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# Petition for True-up of ARR for FY 2023-24

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**Submitted by:-**

**Madhya Pradesh Power Management Co. Ltd.**

Block no.-14, Shakti Bhawan, Vidyut Nagar, Jabalpur



**Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co. Ltd.**

Block No. 7, Shakti Bhawan, Vidyut Nagar, Jabalpur



**Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.**

Bijlee Nagar Colony, Nishtha Parisar, Govindpura, Bhopal



**Madhya Pradesh Paschim Kshetra Vidyut Vitaran Co. Ltd.**

GPH Compound, Polo ground, Indore



**BEFORE THE MADHYA PRADESH**  
**ELECTRICITY REGULATORY COMMISSION, BHOPAL**

Petition No. \_\_\_\_\_ of 2024

- (1) Madhya Pradesh Power Management Company Limited (MPPMCL)  
Shakti Bhawan, Vidyut Nagar, Jabalpur (MP) ----- **Petitioner**
- (2) Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (MPPoKVVCL)  
Shakti Bhawan, Vidyut Nagar, Jabalpur (MP) ----- **Petitioner**
- (3) Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPaKVVCL)  
GPH, Polo Ground, Indore (MP) ----- **Petitioner**
- (4) Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL)  
Nishtha Parisar, Bijlee Nagar, Govindpura, Bhopal (MP) ----- **Petitioner**

**IN THE MATTER OF:**

**Petition for True up of the ARR for FY 2023-24 under Regulation 7.2 of the “Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 dated 03<sup>rd</sup> December, 2021 and its amendment thereof; filed by MPPMCL and MPPoKVVCL, MPPaKVVCL & MPMKVVCL as the Distribution Licensee.**

The Petitioners above respectfully submit as under: -

1. Madhya Pradesh Power Management Company Ltd., (hereinafter referred to as the 'Petitioner', MPPMCL, 'the Company' or 'the Licensee'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at Block No.11, Shakti Bhawan, Vidyut Nagar, Jabalpur.
2. Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Ltd., (hereinafter referred to as the 'Petitioner', MPPKVVCL, 'the Company' or 'the Licensee' or 'East Discom'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at Block No.7, Shakti Bhawan, Vidyut Nagar, Jabalpur. The Petitioner is a deemed licensee under the Fifth Proviso to Section 14 of the Electricity Act, 2003. The area of supply of the Petitioner comprises Jabalpur, Rewa, Sagar and Shahdol Commissionerary within the State of Madhya Pradesh ('MP').
3. Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd., (hereinafter referred to as

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the 'Petitioner', MPPaKVVCL, 'the Company' or 'the Licensee' or 'West Discom'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at GPH, Polo Ground, Indore. The Petitioner is a deemed licensee under the Fifth Proviso to Section 14 of the Electricity Act, 2003. The area of supply of the Petitioner comprises Indore and Ujjain Commissionerary within the State of Madhya Pradesh ('MP').

4. Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Ltd. (MPMKVVCL), (hereinafter referred to as the 'Petitioner', MPMKVVCL, 'the Company' or 'the Licensee' or 'Central Discom'), is a Company incorporated under the Companies Act, 1956 (now Companies Act 2013) and having its registered office at Nishtha Parisar, Bijlee Nagar Colony, Govindpura, Bhopal. The Petitioner is a deemed licensee under the Fifth Proviso to Section 14 of the Electricity Act, 2003. The area of supply of the Petitioner comprises Bhopal, Gwalior, Hoshangabad and Chambal Commissionerary within the State of Madhya Pradesh ('MP').
5. The Government of Madhya Pradesh ('GoMP or 'State Government'), vide an Order No. 3679 FRS-18-13- 2002 dated 31<sup>st</sup>May, 2005, published in the gazette of Madhya Pradesh dated 31<sup>st</sup> May 2005, have restructured the functions and undertakings of Generation, Transmission, Distribution and Retail Supply of electricity earlier carried out by the Madhya Pradesh State Electricity Board ('MPSEB' or the 'Board') and transferred the same to five Companies to function independently. The five Companies are as under: -
  - 1) M.P. Power Generating Company Ltd., Jabalpur (MPPGCL) / (GENCO)
  - 2) M.P. Power Transmission Company Ltd., Jabalpur (MPPTCL) / (TRANSCO)
  - 3) M.P. Poorv Kshetra Vidyut Vitaran Company Ltd., Jabalpur (MPPKVVCL) / (EAST DISCOM)
  - 4) M.P. Madhya Kshetra Vidyut Vitaran Company Ltd. Bhopal (MPMKVVCL) / (CENTRAL DISCOM)
  - 5) M.P. Paschim Kshetra Vidyut Vitaran Company Ltd., Indore (MPPKVVCL) / (WEST DISCOM)
6. With the issuance of the said Order dated 31<sup>st</sup> May 2005, the Operation and Management Agreement that existed between MPSEB and the Five Companies came to end with effect from 1<sup>st</sup> June 2005. The three Vidyut Vitaran Companies viz. East Discom, Central Discom and West Discom, started functioning independently as Distribution Licensees in their respective area of license and from the said date are no longer operating as an agent of or

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on behalf of the Board, subject to Cash Flow Mechanism (CFM) provided in the said Order.

