GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2021-22

and Determination of Tariff for FY 2023-24

For

MPSEZ Utilities Ltd.
(MUL)

Case No. 2177 of 2023

31st March, 2023

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GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
AMR	Automated Meter Reader
APL	Adani Power Ltd.
APSEZL	Adani Ports and Special Economic Zone Ltd.
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CETP	Common Effluent Treatment Plan
Control period	The period from FY 2016-17 to FY 2023-24
CWIP	Capital Works in Progress
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
HTMD	High Tension Maximum Demand
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
LTPPA	Long Term Power Purchase Agreement
MCLR	Marginal Cost of Lending Rate
MPSEZL	Mundra Port and Special Economic Zone Limited
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MSW	Municipal Solid Waste
MUL	MPSEZ Utilities Limited
MYT	Multi-Year Tariff
O&M	Operations and Maintenance

PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
REC	Renewable Energy Certificate
RLDC	Regional Load Despatch Centre
RPO	Renewable Purchase Obligation
SBAR	State Bank Advance Rate
SBBR	State Bank Base Rate
SBI	State Bank of India
SEZ	Special Economic Zone
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
STU	State Transmission Utility
U.P.F	Unity Power Factor
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 2177 of 2023

Date of the Order: 31/03/2023

CORAM

Anil Mukim, Chairman

Mehul M. Gandhi, Member

S. R. Pandey, Member

ORDER

1. Background and Brief History

1.1 Background

MPSEZ Utilities Limited (hereinafter referred to as “MUL” or the “Petitioner”) has filed the present Petition on 2nd January 2023 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 for the Truing up for FY 2021-22 and for Determination of Tariff for its Mundra Port and Special Economic Zone (SEZ) area in District Kutch, Gujarat for FY 2023-24.

The True up year and the ensuing year in the present case is FY 2021-22 and FY 2023-24 respectively, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 were in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for new Control Period of FY 2021-22 to FY 2025-26 by issuing public notice dated 10th August, 2021, the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2021 dated 22nd December, 2021 deferred the 5-year control period for new MYT Regulations for one year. Due to ongoing pandemic, the process was further delayed due to circumstances and reasons beyond the control of the Commission. The Commission vide its Order in Suo-Motu Petition No. 1995 of 2021 dated 24th September, 2021 deferred the next MYT Control period by one more year. Further, the Commission vide Order in Suo-Motu Petition No. 2140 of 2022 dated 20th October, 2022, deferred MYT Control Period for further one year and directed all the concerned utilities to file the tariff application for approval of true-up for FY 2021-22, Approval of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2023-24 based on principles and methodology as provided in the GERC (Multi- Year Tariff) Regulations, 2016 on or before 15th December, 2022. MUL has filed the present Petition on 2nd January 2023. MUL has filed Petition for Truing up of FY 2021-22 and ARR & Tariff Determination for FY 2023-24 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

After technical validation of the Petition, it was registered on -7th January 2023 as Case No. 2177/2023 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.2 MPSEZ Utilities Limited (MUL)

The Petitioner, MPSEZ Utilities Ltd (MUL) (Formerly known as MPSEZ Utilities Private Limited) is a company incorporated in 2008 under the Companies Act, 1956. Another company, Adani Ports and Special Economic Zone Ltd. (APSEZL), formerly known as Mundra Port and Special Economic Zone Limited (MPSEZL), is developing a multi-product SEZ at Mundra. The area of MPSEZL is about 8,481 hectares.

MUL, created to provide infrastructure facilities in the Special Economic Zone, entered into a co-developer agreement with MPSEZL. The Ministry of Commerce and Industry, Government of India has approved MUL as a co-developer to create infrastructure facilities in MPSEZL.

MUL obtained the status of distribution licensee vide Government of India notification dated 03/03/2010. This was also endorsed by the Gujarat Electricity Regulatory Commission (GERC) vide Order No. GERC/Legal 2010/0609 dated 06/04/2010 allowing for distribution of electricity in Mundra SEZ area, Kutch. As such, MUL is a deemed licensee for distribution of electricity in Mundra SEZ area.

1.3 Commission's Order for approval of Truing up of FY 2020-21 and determination of Tariff of FY 2022-23

The Petitioner filed its Petition for Truing up for FY 2020-21 and determination of Tariff for FY 2022-23 on 30th November 2021. The Petition was registered on 4th December 2021 (under Case No. 2036/2021). The Commission vide Order dated 31st March 2022 approved the Truing up for FY 2020-21 and determined the Tariff for FY 2022-23.

1.4 Background of the present Petition

Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the Truing up for previous year's Expenses and Revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year, within the Control Period, based on the approved forecast and results of the Truing up exercise.

The Commission vide Order in Suo-Motu Petition No. 2140 of 2022 dated 20th October, 2022 directed all the concerned utilities to file the tariff application for approval of true-up for FY 2021-22, Approval of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2023-24 based on principles and methodology as provided in the GERC (Multi- Year Tariff) Regulations, 2016 on or before 15th December, 2022. MUL has filed the present Petition on 2nd January 2023. MUL has filed Petition for Truing up of FY 2021-22 and ARR & Tariff Determination for FY 2023-24 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

1.5 Registration of the Current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2021-22 and Determination of Tariff for FY 2023-24 on 2nd January 2023. After technical validation of the petition, it was registered on 7th January 2023 (Case No. 2177 of 2023) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, MUL was directed to publish its application in newspapers to ensure public participation.

The Public Notice, inviting objections /suggestions from the stakeholders on the petition, was published in the following newspapers:

Table 1-1: List of newspapers (Petitioner)

Sl. No.	Particulars	Language	Date of Publication
1	The Indian Express (Ahmedabad Edition)	English	16.1.2023
2	Kutchmitra (Bhuj Edition)	Gujarati	16.1.2023

The Petitioner also placed the public notice and the petition on its website (www.adaniports.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 14th February 2023.

The Commission also placed the petition and additional details received from the Petitioner on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission as well as the Petitioner have not received any objections / suggestions from the Stake holders against the Tariff Petition in Case No. 2177/2023 before the due date. Accordingly, the Commission has not conducted any public hearing for MUL.

1.6 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for "Truing up" for the previous year and Determination of Tariff for the ensuing year.

MUL has approached the Commission with the present Petition for "Truing up" for FY 2021-22 and Determination of Tariff for FY 2023-24.

In this Order, the Commission has considered the "Truing up" for FY 2021-22, as per the GERC (MYT) Regulations, 2016.

The Commission has undertaken "Truing up" for FY 2021-22, based on the submissions of the Petitioner. The Commission has undertaken the computation of Gains and Losses for FY 2021-22, based on the audited annual accounts and final ARR for FY 2021-22 as approved in Tariff Order dated 01.04.2021 in Case No. 1924/2021.

While Truing up for FY 2021-22, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.

- The Truing up for FY 2021-22 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of Tariff for FY 2023-24 have been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.

1.7 Contents of the Order

This Order is divided into **Eight** chapters as under:

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the Public Hearing Process and the Approach adopted for this Order.
2. The **Second Chapter** outlines the Summary of MUL's Petition.
3. The **Third Chapter** deals with 'Objections and Suggestions.
4. The **Fourth Chapter** deals with 'Truing up' for FY 2021-22.
5. The **Fifth Chapter** deals with the Determination of Tariff for FY 2023-24.
6. The **Sixth Chapter** deals with the Compliance of Directives.
7. The **Seventh Chapter** deals with FPPPA Charges
8. The **Eighth Chapter** deals with Determination of the Wheeling Charges and Cross-Subsidy Surcharge.
9. The **Nine Chapter** deals with the Tariff Philosophy and Tariff Proposal.

2. Summary of MUL's Petition

2.1 Introduction

This Chapter deals with highlights of the Petition as submitted by MUL for Truing up for FY 2021-22 and Determination of Tariff for FY 2023-24.

2.2 True-up of FY 2021-22

A summary of the claimed ARR for Truing-up for FY 2021-22 compared with the approved final ARR for FY 2021-22 in order dated 1.04.2021 is presented in the Table below along with the item-wise Gain/ Loss computations as submitted by MUL:

Table 2-1: True-up claimed for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	True-Up of FY 2021-22				
		Approved in the Tariff Order	Actual Claimed	Over (+) /under (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	187.10	179.15	7.95	-	7.95
2	Operation & Maintenance Expenses	10.22	11.08	-0.86	-	-0.86
3	Depreciation	3.19	2.80	0.39	-	0.39
4	Interest & Finance Charges	2.60	1.87	0.73	-	0.73
5	Interest on Security Deposit	0.10	0.14	-0.04	-	-0.04
6	Interest on Working Capital	1.75	1.37	0.38	-	0.38
7	Bad Debts Written Off	0.00	0.00	0.00	-	0.00
8	Contribution to Contingency Reserves	0.00	0.00	0.00	-	0.00
9	Return on Equity	3.39	3.03	0.36	-	0.36
10	Income Tax	1.59	3.92	-2.33	-	-2.33
11	Less: Non-Tariff Income	3.35	3.86	-0.51	-	-0.51
12	**Aggregate Revenue Requirement**	**206.59**	**199.51**	**7.08**	**-**	**7.08**

2.3 Revenue Gap / (Surplus) for FY 2021-22

The Table below summarizes the proposed ARR claimed by MUL for Truing up.

Table 2-2: True up of FY 2021-22 as claimed by MUL

(Rs. Crore)

Sr. No.	Particular	Claimed
1	**Approved as per the Tariff Order dated 01.04.2021(A)**	**206.59**
2	Less: Gain on account of Controllable Factor to be passed on to the consumers (1/3) (B)	0.00
3	Less: Gain on account of Un-controllable Factor to be passed on to the consumers (C)	7.08
4	**Trued-up ARR for FY 2021-22, D= (A-B-C)**	**199.51**

MUL submitted that the trued up ARR for FY 2021-22 is Rs. 199.51 Cr. after sharing of gains & losses and the revenue from sales of power is Rs. 212.95 Crore. Thus, revenue surplus for FY 2021-22 works out to be Rs. 13.45 Crore. The Commission in its Tariff Order dated 01.04.2021 has approved consolidated revenue gap of Rs. 2.97 Crore for FY 2019-20 and the Commission has approved consolidated carrying cost of Rs. 1.58 Crore up to FY 2019-20 and Rs. 0.48 Crore on revenue gap for FY 2019-20 as per GERC (MYT) Regulations, 2016. The Table below summarizes the trued-up ARR, Revenue from Sale of Power, resultant Gap / (Surplus), carrying cost and consolidated Gap / (Surplus) for FY 2021-22.

Table 2-3: Derivation of consolidated Revenue Gap / (Surplus) claimed for FY 2021-22

(Rs. Crore)

Particulars	Actual Claimed
Net Revenue Gap / (Surplus) of FY 2021-22	(-)13.45
Add: Approved Consolidated Gap / (Surplus) for FY 2019-20	2.97
Add: Carrying Cost for FY 2019-20	1.58
Add: Carrying cost on revenue gap of FY 2019-20 for FY 2020-21 & FY 2021-22	0.48
Consolidated revenue gap / (Surplus) for FY 2021-22	**(-)8.41**

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2023-24

MUL has also sought approval for final Aggregate Revenue Requirement for FY 2023-24. MUL has submitted the Revenue Requirement as under:

Table 2-4: ARR Proposed for FY 2023-24

(Rs. Crore)

Particulars	FY 2023-24
Power Purchase Cost	1527.49
O&M Expenses	23.69
Depreciation	7.82
Interest and Finance Charges	8.38
Interest on Security Deposits	0.30
Interest on Working Capital	9.87
Return on Equity	7.01
Contribution to Contingency Reserves	0
Income Tax	3.92
Less: Non-Tariff income	(-)14.98
ARR	**1573.48**

2.5 Revenue Gap/ (Surplus) for FY 2023-24

Based on the ARR for FY 2023-24 given in the Table above, the estimated Revenue Gap for FY 2023-24 at existing tariff is shown in the following Table.

Table 2-5: Estimated Revenue Gap / (Surplus) for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed
1	Projected ARR for FY 2023-24	1,573.48
2	Add: Consolidated Revenue gap/(surplus) for FY 2021-22	(-)10.47
3	Add: Consolidated Carrying Cost up to FY 2021-22	2.07
4	Estimated Revenue from existing tariff for FY 2023-24	1,281.95
5	**Revenue Gap / (Surplus) for FY 2023-24**	**283.13**

2.6 Request of MUL

a) Admit Petition for truing up of ARR for FY 2021-22 and ARR & tariff determination for FY 2023-24.

b) Approve sharing of gains / losses as proposed by the Petitioner for FY 2021-22.

c) Approve consolidated revenue gap of FY 2021-22 along with carrying cost.

d) Approve the estimates and gap of FY 2023-24.

e) Approve increase in energy charge in all category of consumers with effect from 01.04.2023

f) Approve wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2023.

g) Approve cross subsidy surcharge filed by the Petitioner.

h) Approve Green Tariff as proposed by the Petitioner.

i)Approve Tariff schedule as proposed by the Petitioner.

j) Allow additions / alterations / changes and modifications to the application at a future date.

k) Allow any other relief, order or direction, which Commission deems fit to be issued.

l) Condone any inadvertent omissions / errors / shortcomings and permit the Petitioner to add / change / modify / alter this filing and make further submissions as may be required at a future date.

3. Objections and Suggestions

3.1 Stakeholders' suggestions / objections, Petitioner's Response and Commission's observations

In response to the public notice inviting objections / suggestions on the petition filed by MUL for Truing up of FY 2021-22 and determination of ARR and Tariff for FY 2023-24 under the GERC (MYT) Regulations, 2016, no objections / suggestions received in writing by the stakeholders.

4. Truing up for FY 2021-22

4.1 Introduction

This Chapter deals with the Truing up for FY 2021-22 of MUL.

The Commission has analysed each of the components of the Aggregate Revenue Requirement (ARR) for FY 2021-22 in the following paragraphs.

4.2 Energy Sales

Petitioner's submission

MUL has submitted the actual energy sales for FY 2021-22 as shown in the Table below.

Table 4-1: Energy Sales claimed for FY 2021-22

(MUs)

Particulars	FY 2021-22	
	Approved	**Actual**
HT Category		
HTMD-I (Commercial)	176.59	153.47
HTMD-I (Industrial)	216.95	208.38
HTMD-II	-	-
HTMD-III	6.39	4.63
HTMD-IV	1.30	1.38
HTMD-EV Charging Station	-	-
Low Voltage Category		
Residential	-	-
Commercial (Non Demand)	-	-
Commercial (Demand)	2.24	2.69
Industrial (Non Demand)	-	-
Industrial (Demand)	0.05	0.06
Street Lights	0.39	0.39
Temporary	-	0.13
LT-EV Charging Stations	-	-
Total Sale	**403.91**	**371.15**

MUL has submitted that the deviation in energy sales is mainly because of variation in demand of the consumers due to overall economic slowdown. In view of pandemic situation, the growth in the demand and sales was lower than what was projected.

Commission's analysis

As energy sales are uncontrollable, the Commission accepts the deviation submitted by MUL.

The sales have also been verified and confirmed from the Audited Accounts for FY 2021-22 submitted by the Petitioner along with the Petition.

The Commission has reviewed the above submissions and found them to be satisfactory. Accordingly, the energy sales for FY 2021-22 are approved as follows:

Table 4-2: Energy Sales approved for FY 2021-22

(MUs)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Energy Sales	403.91	371.15	371.15

The Commission approves energy sales of 371.15 MUs for Truing up for FY 2021-22.

4.3 Distribution Losses

Petitioner's submission

MUL has submitted the actual Distribution Losses for FY 2021-22 as shown in the Table below.

Table 4-3: Distribution Losses claimed for FY 2021-22

Particulars	Approved in the Tariff Order	Actual claimed
Distribution Losses	3.81%	3.21%

MUL has submitted that it considers Distribution Losses as uncontrollable since it is attributed to technical losses of electrical network which is yet to be optimally loaded.

Commission's analysis

The distribution network in the licence area of MUL is yet to be fully established and the consumer load is also yet to be stabilized, hence, the actual Distribution Losses of MUL are required to be considered as uncontrollable.

