

Bhopal, Dated: 5th December, 2005

No. 2934 /MPERC/2005. In exercise of powers conferred by Section 61 read with Section 181(2) (zd) of the Electricity Act 2003 (No. 36 of 2003), the Madhya Pradesh Electricity Regulatory Commission hereby makes the following regulations:

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MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF TARIFF FOR DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY) REGULATIONS, 2005

(G-27 OF 2005)

CHAPTER I - PRELIMINARY

Short title and commencement

- 1.1 These regulations shall be called ‘The Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for distribution and retail supply of electricity) Regulations, 2005 (G-27 of 2005).
- 1.2 These Regulations shall extend to the whole of the state of Madhya Pradesh.
- 1.3 These regulations shall come into force from the date of their publication in the official gazette of the Government of Madhya Pradesh.

Scope and extent of application

- 1.4 These regulations shall apply in all cases of determination of tariff for retail sale of electricity under section 62 of the EA 2003 but shall not apply where tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government as per the provisions of section 63 of the Act.

Definitions

- 1.5 In these regulations, unless the context otherwise requires,
 - (a) “Act” shall mean the Electricity Act, 2003 (36 of 2003);
 - (b) "Accounting Statement" means for each financial year the following statements, namely-
 - (i) balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956;
 - (ii) profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956

- (iii) cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;
 - (iv) report of the statutory auditors' of the licensee
 - (v) cost records if any, prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956,
 - (vi) together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;
- (c) "Applicant" means a distribution licensee who has made an application for determination of tariff for retail sale of electricity in accordance with these regulations and includes a distribution licensee whose tariff is the subject of a review by the Commission either suo motu or, on a petition filed by any interested or affected person;
- (d) "Bank rate" shall mean the bank rate of Reserve Bank of India as on April 1, of the relevant year;
- (e) "Base Year" shall mean the first year of the Tariff Period;
- (f) "Commission" shall mean the Madhya Pradesh Electricity Regulatory Commission;
- (g) "Customer" shall mean a person who has set up a captive generating plant or a Licensee or a consumer availing open access, utilising the distribution system of the Distribution Licensee.
- (h) "Date of Commercial operation" (COD)
- shall mean the date of charging the electric line or substation of a distribution licensee to its Declared Voltage level or seven days after the date on which it is declared ready for charging by the Distribution Licensee, but not able to charge for reasons attributable to its customers;
- Provided that the date of commercial operation shall not be a date prior to the scheduled date of commercial operation mentioned in the implementation agreement or the investment approval, as the case may be, unless mutually agreed to by all parties;
- (i) "Licensee" shall include a person deemed to be a licensee under Section 14 of the Act;
- (j) "Officer" means an officer of the Commission;
- (k) "Retail Consumer" means a person who avails supply of electricity from a Distribution Licensee;
- (l) "Secretary" means Secretary to the Commission;
- (m) "Tariff" shall mean the schedule of charges for bulk supply and retail supply of electricity together with terms and conditions for application thereof;
- (n) "Tariff period" shall mean the period for which tariff is determined by the Commission under these regulations;
- (o) "Year" shall mean financial year ending on 31st March, and
- (i) "Current Year" shall mean the year in which the statement of annual accounts or petition for determination of tariff is filed,

- (ii) "Previous Year" shall mean the year immediately preceding the current year,
- (iii) "Ensuing Year" shall mean the year next following the current year.
- (p) "Contracted Power" shall mean the power in MW, which the distribution licensee has agreed to wheel on his distribution system.
- (q) "Declared Voltage" shall mean the voltage as specified under section-54 of the Indian Electricity Rules, 1956 and as amended from time to time;
- (r) "Distribution loss" shall mean the total losses in the distribution system of a distribution licensee.

1.6 Words or expressions occurring in these regulations and not defined shall bear the same meaning as in the Act.

Determination of Tariff

1.7 The Commission shall determine tariff including terms and conditions thereof in the case of sale of electricity to retail consumers.

1.8 The Commission shall also determine charges for wheeling of electricity by customers through the Distribution Licensee's network and conditions thereof.

1.9 Notwithstanding anything contained in Part X of the Act, the tariff for any inter-State supply involving the territories of two States may, upon application made to it by the parties intending to undertake such supply be determined by the Commission in cases where the licensee intending to distribute electricity and make payment thereof is under the Commission's jurisdiction.

Principles for tariff determination

1.10 The Commission, while specifying the terms and conditions for the determination of tariff under these regulations shall be guided by the principles contained in section 61(a) to (i) of the Act.

1.11 The regulation encourages Distribution Licensee to operate on sound commercial principles and therefore the tariff shall provide for recovery of full cost incurred in the operation of business of Distribution Licensee plus a reasonable amount towards Return on Equity (ROE). The Distribution Licensee shall be required to prepare their Accounting Statements as per the Company Law requirement, which shall be regularly submitted before the Commission as detailed in clause 1.30. Only prudent levels of expenses shall be allowed. The return on equity earned by the Distribution Licensee shall depend upon performance relative to the benchmark levels of the operating and costs parameters fixed by the Commission. Only prudent capital expenditure shall be considered for inclusion in the Asset base. The Commission may consider inclusion of the cost incurred for implementing computerised MIS and prudent HRD policies as an expenditure in the annual revenue requirement while determining the tariff.