7. On 3<sup>rd</sup> June 2006, GoMP, in exercise of its powers under Section 23 (Sub-section (1), (2) and (3)) and Section 56 (Sub-section (2)) of Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 read with Section 131 (Sub-sections (1), (2), (5), (6) and (7) of Electricity Act, 2003, effected the transfer of and vesting of the functions, properties, interests rights and obligations of MPSEB relating to the Bulk Purchase and Bulk Supply of Electricity in the State Government and simultaneously re-transferred and re-vested the same to MP Power Trading Company ('Tradeco' or 'MP Tradeco'). Since then, MP Tradeco is discharging the responsibilities of procurement of power in bulk and supplying to the three Discoms, including the Petitioner herein. The transfer was effected through "M.P. Electricity Reforms Transfer Scheme Rules 2006" (Transfer Scheme Rules) vide Notification No.3474 /FRS/17/XIII/2002 dtd. 3<sup>rd</sup> June 2006 (Transfer Scheme Rules).
8. In accordance with GoMP decision the name of MP Power Trading Company Ltd has been changed to MP Power Management Company Ltd. The MP Power Management Company has been made holding companies for all the three discoms of MP. The Registrar of Companies, MP has issued the Certificate of Incorporation consequent upon change of name on 10.04.2012. The MPPMCL has been vested with several of functions and powers that were earlier vested with the erstwhile M.P. State Electricity Board.
9. GoMP has entrusted the MPPMCL with the responsibility inter alia of representing the Discoms before the Commission with regard to filing the tariff petition and facilitating all proceedings thereon. The Management and Corporate functions agreement signed by the MPPMCL with the three Discoms of MP also provide for the same.
10. Hon'ble Commission (Hereinafter referred to as "MPERC" or "SERC" or "Regulator" or "Commission" which shall mean for the purpose of this petition) had notified the Tariff Order for the period FY 2023-24 dated 28<sup>th</sup> March 2023 while deciding the joint Petition no. 84/2022 filed by East Discom, Central Discom, West Discom and MPPMCL for the determination of tariff for distribution and retail supply of electricity to the consumers in respective areas of supply during FY 2023-24.
11. As the financial year 2023-24 is over, the audited accounts of the Licensee are finalized, the present Petition is therefore filed by the Petitioners (MPPMCL, East Discom, Central Discom and West Discom) under Section 61 and Section 62 (1) (d) of the Electricity Act 2003, read with Clause 8.1 to 8.13 of the "Madhya Pradesh Electricity Regulatory

Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 dated 03<sup>rd</sup> December, 2021 and its amendment thereof; for truing up of the ARR for the Distribution and Retail Supply Business for the period FY 2023-24.

12. Based on the information available, the Petitioners have made sincere efforts to comply with the Regulations of the Hon'ble Commission and discharge its obligations to the best of its abilities and resources in its command. However, should any further material information become available during the process of determination, the Petitioners may be permitted to reserve the right to file such additional information and consequently amend/revise the petition.
13. In this Truing up exercise, the Petitioners have estimated **net ARR of Rs. 15,128.61 Crore for East Discom, Rs. 18,803.31 Crore for Central Discom, Rs. 20,778.04 Crore for West Discom aggregating to a total ARR of Rs. 54,709.96 Crore for MP State. The Revenue deficit is Rs. 1,232.95 Crore for East Discom, Rs 1,857.60 Crore for Central Discom and deficit of Rs. 412.70 Crore for West Discom; aggregating to a total revenue deficit of Rs. 3,503.24 Crore for MP State excluding carrying cost. The summary of the Petitioner's Claim is shown below:**

Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)					
Sr. no.	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
1	Power Purchase Cost	EZ	9,163.32	11,059.34	1,896.02
		CZ	11,737.90	14,082.77	2,344.87
		WZ	14,743.63	16,046.81	1,303.18
		<b>MP State</b>	<b>35,644.85</b>	<b>41,188.92</b>	<b>5,544.07</b>
2	Intra state transmission charges including SLDC cost	EZ	1,290.73	1,370.65	79.92
		CZ	1,504.67	1,812.76	308.09
		WZ	1,544.05	1,961.87	417.82
		<b>MP State</b>	<b>4,339.45</b>	<b>5,145.28</b>	<b>805.83</b>
3	Employee Cost	EZ	1,404.11	920.86	(483.25)
		CZ	1,234.40	968.25	(266.15)
		WZ	1,303.63	1,000.97	(302.65)
		<b>MP State</b>	<b>3,942.14</b>	<b>2,890.08</b>	<b>(1,052.06)</b>
4	Provision for Terminal Benefit	EZ	70.00	70.00	-
		CZ	70.00	70.00	-
		WZ	70.00	70.00	-
		<b>MP State</b>	<b>210.00</b>	<b>210.00</b>	<b>-</b>
5	A&G Cost	EZ	116.58	131.71	15.13
		CZ	208.15	136.32	(71.83)
		WZ	149.42	152.87	3.45
		<b>MP State</b>	<b>474.15</b>	<b>420.90</b>	<b>(53.25)</b>
6	R&M Cost	EZ	284.98	189.19	(95.79)

Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)					
Sr. no.	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		CZ	316.01	157.55	(158.46)
		WZ	221.38	212.73	(8.66)
		<b>MP State</b>	<b>822.38</b>	<b>559.46</b>	<b>(262.91)</b>
7	Depreciation	EZ	241.02	343.03	102.01
		CZ	276.97	314.31	37.34
		WZ	141.99	309.66	167.67
		<b>MP State</b>	<b>659.98</b>	<b>967.00</b>	<b>307.02</b>
8	Interest on Project Loans	EZ	281.09	306.11	25.02
		CZ	366.90	391.78	24.88
		WZ	148.95	118.33	(30.62)
		<b>MP State</b>	<b>796.94</b>	<b>816.22</b>	<b>19.28</b>
9	Interest on Working Capital	EZ	68.43	66.38	(2.05)
		CZ	57.81	61.11	3.29
		WZ	10.58	21.32	10.74
		<b>MP State</b>	<b>136.82</b>	<b>148.80</b>	<b>11.98</b>
10	Interest on Consumer Security Deposit	EZ	42.83	84.77	41.94
		CZ	59.09	94.60	35.51
		WZ	85.25	113.92	28.67
		<b>MP State</b>	<b>187.17</b>	<b>293.28</b>	<b>106.11</b>
11	Return on Equity	EZ	231.54	256.68	25.14
		CZ	270.16	274.82	4.65
		WZ	172.41	169.36	(3.05)
		<b>MP State</b>	<b>674.12</b>	<b>700.86</b>	<b>26.74</b>
12	Bad and Doubtful Debts	EZ	-	-	-
		CZ	-	0.30	0.30
		WZ	-	91.03	91.03
		<b>MP State</b>	<b>-</b>	<b>91.32</b>	<b>91.32</b>
13	Prior Period Expenses	EZ			-
		CZ		29.71	29.71
		WZ			-
		<b>MP State</b>		<b>29.71</b>	<b>29.71</b>
14	Lease Charges for Smart Meters	EZ		44.16	44.16
		CZ		-	-
		WZ		123.79	123.79
		<b>MP State</b>		<b>167.96</b>	<b>167.96</b>
15	<b>Total Expenses</b>	<b>EZ</b>	<b>13,194.63</b>	<b>14,842.89</b>	<b>1,648.26</b>
		<b>CZ</b>	<b>16,102.06</b>	<b>18,394.26</b>	<b>2,292.19</b>
		<b>WZ</b>	<b>18,591.29</b>	<b>20,392.65</b>	<b>1,801.36</b>
		<b>MP State</b>	<b>47,887.98</b>	<b>53,629.79</b>	<b>5,741.81</b>
16	Less: Other Income - Retail & Wheeling	EZ	132.98	169.86	36.88
		CZ	142.65	147.77	5.12
		WZ	147.66	250.41	102.75
		<b>MP State</b>	<b>423.29</b>	<b>568.05</b>	<b>144.76</b>
17	<b>Net Total Expenses for FY 2023-24</b>	<b>EZ</b>	<b>13,061.65</b>	<b>14,673.03</b>	<b>1,611.38</b>
		<b>CZ</b>	<b>15,959.41</b>	<b>18,246.48</b>	<b>2,287.07</b>
		<b>WZ</b>	<b>18,443.63</b>	<b>20,142.24</b>	<b>1,698.61</b>
		<b>MP State</b>	<b>47,464.69</b>	<b>53,061.75</b>	<b>5,597.05</b>
18	Revenue Gap of MP Transco True-up of FY 2020-21	EZ	72.98		(72.98)
		CZ	48.96		(48.96)

Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)					
Sr. no.	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		WZ	22.25		(22.25)
		<b>MP State</b>	<b>144.19</b>	<b>-</b>	<b>(144.19)</b>
19	Revenue Surplus of MP Genco True-up of FY 2020-21	EZ	(342.17)		342.17
		CZ	(342.17)		342.17
		WZ	(342.17)		342.17
		<b>MP State</b>	<b>(1,026.51)</b>	<b>-</b>	<b>1,026.51</b>
20	Revenue Gap of MP DISCOMs True-up of FY 2021-22	EZ	455.58	455.58	-
		CZ	556.83	556.83	-
		WZ	635.80	635.80	-
		<b>MP State</b>	<b>1,648.21</b>	<b>1,648.21</b>	<b>-</b>
21	Revenue Gap of MP Transco True-up of FY 2021-22	EZ	232.50		(232.50)
		CZ	245.53		(245.53)
		WZ	284.08		(284.08)
		<b>MP State</b>	<b>762.11</b>	<b>-</b>	<b>(762.11)</b>
22	<b>Total ARR for FY 2023-24</b>	<b>EZ</b>	<b>13,480.54</b>	<b>15,128.61</b>	<b>1,648.07</b>
		<b>CZ</b>	<b>16,468.56</b>	<b>18,803.31</b>	<b>2,334.75</b>
		<b>WZ</b>	<b>19,043.59</b>	<b>20,778.04</b>	<b>1,734.45</b>
		<b>MP State</b>	<b>48,992.69</b>	<b>54,709.96</b>	<b>5,717.26</b>
23	Revenue from sale of Power	EZ	13,480.54	13,895.66	415.12
		CZ	16,468.56	16,945.71	477.15
		WZ	19,043.59	20,365.34	1,321.75
		<b>MP State</b>	<b>48,992.69</b>	<b>51,206.71</b>	<b>2,214.02</b>
24	<b>Net Revenue Deficit/Surplus</b>	<b>EZ</b>	<b>-</b>	<b>1,232.95</b>	<b>1,232.95</b>
		<b>CZ</b>	<b>-</b>	<b>1,857.60</b>	<b>1,857.60</b>
		<b>WZ</b>	<b>-</b>	<b>412.70</b>	<b>412.70</b>
		<b>MP State</b>	<b>-</b>	<b>3,503.24</b>	<b>3,503.24</b>
25	Carrying/(Holding) Cost	EZ		295.91	295.91
		CZ		445.82	445.82
		WZ		99.05	99.05
		<b>MP State</b>	<b>-</b>	<b>840.78</b>	<b>840.78</b>
26	<b>Net Revenue Deficit/Surplus inclusive of Carrying/(Holding) Cost</b>	<b>EZ</b>	<b>-</b>	<b>1,528.85</b>	<b>1,528.85</b>
		<b>CZ</b>	<b>-</b>	<b>2,303.42</b>	<b>2,303.42</b>
		<b>WZ</b>	<b>-</b>	<b>511.74</b>	<b>511.74</b>
		<b>MP State</b>	<b>-</b>	<b>4,344.02</b>	<b>4,344.02</b>

14. Shri Lokesh Malviya, General Manager (Revenue Management) of MPPMCL; Shri Pradyumna K. Agrawal, General Manager (Commercial) of MPPoKVVCL; Shri. D.P. Ahirwar, Chief General Manager (Regulatory Affairs) of MPMKVVCL and Shri Shailendra Jain, Deputy Director (Commercial) of MPPaKVVCL have been authorized to execute and file all the documents on behalf of the respective Petitioners in this regard. Accordingly, the current True-up Petition filing is signed and verified by and backed by the affidavit of respective authorized signatories.