Table 4-4: Distribution Losses approved for FY 2021-22

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Distribution Losses	3.81%	3.21%	3.21%

The Commission approves Distribution Losses of 3.21% for Truing up for FY 2021-22.

4.4 Energy Requirement

Petitioner's submission

The actual Energy Requirement for MUL is based on the actual Energy Sales, Transmission Losses and Distribution Losses, as shown in the Table below:

Table 4-5: Energy Requirement claimed for FY 2021-22

(MUs)

Particulars	Approved in the Tariff Order	Actual claimed
Energy Sales	403.91	371.15
Distribution Losses (%)	3.81%	3.21%
Distribution Losses	16.02	12.30
Energy Requirement	419.93	383.45
Transmission Losses (%)	0.18%	0.46%
Transmission Losses	0.74	1.79
Total Energy Requirement	**420.67**	**385.24**

Commission's analysis

The actual Energy Requirement claimed by the Petitioner for FY 2021-22 along with Energy Requirement as per the Tariff Order dated 1.4.2021 has been examined and verified by the Commission. The Commission observed that there is a reduction of 35.43 MUs in the Energy Requirement for MUL against the quantum of 420.67 MUs approved in the Tariff Order.

The actual Energy Requirement is lower than that approved in the Tariff Order dated 1.4.2021, due to lower actual Sales and Distribution Losses. The actual Energy Requirement being the sum of Energy Sales and Transmission Losses & Distribution Losses, works out to 385.24 MUs for FY 2021-22.

The Commission accordingly approves the Energy Requirement at 385.24 MUs for Truing up for FY 2021-22 as given in the Table below:

Table 4-6: Energy Requirement approved for FY 2021-22

(MUs)

Particulars	Approved in the Tariff Order	Actual claimed	Approved for FY 2021-22
Energy Sales	403.91	371.15	371.15
Distribution Losses (%)	3.81%	3.21%	3.21%
Distribution Losses	16.02	12.30	12.30
Energy Requirement	419.93	383.45	383.45
Transmission Losses (%)	0.18%	0.46%	0.46%
Transmission Losses	0.74	1.79	1.79
Total Energy Requirement	**420.67**	**385.24**	**385.24**

4.5 Energy Availability

Petitioner's submission

The Petitioner has submitted the source-wise energy purchased for FY 2021-22, as shown in the Table below:

Table 4-7: Energy Availability as claimed for FY 2021-22

(MUs)

Particular	Approved in the Tariff Order	Actual Claimed
LT PPA	364.10	309.30
Bilateral and others	0.00	25.56
RPO – Solar	12.76	3.29
RPO – Wind	43.81	47.09
RPO – Others	0.00	0.00
Total Energy Available	420.67	385.24

Commission's analysis

The actual Energy Requirement claimed by the Petitioner for FY 2021-22 has been examined and verified by the Commission from power purchase bills. Considering the foregoing submission related to Energy Sales, Transmission and Distribution Losses, the Commission approves the Energy Requirement as submitted by MUL. Further, most of the energy quantum has been procured through Adani Power Ltd, IEX and wind energy from AREKAL in FY 2021-22.

The Commission, accordingly, approves the sources of power purchase and energy units purchased as shown in the table below:

Table 4-8: Energy Availability approved for FY 2021-22

(MUs)

Particular	Approved in the Tariff Order	Actual Claimed	Approved in Truing Up
LT PPA	364.10	309.30	309.30
Bilateral & Others	0.00	25.56	25.56
RPO – Solar	12.76	3.29	3.29
RPO – Wind	43.81	47.09	47.09
RPO – Others	0.00	0.00	0.00
Total Energy Available	**420.67**	**385.24**	**385.24**

4.6 Power Purchase Cost

Petitioner's submission

MUL has submitted the following power purchase cost.

Table 4-9: Power Purchase Cost claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
LT PPA	167.32	147.77
Bilateral & Others	0.00	13.27
RPO – Solar	3.85	1.23
RPO – Wind	15.16	16.39
RPO – Others	0.00	0.33
Other (Reactive, SLDC & Transmission Charges)	0.77	0.17
Net Power Purchase Cost	**187.10**	**179.15**

MUL has submitted the following justifications for the power purchase cost incurred:

- The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year which is uncontrollable.

- The Petitioner has also procured REC of Rs. 0.33 Cr. against the shortfall of RPO for FY 2017-18 as per directives given by the Commission vide its order dated 31.8.2020 considering statutory liability.

MUL submitted that the Commission has classified power purchase cost as uncontrollable as per Regulation 22.1 (c) of the GERC (MYT) Regulations, 2016. Thus, the Power purchase cost is as an uncontrollable item.

Commission's analysis

The Commission has analysed the power purchase cost in detail in terms of various sources of power, energy units procured and source-wise cost.

The Commission reviewed the Audited Annual Accounts for FY 2021-22 where the power purchase cost has been mentioned as Rs. 179.15 Crore after excluding rebate of Rs. (3.16) Crore on early payments of power from power purchase cost and reversing of provisioning of Rs. (0.15) Crore pertaining to FY 2017-18. The Commission has directed MUL to submit the power purchase bills as part of data gaps raised to MUL. In response to the Commission's query, the monthly source wise invoices under long term PPA were submitted by MUL and which were verified by the Commission.

The Other charges which include reactive and SLDC charges are also verified by the Commission from the Audited Annual Accounts.

As per Regulation 97.2 (n) of the GERC (MYT) Regulations, 2016, prompt payment rebate has been considered as Non-Tariff Income and therefore, the same has been excluded from total power purchase cost.

The power purchase cost as approved by the Commission is presented below.

Table 4-10: Source-wise Power Purchase Cost approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
LT PPA	167.32	147.77	147.77
Bilateral & Others	0.00	13.27	13.27
RPO-Solar	3.85	1.23	1.23
RPO-Wind	15.16	16.39	16.39
RPO-Others	0.00	0.33	0.33
Other (Reactive, UI, SLDC & Transmission Charges)	0.77	0.17	0.17
Total	**187.09**	**179.15**	**179.15**

Considering the approved power purchase cost of Rs. 187.09 Crore for the approved energy procurement of 420.67 Mus as per Tariff Order, the per unit power purchase cost works out to Rs. 4.45/kWh while the claimed per unit power purchase cost works out to Rs.4.65/kWh.

As per the GERC (MYT) Regulations, 2016 variation in the price of fuel and/ or price of power purchase are uncontrollable factors. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-11: Gains / (Losses) on account of Power Purchase Cost for FY 2021-22

(Rs. Crore)

Particulars	Approved in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Power Purchase Cost	**187.09**	**179.15**	7.94	0.00	7.94

4.7 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

MUL has incurred gross capital expenditure of Rs 4.22 Crore against the approved capital expenditure of Rs. 25.36 Crore for FY 2021-22 as per the Tariff Order dated 1.4.2021. MUL has further stated that it has capitalized Rs. 3.93 Crore against approved capitalization of Rs. 26.40 Crore. The actual SLC received from the customers is Rs. 3.57 Crore. The following details have been submitted in respect of the capitalisation incurred during FY 2021-22.

Table 4-12: Capitalisation claimed for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	FY 2021-22 Capitalization	
		Approved in the Tariff Order	Actual claimed
A	**EHV (220 kV & 66 kV)**		
	EHV Transmission line	18.03	-
	EHV Transmission Cable	1.70	-
	EHV Substation	-	-
	Land Cost	-	-
	Civil Cost	3.85	-

Sr. No.	Particulars	FY 2021-22	
		Capitalization	
		Approved in the Tariff Order	Actual claimed
	Total	**23.58**	**-**
B	**HT (33 kV & 11 kV) & NETWORK**		
	33 kV HT Cable Network	-	-
	11 kV HT Cable Network	0.73	1.33
	33 / 11 kV HT Substation	-	-
	Land Cost	-	-
	Civil Cost	-	-
	Total	**0.73**	**1.33**
C	**Others**		
	Automation & SCADA	1.04	-
	Testing and Measuring Equipment	-	-
	IT	-	-
	Meters & AMR	-	-
	Miscellaneous	1.04	2.60
	Buildings & other civil work	-	-
	Total	**2.08**	**2.60**
D	**Grand Total**	**26.39**	**3.93**

MUL has submitted the details of capitalization and funding for truing-up of FY 2021-21 as shown in Table below:

Table 4-13: Capital Expenditure, Capitalization and Funding of CAPEX for Truing up for FY 2021-22

(Rs. Crore)

Particulars	FY 2021-22	
	Approved	Claimed
Opening GFA	116.95	114.53
Addition to GFA	26.40	3.93
Closing GFA	143.35	118.46
Surplus SLC of FY 2019-20	15.25	15.25
Less: Surplus SLC of FY 2019-20 utilised in FY 2020-21	0.91	0.91
Balance Surplus SLC of FY 2019-20	14.33	14.33
SLC Contribution	1.69	3.57
Capitalization for Debt:Equity	9.46	0.00
Normative Debt - 70%	6.62	0.00
Normative Equity -30%	2.84	0.00

Commission's analysis

The Commission observed that the Petitioner has claimed capital expenditure of Rs. 4.22 Crore, as against Rs. 25.36 Crore approved by the Commission in the Tariff Order dated 1.4.2021. The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 4.22 Crore during FY 2021-22.

In terms of value submitted, the Commission has scrutinized the audited annual accounts for FY 2021-22 and observed that the actual capital expenditure works out to Rs. 4.22 Crore based on the values for capital works in progress and gross fixed assets added during the year as shown in the Table below:

Table 4-14: Capex worked out by Commission for FY 2021-22

(Rs. Crore)

No.	Particulars	Value as per Audited Accounts
A	Opening CWIP	2.16
B	Closing CWIP	2.45
C	Gross Fixed Assets added	3.93
D	**Capex [C+(B-A)]**	**4.22**

The Commission used SLC towards the funding of capex which is in line with the approach followed for capital expenditure and capitalization in previous orders. Further, as the capitalisation in FY 2021-22 is Rs. 3.93 Crore, with the accounting of unutilised SLC balances of Rs.14.33 Crore of FY 2020-21 true-up dated 31.3.2022 and SLC received in FY 2021-22 of Rs. 3.57 Crore, the Commission has arrived at nil net Capitalisation for funding. Remaining SLC of Rs. 13.97 Crore (Rs. 14.33 Crore - Rs. 0.36 Crore) will be utilized to meet the funding requirements for future period.

Considering the foregoing analysis, the Commission has approved the following capex, capitalization and funding of capex.

Table 4-15: Capital Expenditure, Capitalization and Funding of Capex approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Capex	25.36	4.22	4.22
Capitalization	26.40	3.93	3.93
Less: SLC during the year	1.69	3.57	3.57
Less: Surplus SLC of FY 2019-20 utilised in FY 2021-22	15.25	0.36	0.36
Balance Capitalization	9.46	0.00	0.00
Normative Debt (70%)	6.62	0.00	0.00
Normative Equity (30%)	2.84	0.00	0.00

Thus, the Commission approves a Capex of Rs. 4.22 Crore and net Capitalization as NIL after considering utilisation of part of SLC (Rs. 3.93 Crore out of cumulative SLC of Rs. 17.90 Crore (Rs 14.33 Crore + Rs. 3.57 Crore)), for Truing up for FY 2021-22.

4.8 Operations and Maintenance Expenses

Petitioner's submission

The Operations and Maintenance Expenses comprise of the Employee cost, Administration & General Expenses and Repairs and Maintenance expenditure. The actual Operations and Maintenance Expenses furnished by MUL are given in the Table below:

Table 4-16: Operation and Maintenance Expenses claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation +/(-)
Operation and Maintenance Expenses	10.22	11.08	-0.86

The Petitioner has not considered the expenses of Rs. 0.29 Crore under the head of Charity & Donations in the A&G expenses for truing up of FY 2021-22.

The Petitioner submitted that as per Regulation 22.2 (h) of GERC (MYT) Regulations, 2016, variation in Operation & Maintenance expenses are controllable. However, the Petitioner has considered O&M expenses as uncontrollable and requested the

Commission to approve it as uncontrollable as its O&M Expenses depend upon addition of new sub-stations and distribution system with development of SEZ area and addition of new SEZ units. Moreover, there are various challenges related to R&M of electrical network / system in coastal area like saline weather condition for system exposed to air and high-water table for network below ground level. These are uncontrollable factors which lead to deviations in O&M Expenses.

Commission's analysis

The Commission has verified the O&M Expenses claimed by the Petitioner from the Audited Accounts. MUL has incurred Employee Expenses of Rs. 2.27 Crore, A&G expenses of Rs.6.58 Crore. The Commission observes that MUL has excluded an amount of Rs. 0.29 Crore towards Charity & donations from A&G Expenses. Regarding Employee expenses, the Commission observes that bonus/ ex-gratia payments of Rs 0.08 Crore has also been claimed by the Petitioner, which is not considered by the Commission. The Commission has also verified the R&M Expenses of Rs.2.23 Crore from the annual accounts and found the same at par with what is claimed by the Petitioner. Accordingly, the Commission approves the following O&M Expenses.

Table 4-17: Operation and Maintenance Expenses approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the MTR Order	Actual claimed	Approved in Truing up
Employee Expenses	3.00	2.27	2.19
Repairs & Maintenance Expenses	1.51	2.23	2.23
Administration & General Expenses	5.71	6.58	6.58
Total O&M Expenses	**10.22**	**11.08**	**11.00**

The Commission approves O&M Expenses of Rs. 11.00 Crore for Truing up for FY 2021-22.

Further, as per the GERC (MYT) Regulations, 2016, the variation in O&M Expenses is to be considered as controllable except the change in law and wage revision. However, as per the judgement dated 09th May, 2019 of the Hon'ble APTEL in Appeal No. 256 of 2016 in the matter related to TPL-D (Dahej), the Commission decides to accept MUL's submission that O&M Expenses should be considered as uncontrollable along the lines of Distribution Losses, as the SEZ is yet to stabilize.

Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-18: Gains / (Losses) on account of O&M Expenses for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
O&M Expenses	10.22	11.00	(-)0.78	-	(-)0.78

4.9 Depreciation

Petitioner's submission

MUL has submitted the following details related to fixed assets and depreciation for the purpose of Truing up for FY 2021-22.

Table 4-19: Depreciation claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation +/(-)
Gross block at the beginning of the Year	116.95	114.53	
Addition during the Year	26.40	3.93	
Gross block at the end of the Year	143.35	118.46	
Depreciation	**3.19**	**2.80**	**0.39**

MUL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the GERC (MYT) Regulations, 2016. The Depreciation rates considered are as per the GERC (MYT) Regulations, 2016.

MUL has deducted amortization of service line contribution and accordingly, claimed depreciation of Rs. 2.80 Crore. MUL has requested the Commission to treat the variation in depreciation amount compared to the approved amount as uncontrollable.

Commission's analysis

The Commission has considered the opening balance of GFA for FY 2021-22 equal to the closing balance of GFA for FY 2020-21 approved by the Commission in the Order in Petition No. 2036 of 2021 dated 31.3.2022.

The Commission has verified the depreciation from the Audited Annual Accounts for FY 2021-22. The Commission has also noted that due to change in accounting method, depreciation on lease hold land of Rs. 0.33 Crore were booked as Balance Sheet item which was earlier part of depreciation expenses and hence the same has been approved as part of depreciation expenses. Depreciation expenses as per Audited Annual Account is Rs. 5.81 Crore. It is observed that depreciation of Rs. 3.01 Crore is booked for the assets created through SLC in the Audited Annual Accounts and hence has not been considered by the Commission. Accordingly, depreciation as per Audited Annual Accounts is Rs 2.80 Crore after excluding the depreciation against assets created through SLC.

