

Bhopal, the 7<sup>th</sup> December 2023

**No.2735/MPERC 2023:** In exercise of powers conferred under Section 181(2)(zd) read with Sections 45 and 61 of the Electricity Act, 2003 (No. 36 of 2003), the Madhya Pradesh Electricity Regulatory Commission makes the following Regulations to amend Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 {RG-35(III) of 2021} herein after referred to as “the Principal Regulations” namely :-

**Second Amendment to Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021**

**1. 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 Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) (2<sup>nd</sup> Amendment) Regulations, 2021 {ARG-35(III)(ii) of 2023}
- 1.2. These Regulations shall extend to the whole of Madhya Pradesh.
- 1.3. These Regulations shall come in to force from the date of notification in official Gazette of Madhya Pradesh.

**2. Amendment to Regulation 9.13**

- (i) In formula for computation of Fuel and Power Purchase Adjustment Surcharge (FPPAS), for the letters, symbols and words “C is incremental Average Power Purchase Cost in Rs/kWh= D-E”; the letters, symbols and words “C is incremental Average Power Purchase Cost (including the change of fuel cost) in Rs/kWh= D-E” shall be substituted.
- (ii) In formula for computation of Fuel and Power Purchase Adjustment Surcharge (FPPAS), for the words, symbols and numbers “**Distribution Losses (in %) = Normative Distribution Losses** as given in table under Regulation 26.1”; the words, symbols and numbers “**Distribution Losses (in %) = Normative Distribution Losses** as given in table under Regulations 26.1 and 26.2” shall be substituted.

**3. Amendment to Regulation 11**

In Principal Regulations, in Regulation 11 word "FCA" shall be substituted by word "FPPAS".

**4. Amendment to Regulation 18.2 (a)**

In Principal Regulations, sub-clause (a) of Regulation 18.2 shall be substituted as under:-

(a) Variation in Aggregate Technical and Commercial (AT&C) Losses, which shall be measured as the difference between the units input into the distribution system and the units realised (units collected against billed) wherein the units realised shall be equal to the product of units billed and Collection efficiency (where Collection Efficiency shall be measured as ratio of total revenue realised to the total revenue billed for the same year);

**5. Amendment to Regulation 20**

In Principal Regulations, Regulation 20 shall be substituted as follows:

**20. Mechanism for sharing of gains/losses on account of controllable factors :-**

20.1. The aggregate gains or losses to the Distribution Licensee on account of controllable factors shall be to the account of the Distribution Licensee except for (i) variation in O&M expenses and (ii) deviation from the AT&C loss reduction trajectory approved by the Commission.

20.2. (a) The treatment of variation in O&M expenses shall be in accordance with Regulation 36.

(b) The gains or losses accrued to the Distribution Licensee on account of deviation from the approved AT&C loss reduction trajectory shall be quantified in terms of Average Power Purchase Cost and shared between the Distribution Licensee and consumers in the following manner: -

(i) Two-third of the gains shall be passed on to the consumers in tariff and rest shall be retained by the Distribution Licensee.

(ii) Two-third of the losses shall be borne by the Distribution Licensee and rest shall be borne by the consumers.

20.3. Detailed methodology for passing on gains or losses to the consumers shall be prepared by the Distribution Licensee and submitted to the Commission for prior approval.

## 6. Amendment to Regulation 24.1

In Principal Regulations, in Regulation 24.1 words “Distribution Losses” shall be substituted by “Aggregate Technical & Commercial (AT&C) Losses”.

## 7. In Principal Regulations, after Regulation 24.1 following Regulation shall be inserted:

“24.1A. All the prudent costs incurred by the distribution licensee for creating assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass-through in tariff:

Provided that pass-through of prudent cost for the assets created by the distribution licensee shall be subject to the following conditions: -

- i. The asset has been created in accordance with the Capital Investment Plan approved by the Commission.
- ii. The asset has been procured in competitive and transparent manner.
- iii. The asset is geo-tagged and properly recorded in Fixed Asset Register.”

## 8. In Principal Regulations, the heading of Regulation 26 shall be substituted by “Distribution/Aggregate Technical and Commercial (AT&C) Losses”.