**PRAYER**

In view of the aforesaid facts and circumstances, the Petitioners request that the Hon'ble Commission may be pleased to:


- a) Take the accompanying True-up Petition for the period FY 2023-24 of East Discom, Central Discom and West Discom on record and treat it as complete;
- b) Consider the proposal against the existing approach towards allowance of unmetered agriculture & domestic sales as elaborated at appropriate section of this Petition;
- c) Consider the proposal against the existing approach towards allowance of power purchase quantum & cost as identified and elaborated at appropriate section of this Petition;
- d) Consider the proposal against the existing approach towards treatment of Consumer contribution & Grant and align the same as per procedure specified under Annexure-II of Regulations RG-31(II) of 2022 as elaborate at appropriate section of this Petition;
- e) Consider and allow the prior period power purchase cost adjustments in case of Central Discom for FY 2023-24 as elaborate at appropriate section of this Petition;
- f) Consider and allow the impact of prior period capitalization for the Central Discom for FY 2023-24 as elaborate at appropriate section of this Petition;
- g) Consider and approve True-up gap amount (including carrying cost) of **Rs. 1,528.85 Crore** for East Discom, **Rs. 2,303.42 Crore** for Central Discom and **Rs. 511.74 Crore** for West Discom aggregating to **Rs. 4,344.02 Crore** for MP state which shall be incorporated in the ARR of subsequent years or as the Hon'ble commission may deem fit for recovery of the same;
- h) Approve the methodology for sharing of gains/(losses) complying to the MYT Regulations as proposed by the Petitioners in the instant Petition;
- i) Condone any inadvertent omissions / errors / shortcomings and permit the Petitioners to add / change / modify / alter portions of this filing and make further submissions as may be required at a later stage;
- j) Condone any delay caused in filing of the instant Petition;




- k) Pass on such order as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Dated: 29<sup>th</sup> November 2024


**For M.P. Power Management Co. Ltd.  
Jabalpur**

  
Shri Lokesh Malviya  
General Manager (Revenue Management)


**For M.P. Poorv Kshetra Vidyut Vitaran  
Co. Ltd, Jabalpur**

  
Shri Pradyumna K. Agrawal  
General Manager (Commercial)

**For M. P. Madhya Kshetra Vidyut  
Vitaran Co. Ltd, Bhopal**

  
Shri D.P. Ahirwar  
Chief General Manager (Regulatory Affairs)

**For M.P. Pashchim Kshetra Vidyut  
Vitaran Co. Ltd, Indore**

  
Shri Shailendra Jain,  
Dy. Director (Commercial)

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## TABLE OF CONTENTS

<b>T1: CONTENTS OF THIS PETITION AND METHODOLOGY ADOPTED IN FILING OF THIS PETITION (INCLUDING CONSTRAINTS).....</b>	<b>13</b>
<b>T2: REGULATORY REQUIREMENT OF FILING OF THIS TRUE-UP PETITION.</b>	<b>14</b>
<b>T3: COMPARISON OF CLAIMED AND ALLOWED ARR FOR FY 2023-24 .....</b>	<b>15</b>
<b>T4: ENERGY SALES OF FY 2023-24 .....</b>	<b>18</b>
<b>T5: ENERGY REQUIREMENT, DISTRIBUTION AND TRANSMISSION LOSS .....</b>	<b>30</b>
<b>T6: POWER PURCHASE COST .....</b>	<b>32</b>
<b>T7: OPERATION &amp; MAINTENANCE COST .....</b>	<b>66</b>
<b>T8: INTEREST &amp; FINANCE CHARGES.....</b>	<b>71</b>
<b>T9: DEPRECIATION AND RELATED DEBITS .....</b>	<b>93</b>
<b>T10: BAD AND DOUBTFUL DEBTS.....</b>	<b>101</b>
<b>T11: LEASE LIABILITY CHARGES AND OTHER EXPENSES .....</b>	<b>103</b>
<b>T12: RETURN ON EQUITY .....</b>	<b>108</b>
<b>T13: TAXES.....</b>	<b>113</b>
<b>T14: OTHER INCOME.....</b>	<b>114</b>
<b>T15: INCOME FROM SALE OF POWER.....</b>	<b>115</b>
<b>T16: IMPACT OF PRIOR PERIOD EXPENSES FOR CENTRAL DISCOM.....</b>	<b>118</b>
<b>T17: SUMMARY OF TRUE UP OF ARR FOR FY 2023-24.....</b>	<b>126</b>
<b>T18: CARRYING COST ON TRUE-UP GAP FOR FY 2023-24.....</b>	<b>130</b>