The Commission approves Depreciation of Rs. 2.80 Crore for the purpose of Truing up for FY 2021-22 as shown below:

Table 4-20: Depreciation approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Gross block of the Assets at the beginning of the Year	116.95	114.53	114.53
Addition during the Year	26.40	3.93	3.93
Gross block of the Assets at the end of the Year	143.35	118.46	118.46
Depreciation on Assets		5.81	5.81
Amortisation of SLC		3.01	3.01
Net Depreciation	**3.19**	**2.80**	**2.80**

Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-21: Gains / (Losses) on account of Depreciation for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	3.19	2.80	0.39	0	0.39

4.10 Interest and Finance Charges

Petitioner's submission

MUL submitted that it has calculated the Interest Expenses on the basis of actual weighted average interest rate charged by the bank for previous loan portfolio as per GERC (MYT) Regulations, 2016 as there was no actual loan portfolio available during FY 2021-22. It is further submitted that it has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20 which is approved by Commission in its order dated 1 April 2021.

MUL has submitted the following details in respect of Interest and Finance Charges.

Table 4-22: Interest and Finance Charges for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
Interest on Normative Loan		
Opening Loans	21.42	17.91
Addition of Loan due to Capitalisation during the Year	6.62	-
Less: Repayment	3.19	2.80
Closing Loan	24.85	15.10
Average Loan	23.13	16.51
Rate of Interest (%)	11.25%	11.25%
Interest on Normative Loan	**2.60**	**1.86**
Bank & Finance Charges	-	0.01
Total Interest and Finance Charges	**2.60**	**1.87**

Commission's analysis

The Commission has verified the normative loan opening value for FY 2021-22 with the normative closing loan value approved in Truing up for FY 2020-21. The loan addition has been considered in line with the normative loan addition approved in the aforementioned section of Capex and Capitalisation. The repayment has been equated to net value of depreciation during the Year.

As per first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered.

As there was no actual loan portfolio available during FY 2021-22. The Petitioner has considered the weighted average interest rate of 11.25% for FY 2019-20 which is approved by the Commission in its order dated 1.4.2021.

The Commission observed that claimed weighted average interest rate for FY 2021-22 is on significantly higher side with other Distribution licensees and even higher than MUL's claimed interest rate of 9.50% on working capital. Further, the Commission in Truing-up for FY 2020-21 in case No. 2036 of 2021 dated 31.3.2022 has invoked the Regulation 7 of GERC Tariff Regulation 2016 and considered the Bank Rate plus 200 basis points. Accordingly, the Commission has considered the Bank Rate plus 200 basis points as the rate of interest for the purpose of allowing the interest on the normative loan as per the last proviso of Regulation 38.5 of the GERC Tariff Regulations, 2016. The average RBI bank rate for FY 2021-22 was 6.50%, the Commission added the 200 basis points in 6.50% i.e., 8.50% (6.50% + 2%), has been used to compute the interest on normative loan.

The bank and finance charges have been cross checked with the audited accounts. The Commission observes that the Petitioner has incurred Rs. 0.01 Crore under this head.

Based on the foregoing analysis, the Commission's approves the Interest & Finance Charges of Rs. 1.42 Crore as shown in the Table below:

Table 4-23: Interest and Finance Charges approved up for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Interest on Normative Loan			
Opening Loan	21.42	17.91	17.91
Addition of Loan due to Capitalisation during the Year	6.62	0.00	0.00
Less: Repayment	3.19	2.80	2.80
Closing Loan	24.85	15.10	15.11

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Average Loan	23.13	16.51	16.51
Rate of Interest (%)	11.25%	11.25%	8.50%
Interest on Normative Loan	**2.60**	**1.86**	**1.40**
Bank & Finance Charges	0.00	0.01	0.01
Total Interest and Finance Charges	**2.60**	**1.87**	**1.42**

The Commission approves Interest and Finance Charges at Rs. 1.42 Crore for Truing up for FY 2021-22.

As noted in the preceding section, the Commission is of the view that the parameters which affect interest and finance charges should be treated as uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-24: Gains / (Losses) on account of Interest and Finance Charges for FY 2021-22

Particulars (Rs. Crore)	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest and Finance Charges	2.60	1.42	1.19	0	1.19

4.11 Interest on Working Capital

Petitioner's submission

The Interest on Working Capital is arrived at as per the GERC (MYT) Regulations, 2016, as provided in the Table below:

Table 4-25: Interest on Working Capital claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed
Working Capital Requirement		
O&M Expenses	0.85	0.92
Spares at 1% of GFA	1.17	1.15
Receivables	17.22	17.85
Sub-total	**19.24**	**19.81**
Less: Security Deposit	2.18	5.44

Particulars	Approved in the Tariff Order	Actual claimed
Normative Working Capital	**17.06**	**14.38**
Interest Rate (%)	10.25%	9.50%
Interest on Working Capital	**1.75**	**1.37**

The working capital computed as per the GERC (MYT) Regulations, 2016 works out to be Rs. 19.81 Crore which is more than the average security deposit amount of Rs. 5.44 Crore. MUL has considered interest on working capital at weighted average 1 year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2021-22 plus 250 basis points as per the GERC (MYT) Regulations, 2016 and accordingly, interest on working capital has been considered @ 9.50% (7.00%+2.50%) for FY 2021-22.

Commission's analysis

The Commission has reviewed the working capital requirement in terms of the component wise values approved in preceding sections.

With regard to rate of interest on working capital, the Commission vide notification no. 7 of 2016 dated 2nd December, 2016 has amended its Regulation 40.4 (b) of the GERC (MYT) Regulations, 2016 as given under:

> *"Interest shall be allowed at a rate equal to the State Bank Base Rate (SBBR) / 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable as on 1st April of the financial year in which the petition is filed plus 250 basis points:*
>
> *Provided that at the time of Truing up for any year, interest on working capital shall be allowed at a rate equal to the weighted average State Bank Base Rate (SBBR) / 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable prevailing during the financial year plus 250 basis points."*

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 7.00% prevailing during the financial year 2021-22 plus 250 basis points. Accordingly, the rate of interest on working capital worked out to be 9.50%.

Table 4-26: Interest on Working Capital approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Working Capital Requirement			
O&M Expenses (1 month)	0.85	0.92	0.92
Spares (1% of GFA)	1.17	1.15	1.15
Receivables (1 month of revenue at existing tariffs)	17.22	17.85	17.75
Sub-total	**19.24**	**19.81**	**19.81**
Less: Security Deposit	2.18	5.44	5.44
Normative Working Capital	**17.06**	**14.38**	**14.37**
Interest Rate	10.25%	9.50%	9.50%
Interest on Working Capital	**1.75**	**1.37**	**1.36**

The Commission approves Interest on Working Capital at Rs. 1.36 Crore for Truing up for FY 2021-22.

The Commission considers the Interest on Working Capital as uncontrollable, since the components forming part of the working capital are mostly uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-27: Gains / (Losses) on account of Interest on Working Capital for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Working Capital	**1.75**	**1.36**	0.38	0.00	0.38

4.12 Interest on Security Deposit

Petitioner's submission

MUL has submitted that the contribution to security deposit depends upon the addition of new consumers & their load growth from time to time as projected in ARR Petition for FY 2021-22. Moreover, the bulk consumers opt to give Bank Guaranty (BG) instead of cash deposit in case of amount of security deposit more than Rs. 25 Lakh.

MUL further submitted that as per RBI Bank rate dated 1.4.2021, the bank rate was 4.25%. Thus, the amount of interest on security deposit was paid to the consumers at bank rate applicable on 01.04.2021 as per the Table below:

Table 4-28: Interest on Security Deposit claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Deviation
Security Deposit	2.18	5.44	
Interest Rate (%)	4.65%	4.25%	
Interest Cost	0.10	0.14	(-)0.04

MUL requested the Commission to approve the actual interest paid on consumer security deposit and consider the variation as uncontrollable.

Commission's analysis

The Commission has verified from the audited accounts that the actual interest paid is Rs. 0.14 Crore as claimed by MUL. Accordingly, the Commission approves this value as per actuals.

Table 4-29: Interest on Security Deposit approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Average Deposit	2.18	5.44	5.44
Interest on Security Deposit	0.10	0.14	0.14

The Commission approves Interest on Security Deposit at Rs. 0.14 Crore for Truing up for FY 2021-22.

The factor which affects security deposit is the number of consumers. As per the GERC (MYT) Regulations, 2016 variation in the number of consumers is an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-30: Gains / (Losses) on account of Interest on Security Deposit for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on Security Deposit	0.10	0.14	(-)0.04	0.00	(-)0.04

4.13 Return on Equity

Petitioner's submission

The equity addition for FY 2021-22 has been considered as 30% of the amount of net capitalization (excluding SLC) during the year. The Return on Equity (RoE) has been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2021-22 as per Regulation 37 of the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-31: Return on Equity claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed
Opening Equity	22.79	21.64
Addition to Equity towards Capital Investment	2.84	0.00
Closing Balance of Equity	25.63	21.64
Average Return on Equity	24.21	21.64
RoE at 14%	**3.39**	**3.03**

The Petitioner requested the Commission to allow the same for the purpose of True-up.

Commission's analysis

The closing equity as on 31.3.2022 approved in the Order dated 31.3.2022 in Case No. 2036 of 2021 has been considered as the opening equity for FY 2021-22. The addition of equity during FY 2021-22 is considered as approved in the aforementioned section of Capex and Capital expenditure (

Table 4-15) of this Order. The rate of return is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 4-32: Return on Equity approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Opening Equity	22.79	21.64	21.64
Addition to Equity	2.84	0.00	0.00
Closing Equity	25.63	21.64	21.64
Average Equity	24.21	21.64	21.64
RoE at 14%	**3.39**	**3.03**	**3.03**

The Commission approves Return on Equity at Rs. 3.03 Crore for Truing up for FY 2021-22.

The Commission is of the view that Return on Equity depends on the amount of capitalisation during the financial year and that the parameters affecting the capitalisation are uncontrollable in nature, as noted in preceding sections. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

The Commission, accordingly, approves the Gains/ (Losses) on account of Return on Equity in Truing up for FY 2021-22 as detailed below:

Table 4-33: Gains / (Losses) on account of Return on Equity for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	3.39	3.03	0.36	0.00	0.36

4.14 Income Tax

Petitioner's submission

MUL has submitted that the total income tax paid by it for FY 2021-22 is Rs 4.67 Cr. Further, MUL has submitted that it has not considered the income tax paid Rs. 0.75 Crore. on other income related to parent company. Accordingly, it has claimed Rs. 3.92 Crore against Rs. 1.59 Crore Approved in the Tariff Order as shown in the Table below:

Table 4-34: Income Tax claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Deviation +/(-)
Income Tax	1.59	3.92	(-)2.33

The Petitioner has requested the Commission to consider variation in Income Tax and allow variation as uncontrollable for the purpose of Truing up.

Commission's analysis

The Commission has verified from the audited accounts that the actual income tax paid is Rs. 4.67 Crore.

The Commission while verifying the other income from the audited accounts observed that the Petitioner has booked the income for parent company and others in other income. Therefore, the Commission decided not to consider the income tax of Rs. 0.75 Crore. on other income related to parent company. Hence, the actual income tax allowed is Rs 3.92 Crore.

Accordingly, the Commission approves Income Tax of Rs. 3.92 Crore for Truing up for FY 2021-22 as shown below:

Table 4-35: Income Tax approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing Up
Income Tax	1.59	3.92	3.92

As per the GERC (MYT) Regulations, 2016 variation in the taxes on income is an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-36: Gains / (Losses) on account of Income Tax for FY 2021-22

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Income Tax	1.59	3.92	(-)2.33	0.00	(-)2.33

4.15 Contingency Reserve

Petitioner's submission

MUL has submitted that it has not contributed to the contingency reserve during FY 2021-22 against Nil value Approved in the Tariff Order. Accordingly, it has not claimed any amount under this head.

Commission's analysis

The Commission approves contribution to contingency reserve at Nil for Truing up for FY 2021-22.

The Commission considers variation in the contribution to contingency reserve as an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-37: Gains / (Losses) on account of Contribution to Contingency Reserve for FY 2021-22

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Contingency Reserve	0.00	0.00	0.00	0.00	0.00

4.16 Non-Tariff Income

Petitioner's submission

MUL has submitted that the Commission had approved the Non-Tariff Income of Rs. 3.35 Crore in the Tariff Order for FY 2021-22 dated 1.4.2020. However, the actual Non-Tariff Income for FY 2021-22 is Rs. 3.86 Crore, as shown in the Table below:

Table 4-38: Non-Tariff Income claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Deviation +/(-)
Non-Tariff Income	3.35	3.86	-0.51

MUL submitted that the variation in Non-Tariff Income is on account of consideration of rebate on prompt payment. MUL requested the Commission to allow the variation in Non-Tariff Income as uncontrollable for the purpose of True-up.

Commission's analysis

The Non-Tariff Income is specified in Regulations 89 and 97 of the GERC (MYT) Regulations, 2016, which includes various items such as income from sale of scrap, income from statutory investment, interest on advances to supplier/contractor, etc.

The Commission observed that MUL has considered the Non-Tariff Income as Rs. 3.86 Crore comprising Rebate of Rs. 3.16 crore and miscellaneous receipts of Rs. 0.71 crore.

The Petitioner has excluded Rs.0.03 Crore on account of Delayed Payment Charges. The Petitioner has also excluded interest income from bank and Parent company other income from the Non-Tariff Income.

Accordingly, the Commission approves Non-Tariff Income of Rs. 3.86 Crore for Truing up for FY 2021-22 as shown below:

Table 4-39: Non-Tariff Income approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing Up
Non-Tariff Income	3.35	3.86	3.86

The Commission considers variation in the Non-Tariff Income as an uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 4-40: Gains / (Losses) on account of Non-Tariff Income for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non-Tariff Income	3.35	3.86	(-)0.51	0.00	(-)0.51

4.17 Revenue from Sale of Power to Consumers

MUL has claimed a revenue of Rs. 212.95 Crore from sale of power to consumers in FY 2021-22. The Commission observes that the revenue as per audited accounts is also Rs. 212.95 Crore.

Accordingly, the Commission approves Revenue of Rs. 212.95 Crore from sale of power to consumers for Truing up for FY 2021-22.

4.18 Summary of Aggregate Revenue Requirement and Sharing of Gains/ Losses

Petitioner's submission

MUL has submitted the comparison of various ARR items and computed the Gains/ Losses due to controllable and uncontrollable factors as summarized below:

Table 4-41: Controllable & Uncontrollable Variations as claimed for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Approved in the Tariff Order	Actual Claimed	Over (+)/ under (-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	187.10	179.15	7.95	-	7.95
2	Operation & Maintenance Expenses	10.22	11.08	-0.86	-	-0.86
3	Depreciation	3.19	2.80	0.39	-	0.39
4	Interest & Finance Charges	2.60	1.87	0.73	-	0.73
5	Interest on Security Deposit	0.10	0.14	-0.04	-	-0.04
6	Interest on Working Capital	1.75	1.37	0.38	-	0.38
7	Bad Debts Written Off	0.00	0.00	0.00	-	0.00
8	Contribution to Contingency Reserves	0.00	0.00	0.00	-	0.00
9	**Total Revenue Expenditure**	**204.96**	**196.42**	**8.54**		**8.54**
10	Return on Equity Capital	3.39	3.03	0.36		0.36
11	Income Tax	1.59	3.92	-2.33		-2.33
12	**Aggregate Revenue Requirement**	**209.94**	**203.37**	**6.57**		**6.57**
13	Less: Non-Tariff Income	3.35	3.86	-0.51		-0.51
14	Aggregate Revenue Requirement	**206.59**	**199.51**	**7.08**		**7.08**

MUL has identified all the expenditure heads under controllable and uncontrollable categories. The Gains / (Losses) arise as a result of True up of FY 2021-22 for MUL and shall be suitably passed through the tariff as per mechanism specified by the Commission. The variation in the power purchase cost from approved ARR is on account of variation in sales and variation in actual cost. Any variation on account of power procurement cost is treated as uncontrollable. The variation in O&M Expenses are treated as uncontrollable. The variations in Interest on Long Term Loan, Interest on Security Deposit, Interest on Working Capital, Income Tax and Non-Tariff Income have been treated as uncontrollable.

Based on the above, the sharing of Gains and Losses due to controllable & uncontrollable factors is summarized below.