- 1.12 The MYT principles prescribed in these regulations seek to promote competition, adoption of commercial principles, efficient working of the Distribution Licensee and protection of consumers' interest. The operating and cost parameters for the tariff period have been prescribed after duly considering the past performance, performance of similarly placed Distribution Licensees and benchmark parameters fixed by other Commissions. These operating and cost parameters over the tariff period move closer to efficient levels and the tariffs are determined in accordance with these norms. The Distribution Licensee is allowed to retain a portion of savings as a reward for exceeding the performance norms. This is expected to provide incentive to the Distribution Licensee for improving performance and economic use of resources. The consumers shall also benefit from the sharing of profits. However the losses on account of failure by the Distribution Licensee in achieving benchmarks shall not be passed on to the consumers.
- 1.13 Only those investments and capital expenditure that are in accordance with the guidelines framed by the Commission in this regard shall be allowed to be recouped through tariffs. This shall ensure prudent investments by the Distribution Licensee. The Distribution Licensee shall be required to ensure optimum investments and to make sufficient provision in the annual revenue requirement for investment to enhance distribution system capacity.
- 1.14 The Commission shall fix the norms in respect of following parameters to encourage efficiency, good performance and rewarding efficiency in performance as it is in the interest of the Distribution Licensee and consumer's interest is also safeguarded by reduction in tariff :--
- (i) Reduction in transformer failure
 - (ii) Reduction in distribution losses (Technical and Commercial losses)
 - (iii) Meter accuracy certification
 - (iv) Recovery of receivables outstanding for over 180 days
 - (v) Reduction of interruptions and duration without power
 - (vi) Elimination of unmetered sales
 - (vii) Implementation of sound HR policies including placement, promotion and filling up of vacancies
- 1.15 The cross subsidy shall be progressively reduced in accordance with National Tariff Policy.
- 1.16 As required under section 86 (1) (e) of the Act, the Commission vide its order dated 11th June 2004 has fixed the minimum quantum and price of power to be purchased by Distribution Licensees from wind energy generators. The Commission shall in due course prescribe the quantum for other renewable sources of energy taking into consideration their potential, availability and period of implementation.

Procedure for making applications for determination of tariffs for distribution and retail sale of electricity

- 1.17 An application for determination of tariff under the Act shall be made in accordance with MPERC (Details to be furnished and fees payable by licensee or generating company for determination of tariff and manner of making an application) Regulations 2004 within the time limit stipulated in clause 2.1.

1.18 The Commission shall, at all times, have the authority, either suo motu or on a petition filed by any interested or affected party, to determine the tariff, including terms and conditions thereof, of any Distribution Licensee and shall initiate the process of such determination in accordance with the procedure specified.

Provided that the proceedings for such determination of tariff, including terms and conditions thereof, shall be in the same manner as set out in the MPERC (Conduct of Business) Regulations 2004.

1.19 The applicant shall provide, as part of the application to the Commission, in such formats as may be required by the Commission, full details of its calculations of the expected revenue from tariff and charges which it is permitted to recover and thereafter it shall furnish such further information as the Commission may reasonably require to assess such calculation [MPERC (Procedure for calculating expected revenue from tariff and charges) Regulations 2005].

1.20 The Commission or the Secretary or any Officer designated for the purpose by the Commission may, upon scrutiny of the application, require the applicant to furnish such additional information or particulars or documents as may be considered necessary for the purpose of processing the application.

1.21 Upon receipt of the complete application accompanied by all requisite information, particulars and documents in compliance with all the requirements, the application shall be deemed to be received and the Commission or the Secretary or the Officer designated for the purpose by the Commission shall intimate to the applicant that the application is accepted for consideration and thereupon the Distribution Licensee shall publish it in such abridged form and manner, as may be specified.

1.22 The applicant shall furnish to the Commission all such books and records (or certified true copies thereof), including the Accounting Statements, operational and cost data, as may be required by the Commission for determination of tariff and shall provide access to these records to an Officer authorised by the Commission.

1.23 The Commission may, if deems necessary, make available to any person, at any time, such information as has been provided by the applicant to the Commission including abstracts of such books and records (or certified true copies thereof)

Provided that the Commission may, by order, direct that any information, documents and papers/materials maintained by the Commission, shall be confidential or privileged and shall not be available for inspection or supply of certified copies, and the Commission may also direct that such document, papers or materials shall not be used in any manner except as specifically authorised by the Commission.

Methodology for Determination of Tariff

1.24 The Commission shall define tariff periods for the Distribution Licensee from time to time. The principles for tariff determination shall be applicable for the duration of the tariff period. To start with, the principles that guide tariff determination shall be valid for three years commencing from 1st April 2006, and the provisions of this regulation shall come into effect immediately on notification.

- 1.25 The Distribution Licensee's annual revenue requirement shall be made in two parts, one for the wheeling activity and the other for its retail sale (distribution) activity. The Distribution Licensee shall identify the expenses pertaining to the wheeling activity so that the charges for wheeling can be determined. For this purpose the Distribution Licensee shall maintain separate heads of accounts as far as possible for its network (wires) and retail supply business and shall present the petition in a manner to facilitate the Commission in its task of determining tariff for wheeling and retail sale separately as required under section 62(1) of the Act. The wheeling charges shall be determined taking into consideration the following:
- a) Return on equity invested in network assets
 - b) Depreciation on the network assets
 - c) Interest payable on loans for creating network assets
 - d) O&M cost incurred for maintaining network assets
 - e) Other reasonable cost as admitted by the Commission
 - f) Network Capacity in MW (refer clause 3.38)

The wheeling charges per MW = Total Expenditure incurred (a to e) / Network Capacity (f).

- 1.26 The annual revenue requirement for the retail sale (distribution) activity will include power purchase cost, transmission charges payable both for inter state and intra state and wheeling charges payable to any other distribution licensee in addition to return on equity, depreciation, interest payable on loans, O&M expenses, working capital interest and statutory payments.
- 1.27 If a person holds more than one licence and /or deemed to be licensee for more than one area of distribution, he shall submit separate petitions as above in respect of each licence.
- 1.28 A Distribution Licensee shall file a petition at the beginning of the tariff period and every year thereafter. A review shall also be undertaken by the Commission to scrutinise and true up the data and to accommodate any uncontrollable variations at the time of next tariff determination.
- 1.29 A Distribution Licensee owning and operating a generating station shall maintain and submit separate accounts for generation, its licensed business, and any other business.

Preparation & submission of Annual Accounts, Reports etc

- 1.30 Every Distribution Licensee shall prepare annual statement of accounts and also prepare annual reports and statistics, in forms specified by the Commission. Upon formation of the companies subsequent to the notification of transfer scheme, the Distribution Licensee shall have to prepare its annual accounts as per the guidelines of the Companies Act, 1956. Together with the preparation of annual accounts, the Distribution Licensee shall be required to comply with the information requirements of various regulations and license conditions notified by the Commission from time to time.
- 1.31 In the event of the Distribution Licensee not complying with the clause 1.17 within the specified time, the Commission, in addition to imposing such penalty as it may deem fit, may initiate Suo motu proceedings to determine tariff under section 62 of the Act.