**LIST OF TABLES**

Table 1: Comparison of ARR claimed and Allowed for FY 2023-24 in Tariff Order.....	15
Table 2: Details of True Up allowed in ARR determination for FY 2023-24 .....	17
Table 3: Number of Consumer for the FY 2023-24.....	18
Table 4: Connected Load for the FY 2023-24 (kW).....	18
Table 5: Sale for FY 2023-24 (MUs).....	19
Table 6: Summary of Unmetered Agriculture sales appearing to be excess than norms for FY 2023-24 (MUs).....	21
Table 7 : Tentative impact of disallowance of unmetered sales for FY 2023-24 .....	22
Table 8 : Detailed Working of variation in sales booked against Unmetered Agricultural consumers as per R-15 vis-à-vis MPERC approach for Central Discom.....	23
Table 9 : Detailed Working of variation in Sales on account of first billing .....	26
Table 10: Month & Category wise Sale for FY 2023-24 (MUs) .....	29
Table 11: Monthly Energy Requirement- Discom & Ex-Bus (Million Units – as per SEA) for FY 2023-24 (Actuals).....	31
Table 12 : Station-wise, Discom-wise Power Purchase cost for FY 2023-24 .....	34
Table 13: Details of power purchase quantum and cost – Allowed and As per Audited Accounts for FY 2023-24 .....	43
Table 14: Discom wise details of Power Purchase Cost – Approved in Tariff Order vis-à-vis actuals as per Audited Accounts for FY 2023-24 .....	44
Table 15: Normative Energy requirement as per the Hon’ble Commission approach for FY 2023-24 ..	48
Table 16: Normative Energy requirement as per Petitioner’s Proposal for FY 2023-24.....	52
Table 17: Normative Energy requirement as per the Hon’ble Commission approach for FY 2023-24 ..	52
Table 18: Power Purchase Cost claimed by the Petitioners for FY 2023-24.....	55
Table 19: Details of Expenses of MPPMCL for FY 2023-24.....	57
Table 20: Gains and Losses for True-up of Power Purchase Cost for FY 2023-24.....	58
Table 21: Adjustment of Power Purchase Expense for FY 2022-23 for Central Discom (Rs. Crore).....	60
Table 22: Power Purchase Expense for FY 2023-24 for Central Discom (Rs. Crore) .....	60
Table 23: Summary of total Power Purchase Expense for FY 2023-24 (Rs. Crore) .....	61
Table 24: Assessment of incremental/savings in power purchase quantum on account of variation in Distribution losses.....	63
Table 25: Determination of Average Power Purchase Cost for quantification of Gains/(losses) .....	64
Table 26: Quantification of Gains/(Losses) in terms of Average power purchase cost.....	64
Table 27: Net-entitlement of Power Purchase Cost for FY 2023-24 .....	65
Table 28: Details of O&M cost claimed towards True up of FY 2023-24 .....	67
Table 29: Details of O&M cost claimed by EZ towards True up of FY 2023-24.....	67
Table 30: Details of O&M cost claimed by CZ towards True up of FY 2023-24 .....	68
Table 31: Details of O&M cost claimed by WZ towards True up of FY 2023-24 .....	69
Table 32: Details of consumer contribution and Grant received during the past years – Central Discom .....	78
Table 33: Details of capitalization of Fixed Asset achieved by East Discom during the FY 2023-24 (Rs Crore).....	80
Table 34: Details of capitalization of Right of Use Asset achieved by East Discom during the FY 2023-24 (Rs Crore).....	80
Table 35: Details of Finance Charges Claimed by East Discom for True-up FY 2023-24 (Rs Crore)...	82
Table 36: Details of capitalization achieved by Central Discom during the FY 2023-24 (Rs Crore) ....	83
Table 37: Revised opening normative Debt balance associated with GFA for FY 2023-24 .....	84
Table 38: Details of Finance Charges Claimed by Central Discom for True-up FY 2023-24 (Rs Crore) .....	85
Table 39: Details of capitalization achieved by West Discom during the FY 2023-24 (Rs Crore) .....	85
Table 40: Details of Finance Charges claimed by West Discom for True-up of FY 2023-24.....	87
Table 41: Details of Interest on Working Capital Claimed by East Discom in True up of FY 2023-24 .	88
Table 42: Details of Interest on Working Capital Claimed by Central Discom in True up of FY 2023-24 .....	89
Table 43: Details of Interest on Working Capital Claimed by West Discom in True up of FY 2023-24	90
Table 44: Details of Interest on Consumer Security Deposit claimed for the year FY 2023-24 .....	91
Table 45: Summary of Interest and Finance Charges claimed towards True up of FY 2023-24.....	92
Table 46: Details of Depreciation Claimed by the Petitioners for FY 2023-24.....	94

Table 47: Details of consumer contribution & grant received vis-à-vis utilized during FY 2023-24 - EZ .....	97
Table 48: Details of consumer contribution & grant received vis-à-vis utilized during FY 2023-24 - CZ .....	98
Table 49: Details of Bad and Doubtful debts Claimed by Petitioners for FY 2023-24 .....	102
Table 50: Summary of Lease charges towards Smart Meter for FY 2023-24 for East Discom .....	103
Table 51: Summary of Lease charges towards Smart Meter for FY 2023-24 for West Discom .....	106
Table 52: Other Expenses Claimed as True up for FY 2023-24 for West Discom .....	107
Table 53: ROE Claimed by EZ as True up for FY 2023-24 .....	110
Table 54: Revised normative opening equity balance for true up for FY 2023-24 - CZ .....	110
Table 55: ROE Claimed by CZ as True up for FY 2023-24 .....	111
Table 56: ROE Claimed by WZ as True up for FY 2023-24 .....	112
Table 57: ROE Claimed by Petitioners for FY 2023-24 .....	112
Table 58: Other income claimed by Petitioners for FY 2023-24 .....	114
Table 59: Revenue from Sales for East Discom FY 2023-24 .....	115
Table 60: Revenue from Sales for Central Discom FY 2023-24 .....	116
Table 61: Revenue from Sales for West Discom FY 2023-24 .....	117
Table 62: Summary of prior period capitalization for Central Discom (Rs. Crore) .....	119
Table 63: Comparison of Cost of Tangible Assets as per the Audited Financial Statements for FY 22-23 and Restated Financial Statements for FY 22-23 (Rs. Crore) .....	119
Table 64: Revision in Opening GFA for FY 2023-24 for Central Discom (Rs. Crore) .....	120
Table 65: Component wise bifurcation of prior period capitalization for Central Discom (Rs. Crore) .....	120
Table 66: Revised Opening Equity Balance for Central Discom for FY 2023-24 (Rs. Crore) .....	121
Table 67: Normative debt addition against prior period capitalization for Central Discom (Rs. Crore) .....	121
Table 68: Closing normative debt amount factored with the repayment pertaining to prior period capitalization for Central Discom (Rs. Crore) .....	122
Table 69: Revised Opening Debt Balance for Central Discom for FY 2023-24 (Rs. Crore) .....	122
Table 70: Depreciation on account of prior period capitalization for Central Discom (Rs. Crore) .....	123
Table 71: Interest on Project loans on account of prior period capitalization for Central Discom (Rs. Crore) .....	124
Table 72: Return on Equity on account of prior period capitalization for Central Discom (Rs. Crore) .....	124
Table 73: Summary of Prior Period Impact for Central Discom (Rs. Cr) .....	125
Table 74: Summary of True Up Claimed for FY 2023-24 (Rs Crore) .....	126
Table 75: Carrying cost on True-up Gap for East Discom for FY 2023-24 (Rs Crore) .....	132
Table 76: Carrying cost on True-up Gap for Central Discom for FY 2023-24 (Rs Crore) .....	132
Table 77: Carrying cost on True-up Gap for West Discom for FY 2023-24 (Rs Crore) .....	133