Table 4-42: Sharing of Gains & Losses as claimed for FY 2021-22

(Rs. Crore)

Particulars	Pass through by Adjustment of Tariff	To be Retained/ Absorbed	Total
Controllable Gain/(Losses)	0.00	0.00	0.00
Uncontrollable Gain/(Losses)	7.08	-	7.08
Total	**7.08**	**-**	**7.08**

As per the above Table, Total losses of Rs. 7.08 Crore shall be passed through to the consumers.

Following is the summary of Trued-up ARR of 2021-22 to be recovered by MUL after incorporation of sharing of Gains / (Losses)

Table 4-43: Trued-up ARR as claimed for FY 2021-22

(Rs. Crore)

Sr. No.	Particular	Actual Claimed
1	**Approved as per the MTR Order (A)**	206.59
2	Less: Gain on account of Controllable Factor to be passed on to the Consumers (1/3) (B)	-
3	Less: Gain on account of Un-controllable Factor to be passed on to the Consumers (C)	7.08
4	**Trued-up ARR for FY 2021-22, D= (A-B-C)**	**199.51**

Commission's analysis

The Commission reviewed the performance of MUL under Regulation 21 of the GERC (MYT) Regulations, 2016 with reference to the Audited Annual Accounts for FY 2021-22. The Commission has computed the sharing of Gains and Losses for FY 2021-22 based on the Truing up for each of the components discussed in the above paragraphs.

The ARR approved for FY 2021-22 in the Tariff Order dated 01.04.2021 and computed in accordance with the GERC (MYT) Regulations, 2016 are given in the Table below:

Table 4-44: ARR approved for FY 2021-22 along with impact of Controllable/ Uncontrollable factors

(Rs. Crore)

Sr. No.	Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up	Deviation +/(-)	Controllable (Gain/(Loss))	Uncontrollable (Gain/(Loss))
1	Power Purchase Expenses	187.09	179.15	179.15	7.94	-	7.94
2	Operation & Maintenance Expenses	10.22	11.08	11.00	(-)0.78	-	(-)0.78
3	Depreciation	3.19	2.80	2.80	0.39	-	0.39
4	Interest & Finance Charges	2.60	1.86	1.42	1.19	-	1.19
5	Interest on Security Deposit	0.10	0.14	0.14	(-)0.04	-	(-)0.04
6	Interest on Working Capital	1.75	1.37	1.36	0.38	-	0.38
7	Bad Debts Written Off	0.00	0.00	0.00	0.00	-	0.00
8	Contribution to Contingency Reserves	0.00	0.00	0.00	0.00	-	0.00
9	**Total Revenue Expenditure**	**204.96**	**196.42**	**195.88**	**9.08**	**-**	**9.08**
10	Return on Equity Capital	3.39	3.03	3.03	0.36	-	0.36
11	Income Tax	1.59	3.92	3.92	(-)2.33	-	(-)2.33
12	**Aggregate Revenue Requirement**	**209.94**	**203.37**	**202.83**	**7.11**		**7.11**
13	Less: Non-Tariff Income	3.35	3.86	3.86	(-)0.51	-	(-)0.51
14	Aggregate Revenue Requirement	**206.59**	**199.51**	**198.97**	**7.62**	**-**	**7.62**

Summary of Trued-up ARR of FY 2021-22 to be recovered by MUL after incorporation of sharing of Gains/ Losses is as detailed in the Table below:

Table 4-45: Trued-up ARR approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particular	Approved in Truing up
1	**Approved as per the Tariff Order dated 01.04.2021(A)**	**206.59**
2	Less: Gain on account of controllable factor to be passed on to the consumers (1/3) (B)	0.00
3	Less: Gain on account of Un-controllable factor to be passed on to the consumers (C)	7.62
4	**Trued-up ARR for FY 2021-22, D= (A-B-C)**	**198.97**

4.19 Net revenue Gap / (Surplus)

Petitioner's submission

The Net revenue Gap / (Surplus) claimed for FY 2021-22 is given in the Table below:

Table 4-46: Revenue Gap / (Surplus) claimed for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed
1	Annual Revenue Requirement (Trued up)	199.51
2	Revenue from Sale of Power	212.95
3	**Net Revenue Gap / (Surplus) (1-2)**	**(-)13.45**

MUL has submitted that the Commission in its Tariff Order dated 01.04.2021 has approved consolidated revenue gap of Rs. 2.97 Crore for FY 2019-20 and consolidated carrying cost of Rs. 1.58 Crore up to FY 2019-20 and Rs. 0.48 Crore on this revenue gap of FY 2019-20 as per GERC (MYT) Regulations, 2016. Accordingly, MUL has submitted its Consolidated Revenue Gap/(Surplus) claim for FY 2021-22 as below:

Table 4-47: Consolidated Revenue Gap / (Surplus) claimed for FY 2021-22

(Rs. Crore)

Particulars	Actual Claimed
Net Revenue Gap / (Surplus) of FY 2021-22	(-)13.45
Add: Approved Consolidated Gap / (Surplus) for FY 2019-20	2.97
Add: Consolidated Carrying Cost for FY 2019-20	1.58
Add: carrying cost on revenue gap of FY 2019-20 for FY 2020-21 & FY 2021-22	0.48
Consolidated revenue Gap/(Surplus) for FY 2021-22	**(-)8.41**

Commission's analysis

The Net revenue Gap / (Surplus) approved by the Commission for FY 2021-22 is given in the Table below:

Table 4-48: Approved Revenue Gap / (Surplus) for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Actual Claimed	Approved in Truing-up
1	Annual Revenue Requirement (Trued up)	199.51	198.97
2	Revenue from Sale of Power	212.95	212.95
3	**Net Revenue Gap / (Surplus) (1-2)**	**(-)13.45**	**(-)13.98**

The workings of the consolidated Revenue Gap for FY 2021-22 approved by the Commission is shown below:

(Rs. Crore)

Sr. No.	Particulars	Approved in Truing up
1	Revenue from Sale of Power	212.95
2a	Approved Consolidated Gap / (Surplus) for FY 2019-20	2.97
2b	Consolidated Carrying Cost for FY 2019-20	1.58
2c	Carrying cost on revenue gap of FY 2019-20 for FY 2020-21 & FY 2021-22	0.48
2	Total Past Gap and Carrying Cost	5.03
3	Net Revenue available for True-up ARR for FY 2021-22 (1-2)	207.92
4	Annual Revenue Requirement (Trued up)	198.97
5	**Net Revenue Gap / (Surplus) for FY 2021-22 to be carried forward (4-3)**	**(-)8.95**

Accordingly, The Commission approves the Trued-up consolidated Revenue Surplus for FY 2021-22 of Rs. 8.95 Crore. This Trued-up Surplus is considered by the Commission for Determination of Tariff for FY 2023-24.

The Commission has dealt with carrying cost for FY 2021-22 in the next Chapter while deciding Tariff for FY 2023-24.

5. Determination of Tariff for FY 2023-24

5.1 Introduction

This Chapter deals with the determination of Revenue Gap/Surplus, as well as Consumer Tariff for FY 2023-24.

The Commission has issued Suo-Motu Order No. 2140 of 2022 dated 20.10.2022 about applicability of the GERC (MYT) Regulations, 2016 for filing application / Petition for the determination of Annual ARR for FY 2023-24 and proposal for determination of tariff for FY 2023-24.

MUL has accordingly submitted that it has worked out the projected ARR for FY 2023-24 based on the GERC (MYT) Regulations, 2016 in line with the directions of the Commission in the Suo-Motu Order No. 2140 of 2022 dated 20.10.2022.

5.2 Energy Sales

Petitioner's submission

MUL has submitted that sales forecast has been worked out in accordance with demand projections as per demand forecast submitted by the existing and new customers envisaged to set up manufacturing facilities in Licence area.

MUL has submitted that the license area is being developed for setting up an industrial hub by the Developer of Mundra SEZ. The Mundra SEZ is still in the development phase as the new industries and associated necessary infrastructure would likely to take place gradually based on overall economic conditions. Hence, it would be very difficult to carry out the Demand and Sales projection more accurately and precisely for this area.

MUL has considered the projections given by industrial & commercial units, already established in the Licence area and willing to establish the units. These projections are based on the details captured from respective consumers. The Petitioner has taken good care to work out close to realistic projections of energy sales and also collected inputs from existing and upcoming units for the same. The sales projections for FY 2023-24 are as follows:

Table 5-1: Energy Sales projected for FY 2023-24

(MUs)

Particulars	Projection
HT Category	
HTMD-I (Commercial)	278.50
HTMD-I (Industrial)	2,115.23
HTMD-II	152.57
HTMD-III	6.64
HTMD-IV	1.71
HTMD-EV Charging Station	-
Traction	47.04
Low Voltage Category	
Residential	-
Commercial (Non Demand)	-
Commercial (Demand)	2.77
Industrial (Non Demand)	-
Industrial (Demand)	0.06
Street Lights	0.46
Temporary	-
LT-EV Charging Stations	-
Total Sale	**2,604.99**

As regards with the number of consumers, MUL has submitted that the consumer category mainly served by the Petitioner in Mundra SEZ area would be predominantly industrial and commercial bulk consumer of HTMD-I category. The consumer base of other categories would be negligible.

Based on inputs collected from developer of Mundra SEZ about prospective clients and details of plots allotted so far in Mundra SEZ area, the projections of consumers and Load have been worked out. The summary is as under:

Table 5-2: No. of Consumers and Load projections for FY 2023-24

Particulars	Consumers (Nos.)	Connected Load / Contract Demand (kVA)
HT Category		
HTMD-I (Commercial)	25	59227
HTMD-I (Industrial)	34	334925
HTMD-II	7	48249
HTMD-III	1	1200
HTMD-IV	2	360

Particulars	Consumers (Nos.)	Connected Load / Contract Demand (kVA)
HTMD-EV Charging Station	-	
Traction	1	17000
Low Voltage Category		
Residential	-	
Commercial (Non Demand)	-	
Commercial (Demand)	27	1253
Industrial (Non Demand)	-	
Industrial (Demand)	1	65
Street Lights	8	193
Temporary	-	
LT-EV Charging Stations	-	
Total Sale	**106**	**462472**

Commission's analysis

The Commission has noted the category-wise sales projected by the Petitioner for FY 2023-24. The Commission in datagaps has asked the details of billing determinants (No. of Consumers, Load and Sales) for FY 2022-23 till January 2023. The Petitioner in reply has submitted the details of billing determinants for FY 2022-23 till January 2023 as under:

SN	Consumer Category	No. of Consumers	Load (kVA)	Sales (MU)
1	Residential	0	0	0.00
2	Commercial (Non-Demand)	0	0	0.00
3	Industrial (Non-Demand)	0	0	0.00
4	Streetlight	8	174	0.46
5	Commercial (Demand)	27	1336	3.46
6	Industrial (Demand)	2	164	0.10
7	LT Temp	1	10	0.09
8	HTMD-1	43	92415	336.45
9	HTMD -II (HT Temp)	4	2660	0.64
10	HTMD -III (HT Residential)	1	900	4.41
11	HTMD -IV (HT WW)	2	335	1.53
12	LT EV Charge			
13	HT EV Charge			
14	Traction			
	Total	88	97994	347.15

By analysing the available actual data submitted by the Petitioner, the Commission finds that the projections submitted by the Petitioner to be quite aggressive but considering that energy sales are difficult to predict given that the SEZ is still under the development stage, the Commission is of the view that the Licensee is in the best position to judge the sales growth, and hence, accepts the category-wise sales as projected by MUL, as shown in the Table below:

Table 5-3: Energy Sales approved for FY 2023-24

(MUs)

Particulars	Projected	Approved
Energy	2,604.99	2,604.99

Any variation in the actual energy sales will be considered during the truing up for FY 2023-24.

5.3 Distribution Losses

Petitioner's submission

MUL has projected distribution losses of 3.21% for the FY 2023-24 same as the distribution losses for FY2021-22.

MUL has submitted that it has created basic infrastructure to provide power connectivity to its consumers in SEZ area. MUL has considered N-1 transformation redundancy at all level for higher power reliability and availability to end consumers in the Zone as specified in Distribution Code. Further, MUL submitted that it is primarily supplying power to industrial units, which, may vary from the above projection, hence requested to the Commission to treat the losses as uncontrollable and approve actual losses at the time of true-up.

In view of above, MUL has requested the Commission to allow projected distribution losses of 3.21% for FY 2023-24.

Commission's analysis

The Petitioner has considered the Distribution Losses of 3.21% for FY 2023-24 same as the distribution actual losses for FY2021-22. The Petitioner has also submitted that MUL has considered N-1 transformation redundancy at all levels for higher power reliability and availability to end consumers in the Zone as specified in Distribution Code.

The Commission notes the submission of MUL. Accordingly, the Commission approves 3.21% distribution losses for the FY 2023-24 as proposed by the Petitioner.

5.4 Energy Balance

Petitioner's submission

MUL has submitted that the projection of Energy Balance for the FY 2023-24 is based on projection of Energy Sales and projected distribution & transmission losses.

Since MUL is directly connected to APMuL bus through dedicated transmission line and hence NIL transmission losses have been considered. Similarly, in case of LTPPA with UPCL, the delivery of power is at MUL's bus and therefore, no transmission losses have been considered.

MUL has submitted that it has also initiated the bid process for 600 MW LTPPA as per daily order issued by the Commission on 08.08.2022 in case no 2133 of 2022 and same is envisaged to conclude by end of the FY 2022-23. The Delivery Point as specified in Bid document is the Petitioner's bus and therefore, no transmission losses have been considered. However, the actual losses will be considered during truing up of FY 2023-24 in case it is applied based on tariff adopted and approved by the Commission.

For fulfilment of the Non-Solar RPO obligation, MUL submitted that it has entered LTPPA with Adani Renewable Energy (KA) Limited (AREKAL). The WTGs under LTPPA with AREKAL are directly connected with the distribution network of MUL and therefore, no transmission losses have been considered. Moreover, the MUL has signed PPA with Mundra Wind Tech Limited (MWL) and same is also directly connected with its distribution network, hence, no transmission losses have been considered. Further, for the shortfall in meeting the Non-Solar RPO Obligation, MUL has considered procurement of Non-Solar energy through Power Exchange and therefore, applicable transmission losses have been considered.

For fulfilment of Solar RPO obligation, MUL has considered renewable attribute of Solar Projects for captive consumption of its consumers and the balance is considered to be procured through Power Exchange and therefore, applicable transmission losses have been considered.

MUL has submitted that it has requested Solar Energy Corporation of India (SECI) for power procurement based on 1170 MW ISTS-connected Wind-Solar Hybrid Power

Project (Tranche-V). Accordingly, SECI has offered 1070 MW capacity hybrid power for which MUL will separately approach to the Commission for approval tariff and PPA. This shall fulfil the Solar and Non-Solar RPO obligations and thus reduce future dependency on Power Exchange for meeting the RPO obligation. As of now, MUL has considered to procure the renewable power through power exchange for FY 2023-24

The estimated energy sales, losses and Energy Balance for the FY 2023-24 as projected by MUL are given below:

Table 5-4: Energy Requirement projected for FY 2023-24

(MUs)

Particulars	MUL Petition
Energy Sales	2604.99
Distribution Losses (%)	3.21%
Distribution Losses (MU)	86.39
Energy Requirement at Distribution Periphery	2691.38
Transmission Losses (%)	1.02%
Transmission Losses (MUs)	27.74
Total Energy Requirement	**2719.12**

Commission's analysis

The Petitioner has submitted that it has proposed the transmission losses after considering the state transmission losses of 3.79% (Average of actual monthly transmission losses from November 2021 to October 2022) and inter-state transmission losses of 3.49% (Average of actual weekly transmission losses from 6th December 2021 to 4 December 2022). Accordingly, the Commission approves State Transmission Losses of 3.79% and inter-State Transmission losses of 3.49% for FY 2023-24 as submitted by the Petitioner.