Periodicity of tariff determination

- 1.32 No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.

- 1.33 The Commission may, after satisfying itself for reasons to be recorded in writing, may allow for the revision of tariff.
- 1.34 Subject to other provisions of these regulations, the expenses allowed to be recouped for any financial year, shall be subject to adjustments in any tariff to be fixed for the subsequent period, if the Commission is satisfied, that such adjustments for the excess amount or shortfall in the amount actually realized or expenses incurred is necessary and the same is not on account of any reason attributable to or within the control of the Distribution Licensee.

Hearings

- 1.35 The procedure of hearing on the tariff application shall be as specified in MPERC (Details to be furnished and fees payable by licensee or generating company for determination of tariff and manner of making an application) Regulations 2004.

Orders of the Commission

- 1.36 The Commission, after the petition has been filed, may require the Distribution Licensee to furnish any further information, particulars, documents, records etc as the Commission may consider appropriate to enable the Commission to assess the petitioner's calculations, assumptions and assertions.
- 1.37 After receipt of information or otherwise, the Commission may make appropriate orders regarding initiation of proceedings in accordance with the provisions of the Madhya Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2004.

Fuel cost adjustment

- 1.38 The Commission, in its Order dated 30th November, 2002 has specified a formula for recovering an additional charge for adjustment of tariff on account of fuel related costs of electricity generation, change in the rate of levy of water charges, change in tax structure, and any other unpredictable and unforeseen cost not envisaged at the time of tariff fixation. The approved formula is subject to review from time to time as the Commission may deem fit.
- 1.39 The Distribution Licensee may compute such VCA charge in accordance with the specified formula on a quarterly basis and recover the same on a provisional basis from retail consumers or other Distribution Licensee subject to final scrutiny and approval by the Commission.

Refund of excess amount

- 1.40 Any Distribution Licensee found to be charging a tariff higher from the one approved by the Commission shall be deemed to have not complied with the directions of the Commission and shall be liable to punishments under section 146 of the Act without prejudice to any other liability incurred by the Distribution Licensee under any other provision of the Act.
- 1.41 If any Distribution Licensee recovers the charges exceeding the tariff determined by the Commission, the excess amount shall be refunded to the person who has paid such excess charges, along with interest for that period equivalent to the bank rate.

Annual review

- 1.42 The licensee shall submit periodic returns as may be specified, containing operational and cost data to enable the Commission to monitor the implementation of its order.

- 1.43 The Distribution Licensee shall submit to the Commission annual statements of its performance and accounts including latest report of audited accounts and the tariff worked out in accordance with these regulations.
- 1.44 The Commission shall scrutinize the annual accounts, norms achieved and revenue worked out by the Distribution Licensee. The revenue worked out by the Distribution Licensee shall be subject to the Commission's order under this regulation.

CHAPTER II

MULTI YEAR PRINCIPLES FOR DETERMINATION OF TARIFF

Basis for determination of tariff

- 2.1 The Distribution Licensee shall file petition for determination of tariff by 31st October every year and the Commission shall consider the same and determine tariff based on the long-term principles prescribed in these regulations. Multi year tariff principles shall be applicable from April 01, 2006 for a period of three years.

Capital Cost and Capital structure

- 2.2 Subject to prudence check by the commission, the actual expenditure incurred on completion of the project shall form the basis for determination of tariff. The tariff shall be determined based on the admitted capital expenditure actually incurred upto the date of commercial operation of the distribution system and shall include capitalized initial spares subject to a ceiling norm of 1.5% of the original project cost.

Provided that prior to the implementation if the Commission provides a ceiling of actual expenditure, the capital expenditure shall not exceed such ceiling for the determination of tariff.

- 2.3 Scrutiny of the cost estimates by the Commission shall be with regard to the reasonableness of the capital cost, financing plan, interest during construction, use of efficient technology, and such other matters for determination of tariff.
- 2.4 Restructuring of capital cost in terms of relative share of equity and loan shall be permitted during the tariff period provided it does not affect tariff adversely. Any benefit from such restructuring shall be passed on to long term intrastate open access customers and other consumers of Distribution Licensee in a ratio as may be specified by the Commission.

Additional capitalization

- 2.5 The following capital expenditure, actually incurred after the date of commercial operation and duly audited, may be considered by the Commission, subject to prudence check
- (a) due to deferred liabilities within the original scope of work,
 - (b) on works within the original scope of work, deferred for execution
 - (c) to meet award of arbitration or satisfaction of order or decree of a court arising out of original scope of works,
 - (d) on account of change in law,
 - (e) on procurement of initial spares included in the original project costs subject to the ceiling norm laid down in regulations 2.2 to 2.4.

- (f) any additional works/ services, which have become necessary for efficient and successful operation of a distribution system but not included in the original capital cost.

Provided that original scope of work along with estimates of expenditure shall be submitted along with the application for provisional tariff.

Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation.

Note 1

Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity ratio specified in clause 2.6 of this regulation.

Note 2

Any expenditure on replacement of old assets shall be considered after writing off the gross value of the original assets from the original cost. Before allowing the loss due to sale of the retired assets a detailed examination regarding the justification for each and every asset item retired prior to the completion of useful life shall be carried out.

Note 3

Any expenditure admitted by the Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the normative debt-equity ratio specified in clause 2.6 of this regulation.

Note 4

Any expenditure admitted by the Commission for determination of tariff on renovation, modernization, life extension and restoration of assets damaged due to natural calamities shall be serviced on normative debt-equity ratio specified in clause 2.6 of this regulation after writing off the original amount of the replaced assets from the original cost.