## 9. Amendment to Regulation 26.1 and 26.2

In Principal Regulations, Regulation 26.1 and 26.2 shall be substituted as follows:

26.1 The Commission has specified the following Distribution Loss reduction trajectory for Distribution Licensees for FY 2022-23 and FY 2023-24 under Control period of these Regulations:

Sl. No.	Distribution Licensee	FY 2022-23	FY 2023-24
1.	East Discom	15.75%	15.50%
2.	West Discom	14.75%	14.50%
3.	Central Discom	16.75%	16.50%
4.	SEZ, Pithampur	1.45%	1.40%

26.2 The Commission specifies the following Aggregate Technical & Commercial (AT&C) Loss reduction trajectory, Billing Efficiency, Collection Efficiency and Distribution Losses for Distribution Licensees for FY 2024-25 to FY 2026-27 under the Control Period of these Regulations:

FY	Distribution Licensee	AT&C Losses	Billing Efficiency	Collection Efficiency	Distribution Losses
FY 2024-25	East Discom	19.49%	80.51%	100%	19.49%
	West Discom	13.40%	86.60%	100%	13.40%
	Central Discom	19.57%	80.43%	100%	19.57%
	SEZ, Pithampur	1.35%	98.65%	100%	1.35%
FY 2025-26	East Discom	17.00%	83.00%	100%	17.00%
	West Discom	13.00%	87.00%	100%	13.00%
	Central Discom	17.00%	83.00%	100%	17.00%
	SEZ, Pithampur	1.30%	98.70%	100%	1.30%
FY 2026-27	East Discom	14.00%	86.00%	100%	14.00%
	West Discom	12.00%	88.00%	100%	12.00%
	Central Discom	14.00%	86.00%	100%	14.00%
	SEZ, Pithampur	1.25%	98.75%	100%	1.25%

#### 10. Amendment to Regulation 26.4

In Principal Regulations, in Regulation 26.4 words “Distribution Loss” shall be substituted by “Distribution/Aggregate Technical & Commercial (AT&C) Losses”.

#### 11. Amendment to Regulation 26.5

In Principal Regulations, in Regulation 26.5 words “Distribution Loss” shall be substituted by “Distribution/Aggregate Technical & Commercial (AT&C) Losses”.

#### 12. Amendment to Regulation 26.6

In Principal Regulations, in Regulation 26.6 words “Distribution Loss” shall be substituted by “Distribution/Aggregate Technical & Commercial (AT&C) Losses”.

#### 13. Amendment to Regulation 26.9

In Regulation 26.9 of Principal Regulations, the words “Fuel Charge Adjustment” shall be substituted by the words “Fuel and Power Purchase Adjustment Surcharge (FPPAS)”.

#### 14. Amendment to Regulation 27.1

In Principal Regulations, in Regulation 27.1 words “distribution losses” shall be substituted by “losses”.

**15. Amendment to Regulation 27.2**

In Principal Regulations, Regulation 27.2 shall be substituted as follows:

27.2. The Power Procurement Plan for the Control Period shall be governed by the provisions of the Madhya Pradesh Electricity Regulatory Commission (Power Purchase and Procurement Process) Regulations, 2023 {RG-19(II) of 2023} as amended from time to time.

**16. Amendment to Regulation 36.4**

In Principal Regulations, Regulation 36.4 shall be substituted as follows:

36.4. The R and M Expenses shall be allowed on the opening GFA of the financial year @ 2.3% for East Discom, @ 2.3% for West Discom, @ 2.3% for Central Discom, and @ 5% for SEZ Pithampur. Further, the DISCOMs shall be eligible for additional R and M Expenses of 0.50%, if the Licensee is able to achieve the performance standards targets specified by the Commission in MPERC (Distribution Performance Standards) (Revision-II) Regulations, 2012 as amended from time to time. Further, the DISCOMs shall also be eligible for additional R and M Expenses of 0.50%, if the Licensee is able to achieve Distribution Loss or AT&C Loss trajectory specified in Regulation 26.1 or Regulation 26.2 of these Regulations or is able to achieve at least 3% reduction in Distribution/AT&C losses as compared to previous year.

**17. Amendment to Regulation 45 (c)**

In Principal Regulations, in Regulation 45 (c) words "distribution losses" shall be substituted by "losses".

**18. Amendment to Format Annexure-I (True up and Revised ARR formats)**

FAR (Fixed Asset Register) format of Annexure-I (True up and Revised ARR formats) is substituted by new format.

By order of the Commission,  
UMAKANTA PANDA, Commission Secy.

**Annexure-1**

**Assets Acquired by ..... DISCOM in FY .....**

**FAR**

Sl. No.	Brief description of Assets	Project cost	Subsidized in Cash	Deficiency of Assets received	Provisioned in Retention/ Maintenance/ Contingency (Yes/No)	Asset Class as per IFRS (Fixed, Intangible, PPE, etc.)	Location Division	Type of asset (Towers, Poles, etc.)	Date of commissioning of Asset	Field Cost (Rs.)	Applicable Depreciation Rate as per IFRS/Asset conditions (%)	Gross Block (Opening)	Addition	Disposal	Gross Block (Closing)	Accumulate Depreciation (Opening)	Depreciation for the year	Depreciation as per Asset	Accumulate Depreciation (Closing)	% of Depreciation (Budget)	Turnover
<b>Grand Total</b>																					

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<b>Consumer Contribution Grants</b>																					