Based on the energy sales approved, Distribution Losses approved, and Transmission Losses, the Commission has computed the estimated energy requirement for MUL for FY 2023-24 in the Table below:

Table 5-5: Energy requirement approved for FY 2023-24

(MUs)

Particulars	Projected	Allowed
Sales (MU)	2604.99	2604.99
Distribution loss (%)	3.21%	3.21%

<table>
<tr><th>Particulars</th><th>Projected</th><th>Allowed</th></tr>
<tr><td>Distribution loss (MU)</td><td>86.39</td><td>86.39</td></tr>
<tr><td>Energy at Discom Periphery (MU)</td><td>2691.38</td><td>2691.38</td></tr>
<tr><td>Transmission loss (%)</td><td rowspan="4">1.02%</td><td>3.79%</td></tr>
<tr><td>Transmission Loss (MU)</td><td>14.12</td></tr>
<tr><td>Energy at Transmission Periphery (MU)</td><td>2705.50</td></tr>
<tr><td>Inter-state Transmission loss (%)</td><td>3.49%</td></tr>
<tr><td>Inter-State Transmission Loss (MU)</td><td>27.74</td><td>13.47</td></tr>
<tr><td>Energy requirement at Transmission Periphery (MU)</td><td>2719.12</td><td>2718.96</td></tr>
</table>

5.5 Energy Availability and Power Purchase Cost

Petitioner's submission

MUL has projected power requirement, which shall be procured for retail supply business during FY 2023-24. MUL has worked out the quantum of power procurement based on projected sale of power to its customers and projected T&D losses.

MUL has considered the source-wise energy procurement based on estimated sales during FY 2023-24. The estimated source-wise energy procurement is as below:

Table 5-6: Source-wise Energy Procurement projected for FY 2023-24

(In MUs)

Particulars	Projected
Long Term Contracts	2203.72
Renewable Purchase Obligation (RPO) – Solar	257.47
RPO – Wind	236.40
RPO – Others	21.53
Net Power Purchase Cost	**2719.12**

MUL has submitted that it has considered procurement of power through its Thermal LTPPAs and Wind LTPPA for FY 2023-24.

MUL has considered additional purchase of power under long term arrangement (600MW) which is under bidding process wherein the Petitioner has already sought approval of the Commission for deviation in contract capacity on the basis of year where in the Petitioner will provide the contract capacity prior to the starting of financial year to reduce the burden of capacity charges in case any variation on newly established consumer's demand.

MUL has considered solar power from its captive solar rooftop plants. MUL is also using the solar attributes of its consumers, who have installed captive solar rooftop plants to meet the solar RPO. MUL has also considered purchase of solar power from green market through IEX to fulfil its RPO.

MUL has considered purchase of aforesaid renewable power in accordance with the RPO target for FY 2023-24 notified by Commission through its GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022 and expected rate on the exchange. MUL also submitted that the actual cost of RPO will be considered during Truing-up.

The summary of estimated source-wise power purchase cost during FY 2023-24 is tabulated below:

Table 5-7: Source-wise Power Purchase projected for FY 2023-24

(Rs. Crore)

Particulars	Projected
Long Term Contract	1305.80
RPO – Solar	90.13
RPO – Wind	79.94
RPO – Others	15.22
Other (Reactive, SLDC & Transmission Charges)	36.39
Total Cost	**1527.49**

Commission's analysis

The Commission has considered the full available contracted capacity under the APL PPA (50MW) for meeting load requirement. The Commission has considered purchase of renewable power from captive, Wind LTPPA and IEX in accordance with the RPO target notified by the Commission through the GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022.

The Commission has also considered the balance purchase after considering RPO from LTPPA 600MW.

The Commission hereby approves the source-wise energy purchase as follows:

Table 5-8: Energy Availability approved for FY 2023-24

(MUs)

Particulars	Projected	Approved
LTPPA-50MW	2203.72	373.32
LTPPA-600MW		1837.20
RPO - Solar	257.47	258.30
RPO - Wind	236.40	228.39
RPO - Others	21.53	21.75
Total	**2719.12**	**2718.96**

The Petitioner has submitted the source-wise power purchase quantum and cost. MUL has submitted the projected average rate of Rs. 5.16/kWh as per the LT PPA-50 MW with APL and Rs. 6.00/kWh for the expected LT PPA for 600 MW. For RPO Wind, MUL has considered the average rate of Rs. 3.14/kWh as per PPA. For RPO Solar and wind from IEX, MUL has considered average rate of Rs. 3.77/kWh. For fulfilling RPO form others, MUL considered the preferential tariff of Rs. 7.07 kWh. The Commission considered the MUL projected rates for projecting the power purchase cost for FY 2023-24.

Regarding the Other charges (Reactive, SLDC & Transmission Charges), the Commission has considered the charges as projected by the Petitioner.

Accordingly, the Commission approves the projected power purchase cost based on approved energy requirement as follows:

Table 5-9: Source-wise Power Purchase Cost approved for FY 2023-24

(Rs. Crore)

Particulars	Projected	Approved
Long Term Contract	1305.80	192.69
Long Term Contract 600 MW		1102.32
RPO – Solar	90.13	91.13
RPO – Wind	79.94	80.79
RPO – Others	15.22	15.38
Other (Reactive, SLDC & Transmission Charges)	36.39	36.39
Net Power Purchase Cost	**1527.49**	**1518.70**

5.6 Renewable Purchase Obligation

MUL has considered purchase of aforesaid renewable power in accordance with the RPO target for FY 2023-24 notified by the Commission through its GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022. MUL also submitted that the actual cost of RPO will be considered during Truing-up. Based on the GERC (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022, the Renewable Purchase Obligation from RE sources approved for FY 2023-24 is tabulated below:

Table 5-10: Renewable Purchase Obligation approved for FY 2023-24

Particulars	Units	Solar	Wind	Others*	Total
Total Energy Requirement	MU				2,718.96
RPO Target	%	9.50%	8.40%	0.80%	18.70%
RPO Target	MU	258.30	228.39	21.75	508.45
RPO fulfilment from existing sources	MU	16.59	84.42	21.53	122.54
Unmet RPO	MU	241.71	143.97	0.22	385.91
RPO fulfilment from IEX	MU	241.71	143.97	0.22	385.91
Total	MU	258.30	228.39	21.75	508.45
Power Purchase cost	Rs Crore	80.79	91.13	15.38	187.29
Rate	Rs/Unit	3.13	3.99	7.07	3.68

Others (Biomass, Bagasse & Bio-fuel based cogeneration, MSW and Small/Mini/Micro Hydro)

****As the Petitioner has not projected any HPO purchase separately, the Commission for the purpose of projection has indicated the same with others but directs the Petitioner to fulfil the HPO target of 0.50% as per Regulation separately.***

5.7 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

MUL has submitted that the availability of qualitative and reliable power supply to the unit holders is the most important element for successful development of Mundra SEZ. The Investors prefer to set up their continuance process industry in SEZ area if they get uninterrupted qualitative power supply.

The Petitioner has planned to established state of art distribution network along with built-in redundancies to ensure uninterrupted quality power supply to the unit holders in Mundra SEZ.

MUL has submitted that it has endeavoured its best to estimate CAPEX for FY 2023-24 based on principles set in Distribution Code.

MUL has considered following assumptions for projecting the CAPEX during FY 2023-24:

- The hybrid i.e. combination of overhead line and underground cable has been considered for EHV network at 400 kV, 220 kV, 66 kV level.
- GIS type EHV substations at 400 KV, 220 KV, 66 KV voltage level
- The indoor type sub-station has been considered for HV S/s of 11 KV Level.
- The underground cables have been considered for HV and LV Network.
- The EHV network is optimally ready to serve any new consumers to cater power supply in Licence area.
- The HV/LV network is being laid on need basis for last mile connectivity.
- The costs of material and services have been considered as per existing rates (without any taxes and duties), no escalation factor and price variation has been considered. Further, the civil cost has been considered based on primary survey. However, it may vary based on detail soil investigation to be carried out and therefore, request the Commission to allow variation during truing up.
- The CAPEX is proposed to be funded with a debt / equity ratio of 70:30

MUL has planned to undertake capital investments for development of power distribution infrastructure to meet power requirement of its consumers.

MUL has projected addition of few retail consumers during FY 2023-24 and it is expected that consumer base would reach to 106 nos. with arithmetic sum of contract demand up to 674 MVA which will be reaching 2,123 MVA by FY 2024-25 and 4,279 MVA by FY 2026-27.

MUL has submitted that in order to cater to the Power Demand of the magnitude as stated above, overall infrastructure plan is developed. In this respect, Petitioner applied to Central Transmission Utility of India Limited (CTUIL) for grant of connectivity at CTU in month of June 2022. CTUIL after following due procedure intimated the Grant of Connectivity to Petitioner as Distribution Licensee at 400 kV voltage level [Navinal Sub-station Proposed (GIS)] with effective from September 2024.

MUL has submitted that the demand of the MUL is envisaged to be approximately 674 MVA during FY 2023-24 which shall require strengthening of existing infrastructure and therefore, the Petitioner has considered augmentation of 220 KV existing dedicated network connected with grid including Transmission Line & Substations to full fill power demand with desirable reliability to the consumers.

MUL has submitted that it has planned to develop infrastructure in phase wise manner, based on the demand forecast in order to optimally utilize the network and optimizing the cost of the infrastructure by keeping development plan in tandem to the power demand in upcoming years.

MUL has considered EHV substations along with associated EHV Transmission Lines at 400 KV & 220 KV voltage level and transformation of 400 KV / 220 KV / 66 KV / 33 KV / 11 KV to cater the power to upcoming industries based upon their requirement in the licence area.

MUL has submitted that it has considered to set up a Central Control Room for monitoring & operation of networks through SCADA, Energy Management System and Geographical Information System and also considered to set-up a Central Office and a Central Store for effective operation of the infrastructure and management of the consumer services as demand growth in the licence area is potentially high and majority of them are continuous process industries, which require reliable and redundant power supply.

MUL has considered conversion of radial feed in to Ring Network at HT level for better reliability to industrial units and solar injections installed by the consumers.

MUL has also considered conversion of earth wire into the OPGW in existing EHV Transmission Line.

MUL submitted that the above-mentioned infrastructure shall take time to build up. However, the execution of infrastructure shall commence by FY 2023-24 to fulfil the power requirement of upcoming units. Therefore, proportionate capital expenditure is planned during FY 2023-24 and remaining will be incurred in the ensuing years. The project cost has been worked out at present rate without considering price variation and escalation factor for overall development plan, the civil cost has been worked out based on primary survey reports available and it may change based on detailed soil investigation and therefore, MUL requested the Commission to allow the revision during approval of ARR for ensuing year and truing up of FY2023-24.

Based on above, MUL has submitted the summarized statement of proposed capital expenditure during FY 2023-24 as shown in below table:

Table 5-11: Capital Expenditure projected for FY 2023-24

(Rs. Crore)

	Particulars	Projection
A	**EHV (220 kV & 66 kV)**	
	EHV Transmission line	195.83
	EHV Transmission Cable	308.44
	EHV Substation	686.61
	Land Cost	163.68
	Civil Cost	0.00
	Total	**1354.55**
B	**HT (33 kV & 11 kV) & NETWORK**	
	33 kV HT Cable Network	0.00
	11 kV HT Cable Network	0.48
	33 / 11 kV HT Substation	0.00
	Land Cost	0.00
	Civil Cost	0.00
	Total	**0.48**
C	**Others**	
	Automation & SCADA	14.18
	Testing and Measuring Equipment	0.00
	IT Meters & AMR	10.88
	Miscellaneous	0.36
	Buildings & other civil work	33.04
	Total	**58.46**
D	**Grand Total**	**1413.49**

MUL has submitted the proposed scheme-wise Capitalization for FY 2023-24 as under:

Table 5-12: Proposed scheme-wise Capitalization for FY 2023-24

(Rs. Crore)

Sn	Project Code	Project Title	FY 2023-24
1	EHV Network	220 kV Transmission Line capacity augmentation	8.49
2	EHV Network	66 kV Underground Cable	10.77

Sn	Project Code	Project Title	FY 2023-24
3	EHV Network	400 kV Transmission Line	77.95
4	EHV Substation	220 kV Substation Bay Extension and Augmentation	18.39
5	EHV Network	66 kV Conversion from earth wire to OPGW	0.59
6	HT/LT Network	Common Network for Consumer	0.48
7	HT/LT Network	Automation of HT Network	2.44
8	Misc.	Tools for EHV Transmission Line	0.36
Total			**119.48**

Accordingly, MUL has proposed Capital expenditure & Capitalization for FY 2023-24 as per below table:

Table 5-13: Capital Expenditure and Capitalization projected for FY 2023-24

(Rs. Crore)

Particulars	Projection
Capital Expenditure	1413.49
Capitalisation	119.48

MUL has proposed to fund part of the Capitalization for FY 2023-24 from unutilized/recovered SLC and balance through normative debt: equity in the ratio of 70:30. The funding of capitalization as projected by the Petitioner as per below table:

Table 5-14: Funding of projected Capitalization for FY 2023-24

(Rs. Crore)

Particulars	Projection
Opening GFA	199.51
Addition to GFA	119.48
Deletion from GFA	-
Closing GFA	318.99
SLC Contribution	21.63
Capitalization for Debt: Equity	97.86
Normative Debt (70%)	68.50
Normative Equity (30%)	29.36

Commission's analysis

The Commission has sought the details of DPR for the proposed capex and capitalisation for FY 2023-24. In response to the Commission's query, the Petitioner submitted the details related to capex planning. MUL has submitted that execution of infrastructure shall commence by FY 2023-24 to fulfil the power requirement of upcoming units. MUL also submitted that infrastructure will be developed in phase wise manner, based on the demand forecast in order to optimally utilize the network and optimizing the cost of the infrastructure by keeping development plan in tandem to the power demand in upcoming years. Considering the justification submitted by the Petitioner, the Commission hereby provides the in-principle approval of the capex of Rs. 1413.49 Crore.

Regarding the capitalisation, the Commission has observed that the Petitioner has projected substantially high capitalisation in a single year, which is more than its Gross Fixed Assets till date. Considering the sales growth projections of the Petitioner in FY 2023-24, the Commission, for the time being, has considered the projected capitalisation as proposed by the Petitioner for FY 2023-24, subject to truing-up at actuals.

Accordingly, the Commission has considered the approved closing GFA for FY 2021-22 of Rs. 118.46 Crore as approved in this Order and the addition of assets of Rs. 55.37 Crore in FY 2022-23 as approved in the Tariff Order for FY 2022-23 to work out the closing GFA for FY 2022-23. Accordingly, the closing balance of GFA for FY 2022-23 thus worked out has been considered as opening balance of GFA for FY 2023-24.

Further, the Commission has considered the SLC contribution of Rs 21.63 Crore as projected by the Petitioner for FY 2023-24.

Table 5-15: Capital Expenditure, Capitalization and Funding of Capex approved for FY 2023-24

(Rs. Crore)

Particulars	Projected	Allowed
Opening GFA	199.51	173.83
Addition to GFA	119.48	119.48
Deletion from GFA	-	0.00
Closing GFA	318.99	293.31
Financing of Capitalisation		

Particulars	Projected	Allowed
Total Funding requirement (Capitalisation)	**119.48**	**119.48**
SLC contribution	21.63	21.63
Funding requirement through Debt: Equity	**97.86**	**97.86**
Normative Debt (70%)	68.50	68.50
Normative Equity (30%)	29.36	29.36

5.8 Operations and Maintenance Expenses

Petitioner's submission

The average of actual O&M expenses for FY 2019-20 to FY 2021-22 has been considered as the O&M expenses for the FY 2020-21 ending 31st March 2021 with escalation of 5.72% year on year to derive at the allowable O&M expenses for FY 2023-24 in line with the provision of the Regulation 86.2 of GERC (MYT) Regulations, 2016.