Debt-equity ratio

- 2.6 For the purpose of determination of tariff, debt-equity ratio as on the date of commercial operation in case of new distribution line or substation commissioned or capacity expanded shall be 70:30. The debt-equity amount arrived in accordance with this clause shall be used for calculation of interest on loan, return on equity, advance against depreciation and foreign exchange rate variation.
- 2.7 Where equity employed is in excess of 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. The interest rate applicable on the equity in excess of 30% treated as loan has been specified in regulations 2.12 to 2.15. Where actual equity employed is less than 30%, the actual equity shall be considered.

Return on Equity

- 2.8 Return on equity shall be computed on the paid up equity capital determined in accordance with regulations 2.6 and 2.7 and shall be 16% (post tax) unless the Commission allows a lower level for reasons to be recorded.

Provided that return on equity invested in work in progress shall be allowed from the date of commercial operation.

- 2.9 The allowable rate of return shall be linked to the performance in relation to quality, continuity and reliability indices as defined in Supply Code and Performance Standards applicable to the Distribution Licensee and the collection efficiency achieved by the Distribution Licensee.
- 2.10 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.
- 2.11 Equity invested in foreign currency shall be allowed a return up to the prescribed limit in the same currency and the computation on this account for the ensuing year shall be made in Indian Rupees based on the exchange rate prevailing on 1st January of the current year.

Interest and finance charges on loan capital

- 2.12 Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of repayment, as per the terms and conditions of relevant agreements of loan, bond or debenture, ordinarily restricted to prevailing rates of SBI Long Term Lending Rate from time to time. Exception can be made for the existing or past loans which may have different terms as per the agreements already executed if the SERC is satisfied that the loan has been contracted for and applied to identifiable distribution projects. The interest rate on the amount of equity in excess of 30% treated as loan shall be the weighted average rate of the loan schemes of the licensee.

Provided that all loans considered for this purpose shall be identified with the assets created.

Provided that interest and finance charges of renegotiated loan agreements shall not be considered, if they result in higher charges.

Provided further that interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost.

Provided further that neither penal interest nor overdue interest will be allowed for computation of annual revenue requirement.

- 2.13 Interest charges on security deposits, if any, with the licensee shall be considered at the rate specified by the Commission from time to time.
- 2.14 In case any moratorium period is availed of, depreciation provided for in the tariff during the years of moratorium shall be treated, as repayment during those years and interest on loan capital shall be calculated accordingly.
- 2.15 The Distribution Licensee shall make every effort to swap the loan as long as it results in net benefit to the consumers. The Cost associated with such swapping shall be borne by the consumers and any benefit on account of swapping of loan and interest on loan shall be passed on to the consumers in such ratio as may be decided by the Commission.

Depreciation

- 2.16 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 historical cost of the assets, i.e. actual expenses limited to approved /accepted capital cost:
- Provided that the consumer contribution or capital subsidy/ grant etc shall be treated as per the accounting rules notified and in force from time to time.

- (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.

Depreciation rates for determination of allowable depreciation shall be as per

- (c) **Annexure-I** of this regulation.

Provided that the total depreciation during the life of the asset shall not exceed 90% of the original cost.

- 2.17 Advance against depreciation (AAD) shall be permitted for any new project in addition to allowable depreciation, in the manner given hereunder:

AAD = Loan repayment amount as per regulations 2.12 to 2.15 subject to a ceiling of 1/10th of loan amount as per clause 2.6 of this regulation minus depreciation as per schedule

Provided that Advance Against Depreciation for the new project shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year,

Provided further that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.

- 2.18 On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.

- 2.19 Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro-rata basis.

- 2.20 Depreciation against assets relating to environmental protection shall be allowed on case to case basis at the time of fixation of tariff subject to the condition that the environmental standards as prescribed have been complied with.

Lease/ Hire Purchase charges

- 2.21 Lease charges for assets taken on lease by a licensee shall be considered as per lease agreement provided they are considered reasonable by the Commission.

Operation & Maintenance expenses

- 2.22 'Operation and Maintenance or O&M expenses' shall mean expenditure on manpower, repairs, spares, consumables, office administration and general.

- 2.23 Operation and maintenance expenses shall be determined for the tariff period based on normative O&M expenses specified by the Commission in these regulations.

- 2.24 Normative O&M expenses allowed at the commencement of the tariff period shall be escalated at the prevailing rates of inflation for the year as notified by Central Government and shall be considered as a weighted average of Wholesale Price Index and Consumer Price Index in the ratio of 60: 40 respectively. For the first control period inflation has been considered at 6 % p.a.

- 2.25 Increase in O&M charges on account of war, insurgency, change in laws, or like eventualities where the Commission is of the opinion that an increase in O&M charges is justified, may be considered by the Commission for a specified period.
- 2.26 Any saving achieved by a licensee in any year shall be allowed to be retained by it. The licensee shall bear the loss if it exceeds the targeted O&M expenses for that year.

Bad and doubtful debts

- 2.27 Bad and Doubtful Debts shall be allowed to the extent the Distribution Licensee has identified/ actually written off bad debts subject to a maximum of 1 % of sales revenue and according to a transparent policy approved by the Commission. In case there is any recovery of bad debts already written off, the recovered bad debts will be treated as Other Income.

Interest charges on working capital

- 2.28 Rate of interest on working capital to be computed as provided subsequently in these regulations shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on April 1 of the relevant year plus 2%. 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 exceeded the working capital loan based on the normative figures.

Foreign Exchange Rate Variation (FERV)

- 2.29 In respect of foreign currency loans, not passed on or swapped as rupee loan, extra rupee liability towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of foreign exchange rate variation and is not attributable to any lapse of the licensee or its suppliers or contractors. This variation shall not exceed that as per exchange rate on 7th day after the due date of payment.

Tax on income

- 2.30 Income Tax, if any, on the income stream of the licensed business of the licensee shall be treated as an expense and shall be recoverable from the customers. However, the tax on any income stream, other than the licensed business shall not constitute a pass through component in the tariff. Tax on such other income shall be payable by the licensee.
- 2.31 Tax on income if actually liable to be paid, shall be limited to tax on return on equity allowed, excluding incentives.
- 2.32 The benefits of tax holiday and the credit for carrying forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the customers.

