble APTEL also in Appeal No. 71 of 2013 filed by the Petitioner. Aggrieved by the same the Petitioner has filed an Appeal before the Hon'ble Supreme court of India, which is sub judice.

2.68 Accordingly, with respect to the view taken by the Commission in order for provisional true up of FY 2010-11 and FY 2011-12, the Commission has not admitted the lease rent as claimed by the Petitioner as the matter is sub-judice before Hon'ble Supreme Court. The expense in form of lease rent has not been considered as legitimate expense to be passed on in the ARR.

Return on Equity

Petitioner's Submissions

2.69 The Petitioner has submitted that as per Regulation 30.2 of the MYT Regulations, 2015 and its amendments thereof .

> *"30.2. Return on equity shall be computed on pre-tax basis at the rate 16%. Any expenses on payment of Income Tax shall be allowed extra on actual basis on the licensed business of Distribution Licensee."*

2.70 Accordingly, the Petitioner has computed the return on equity considering a rate of return on equity at 16%.

2.71 The opening equity for FY 2019-20 is considered to be equal to closing value for the previous year as submitted in True up Petition for the previous year. Since the Petitioner did not have any tax liability for FY 2019-20, no tax on income has been claimed by the Petitioner.

Commission's Analysis

2.72 Return on Equity (RoE) has been computed on pre-tax basis @ 16% as per provisions of MYT Regulations, 2015 and its amendments thereof. The opening equity for FY 2019-20 identified with the admitted GFA has been considered as per the closing equity admitted by the Commission in true up order for FY 2018-19. Further, the equity addition has been considered as 30% of the net GFA admitted by the Commission for FY 2019-20. The total equity identified along with RoE as admitted for FY 2019-20 is shown in the table below:

Table 19: Return on Equity admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Equity associated with GFA as on the beginning of the year	5.19	3.77
2	30% of addition to net GFA considered as funded through equity	0.00	0.00
3	Total equity associated with GFA at the end of the year	5.19	3.77
4	Average equity associated with GFA at the end of the year	5.19	3.77
5	Rate of Return on equity (%)	16.00%	16.00%
6	**Return on Equity**	**0.83**	**0.60**

Income Tax

Petitioner's Submissions

2.73 The Petitioner has not claimed any Income tax for FY 2019-20.

Commission's Analysis

2.74 Since, the Petitioner has not made any payment towards income tax, the Commission has approved Income Tax as nil.

Other Income

Petitioner's Submissions

2.75 The Petitioner has submitted an amount of Rs. 0.10 Crore towards Other Income for FY 2019-20.

Commission's Analysis

2.76 The Commission has observed that the Petitioner has not considered the rebate of Rs. 2.92 Crore received on power purchase in other income. However, the

Commission has considered the same as part of other income in line with the approach adopted in previous true up orders, to pass on the benefit of reduction in power purchase cost to the consumers. The similar approach is also adopted by many other States. Accordingly, the other income admitted by the Commission as per audited accounts for FY 2019-20 is shown in the table below:

Table 20: Other Income admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Claimed	As per Accounts	Admitted
1	Other Income	0.10	3.01	3.01

2.77 Based on the above, the ARR admitted by the Commission in true up of FY 2019-20 is shown in the following table:

Table 21: ARR admitted by the Commission for FY 2019-20 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order	Claimed	Approved in True Up Order
1	Power Purchase Cost	175.78	144.12	142.28
2	Intra-State Transmission Charges	8.43	9.52	9.52
3	SLDC Charges	0.04	0.03	0.03
4	O&M Expenses	6.48	7.53	7.53
5	Depreciation	0.33	0.07	0.63
6	Interest and Finance Charges	1.46	1.82	1.49
7	Return on Equity	0.33	0.83	0.60
8	Lease Rent	0.00	2.19	0.00
9	Bad and Doubtful Debt	0.00	0.00	0.00
10	Income Tax	0.00	0.00	0.00
11	**Total Expenses**	**192.83**	**166.11**	**162.08**
12	Less: Other Income	2.44	0.10	3.01
13	**Aggregate Revenue Requirement**	**190.40**	**166.02**	**159.07**

Revenue from Sale of Power

Petitioner's Submissions

2.78 The Petitioner has submitted that the revenue from sale of power for FY 2019-20 is Rs. 168.35 Crore.

Commission's Analysis

2.79 The Commission has observed that the actual revenue from sale of power as per audited account is Rs. 168.35 Crore and same has been claimed by the Petitioner.

However, on analysis of the audited account it is observed that the Rebate on power sales of Rs. 0.23 Crore booked under Schedule 9 (Power Purchase and Direct Expenses to Power Purchase) of the Profit and Loss Statement has not been included in Revenue from Sales of Power under Schedule 7 of Profit and Loss statement and separately claimed by the Petitioners in Power Purchase Cost. As the rebate provided by the Petitioner to its consumers is based on the various rebate allowed by the Commission in Petitioner's Tariff Order, to increase revenue of the Petitioner. Therefore, impact of these rebate also needs to be considered under Revenue from Sale of Power and not as an expense.