Further, MUL has submitted that the above methodology is suitable for licensee, having stable or marginally growth of the load and infrastructure. Whereas, in this particular case there is substantial growth in the Licence area of MUL and hence, huge infrastructure is needed to be developed and maintained to deliver the reliable power to the consumers. Hence, for deriving the O&M cost, MUL has considered a percentage of Gross Fixed Asset for FY 2023-24. The percentage so considered is the average percentage cost of last three years on average Gross Fixed Asset of the similar last three years as development is required to fulfil overall service obligation of the licensee and therefore, the O&M expenses is beyond the control of the Petitioner in such case. The detail calculation of the O&M expenses has been provided in this Petition as format of the GERC (MYT) Regulations, 2016.

MUL has also submitted that the license area of the MUL is still in the development phase as the new industries and associated necessary infrastructure would likely to take place gradually and also the license area is falling under the saline atmosphere, therefore actual O&M expenses may vary from the projections given below. Therefore, MUL has requested the Commission to approve the actual O&M expenses at the time of True-up.

Table 5-16: Operation and Maintenance Cost projected for FY 2023-24

(Rs. Crore)

Particulars	Projection
Employee Expenses	5.79
R&M Expenses	4.28
A&G Expenses	13.61
Operation and Maintenance Expenses	**23.69**

Commission's analysis

Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016 specify the method of allowing normative O&M Expenses for the MYT Control Period, as reproduced below:

"86.2 Operation and Maintenance expenses:

a) The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three (3) years ending March 31, 2015, subject to prudence check by the Commission.

b) The average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the financial year ended March 31, 2014 and shall be escalated year on year at the escalation factor of 5.72% to arrive at operation and maintenance expenses for subsequent years up to FY 2021-22..."

Accordingly, the allowable O&M expenses for the FY 2023-24 have been computed by the Commission in line with the provisions of the Regulation 86.2 of the GERC (MYT) Regulations, 2016 by considering the average actual O&M expenses for FY 2019-20 to FY 2021-22 which have been considered as the O&M expenses for FY 2020-21 ending 31st March 2021 and escalated year on year to arrive at the allowable O&M expenses for FY 2023-24. Further, as explained in Para 4.8 of this Order, the Commission will consider, deviation in this regard, as uncontrollable in the truing up exercise.

Accordingly, the Commission approves the O&M Expenses for FY 2023-24 as shown in the Table below:

Table 5-17: Operation and Maintenance Expenses approved for FY 2023-24

(Rs. Crore)

Particulars	Projection	Approved
Employee Expenses	5.79	2.95

Particulars	Projection	Approved
R&M Expenses	4.28	2.22
A&G Expenses	13.61	7.07
Operation and Maintenance Expenses	**23.69**	**12.24**

5.9 Depreciation

Petitioner's submission

MUL has submitted the following details related to fixed assets and depreciation for FY 2023-24.

Table 5-18: Depreciation projected for FY 2023-24

(Rs. Crore)

Particulars	Projected
Opening Gross block	199.51
Closing Gross block	318.99
Depreciation	**7.82**

MUL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the Regulations. The Depreciation rates considered are also as per the GERC (MYT) Regulations, 2016.

Commission's analysis

The Commission has considered the closing GFA approved in this order for FY 2021-22 and approved additional capitalisation during FY 2022-23 to arrive at the opening GFA for the FY 2023-24 for calculation of depreciation. The additional capitalisation for FY 2023-24 has been considered as approved by the Commission in previous section of Capital expenditure and capitalisation. The Commission has observed that MUL has worked out average depreciation rate of 4.91% for FY 2023-24 by applying the GERC depreciation rates which seems reasonable. The Commission has also considered the amortisation of SLC contribution of Rs 4.90 Crore as submitted by the Petitioner. Accordingly, the Commission has computed the depreciation for FY 2023-24 on average GFA for the year.

Accordingly, the Commission approves Depreciation of Rs. 5.73 Crore for FY 2023-24 as shown below:

Table 5-19: Depreciation approved for FY 2023-24

(Rs. Crore)

Particulars	Projected	Allowed
Gross block of the Assets at the beginning of the Year	199.51	173.83
Addition during the Year	119.48	119.48
Gross block of the Assets at the end of the Year	318.99	293.31
Depreciation on Assets	12.72	11.46
Addition of SLC during the Year	21.63	21.63
Amortisation of SLC	4.90	4.90
Net Depreciation	**7.82**	**6.56**

5.10 Interest and Finance charges

Petitioner's submission

MUL submitted that it has calculated the Interest Expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. MUL has paid the interest amount to the bank at weighted average interest rate of 11.25% during FY 2019-20 and same has been considered for FY 2023-24 as per the GERC (MYT) Regulations, 2016.

MUL has considered the debt-equity in 70:30 ratio indicated in the GERC (MYT) Regulations, 2016 excluding the capitalisation funded through unutilized/recovered Service Line Contribution (SLC).

MUL has submitted the following details in respect of interest on Loan.

Table 5-20: Interest on loan projected for FY 2023-24

(Rs. Crore)

Particulars	Projection
Opening Loans	44.17
Less: Reduction of Normative Loan	-
Addition of Normative Loan	68.50
Repayment of Normative Loan	7.82
Closing Loan	104.85
Average Loan	74.51
Rate of Interest (%)	11.25%
Interest Expenses	**8.38**
Finance Charges	**-**
Total Interest on loan	**8.38**

Commission's analysis

The Commission has considered the closing balance of Normative Loan of Rs. 15.11 Crore for FY 2021-22 as approved in this Order and the addition of Normative Loan of Rs. 14.03 Crore (revised after considering the unutilised SLC of Rs 13.97 Crore in FY 2022-23). Accordingly, the closing balance of Normative Loan of Rs 24.18 Crore worked out by the Commission for FY 2022-23 has been considered as opening balance of Normative Loan for FY 2023-24.

The loan addition as worked out in earlier section for FY 2023-24 and repayment equivalent to depreciation as approved for FY 2023-24 have been considered. As regards to the weighted average rate of interest, MUL has considered the weighted average interest rate of 11.25% for FY 2023-24 as per approved weighted average interest rate of 11.25% for 2019-20. The Commission has considered the interest rate of 6.25% at the RBI Bank Rate (4.25% as on 1st April 2022) plus 200 basis points as per the methodology discussed in True-up section of this Order. Accordingly, the Commission approves the Interest on loan as shown in the Table below:

Table 5-21: Interest on Loan approved up for FY 2023-24

(Rs. Crore)

Particulars	Projected	Approved
Interest on Normative Loan		
Opening Loan	44.17	24.18
Addition of Loan due to Capitalisation during the	68.50	68.50
Less: Repayment	7.82	6.56
Closing Loan	104.85	86.12
Average Loan	74.51	55.15
Rate of Interest (%)	11.25%	6.25%
Interest Expenses	**8.38**	**3.45**
Bank & Finance Charges	**-**	**0.00**
Total Interest & Finance Charges	**8.38**	**3.45**

5.11 Interest on Security Deposit

Petitioner's submission

MUL has submitted that the consumer whose amount of security deposit exceeds Rs. 25 Lakhs, at his option, can furnish the security deposit in the form of irrevocable bank guarantee initially valid for period of 2 years as per the GERC (Security Deposit) (Second Amendment) Regulations, 2015.

MUL has submitted that the contribution to security deposit depends upon the addition of new consumers and their load growth from time to time. The Petitioner has computed the interest expenses on proposed security deposit for FY 2023-24 as per the RBI bank rate of 4.25% on 1st April 2022 as per GERC (Multi Year Tariff) Regulations, 2016 is as below:

Table 5-22: Interest on Security Deposit projected for FY 2023-24

(Rs. Crore)

Particulars	Projection
Amount held as Security Deposit	6.95
Interest Rate (%)	4.25%
Interest on Security Deposit	**0.30**

Commission's analysis

The Commission has accepted the amount of consumer security deposits projected by the Petitioner for FY 2023-24 as the Petitioner is in better position to estimate the amount held as security deposit as many consumers are providing security deposit in Bank Guarantee form. The Commission has considered the RBI Bank Rate on 1st April 2022 @ 4.25% per annum.

Accordingly, the Commission approves the Interest on Security Deposit as shown in the Table below:

Table 5-23: Interest on Security Deposit approved for FY 2023-24

(Rs. Crore)

Particulars	Projection	Approved
Average Deposit	6.95	6.95
Interest Rate (%)	4.25%	4.25%
Interest on Security Deposit	**0.30**	**0.30**

5.12 Interest on Working Capital

Petitioner's submission

MUL has submitted that the interest on working capital has been worked out as per the GERC (MYT) Regulations, 2016. The following have been considered for determining working capital in a year.

- Operation & Maintenance expenses for one month, plus maintenance spare @ 1 % of GFA, plus receivables equivalent to one month of the expected revenue, minus
- Amount, if any, held as security deposits against bill payment

MUL has considered interest on working capital at weighted average 1-year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for FY 2021-22 plus 250 basis points @ 9.50% (7.00+2.50) as per GERC (Multi Year Tariff) Regulations, 2016.

The Interest on Working Capital is computed as per the GERC (MYT) Regulations, 2016, is provided in the Table below:

Table 5-24: Interest on Working Capital projected for FY 2023-24

(Rs. Crore)

Particulars	Projected
Working Capital Requirement	
O&M Expenses	1.97
Maintenance Spares	2.00
Receivables	106.83
Working Capital Requirement	**110.80**
Less: Average held as Security Deposit	6.95
Total Working Capital	**103.85**
Interest Rate (%)	9.50%
Interest on Working Capital	**9.87**

Commission's analysis

The Commission has computed the components of working capital, in line with the methodology as specified in the GERC (MYT) Regulations, 2016 using the component as approved in preceding sections of this Order.

The Commission has noted that MUL has considered revenue from sale of power at existing tariff for calculation of working capital requirement. The Commission has considered approved Aggregate Revenue Requirement for calculation of working capital requirement. The rate of interest on working capital has been considered as 9.50% considering SBI MCLR as on 01.04.2022 (7.00 % plus 250 basis points) as per the GERC (MYT) Regulations, 2016. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2016.

The normative interest on working capital approved by the Commission for FY 2023-24 is shown in the Table below:

Table 5-25: Interest on Working Capital approved for FY 2023-24

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Working Capital Requirement		
O&M Expenses	1.97	1.02
Maintenance Spares	2.00	1.74
Receivables	106.83	129.00
Working Capital Requirement	**110.80**	**131.76**
Less: Average held as Security Deposit	6.95	6.95
Total Working Capital	**103.85**	**124.81**
Interest Rate (%)	9.50%	9.50%
Interest on Working Capital	**9.87**	**11.86**

5.13 Return on Equity

Petitioner's submission

MUL has submitted that it has projected paid up equity capital with 70:30 debt: equity ratio on the assets put to use as per the GERC (MYT) Regulations, 2016.

MUL has considered a regulated return of 14% as per the GERC (MYT) Regulations, 2016.

Table 5-26: Return on Equity projected for FY 2023-24

(Rs. Crore)

Particulars	MUL Petition
Opening Equity	35.36
Equity portion of Capitalization during the Year	29.36
Closing Balance of Equity	64.72
Average Equity	50.04
Rate of RoE	14.00%
Return on Equity	**7.01**

Commission's analysis

The Commission has considered the closing balance of Equity of Rs. 21.64 Crore for FY 2021-22 as approved in this Order and the addition of Equity of Rs. 6.01 Crore for FY 2022-23 (after utilisation of revised un-utilised SLC of Rs 13.97 Crore) for computing the closing balance for FY 2022-23. Accordingly, the closing balance of Equity for FY 2022-23 thus worked out has been considered as opening balance of Normative Loan for FY 2023-24. The equity addition for FY 2023-24 has been considered as approved in earlier section of this Order. The rate of return is considered 14% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 5-27: Return on Equity approved for FY 2023-24

(Rs. Crore)

Particulars	Projection	Approved
Opening Equity	35.36	27.65
Addition to Equity	29.36	29.36
Closing Equity	64.72	57.01
Average Equity	50.04	42.33
Rate of RoE	14%	14%
Return on Equity	**7.01**	**5.93**

5.14 Income Tax

Petitioner's submission

MUL has submitted that it has paid Rs. 3.92 Crore income tax for FY 2021-22. Accordingly, it has been considered as projected income tax during FY 2023-24 which is tabulated below:

Table 5-28: Income Tax projected for FY 2023-24

(Rs. Crore)

Particulars	MUL Petition
Income Tax	3.92

Commission's analysis

The Commission has approved Income Tax claim of Rs. 3.92 Crore for FY 2023-24 in line with the income tax approved for FY 2021-22 in this Order.

Accordingly, the Commission approves Income Tax at Rs. 3.92 Crore for FY 2023-24 as shown below:

Table 5-29: Income Tax approved for FY 2023-24

(Rs. Crore)

Particulars	Projection	Approved
Income Tax	3.92	3.92

5.15 Contingency Reserve

Petitioner's submission

MUL has submitted that it has not considered any contingency reserve during FY 2023-24.

Commission's analysis

The Commission approves contribution to contingency reserve at Nil for FY 2023-24.

5.16 Non-Tariff Income

Petitioner's submission

MUL has projected Non-Tariff Income by considering Prompt Payment Rebate on Power Purchase

Particulars	MUL Petition
Non-Tariff Income	14.98

Commission's analysis

The Commission has considered the non-tariff income of Rs 14.98 Crore for FY 2023-24 as claimed by the Petitioner for FY 2021-22. The Non-Tariff Income as projected by the Petitioner and allowed by the Commission for FY 2023-24, is shown in the Table below:

Table 5-30: Non-Tariff Income approved for FY 2023-24

(Rs. Crore)

Particulars	MUL Petition	Approved in this Order
Non-Tariff Income	14.98	14.98

5.17 Aggregate Revenue Requirement

Petitioner's submission

MUL has submitted the ARR for FY 2023-24 based on above as under:

Table 5-31: Summary of Aggregate Revenue Requirement projected for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Projected
1	Power Purchase Expenses	1527.49
2	Operation & Maintenance Expenses	23.69
3	Depreciation	7.82
4	Interest & Finance charges	8.38
5	Interest on Security Deposit	0.30
6	Interest on Working Capital	9.87
7	Bad debts Written Off	0.00
8	Contribution to Contingency Reserves	0.00
9	**Total Revenue expenditure**	**1577.54**
10	Return on Equity Capital	7.01
11	Income Tax	3.92
12	**Aggregate Revenue Requirement**	**1588.47**
13	Less: Non-Tariff Income	14.98
14	**Aggregate Revenue Requirement**	**1573.48**

MUL has requested the Commission to consider ARR mentioned above for determination of Tariff for FY 2023-24.

Commission's analysis

Considering the foregoing analysis, the Commission approves the ARR for FY 2023-23 as shown below:

Table 5-32: ARR approved for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Projected	Approved
1	Power Purchase Expenses	1527.49	1518.70
2	Operation & Maintenance Expenses	23.69	12.24
3	Depreciation	7.82	6.56
4	Interest & Finance charges	8.38	3.45
5	Interest on Security Deposit	0.30	0.30
6	Interest on Working Capital	9.87	11.86

Sr. No.	Particulars	Projected	Approved
7	Bad debts Written Off	0.00	0.00
8	Contribution to Contingency Reserves	0.00	0.00
9	**Total Revenue expenditure**	**1577.54**	**1553.10**
10	Return on Equity Capital	7.01	5.93
11	Income Tax	3.92	3.92
12	**Aggregate Revenue Requirement**	**1588.47**	**1562.95**
13	Less: Non-Tariff Income	14.98	14.98
14	**Aggregate Revenue Requirement**	**1573.48**	**1547.97**

5.18 Revenue at Existing Tariff and Gap/ (Surplus) Analysis

Petitioner's submission

MUL has claimed carrying cost on past Revenue Gap/ (Surplus) and justified the same by stating that recovery of such carrying cost is legitimate expenditure of the distribution companies. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the financing of the Gap in cash flow arranged by the distribution company from lenders/ promoters/ accruals is to be paid by way of carrying cost.