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**T1: CONTENTS OF THIS PETITION AND METHODOLOGY ADOPTED IN FILING OF THIS PETITION (INCLUDING CONSTRAINTS)**

**1.1 Contents**

This Petition contains in detail basis actuals of individual elements constituting the True-up for FY 2023-24 based on audited accounts of Central, West Discoms and East Discom.

The following elements have been explained in detail for FY 2023-24 under “Chapter T3: TRUE-UP FOR FY 2023-24”.

- a. Energy Sales
- b. Distribution Loss and Energy Requirement
- c. Power Purchase from various sources to meet the Energy Requirement
- d. Computation of Total ARR
- e. Computation of Category wise Revenue
- f. Determination of Deficit/(Surplus) between Revenue as collected & Costs
- g. Carrying cost on True-up gap

**1.2 Methodology**

Regulation 7.2 of the “Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 {RG-35 (III) of 2021} mandate the Petitioners to submit the True up Petition for FY 2023-24 on or before 30<sup>th</sup> November 2024.

In compliance to above, the Petitioners are submitting the True Up for FY 2023-24 on the basis of Audited Accounts of Central, West Discoms and East Discom. It consists of details of actual expenditures made by the Petitioners and details of revenue received leading to actual revenue deficit/(surplus) incurred from April 2023 to March 2024. It is a measure of final accounting gains / losses and expenditures incurred to carry forward the electricity distribution business. The Petitioners have proposed the True-up of FY 2023-24 as per the provisions of applicable rules and regulations.

It prayed to the Hon’ble Commission to approve the True-Up of FY 2023-24 in accordance with the applicable Regulations as claimed by the Petitioners in this Petition.

**T2: REGULATORY REQUIREMENT OF FILING OF THIS TRUE-UP PETITION**

**2.1 Regulations**

This Petition has been based on the following Regulation notified by the Madhya Pradesh Electricity Regulatory Commission:

*“Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 dated 03rd December 2021” (Hereinafter referred to as "MYT Tariff Regulations, 2021) – Applicable from FY 2022-23 to FY 2026-27;*

Regulation 7.2 of aforementioned Regulations mandate the Discoms to file a True-up of FY 2023-24 on or before 30 November 2024. The relevant extract is as reproduced below:

*“7.2 The following Petitions for true-up, ARR & Tariff are to be filed by the Applicant under these Regulations:*

<b><i>Timelines</i></b>	<b><i>Scope of the Petition</i></b>
<i>30 November 2024</i>	<ol style="list-style-type: none"> <li><i>1. True-up of FY 2023-24;</i></li> <li><i>2. Revenue gap or revenue surplus for FY 2025-26 based on the Revised ARR and true-up for FY 2023-24;</i></li> <li><i>3. Tariff proposals for FY 2025-26</i></li> </ol>

**2.2 Tariff Order**

The Hon’ble Commission had issued the Tariff Order for FY 2023-24 on 28<sup>th</sup> March 2023. There were certain instructions/advices/directions issued by the Hon’ble Commission in the said Order. The Petitioners have made its best efforts to ensure compliance to these instructions/advices/directions issued by the Hon’ble Commission and has structured its current True-Up Petition accordingly to capture the maximum information as desired by the Hon’ble Commission from time to time.

**T3: COMPARISON OF CLAIMED AND ALLOWED ARR FOR FY 2023-24**

3.1.1 East Discom, Central Discom and West Discom in their Tariff Petition no. 84/2022, submitted the revised claim for ARR of Rs. 13,820.73 Crore, Rs. 19,328.69 Crore and Rs. 16,380.40 Crore respectively aggregating to Rs. 49,529.81 Crore for MP State. The Hon'ble Commission in its Tariff Order dated 28<sup>th</sup> March 2023 had allowed the ARR of Rs 13,480.54 Crore, Rs. 16,468.57 Crore and Rs 19,043.56 Crore for East, Central and West Discoms respectively aggregating to Rs. 48,992.66 for MP State as whole. The head-wise comparison is given in following Table:

**Table 1: Comparison of ARR claimed and Allowed for FY 2023-24 in Tariff Order**

<b>Summary of Aggregate Revenue Requirement Approved by MPERC (Rs in Crore)</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>Discom</b>	<b>Claimed in ARR Petition</b>	<b>Approved in Tariff Order</b>	<b>Variation</b>
1	Power Purchase Cost (including inter State Transmission Charges)	EZ	7,694.38	9,163.32	(1,468.94)
		CZ	10,472.32	11,737.90	(1,265.58)
		WZ	16,855.22	14,743.63	2,111.59
		<b>MP State</b>	<b>35,021.92</b>	<b>35,644.84</b>	<b>(622.93)</b>
2	Intra state transmission charges including SLDC	EZ	1,288.68	1,290.73	(2.05)
		CZ	1,502.35	1,504.67	(2.32)
		WZ	1,543.98	1,544.05	(0.07)
		<b>MP State</b>	<b>4,335.01</b>	<b>4,339.45</b>	<b>(4.44)</b>
3	Employee Cost	EZ	1442.60	1469.75	(27.15)
		CZ	1,326.22	1,298.67	27.55
		WZ	1,421.58	1,372.18	49.40
		<b>MP State</b>	<b>4,190.40</b>	<b>4,140.60</b>	<b>49.80</b>
4	A&G Cost	EZ	129.12	129.20	(0.08)
		CZ	134.29	217.68	(83.39)
		WZ	145.43	151.41	(5.98)
		<b>MP State</b>	<b>408.84</b>	<b>498.29</b>	<b>(89.45)</b>
5	R&M Cost	EZ	318.61	297.6	21.01
		CZ	325.54	325.54	-
		WZ	225.29	224.33	0.96
		<b>MP State</b>	<b>869.44</b>	<b>847.47</b>	<b>21.97</b>
6	Additional O&M expense	EZ	16.98	16.98	-
		CZ	15.25	15.25	-
		WZ	19.73	19.73	-
		<b>MP State</b>	<b>51.96</b>	<b>51.96</b>	<b>-</b>
6	Depreciation	EZ	295.86	241.02	54.84
		CZ	395.36	276.97	118.39
		WZ	345.77	141.99	203.78
		<b>MP State</b>	<b>1,036.99</b>	<b>659.98</b>	<b>377.01</b>
7	Interest on Project Loans	EZ	281.95	281.1	0.85
		CZ	348.39	366.9	(18.51)
		WZ	145.45	148.94	(3.49)



Summary of Aggregate Revenue Requirement Approved by MPERC (Rs in Crore)					
Sr. No.	Particulars	Discom	Claimed in ARR Petition	Approved in Tariff Order	Variation
		MP State	775.79	796.94	(21.15)
8	Interest on Working Capital	EZ	78.28	68.43	9.85
		CZ	39.51	57.81	(18.30)
		WZ	17.15	10.58	6.57
		MP State	134.94	136.82	(1.88)
9	Interest on Consumer Security Deposit	EZ	53.19	42.83	10.36
		CZ	58.26	59.09	(0.83)
		WZ	68.29	85.25	(16.96)
		MP State	179.74	187.17	(7.43)
10	Return on Equity	EZ	234.51	231.54	2.97
		CZ	277.25	270.16	7.09
		WZ	174.91	172.41	2.50
		MP State	686.67	674.11	12.56
11	Bad and Doubtful Debts	EZ	2	0	2.00
		CZ	2	0	2.00
		WZ	2	0	2.00
		MP State	6.00	0.00	6.00
12	Other Expenses	EZ			-
		CZ			-
		WZ			-
		MP State	0.00	0.00	-
13	Less: (O&M) Expenses Capitalised	EZ	0	37.86	(37.86)
		CZ	0	28.59	(28.59)
		WZ	0	23.22	(23.22)
		MP State	0.00	89.67	(89.67)
14	Total Expenses	EZ	11,836.16	13,194.64	(1,358.48)
		CZ	14,896.74	16,102.05	(1,205.31)
		WZ	20,964.80	18,591.28	2,373.52
		MP State	47,697.70	47,887.97	(190.27)
15	Less: Other Income - Retail & Wheeling	EZ	186.01	132.98	53.03
		CZ	183.31	142.65	40.66
		WZ	202.8	147.66	55.14
		MP State	572.12	423.29	148.83
16	Net Total Expenses for FY 2023-24	EZ	11,650.15	13,061.66	(1,411.51)
		CZ	14,713.43	15,959.40	(1,245.97)
		WZ	20,762.00	18,443.62	2,318.38
		MP State	47,125.58	47,464.68	(339.10)
17	Revenue Gap of MP Transco True-up of FY 2020-21	EZ	72.98	72.98	-
		CZ	48.96	48.96	-
		WZ	22.25	22.25	-
		MP State	144.19	144.19	-
18	Revenue Surplus of MP Genco True-up of FY 2020-21	EZ	(338.61)	(342.17)	3.56
		CZ	(338.61)	(342.17)	3.56
		WZ	(338.61)	(342.17)	3.56
		MP State	(1,015.83)	(1,026.51)	10.68