Provisional assessment of income tax and FERV

- 2.33 Income tax and FERV shall be provisionally estimated by the Commission for the purpose of determining tariff for a licensee and shall be subject to adjustment as per actuals as provided in regulations 2.28 to 2.32.

Pension and Gratuity Liability

- 2.34 The amount of unfunded liability of pension and gratuity based on actuarial valuation on the effective date of transfer scheme in respect of employees of MPSEB/ successor entities and the manner of discharging this liability shall be specified by the Commission after consultation with the State Government and the Transmission Licensee. The State Government has amended the transfer scheme notified on 31st May 2005 vide notification issued on 13th June 2005. The State Government has now provided for a creation of separate fund for discharging pension and terminal liabilities of the employees.
- 2.35 The Commission shall allow the actual expenditure incurred on payment of terminal benefits including pension payments of the employees on estimated basis for the ensuing year and shall be provided separately apart from O&M charges. The Distribution Licensee shall provide evidence of having discharged the liability every quarter. Any difference between the allowance and the actual shall be adjusted in the subsequent year. The Distribution Licensee shall disclose the accrued liability towards terminal benefits in the accounts as per the provisions of the Companies Act.

Tariff income

- 2.36 Income from all charges determined by the Commission for wheeling and for supply of electricity to consumers shall be considered as tariff income. Tariff income shall include the fixed charge, energy charge, reactive energy charge and wheeling charge. These charges shall be split between the wires business and consumer service (retail supply) business of the licensee.

Other Income

- 2.37 A schedule for other income as provided in the Schedule of Miscellaneous Charges and general charges under MPERC (Details to be furnished by generating companies and licensees for determination of Tariff and manner of making an application) Regulation 2004 shall be classified under 'Other Income'.

Surcharge and additional surcharge from Open Access Customers

- 2.38 Surcharge and additional surcharge under Sections 39, 40 and 42 of the Act shall be considered as income and treated as directed by the Commission.
- 2.39 Revenue from other business shall be treated as income to the extent authorized by the Commission under Sections 51 of the Act.

Late payment surcharge

- 2.40 In case the payment of bills of wheeling charges is delayed by the open access consumers beyond a period of 1 month from the date of billing, the Distribution Licensee may levy a late payment surcharge at the rate of 1.25% per month on daily basis.
- 2.41 For delay in payment of bill by a consumer beyond the period specified by the Commission a late payment surcharge as laid down by the Commission from time to time shall be payable to the Distribution Licensee.
- 2.42 The late payment surcharge shall not be considered as income for the purpose of determination of gap between Annual Revenue Requirement and Tariff and Other Income.

Profit Sharing

- 2.43 The financial gain or loss to the licensee shall be computed after considering all the incentives together as envisaged in these regulations.

- 2.44 The profit of the licensee shall not be restricted to the levels stated in regulations 2.8 to 2.11 but can exceed this limit provided that the licensee outperforms the target set.
- 2.45 The licensee shall retain fifty percent of the excess profit earned from performance above the benchmarks and the remaining shall be passed on to the consumers/ users.

Business and Capital Investment Plan

- 2.46 The Distribution Licensee shall file a business plan in July every year, which shall comprise but not be limited to detailed capital investment plan, financing plan and physical targets in accordance with guidelines issued by the Commission in this regard for the tariff period for meeting the requirement of load growth, reduction in distribution losses, increase in collection efficiency, improvement in quality of supply, reliability, metering, consumer services etc. Schemes for carrying out energy audit on regular basis, computerisation of accounting records, computerisation of billing and consumer records and MIS shall be proposed separately.
- 2.47 The Capital plan shall show separately, on going projects that will spill into the year under review and new project (along with justification) that will commence but may be completed within or beyond the tariff period. The Commission shall consider and approve the licensee's capital investment plan for which the Distribution Licensees may be required to provide relevant technical and commercial details. The Distribution Licensee shall get the Capital Investment Plan approved by the Commission before filing the tariff application. The costs corresponding to the approved investment plan of the Distribution Licensee for a given year actually incurred shall be considered for its revenue requirement.
- 2.48 The proportion of debt and equity for the approved capital investment shall be as per regulations 2.6 and 2.7.

Use of pre-paid meters

- 2.49 In accordance with the National Electricity Policy, the Commission shall encourage use of pre-paid meters by offering suitable rebates in the tariff.

Chapter III

METHODOLOGY FOR DETERMINATION OF TARIFF

Estimation of sales

- 3.1 The licensee shall submit restricted demand (in MW), unrestricted demand (in MW) and sale of electricity (in MU) for different categories of consumers in its area of supply for previous year and forecasts for current year and the ensuing year.
- 3.2 The forecast for ensuing year shall be on monthly basis to capture seasonality of demand. The licensee shall also provide actual monthly load curves of restricted and unrestricted demand for previous two years, forecasts of monthly load curves for the current and the ensuing year in support of its assertions.
- 3.3 The Commission shall examine the forecasts for reasonableness based on growth in number of consumers, consumption, losses and demand of electricity in previous years and anticipated growth in the next year and any other factor, which the Commission may consider relevant and approve sale of electricity to consumers with such modifications as deemed fit.
- 3.4 For the purpose of such estimation Distribution Licensee shall also indicate:

- (a) Category wise open access consumers, traders and other Distribution Licensees using its system. The demand and energy wheeled for them shall be shown separately in respect of consumers;
- (i) within the area of supply and
 - (ii) outside the area of supply.
- (b) Sale of electricity, if any, to electricity traders or other distribution licensees shall be separately indicated.

Monitoring of sale of electricity to consumers

- 3.5 On the basis of approved sales forecast, monthly sales to different consumer categories shall be worked out, taking into account seasonal variations in demand in a year.
- 3.6 The licensee shall monitor the sales to different consumer categories and ensure that sale to any category of consumer is not unduly restricted.
- 3.7 If for any abnormal situation like drought, supply to any category of consumer is to be varied, the licensee shall obtain prior approval of the Commission.