MUL has submitted that the projected revenue for FY 2023-24 at existing tariff, works out to Rs. 1281.95 Crore, against the projected ARR of Rs. 1573.48 Crore. The consolidated Revenue Surplus including carrying cost of FY 2021-22 is Rs. 8.41 Crore.. In view of the above, the Revenue Gap for FY 2023-24, considering consolidated Revenue Surplus of FY 2021-22 along with Carrying Cost on Revenue Gap of FY 2021-22 for FY 2021-22 and FY 2023-24, is given in the Table below:

Table 5-33: Revenue Gap / (Surplus) with Existing Tariff as claimed for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	ARR for FY 2023-24	1573.48
2	*Add:* Consolidated Revenue Gap/(Surplus) for FY 2021-22	(-)10.47
3	*Add:* Consolidated carrying cost for FY 2021-22	2.07
4	**Revenue from Existing Tariff for FY 2023-24**	**1281.95**
5	**Revenue Gap / (Surplus) in FY 2023-24**	**283.13**

Commission's analysis

Regulation 21.6 (c) of the GERC MYT Regulations, 2016 specifies that the carrying cost is computed on simple interest basis using the weighted average SBI MCLR for the relevant year. The Commission follows the concept of simple interest without carrying the interest amount forward to the carrying cost calculations of subsequent financial years.

Accordingly, the Commission computed the revenue Gap/(Surplus) for FY 2023-24 as given in the table below:

Table 5-34: Revenue Gap / (Surplus) with Existing Tariff as claimed for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Projected	Allowed
1	ARR for FY 2023-23 [a]	1573.50	1547.97
2	Revenue from Existing Tariff for FY 2021-22 [b]	1281.95	1281.95
3	Revenue Gap / (Surplus) in FY 2021-22 [c=(a-b)]	291.55	266.02
4	Revenue Gap / (Surplus) in FY 2021-22 [d]	(-)8.41	(-)8.95
5	Add: Carrying cost on consolidated gap of FY 2021-22 for FY 2021-22& FY 2023-23[e]		(-)1.54
6	**Consolidated Revenue Gap / (Surplus) in FY 2023-24 [f=(c+d+e)]**	**283.42**	**255.53**

Accordingly, as against the cumulative Revenue Gap of Rs. 283.42 Crore projected by MUL, the Commission has approved a cumulative Revenue Gap of Rs. 255.53 Crore.

6. Compliance of Directives

6.1 Existing directives

The Commission had issued following directives in the Tariff Order dated 31.3.2022 in case no. 2036 of 2021 and its compliance as filed by the Petitioner is follows:

Directive No. 1: Implementation of Smart pre-payment meter/ pre-payment meters

The Commission refers to the Electricity (Rights of Consumers) Rules, 2020 notified on 31st December 2020 and as per this Rule, no connection shall be given without a meter and such meter shall be the Smart pre-payment or pre-payment meter. Further there is recent communication from Ministry of Power, Government of India seeking plans from the DISCOMs for preparation of scheme of switching over to smart pre-payment/ pre-payment meters in a time bound manner and avail funds from Government of India. The Petitioner is advised for necessary participation for the scheme which will help in improvement of metering, billing and collection.

Further, the Commission directed the Petitioner to expedite the process of installation of pre-paid smart meters and submit the proposed plan with tentative timelines with next tariff filing

Compliance submitted by MUL

The Petitioner having distribution license which is under development stage and currently majority of consumers are at HT/EHT level. The Petitioner is under discussion with the service providers for implementation of Smart pre-payment meters in line with the electricity rule 2020. The Petitioner submits that it would explore SMRD implementation in upcoming years including switching over of existing customers to smart prepayment / pre-payment meters.

Commission View:

The Commission observed that Petitioner is submitting the same reply year on year but nothing substantial is submitted. The Petitioner is again directed to expedite the process of installation of pre-paid smart meters and submit the proposed plan with tentative timelines with next tariff filing.

Directive 2: Charging Infrastructure for Electric Vehicles

The Commission refers to the Discussion paper on Cross Cutting Themes for Charging Infrastructure for Electric Vehicles issued by Ministry of Power on 17th March 2021. The Petitioner is suggested to explore the possibility for creation of such infrastructure in its area and may come up with a separate capital expenditure plan along with next Tariff Petition.

Further, the Commission directed the Petitioner to submit the firmed plan with tentative timelines with next tariff filing.

Compliance submitted by MUL

The Petitioner having distribution license which is under development stage and currently, electrical vehicles could not be located in the Petitioner license area and therefore, if the Petitioner spends on EV charging infrastructure at this stage, the consumer will be put to financial burden un-necessarily. The Petitioner based on the discussion with the developer of the SEZ area envisages that there is a possibility of need for creation of EV infrastructure in the license area. Once, the plan is firmed up; the Petitioner will submit the details before the Commission for approval.

Commission View:

The Commission observed that Petitioner is submitting the same reply year on year but nothing substantial is submitted. The Petitioner is again directed to submit the firmed plan with tentative timelines with next tariff filing.

Directive 3: Time of Use Charges

The Petitioner is directed to carry out a study to implement Time of Use Charges leviable during Peak Demand period and that leviable during off peak Demand Period. The Petitioner is directed to submit the study report along with next Petition.

Compliance submitted by MUL

The Petitioner has submitted that the majority of the consumers are having steady load pattern. However, the Petitioner is in process to study implementation of TOU charges i.e. during Peak Demand period and during off Peak Demand period and will submit the report in next tariff petition.

Commission View:

The Petitioner is directed to submit the study report along with next Petition without any further delay.

Directive 4: Green Tariff

The Commission directs the Petitioner to analyse and prepare report on Introduction of Green Tariff for the consumers in the State of Gujarat who are willing to procure such power. The Petitioner to study Green Tariff implementation in other States and accordingly submit the report to the Commission along with next tariff petition including the cost, premium and other parameters.

Compliance submitted by MUL

MUL has submitted that there is a growing demand from consumers for a rapid transition to a zero-carbon economy. This is driving up demand for renewable electricity and creating a shift in demand patterns away from fossil fuels across the global power system. Existing and new customers envisaged in our Distribution License area have shown interest in getting Green Power to meet their respective zero carbon emission targets.

Further, Green Power Tariff will have the following advantages:

a) Green Power Tariff shall be totally voluntary in nature and customers shall have the choice to opt for green energy.

b) The additional cost and charges for procurement of RE shall be charged from the specific consumers opted for Green Power Tariff and would not increase the cost to be borne by other consumers.

c)This shall encourage the Distribution Licensees in going for power purchase from RE sources beyond RPO obligation.

MUL submitted that most of the Commissions have adopted the Green Power Tariff based on the methodology wherein a consumer desirous of getting Green Power have to pay tariff over and above the respective category tariff, so as not to burden the existing consumer who are not willing to have additional Green Power. Also, as per notification issued by Ministry of Power dated 6th June 2022 the tariff for green energy shall be determined separately by the Appropriate Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy if any, and the service charges covering the prudent cost of the distribution licensee for providing the green energy.

MUL has submitted that under the proposed tariff for FY23-24 for the power with RPO obligation the Petitioner shall give choice to its consumers to opt for upto 100% Green Power which shall be completely voluntary choice of individual consumers. For the consumers who opt for upto 100% Green Power over and above the RPO obligation, the Petitioner shall arrange the additional Green Power on Round the Clock (RTC) basis over and above the RPO obligation to meet the specific requirement of consumer. This can be achieved by integrating RE power with Storage technologies like Battery/pumped Hydro/or any such storage which is charged from RE source. As RE Power is intermittent in nature and going forward to achieve 100% Green Power, storage must be integrated to have 100% Green Power on RTC basis. Thus, the cost associated with this additional Green Power with Storage over and above RPO for consumers willing to have upto 100% Green Power shall be recovered from those consumers. Rest of consumers shall not be burdened with any additional cost in whatsoever manner.

MUL has proposed Rs 1.23/kWh as a premium for upto 100% Green Power to consumers who voluntary wishes to opt for upto 100% Green Power. However, there shall be quarterly adjustment based on actual cost incurred for having this additional Green Power over and above RPO Obligation to meet respective consumer demand of meeting additional Green Power over and above RPO obligation.

Commission View:

Considering the present scenario, the Commission is of the view to introduce Green Power Tariff, which is optional and available for Consumers who want to avail green power for meeting their requirement by payment of Green Power Tariff over and above the normal tariff applicable to the respective category as per Tariff Order.

It is noted that the difference between cost of supply at State level for delivery of green energy to consumer doorstep i.e. procurement charges plus open access charges including stand-by charges and tariff realization for the HT categories of the consumer is approximately Rs. 1.50 per kWh.

Further, detailed conditions are mentioned in the General Term and Conditions section.

Fresh Directive

Directive 5: Quarterly Progress Report of Capital Expenditure and Capitalisation

The Petitioner is directed to submit the quarterly status of capex and capitalisation with respect to new consumers after issuing of this order.

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel and Power Purchase Price Adjustment

The Commission, vide its Order in Case No. 1309/2013f and 1313/2013 dated 29.10.2013, has revised the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) as mentioned below:

FPPPA = [(PPCA-PPCB)] / [100-Loss in %]

Where,

PPCA	is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the power purchase agreements in Rs/kWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.
PPCB	is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs/kWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.
Loss in %	is the weighted average of the approved level of Transmission and Distribution Losses (%) for the four DISCOMs / GUVNL and MUL applicable for a particular quarter or actual weighted average in Transmission and Distribution Losses (%) for four DISCOMs / GUVNL and MUL of the previous year for which true-up have been done by the Commission, whichever is lower.

7.2 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total power purchase cost for MUL including fixed cost, variable cost, etc. from the various sources for FY 2023-24 in this Order, as given in the Table below:

Table 7-1: Energy Requirement and Power Purchase Cost approved by the Commission for FY 2023-24

Year	Total Energy Requirement (MUs)	Approved Power Purchase Cost (Rs Crore)	Power Purchase Cost per unit (Rs/kWh)
FY 2023-24	2718.96	1518.70	5.59

As mentioned above the base Power Purchase cost for MUL is **Rs. 5.59 per kWh** and the base FPPPA charge is NIL.

MUL may claim difference between actual power purchase cost and base power purchase cost approved in the Table above as per the approved FPPPA formula mentioned above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on the website of MUL.

For any increase in FPPPA, worked out on the basis of above formula, beyond ten (10) Paise per kWh in a quarter, prior approval of the Commission shall be necessary and only on approval of such additional increase by the Commission, the FPPPA can be billed to consumers.

FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

8. Wheeling Charges and Cross Subsidy Surcharge

8.1 Wheeling Charges

Regulation 91 of the GERC (MYT) Regulations, 2016, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has reviewed submission of MUL in this regard and accordingly determined the wheeling charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) open access consumers.

Petitioner's submission

MUL has allocated the total ARR expenditure of MUL to wire and retail supply business considering the following allocation matrix:

Table 8-1: Allocation Matrix for segregation to Wires and Retail Supply Business claimed for FY 2023-24

(%)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

On the basis of the above allocation matrix, MUL segregated total ARR of MUL supply area into ARR for wire and retail supply business as shown below:

Table 8-2: Allocation Matrix for segregation to Wires and Retail Supply Business claimed for FY 2023-24

(Rs. Crore)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0.00	1527.49
2	Intra-State Transmission Charges	0.00	0.00
3	Employee Expenses	3.48	2.32
4	Administration and General Expenses	6.81	6.81
5	Repairs and Maintenance Expenses	3.85	0.43
6	Depreciation	7.04	0.78
7	Interest on Long Term Loan Capital	0.03	0.27
8	Interest on Working Capital and Consumer	0.99	8.88
9	Security Deposit	0.03	0.27
10	Bad Debt Written Off	0.00	0.00
11	Income Tax	3.53	0.39
12	Contribution to Contingency Reserve	0.00	0.00
13	Return on Equity	6.30	0.70
14	Non-Tariff Income	1.50	13.49
	ARR	**38.07**	**1535.41**

a. ARR of Wire Business: Rs. 38.07 Crore

b. ARR of Retail Supply Business: Rs. 1535.41 Crore

The above segregated ARR has been considered to determine the Wheeling Charges.

Commission's analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix for allocation of the costs between the wires and retail supply business as per the GERC (MYT) Regulations, 2016. The allocation matrix and the basis of allocation of various cost components of the ARR as per the GERC (MYT) Regulations, 2016 are shown below:

Table 8-3: Allocation Matrix for segregation to Wires and Retail Supply Business as per the GERC (MYT) Regulations, 2016

(%)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10

No.	Particulars	Wires Business	Retail Supply Business
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below.

Table 8-4: Allocation Matrix for segregation to Wires and Retail Supply Business approved for FY 2023-24

(Rs. Crore)

No.	Particulars	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0.00	1,518.70
2	Intra-State Transmission Charges	0.00	0.00
3	Employee Expenses	1.77	1.18
4	Administration and General Expenses	3.54	3.54
5	Repairs and Maintenance Expenses	2.00	0.22
6	Depreciation	5.90	0.66
7	Interest on Long Term Loan Capital	3.10	0.34
8	Interest on Working Capital and Consumer	1.19	10.67
9	Security Deposit	0.03	0.27
10	Bad Debt Written Off	0.00	0.00
11	Income Tax	3.53	0.39
12	Contribution to Contingency Reserve	0.00	0.00
13	Return on Equity	5.33	0.59
14	Non-Tariff Income	1.50	13.49
	ARR	**24.89**	**1,523.08**

8.2 Determination of Wheeling Charges

Petitioner's submission

The Petitioner submitted that Distribution Wires are identified as carrier of electricity from generating station or transmission network to consumer point. The consumption at a particular voltage level requires network at that voltage level and also at all higher voltage levels. Thus, consumption at the lower voltages should contribute to the cost of the higher voltage levels also. However, the consumers connected to the higher voltages would not be utilizing the services of the lower voltage level and hence, would not be required to contribute to the recovery of cost of lower voltage level.

Based on the approach discussed above, the ARR for the wheeling business is apportioned to the HT and LT voltage in two steps as described below:

a) Apportioning the ARR of wheeling business to HT and LT voltage level;

b) Apportioning the ARR of the HT voltage level again between HT & LT voltage level

The GFA of the Petitioner at the end of year FY 2021-22 is Rs. 118.46 Crore. The Petitioner has segregated GFA of FY 2021-22 among HT level (11 kV and above) and LT Voltage level to arrive voltage level wise Wheeling charges.

The consumer's demand & consumption is more at 11 kV and above, while there are very few at LT level in the license area of Petitioner. Hence, the GFA segregated at 11 kV and above is 98.6%, whereas it is only 1.4 % at LT Level which is shown in the below table:

Table 8-5: Voltage level wise GFA Ratio

Particular	GFA (Rs. In Crore)	GFA (%)
HT level (11 KV & Above)	116.82	98.6%
LT level	1.65	1.4%
Total	**118.46**	**100.00%**

Further, the Petitioner submitted that as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak demand.

The Petitioner submitted that expected system peak demand for its Supply Area for the year FY 2023-24 is 674.13 MVA. The contract demand of HT and LT consumers is 660.16 MVA and 13.96 MVA, respectively for the year 2023-24. Hence, 98% of the contract demand of HT consumers contributes to the system peak demand.

Table 8-6: Peak Demand contribution

Particular	Peak Demand (MVA)	Peak Demand (%)
System Peak demand	674.13	100%
HT Consumer	660.16	98%
LT Consumer	13.96	2%

To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined has been tabulated below:

Table 8-7: Wheeling Charges as claimed for FY 2023-24

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	37.28
LT Voltage	0.79
Total	38.07
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	36.51
LT Voltage	1.56
Total	38.07
Wheeling Charges in Rs. / kWh	
HT Voltage	**0.14**
LT Voltage	**4.74**

MUL has further stated that an Open Access consumer will also have to bear the following Wheeling Losses in kind in addition to the Wheeling Charges as mentioned above.