2.80 In view of the above, the Commission has reduced rebate of power sales of Rs. 0.23 Crore from actual Revenue from Sale of Power as per audited account of FY 2019-20. The admitted revenue of Rs. 168.12 Crore, is shown in the following table:

Table 22: Revenue from Sales as admitted by the Commission for FY 2019-20
(Rs. Crore)

Sr. No.	Particulars	Claimed	Admitted
1	Revenue from the Sale of Power	168.35	168.12

Revenue Gap/Surplus for true-up of ARR for FY 2019-20

2.81 Based on the scrutiny of various cost components regarding revenue income and expenditures of Petitioner, the Commission has considered the following Revenue Gap / (Surplus) for FY 2019-20 for adjustment through Retail Tariffs in future:

Table 23: Revenue Gap/Surplus admitted by the Commission for FY 2019-20
(Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order	Claimed	Admitted
1	**ARR**	**190.40**	**166.02**	**159.07**
2	Revenue from Sale of Power	190.45	168.35	168.12
3	**Revenue Gap/ (Surplus)**	**(0.05)**	**(2.34)**	**(9.05)**

3. DIRECTIVES ISSUED FOR TRUE-UP ORDER FOR FY 2019-20

3.1 Non-Compliance of Renewable Purchase Obligation

Commission's Directives:

The Commission has observed that the Petitioner has not met its Renewable Purchase Obligation (RPO) for FY 2019-20. 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, 2010 and amendments thereof from FY 2010-11 to FY 2019-20 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.

4. PUBLIC SUGGESTIONS AND COMMENTS ON LICENSEE'S PETITION

4.1 After admission of the True-up Petition for FY 2019-20 filed by the Petitioner, public notice comprising gist of the True-up proposal was issued on 31st January, 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 Stakeholder to file their objections/ comments / suggestions, latest by 18th February, 2022 Further, the gist of the Petition was uploaded on the Commission's and the Petitioner's websites.

4.2 In response to the Public Notice, one (1) stakeholder has filed their comments in true up Petition. Subsequently, the Commission held public hearing through video conferencing mode on 22nd February, 2022 in which one (1) stakeholder presented its objection/ comment /suggestion on the Petition.

4.3 Objection/ Comment /Suggestion from the stakeholder, response of the Distribution License, and the Commission's views thereon are summarized in the following paragraphs

ISSUE No. 1: Power Purchase Cost

Issue Raised by Stakeholder

The Commission has in Retail Supply Tariff FY 2019-20 has approved additional energy requirement from MPPMCL at rate of Rs. 3.85/kWh, whereas in true-up petition actual power purchase cost per unit rate works out to Rs. 3.41/kWh. Further, as per MP DISCOMs true-up of FY 2020-21, the actual per unit rate for MP Genco thermal power plants is Rs. 4.53/kWh. Therefore, it can be observed that MPPMCL is selling power at reduce rate by Rs. 1.12/kWh.

The Petitioner has not submitted the information on allocation of capacity from MP Generating Companies station in the Petition. Without any specific allocation, MPPMCL can supply power from any station having low power purchase cost, thereby giving benefit to consumers of MPIDC.

The fixed charges from the petitioner has been charged for 50 MW capacity, whereas MPIDC is scheduling 100 MW power. Further, no power has been allocated from renewable energy generators or from the surplus power available with the DISCOMs as per the Commission's direction.

Allocation of power from the Stations other than the allocated station is illegal.

In the Petition there is no reference when the State Government has given approval to Petitioner to purchase power from MPPPCL.

Response from Petitioner:

The approved per unit rate of Rs. 3.85/kWh was inclusive of cost for compliance of Renewable Purchase Obligation. The Petitioner had envisaged in its Retail Tariff Petition, the per unit power purchase cost of Rs. 3.46/kWh, whereas as per actuals the same is Rs. 3.41/kWh. The actual power purchase cost claimed in the true up petition has been considered in accordance with the audited account and the power purchase bills issued by MPPMCL.

Power procurement is being done by MPIDC in accordance to the directions issued by MP government and allocation of power from MP Genco Stations.

Commission's Views:

The Commission has noted the submission of the stakeholder and response of the Petitioner. The Commission has admitted the power purchase cost as per the audited account of the Petitioner.

ISSUE No. 2: Transmission Charges

Issue Raised by Stakeholder

MPPTCL has charged Transmission Charges on 50 MW Capacity, whereas MPPMCL is scheduling 100 MW form Generating Station for supplying power.

Petitioner submission that Inter-State Transmission Charges are not applicable is incorrect.

Response from Petitioner:

MPIDC has no direct contract with the Generating stations. The agreement entered with MPPMCL facilitates MPIDC to procure 50 MW power. Further, MPIDC never schedules power beyond its contracted power and regularly monitors the same. MPIDC pays transmission charges to MPPTCL as per the contracted capacity.

Commission's Views:

The Commission has noted the submission of the stakeholder and response of the Petitioner. The Commission has admitted the Transmission Charges based on the actuals as per the audited accounts of the Petitioner.

ISSUE No. 3: **O&M services taken from PTC India Ltd.**

The Petitioner has engaged a power trading company PTC India Ltd. for handling its Operation and Maintenance which was previously being handled by West DISCOM. The consultancy charges paid by the Petitioner to PTC needs to be thoroughly scrutinised.

Response from Petitioner:

MPIDC has limited expertise in power distribution business, thus for benefit of its consumers it engages reputed consultants for support on appropriate power purchase strategy, technical aspects and O&M functions. The Petitioner had earlier engaged MP West DISCOM as its consultant and later it engaged PTC India as its consultant considering its lower cost of consultancy services and proven credentials.

Commission's Views:

The Commission has noted the submission of the stakeholder and response of the Petitioner.

ISSUE No. 4: **Non-Compliance of Renewable Purchase Obligation**

The Petitioner has not complied with the Renewable Purchase Obligation specified by the Commission.

Response from Petitioner:

The Petitioner has not purchased from Renewable Energy Sources in FY 2019-20. However, the Petitioner has implemented the Solar Rooftop Policy in FY 2020-21 for the consumers.

Commission's Views:

The Commission has noted the submission of the stakeholder and response of the Petitioner. The Commission has issued appropriate directive in Chapter 3 of this order.

Annexure-1

Sr. No.	Name	Name and Address of the Stakeholders
1.	Shri. Rajendra Agarwal	1995/A Gyan Vihar, Narmada Road, Jabalpur - 482008