Distribution Losses

- 3.8 Distribution loss up to a particular voltage level shall be calculated as the difference between the energy initially injected into the distribution system (X) up to that level and the sum of energy sold to all its consumers at that level (Y) and energy delivered to voltage level below that particular level (Z). Energy sold shall be the sum of metered sales and assessment of un-metered sales based on approved norms. The percentage distribution loss shall be as follows:

$$\text{Percentage Distribution loss} = \frac{\{X - (Y+Z)\} * 100}{X}$$

- 3.9 For the purpose of computation of tariff in respect of existing Distribution Licensees the Commission in consultation with the Distribution Licensees has fixed the distribution losses as given in the table below.

Table-1: Loss Targets (%)

Sl. No.	Distribution Licensee	FY06 (Projected)	FY07	FY08	FY09
1.	East Discom	35.5	32.5	29.5	26.5
2.	West Discom	31.7	30.0	27.5	25.0
3.	Central Discom	41.6	37.0	32.0	27.5

- 3.10 The licensee shall substantiate its claim on distribution losses through a representative and reliable energy audit/ sample surveys/distribution transformer metering (DTR). The Distribution Licensee shall submit the survey plan before undertaking such a survey to the Commission. The plan shall include sample size, survey methodology, analysis techniques and such other factors that are crucial to the reliability of the survey. The survey shall be conducted after the Commission is satisfied with the survey methodology.
- 3.11 The Distribution Licensee shall establish consumption of unmetered consumer categories through DTR metering.

- 3.12 In the absence of such energy audit/ sample surveys/DTR metering the Commission shall not accept the claim of the licensee and may proceed to fix the loss levels on the basis of the information available with it.
- 3.13 The Distribution Licensee shall furnish within a period as specified by the Commission, computation of technical and commercial distribution losses supply voltage wise and consumer category wise.
- 3.14 In a scenario of shortage of supply, the financial gain or loss consequent to over or under achievement of loss target shall be worked out in terms of additional sale or lower sale at the average billed rate of the licensee for the year under consideration. However, in the scenario of excess supply, the financial gain or loss shall be computed at the pooled price of power purchased.

Estimate of power purchase requirement and availability

- 3.15 For the tariff year, the Distribution Licensee's requirement of monthly power purchase for sale to its consumers shall be estimated based on the monthly sales forecast, restricted demand forecast and target loss level for the tariff year. Transmission losses both interstate and intrastate will be allowed in addition to target loss levels. Alternatively, the Distribution Licensee may also estimate power purchase requirement based on past trend of power purchased. The Distribution Licensee shall provide justification of the methodology adopted.
- 3.16 The Commission shall scrutinize and approve the power purchase requirement and availability for the ensuing year as provided in MPERC (Power Purchase and Procurement) Regulations 2004.
- 3.17 The cost of purchase from State Generating Stations shall be projected on the basis of the tariff determined by the Commission. The cost of purchase from the Central Sector Stations shall be based on the applicable CERC order.
- 3.18 In respect of projects executed by the State of Madhya Pradesh along with any other State/s the Commission shall determine the tariff in consultation with the other concerned Regulatory Commission where the responsibility is not assigned to CERC.
- 3.19 The cost of power purchase from other Generating Companies, Traders and other Distribution Licensees shall be as per the PPAs and trading arrangements approved by the Commission subject to clause 3.16 above.
- 3.20 The Cost of power generated by the generating plant of the Distribution Licensee and sold by it to its consumers shall be based on transfer price determined by the Commission.
- 3.21 In case of short-term power requirements, the Distribution Licensee may procure electricity from any source at a tariff not exceeding the highest rate approved by the Commission.

Variation in power purchase

- 3.22 Any power purchased by the Distribution Licensee over and above the requirement of power approved by the Commission or variation in the mix of power purchased in any year shall be considered by the Commission if it is for reasons beyond the control of the Distribution Licensee. The Commission however shall estimate the revenue earned from such purchases on the basis of target losses. The resultant cost and revenue shall be adjusted in next year's tariff.
- 3.23 Any financial gain or loss on account of power purchased by the licensee in any year over and above the approved level and not covered by clause 3.22 shall be borne by the licensee.

3.24 UI charges shall be allowed at the average of the allowed power purchase rates.

Charges payable to Transmission Licensee

3.25 The Transmission charges, wheeling charges and other charges payable by the Distribution Licensee for intra state transmission or wheeling of power purchased by it shall be considered as per tariff determined by the Commission.

3.26 The Inter-state transmission charges shall be estimated as per the order of the Central Electricity Regulatory Commission, while Intra-state transmission charges and wheeling charges shall be estimated as per the orders of the Commission.

3.27 The reactive energy charges payable by the Distribution Licensee shall be as determined by the Commission as found feasible from time to time.

Operation and Maintenance expenses

3.28 The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. The norms for O&M expenses have been fixed on the basis of metered consumers, metered sales and 33 & 11 KV network length. These norms exclude terminal benefits to be paid to employees, taxes to be paid to the Government or local authorities and fees to be paid to MPERC, which the Distribution Licensee shall claim separately.

3.29 The net O&M expenses for each year of the tariff period shall be computed on the basis of projected number of metered consumers, metered sales, total network length of 11 & 33 KV, voltage levels and allowable rates for each of these parameters for the year under consideration. The Distribution Licensee shall submit in his petition the basis of arriving at these projected values.

3.30 Net O&M rates per thousand metered consumers, metered MU sales and 33 & 11 KV Network Length ('100 Kms) allowed for each year of the control period are as per the table given below:

Table 2: Net O&M charges for the tariff period*

O&M charges (Rs. in lakhs)	FY07	FY08	FY09
<i>For Metered Consumers (Rs lakh/1000 Consumer)</i>	6.10	6.50	6.90
For Installation of additional pre-paid meters during the year	50% of the cost of meters	50% of the cost of meters	50% of the cost of meters
<i>For Metered Sales (Rs Lakh/MU)</i>	2.21	2.35	2.49
<i>For Network length (Rs Lakh/100 ckt km)</i>	15.10	16.00	17.00
<i>For Transformation (Rs Lakh/MVA)</i>	1.44	1.53	1.62

* subject to revision on receipt of data of audited balance sheets for FY05.