Table 8-8: Wheeling Losses as claimed for FY 2023-24

(%)

Particulars	Wheeling Losses
HT Category	3.00%
LT Category	7.00%

Commission’s analysis

The Commission has determined the ARR of the Wires Business for FY 2021-22 in earlier Section, as Rs. 23.93 Crore. The ARR is first apportioned between the HT and LT Voltage level in the ratio of 98.61:1.39, based on the respective GFA. MUL has submitted that HT consumers contribute to 98% of the system peak demand, hence, the HT ARR is further apportioned in the ratio of 98:2. To determine the Wheeling Charges for the HT and LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Based on the above, the wheeling charges are approved as given in the Table below:

Table 8-9: Wheeling Charges as approved for FY 2023-24

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	24.54
LT Voltage	0.34
Total	24.89
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	24.04
LT Voltage	0.85
Total	24.89
Wheeling Charges in Rs. / kWh	
HT Voltage	**0.09**
LT Voltage	**2.59**

The Open Access consumer will also have to bear the following Losses in addition to the wheeling charges.

Table 8-10: Wheeling Losses of FY 2023-24 as approved by the Commission

(%)

Particulars	Wheeling Losses
HT Category	3.00%
LT Category	7.00%

8.3 Cross Subsidy Surcharge

Petitioner's submission

MUL has submitted that it has computed the cross subsidy surcharge based on the formula used by the Commission in its Order dated 30.07.2019, as shown below:

S = T- {C / (1 - L/100) + D + R}

Where:

S is the Surcharge

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

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

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

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

R is the per unit cost of carrying regulatory asset:

The cross-subsidy charges based on the above formula is worked out as shown in the Table below:

Table 8-11: Cross subsidy surcharge claimed for FY 2023-24

(Rs. /kWh)

No.	Particulars	HT Category
1	T – Tariff for HT category	5.91
2	C – Wt. Average cost of power Purchase	5.62
3	D - Wheeling charges for HT category	0.14
4	L – Loss for HT category (%)	3.00%
5	**S** = Cross subsidy surcharge	**0.00**

Commission's analysis

The APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has issued the National Tariff Policy, 2016. According to this policy, the formula for Cross Subsidy Surcharge is as under:

S = T – [C / (1 - L/100) + D + R]

Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying regulatory assets

The cross subsidy surcharge based on the above formula is worked out as shown in the Table below:

Table 8-12: Cross Subsidy Surcharge approved for FY 2023-24

(Rs./kWh)

No.	Particulars	HT Category
1	T – Tariff for HT category	5.91
2	C – Wt. Average cost of power Purchase	5.59
3	D - Wheeling charges for HT category	0.09
4	L – Aggregate T&D Loss (%)	3.00%
5	**S** = Cross subsidy surcharge	**0.06**

S = 5.91 – [5.59/(1-3%) + 0.09 + 0.00]

= 0.06 Rs/kWh

Thus, Cross Subsidy Surcharge as per Tariff Policy, 2016 works out to Rs. 0.06/unit.

9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the GERC (MYT) Regulations, 2016 notified by the Commission.

Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply tariff. The basic principle is to ensure that the tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidy amongst categories within a period to be specified by the Commission.

This Chapter discusses MUL's tariff proposal and changes suggested in tariff structure and provides the Commission's final decision on the same.

9.2 MUL's Tariff Proposal

MUL submitted that the sales for FY 2023-24 would be 2,604.99 MUs and the projected ARR for FY 2023-24 would be Rs. 1,573.48 Crore. The revenue surplus and carrying cost of previous year as on FY 2023-24 comes to Rs. 8.41 Crore. Thus, the total projected ARR for FY 2023-24 comes to Rs. 1,565.08 Crore. The estimated revenue at existing tariff would be Rs. 1,281.95 Crore. Thus, the final revenue gap of FY 2022-23 will be Rs. 283.13 Crore.

In view of above scenario, the Petitioner would like to increase energy charges for all category of consumers by Rs. 1.00/unit for FY 2023-24. The additional recovery due to increase of energy charges for all the category of the consumers by Rs. 1.00/unit would be nearly Rs. 260.50 Crore against projected revenue gap of Rs. 283.13 Crore for FY 2023-24. The actual shortfall will be considered at the time of true-up for FY 2023-24.

Further, MUL submitted that most of the Commissions have adopted the Green Power Tariff based on the methodology wherein a consumer desirous of getting Green Power have to pay tariff over and above the respective category tariff, so as not to burden the existing consumer who are not willing to have additional Green Power. Also, as per notification issued by Ministry of Power dated 6th June 2022 the tariff for green energy shall be determined separately by the Appropriate Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy if any, and the service charges covering the prudent cost of the distribution licensee for providing the green energy.

MUL has submitted that under the proposed tariff for FY23-24 for the power with RPO obligation the Petitioner shall give choice to its consumers to opt for upto 100% Green Power which shall be completely voluntary choice of individual consumers. For the consumers who opt for upto 100% Green Power over and above the RPO obligation, the Petitioner shall arrange the additional Green Power on Round the Clock (RTC) basis over and above the RPO obligation to meet the specific requirement of consumer. This can be achieved by integrating RE power with Storage technologies like Battery/pumped Hydro/or any such storage which is charged from RE source. As RE Power is intermittent in nature and going forward to achieve 100% Green Power, storage must be integrated to have 100% Green Power on RTC basis. Thus, the cost associated with this additional Green Power with Storage over and above RPO for consumers willing to have upto 100% Green Power shall be recovered from those consumers. Rest of consumers shall not be burdened with any additional cost in whatsoever manner.

MUL has proposed Rs 1.23/kWh as a premium for upto 100% Green Power to consumers who voluntary wishes to opt for upto 100% Green Power.

9.3 Commission’s analysis

As discussed in the previous sections, the Commission has approved a cumulative Revenue Gap of Rs. 255.53 Crore at existing tariff. Thus, the Commission has approved an increase in energy charges for all major consumer categories by Rs. 1.00/Unit for FY 2023-24. The actual surplus/Gap will be considered at the time of true-up for FY 2023-24.

Regarding the Green tariff, considering the various aspects, the Commission has approved the Green Power Tariff of Rs 1.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy. Further, detailed conditions are mentioned in the General Term and Conditions section.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Ltd. (MUL) for FY 2023-24, as shown in the Table below:

(Rs. Crore)

Sr. No.	Particulars	FY 2023-24
1	Power Purchase Expenses	1518.70
2	Operation & Maintenance Expenses	12.24
3	Depreciation	6.56
4	Interest & Finance charges	3.45
5	Interest on Security Deposit	0.30
6	Interest on Working Capital	11.86
7	Bad debts Written Off	0.00
8	Contribution to Contingency Reserves	0.00
9	**Total Revenue expenditure**	**1553.10**
10	Return on Equity Capital	5.93
11	Income Tax	3.92
12	**Aggregate Revenue Requirement**	**1562.95**
13	Less: Non-Tariff Income	14.98
14	**Aggregate Revenue Requirement**	**1547.97**

The retail supply tariffs for MUL for FY 2023-24 determined by the Commission are annexed to this Order. This Order shall come into force with effect from 1st April, 2023. The rate shall be applicable for the electricity consumption from 1st April, 2023 onwards.

-Sd-	-Sd-	-Sd-
S. R. Pandey	Mehul M. Gandhi	Anil Mukim
Member	Member	Chairman

Place: Gandhinagar

Date: 31/03/2023

ANNEXURE: TARIFF SCHEDULE

Tariff Schedule for license area of MPSEZ Utilities Ltd. (MUL)

Effective from 1st April, 2023

General Conditions

1. This tariff schedule is applicable to all the consumers of MUL in License area of Mundra SEZ.

2. All these tariffs for power supply are applicable to only one point of supply.

3. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.

4. The power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.

5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 except Meter Charges, will continue to apply.

6. The charges specified in the tariff are on monthly basis, MUL shall adjust the rates according to billing period applicable to consumer.

7. Conversion of Ratings of electrical appliances and equipment from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.

8. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo -Watt (HP or kW) as the case may be.

9. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.

11. Contract Demand shall mean the maximum KVA for the supply which MUL undertakes to provide facilities to the consumer from time to time.

12. For computation of Fixed Charges, they will be computed on 85 % of Contract Demand at Unity Power Factor or Actual whichever is higher on monthly basis.

13. Maximum Demand in a month means the highest value of average KVA delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

14. Payment of penal charges for usage in excess of contract demand/load for any billing period does not entitle the consumer to draw in excess of contract demand/load as a matter of right. The levy of penal charge is in addition to other rights of MPSEZ Utilities Limited under the provisions of the Electricity Act, 2003 and Regulations notified there under.

15. The Fixed Charges, Minimum Charges, Demand Charges and the slabs of consumption of energy for Energy Charges mentioned shall not be subject to any adjustment on account of existence of any broken period within Billing Period arising from consumer supply being connected or disconnected any time within the duration of Billing Period for any reason.

16. The fuel cost and power purchase price adjustment charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.

17. These rates are exclusive of Electricity Duty, Tax on sale of electricity, Customs Duty, Taxes and other charges levied / may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk / retail supplies from time to time in which are payable by consumers, in addition to the charges levied as per the tariff.

18. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and MUL shall be entitled to take any other action deemed necessary and authorized under the Act.

19. Green Power Tariff

- Green Power Tariff of Rs 1.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
- All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- This option can be exercised by consumer giving billing cycle notice to the Distribution Licensee in writing before commencement of billing period.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

(230 VOLTS- SINGLE PHASE, 400 VOLTS- THREE PHASE, 50 HERTZ)

1. RATE: Residential

This tariff is applicable to services for lights, fans and domestic appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in residential premises.

1.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 45 per month per installation

For BPL household consumers*

Fixed Charges	Rs. 5 per month per installation

1.2. ENERGY CHARGE

(i)	First 250 units consumed per month	420 Paisa per Unit
(ii)	Remaining units consumed per month	470 Paisa per Unit

For BPL household consumers*

(a)	First 50 units	250 Paise per Unit
(b)	For remaining units	Rates as per RGP

**The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the zonal office of the Distribution Licensee. The concessional tariff is only for 50 units per month.*

1.3. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. RATE: Commercial (Non Demand)

This tariff is applicable to services for lights, fans and appliances for heating, cooling cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, up to 6 kVA of connected load.

2.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2. ENERGY CHARGE

(i)	First 150 units consumed per month	470 Paisa per Unit
(ii)	Remaining units consumed per month	495 Paisa per Unit

2.3. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

This tariff is applicable to lights, fans and appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, having connected load of 6 kVA and above.

3.1. FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contract Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paisa per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paisa per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

3.2 ENERGY CHARGE

A flat rate of	370 Paisa per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paisa per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paisa per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paisa per Unit

3.4. MINIMUM BILL

Payment of fixed charges as specified in 3.1 above.

4. <u>RATE: Industrial (Non Demand)</u>

This tariff is applicable up to 6 kVA of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958).

4.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per installation

4.2. ENERGY CHARGE

(i)	First 150 units consumed per month	445 Paisa per Unit
(ii)	Remaining units consumed per month	470 Paisa per Unit

4.3. MINIMUM BILL

Payment of fixed charges as specified in 4.1 above.

5. <u>RATE: Industrial (Demand)</u>

This tariff is applicable to 6 KVA and above of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958), water works and pumping services operated by Local Authorities.

5.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paisa per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paisa per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

5.2 ENERGY CHARGE

A flat rate of	370 Paisa per Unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paisa per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paisa per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paisa per Unit

5.4. MINIMUM BILL

Payment of fixed charges as specified in 5.1 above.

6. <u>RATE: Street Lights</u>

Applicable to lighting systems for illumination of public roads.

6.1. ENERGY CHARGE

A flat rate of	420 Paise per Unit

7. <u>RATE: Temporary</u>

This tariff is applicable to installations for temporary requirement of electricity supply. A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

7.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand.

7.2 ENERGY CHARGE

A flat rate of	445 Paise per unit

7.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing Period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average Power Factor during the Billing Period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

7.4. MINIMUM BILL

Payment of fixed charges as specified in 7.1 above.

8. <u>RATE: LT - Electric Vehicle (EV) Charging Stations</u>

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. Residential, Commercial, Industrial, etc.

8.1 FIXED CHARGE

Rs. 25 per month per installation

PLUS

8.2 ENERGY CHARGE

Energy Charge	415 Paise per Unit

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

(11000 VOLTS AND ABOVE - THREE PHASE, 50 HERTZ)

9. RATE: HTMD - 1

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT categories.

9.1 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor or one hundred kVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

b. Contract demand above 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100% load factor	110 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

a. Contract demand up to 500 kVA

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

b. Contract demand above 500 kVA

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA.

9.2 ENERGY CHARGE

For entire consumption during the month	
Up to 500 kVA of the contract demand	410 Paise per unit
Above 500 kVA of the contract demand	450 Paise per unit

9.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing Period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average Power Factor during the Billing Period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

9.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

9.5. MINIMUM BILL

Payment of fixed charges as specified in 9.1 above.

10. RATE: HTMD -II

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above for temporary period.

A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

10.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f or Actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	100 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA

10.2 ENERGY CHARGE

A flat rate of	545 Paise per unit

10.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing Period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average Power Factor during the Billing Period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

10.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

10.5. MINIMUM BILL

Payment of fixed charges as specified in 10.1 above.

11. RATE: HTMD – III

This tariff is applicable for supply of energy to High Tension consumers, contracting for maximum demand of 100 kVA and above, for residential purposes and availing supply at single point by a Co-operative Group Housing Society for making electricity available to the members of Co-operative Society in the same premises.

11.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	75 Paise per Unit

B) For billing demand in excess of the contract demand

Computed on billing demand in excess of contract demand on monthly basis at 100% Load Factor	125 Paise per Unit

NOTE: The billing demand shall be highest of the following:

i. Actual maximum demand at monthly average p.f. established during the month OR

ii. Eighty – five percent of the contract demand at u.p.f OR

iii. One hundred kVA at u.p.f.

11.2 ENERGY CHARGE

A flat rate of	370 Paise per unit

11.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the Billing Period exceeds 90%

For each 1% improvement in the power factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the power factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average power factor during the Billing Period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

11.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

11.5 MINIMUM BILL

Payment of fixed charges as specified in 11.1 above.

12. RATE: HTMD - IV

This tariff shall be applicable for supply of energy to HT consumers contracting for 100 kVA and above, requiring power supply for Water Works and Sewerage pumping stations run by Local Authorities / Developer / Co-developer.

12.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	75 Paise per Unit

B) For billing demand in excess of the contract demand

Computed on billing demand in excess of contract demand on monthly basis at 100% Load Factor	125 Paise per Unit

NOTE: The billing demand shall be highest of the following:

i. Actual maximum demand at monthly average p.f. established during the month OR
ii. Eighty – five percent of the contract demand at u.p.f OR
iii. One hundred kVA at u.p.f.

12.2 ENERGY CHARGE

A flat rate of	370 Paise per unit

12.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the Billing Period exceeds 90%

For each 1% improvement in the power factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the power factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average power factor during the Billing Period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

12.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

Note*: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

12.5 MINIMUM BILL

Payment of fixed charges as specified in 12.1 above.

13. RATE: HT - Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. HTMD-I, HTMD-II, HTMD-III & HTMD-IV.

13.1 FIXED CHARGE

For billing demand up to contract demand	Rs. 25 per kVA per month
For billing demand in excess of contract demand	Rs. 50 per kVA per month

PLUS

13.2 ENERGY CHARGE

Energy Charge	410 Paise per Unit

14 RATE: Railway Traction

This tariff shall be applicable for supply to Railway Traction at 66 kV and above.

14.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

For billing demand up to and including the contract demand	Rs. 180 per kVA per month

B) For billing demand in excess of the contract demand

For billing demand in excess of contract demand	Rs. 425 per kVA per month

Note: *In case of load transfer for traction supply due to non-availability of Power supply at preceding or succeeding point of supply or maintenance at Discom's level, excess demand over the contract demand shall be charged at normal rate at appropriate point of supply.*

Normal Demand Charges will also apply in case of bunching of trains. However, discoms shall charge excess demand charges while raising the bills and Railway have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains of provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 14.1 (B).

14.2 ENERGY CHARGE

For all unit consumed during the	590 Paise

14.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the Billing Period exceeds 90%

For each 1% improvement in the power factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the power factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average power factor during the Billing Period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

14.4 Rebate for Supply at EHV

On Energy Charges		**Reb**
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

14.5 MINIMUM BILL

Payment of fixed charges as specified in 14.1 above.