Working capital

- 3.31 (a) Working capital for supply of electricity shall consist of:
- (i) Receivables of two months of billing less any consumer security and less power purchase cost of one month
 - (ii) Operation and maintenance expenses for one month,
 - (iii) Maintenance spares for 2 months based on annual requirement considered at 1% of the gross fixed assets for previous year.

- (b) Working capital for wheeling of electricity shall consist of
 - (i) Receivables for two months of wheeling charges received less any consumer security
 - (ii) Operation and maintenance expenses for one month,
 - (iii) Maintenance spares for 2 months based on annual requirement considered at 1% of the gross fixed assets for previous year.

The norms described above shall be applicable for each year of the tariff period.

Annual Revenue Requirement

- 3.32 The total annual expenses and return on equity of the Distribution Licensee shall be worked out on the basis of expenses and return allowed in these regulations.
- 3.33 The annual revenue requirement of a Distribution Licensee shall be computed by deducting the following from its total expenses and return worked out under the clause above:
 - (i) Amount of other income,
 - (ii) Income from surcharge & additional surcharge from open access customers,
 - (iii) Wheeling charges recovered from open access consumers, and
 - (iv) Income from revenue from other business
 - (v) Any grant/subsidies received other than the subsidy under section 65 of the Act meant for any consumer or class of consumers.
- 3.34 The treatment for Income from other business shall be as specified in clause 5 of the MPERC (Treatment of income of other businesses of transmission licensees and distribution licensee) Regulations 2004.
- 3.35 Necessary corrections on account of reasons beyond the control of the licensee shall be incorporated in the annual revenue requirement. These have been explained in clauses to 3.43 to 3.45.

Promotion of Competition

- 3.36 The Commission shall duly consider the existing operating efficiency and the success achieved in meeting the performance norms fixed by the Commission in order to pass on the benefits of improved performance to the consumers of that Distribution Licensee while finalising computation of revenue requirement.

Wheeling charge and other charges

- 3.37 The wheeling charges represent the cost of the wires business of a Distribution Licensee. Its computation, accounting and use of wheeling charges recovered from open access customers shall be done in accordance with MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations 2005. The cost elements and the methodology for its computation have been detailed in clause 1.25 of these regulations.

- 3.38 The Network Capacity of a Distribution Licensee for the purpose of computation of wheeling charge shall be the sum of the allocated generating capacity and the long term transactions handled by it but excluding average transmission losses (MW) and contract demand of EHV consumers of the Distribution Licensee. The Commission shall take into account the lines which are overloaded beyond reasonable level and for significant period with a view to encourage the Distribution Licensee to provide for augmentation of capacity in the proposed investment plan.
- 3.39 The Commission if required may approve or adopt different methodology for recovering wheeling charge.
- 3.40 The Distribution Licensee in addition to wheeling charge shall also be eligible to recover charges for following services,
- (a) Fixed charge in Rs. per day per kW of contracted power or Rs. per consumer per month, separately for
 - (i) installation, operation and maintenance of meters, metering system and any other equipment at consumer's premises.
 - (ii) billing & collection of payment
 - (iii) any other consumer services.
 - (b) Reactive energy charge / incentive: Generator and consumers shall be required to maintain power factor (or reactive energy generation/drawal) of generation / load as specified. Power factor surcharge/incentive or reactive energy charge shall be applicable separately on generator and consumer as per licensee's tariff, as approved by the commission.
 - (c) Interconnection Charges shall be payable by consumers seeking connection to the network of the Distribution Licensee

3.41 While determining wheeling charges for open access customers, the total electricity wheeled on the licensee's distribution system only at the voltage level at which open access consumer is receiving supply including his own shall be taken into account. The approved losses at that voltage level in distribution system shall be debitable to energy account of open access customers of the distribution system.

Annual Review

3.42 Consequences of any variation in capital investment approved by the Commission for any year shall be considered for the purpose of tariff in the following year, subject to the total capital expenditure remaining within the approved limit.

3.43 The Commission shall consider variations in forecasts and actual sale of electricity, income and expenditure in any year and may permit necessary corrections in the following year in case such variations are for reasons beyond the reasonable control of the licensee.

3.44 The corrections to be allowed in the following year shall be based on provisional accounts of the previous year and the latest audited accounts of the licensee.

3.45 Where the effect of such variation on the annual revenue requirement is large, caused by factors such as natural calamities and in the opinion of the Commission, it is not feasible to recover it in the following year alone, the Commission may allow it to be recovered over more than one year. The Commission may also allow financial costs incurred by the licensee for meeting the revenue gap on this account.

3.46 The Commission shall consider the following norms while determination of tariff and considering revenue requirement of distribution licensee. Any failure to achieve these stipulated norms shall result in reduction in return on equity at the rate specified against each of these norms.

(i) Reduction in transformer failure

The distribution licensee shall be required to limit percentage failure of power and distribution transformers as under beyond which the return on equity shall be reduced by 0.25% for power and distribution transformer failure norms.

Table- Allowable transformer failure rate

Particulars	Allowable failure rate		
	FY07	FY08	FY09
Power transformer	2.5 %	2.0 %	1.75 %
Distribution transformer	14.0 %	12.0 %	10.0 %

(ii) Reduction in distribution losses (Technical and Commercial losses)

As mentioned in clause 3.9 above and the failure to achieve these norms would result in reduction in return on equity by 0.25% for each 1% or part thereof shortfall in target.

(iii) Reduction in receivables of more than 180 days

The distribution licensee shall ensure that the receivables outstanding for more than 180 days at any time excluding the amounts stayed from recovery by any Court do not exceed 15 % of the total receivables. Failure to achieve the norm may result in the Commission allowing a reduced level of rate of return on equity.

(iv) Continuity and Reliability of Supply

The Distribution Licensee shall ensure continuity and reliability of power supply to all areas and all consumers. In case of persistent and prolonged default, the Commission may consider suitable relief to the affected consumers.

(v) Reduction in unmetered connections

The Distribution Licensee shall ensure supply of power only through a correct meter as provided in section 55 of the Act. Existing Distribution Licensees shall undertake time bound meterisation of all unmetered connections with the approval of the Commission. They shall also ensure periodic certification of accuracy of meters as provided in the Supply Code. In case the meterisation is not carried out according to the approved plan, the Commission may consider a suitable reduction in the return on equity besides adopting a normative level of consumption by unmetered consumers for the purpose of estimating the revenue of the Distribution Licensee.

(vi) Efficient use of human resources

The Commission considers that it is very essential to keep employee morale and productivity at a high level to obtain the best results and services in the interest of the consumers. The distribution licensee shall ensure that the placement of Officers and Staff are made on the basis of a transparent policy and all employees are held accountable for achieving the stipulated targets. Good performance should be rewarded and poor performance should be firmly discouraged. The Distribution Licensee shall also ensure that the key administrative and supervisory positions are not allowed to remain unfilled

for an unreasonable period. The Commission shall review the status of implementation of the Distribution Licensee's declared policy in this regard at the time of annual tariff review and for this purpose the Distribution Licensee shall make available a detailed note to the Commission along with the petition for determination of tariff.

(vii) Timely and adequate compliance of directions

It is important that the Distribution Licensee ensures prompt and timely action to comply with the conditions of licence as well as Regulations and any other directions given in the tariff orders. For this purpose, the Distribution Licensee shall designate a senior level Officer as Reporter of Compliance and shall arrange to file with the Commission a report on the status of compliance as directed from time to time.

Review at the end of control period

- 3.47 At least six months before the end of the tariff period, the Commission shall initiate a comprehensive review of norms and the long term tariff principles contained in these regulations.
- 3.48 Such review shall be with the objective of analysing implementation of the long term principles and making modification or improvement in the norms, principles, procedures and methodology.

CHAPTER IV MISCELLANEOUS

Power to remove difficulties

- 4.1 If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, do or undertake or 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.

Power to Amend

- 4.2 The Commission may, at any time add, vary, alter, modify or amend any provisions of these regulations.

Savings

- 4.3 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission.
- 4.4 Nothing in these Regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of this Code, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.
- 4.5 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Codes have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

By order of the Commission

Ashok Sharma, Dy. Secretary

Annexure-I

Depreciation Schedule			
Description of Assets	Useful Life (yrs)	Rate (Calculated w.r.t. 90%)	
	1	2	3=1*2
A. Land owned under full title	Infinity	---	
B. Land held under lease:			
(a) for investment in land.	The period of lease or the period remaining unexpired on the assignment of the lease.	---	
(b) for cost of clearing site	The period of lease remaining unexpired at the date of clearing the site.	---	
C. Assets:			
Purchased new:			
(a) Plant and machinery in generating Stations including plant foundations: -			
(i) Hydro-electric	35	2.57	90
(ii) Steam-electric NHRS & Waste Heat Recovery Boilers/Plants	25	3.60	90
Description of Assets	Useful Life (yrs)	Rate	
(iii) Diesel-electric & gas plant	15	6.00	90
(b) Cooling towers and circulating water systems	25	3.60	90
(c) Hydraulic works forming part of hydro-electric system including:-			
(i) Dams, Spilways weirs, canals reinforced concrete flumes &	50	1.80	90
(ii) Reinforced concrete pipelines and surge tanks, steel pipelines, sluice steel surge (tanks) hydraulic control valves and other hydraulic works.	35	2.57	90
(d) Building & civil engineering works of a Permanent character, not mentioned			
(i) Offices & showrooms	50	1.80	90
(ii) Containing thermo-electric plant	25	3.60	90
(iii) Containing hydro-electric plant	35	2.57	90
(iv) Temporary erection such as wooden structures	5	18.00	90
(v) Roads other than kutchra roads	50	1.80	90
(vi) Others	50	1.80	90
Description of Assets	Useful Life (yrs)	Rate	
(e) Transformers, transformer (Kiosk) sub-station equipment & other fixed (including plant foundations)			

Depreciation Schedule			
Description of Assets	Useful Life (yrs)	Rate (Calculated w.r.t. 90%)	3=1*2
	1	2	
(i) Transformers (including foundations) having a rating of 100 kilo volt amperes and over	25	3.60	90
(ii) Others	25	3.60	90
(f) Switchgear, including cable connections	25	3.60	90
(g) Lightning arrestors:			
(i) Station type	25	3.60	90
(ii) Pole type	15	6.00	90
(iii) Synchronous condenser	35	2.57	90
(h) Batteries:	5	18.00	90
(i) Underground Cable including joint boxes and disconnected boxes	35	2.57	90
(ii) Cable duct system	50	1.80	90
(I) Overhead lines including supports:			
(i) Lines on fabricated steel operating nominal voltages higher than 66 KV	35	2.57	90
(ii) Lines on steel supports operating at nominal voltages higher than 13.2 volts but not exceeding 66 Kilo	25	3.60	90
Description of Assets	Useful Life (yrs)	Rate	
(iii) Lines on steel or reinforced concrete supports	25	3.60	90
(iv) Lines on treated wood supports	25	3.60	90
(j) Meters	15	6.00	90
(k) Self propelled vehicles	5	18.00	90
(l) Air conditioning plants:			
(i) Static	15	6.00	90
(ii) Portable	5	18.00	90
(m)			
(i) Office furniture and fittings	15	6.00	90
(ii) Office equipments:	15	6.00	90
(iii) Internal wiring including fittings apparatus	15	6.00	90
(iv) Street light fittings	15	6.00	90
(o) Apparatus let on hire:			
(i) Other than motors	5	18.00	90
(ii) Motors	15	6.00	90
(p) Communication equipment:			
(i) Radio and higher frequency carrier system	15	6.00	90
(ii) Telephone lines and telephones	15	6.00	90
(q) Assets purchased second hand and assets not otherwise provided for in the schedule	Such reasonable period as the competent Government determines in each case having regard to the nature, age and condition of the assets at the time of its acquisition by the owner.		