Summary of Aggregate Revenue Requirement Approved by MPERC (Rs in Crore)					
Sr. No.	Particulars	Discom	Claimed in ARR Petition	Approved in Tariff Order	Variation
19	Revenue Gap of MP DISCOMs True-up of FY 2021-22	EZ	2,436.21	455.58	1,980.63
		CZ	1,956.61	556.83	1,399.78
		WZ	(1,116.94)	635.80	(1,752.74)
		<b>MP State</b>	<b>3,275.88</b>	<b>1,648.21</b>	<b>1,627.67</b>
20	Revenue Gap of MP Transco True-up of FY 2021-22	EZ	-	232.50	(232.50)
		CZ	-	245.53	(245.53)
		WZ	-	284.08	(284.08)
		<b>MP State</b>	<b>-</b>	<b>762.11</b>	<b>(762.11)</b>
21	<b>Total ARR for FY 2023-24</b>	<b>EZ</b>	<b>13,820.73</b>	<b>13,480.54</b>	<b>340.19</b>
		<b>CZ</b>	<b>16,380.39</b>	<b>16,468.57</b>	<b>(88.18)</b>
		<b>WZ</b>	<b>19,328.70</b>	<b>19,043.56</b>	<b>285.14</b>
		<b>MP State</b>	<b>49,529.81</b>	<b>48,992.66</b>	<b>537.15</b>
22	Revenue from sale of Power	EZ	13,820.73	13,480.54	340.19
		CZ	16,380.39	16,468.57	(88.18)
		WZ	19,328.70	19,043.56	285.14
		<b>MP State</b>	<b>49,529.82</b>	<b>48,992.67</b>	<b>537.15</b>

3.1.2 Hon'ble Commission has included the impact of True up of MPPTCL, Discoms and MP Genco as summarised in the following Table:

**Table 2: Details of True Up allowed in ARR determination for FY 2023-24**

Sr. no.	Particulars	Impact (Rs. Cr)
1	Revenue Gap of MP Transco True-up of FY 2020-21	144.19
2	Revenue Surplus of MP Genco True-up of FY 2020-21	(1,026.52)
3	Revenue Gap of MP DISCOMs True-up of FY 2021-22	1,648.21
4	Revenue Gap of MP Transco True-up of FY 2021-22	762.11
5	<b>Total impact of True-up</b>	<b>794.87</b>

3.1.3 Out of the total impact of Rs. 794.87 Crore as stated above, impact to the tune of Rs. 215.09 Crore, Rs 267.69 Crore and Rs 312.09 Crore for East Discom, Central Discom and West Discom respectively were allowed in the ARR of FY 2023-24.

3.1.4 On finalisation of the Audited Accounts of the Petitioners for the period FY 2023-24, the actual head wise cost has been compared with the approved costs of FY 2023-24 and accordingly, the True-up of various expenses have been worked out as detailed in the subsequent Chapters of this Petition.

**T4: ENERGY SALES OF FY 2023-24****4.1 Number of Consumers, Connected Load and Energy Sales within the State**

4.1.1 The DISCOM's has served nearly 17,822,581 number of consumers at LT level and has around 9,880 number of consumers connected at HT level during FY 2023-24. The Commission in its Aggregate Revenue Requirement (ARR) and Retail Supply Tariff Order for FY 2023-24 dated 28<sup>th</sup> March 2023 had approved the sales for FY 2023-24 based on the historical trend. As against this, the Petitioners have reported actual number of consumers, sales and connected load for the FY 2023-24.

4.1.2 The actual Number of Consumer as per prevailing tariff categories viz.-a-viz. as approved for FY 2023-24 is shown in Table below:

**Table 3: Number of Consumer for the FY 2023-24**

Sr. No	Category	Approved	Actual	Deviation
<b>A</b>	<b>LT</b>	<b>NOT AVAILABLE IN TARIFF ORDER</b>		<b>NOT APPLICABLE</b>
<b>1</b>	<b>MP State</b>		<b>17,822,581</b>	
i	East DISCOM		6,707,671	
ii	Central DISCOM		5,055,875	
iii	West DISCOM		6,059,035	
<b>B</b>	<b>HT</b>			
<b>1</b>	<b>MP State</b>		<b>9,880</b>	
i	East DISCOM		2,305	
ii	Central DISCOM		3,089	
iii	West DISCOM		4,486	
<b>C</b>	<b>Total</b>			
<b>1</b>	<b>MP State</b>	<b>17,832,461</b>		
i	East DISCOM	6,709,976		
ii	Central DISCOM	5,058,964		
iii	West DISCOM	6,063,521		

4.1.3 The actual connected load as per prevailing Tariff categories viz.-a-viz. as approved is shown in the Table below:

**Table 4: Connected Load for the FY 2023-24 (kW)**

Sr. No	Category	Approved	Actual	Deviation
<b>A</b>	<b>LT</b>	<b>NOT AVAILABLE IN TARIFF ORDER</b>		<b>NOT APPLICABLE</b>
<b>1</b>	<b>MP State</b>		<b>33,278,247</b>	
i	East DISCOM		10,430,709	
ii	Central DISCOM		10,793,466	
iii	West DISCOM		12,054,072	
<b>B</b>	<b>HT</b>			
<b>1</b>	<b>MP State</b>		<b>4,492,448</b>	
i	East DISCOM		1,158,301	
ii	Central DISCOM		1,312,976	

Sr. No	Category	Approved	Actual	Deviation
iii	West DISCOM		2,021,171	
<b>C</b>	<b>Total</b>			
<b>1</b>	<b>MP State</b>		<b>37,770,695</b>	
i	East DISCOM		11,589,010	
ii	Central DISCOM		12,106,442	
iii	West DISCOM		14,075,243	

4.1.4 The Petitioners in their submission for ARR Tariff Petition for FY 2023-24 had projected sales of 19,773 MUs, 23,417 MUs and 27,884 MUs for East DISCOM, Central DISCOM and West DISCOM respectively, against which the Hon'ble Commission has approved sales of 19,857.89 MUs, 24,100.35 MUs and 28,178.23 MUs for East DISCOM, Central DISCOM and West DISCOM respectively. These sales were estimated based on actual sales up to FY 2021-22 which were available at that time and also considering the increase in average supply hours. On availability of actual sales for FY 2023-24, it is observed that there is difference between the actual sales and the approved sales for the FY 2023-24.

4.1.5 The actual sales as per prevailing tariff categories viz.-a-viz. as approved is shown in Table below:

**Table 5: Sale for FY 2023-24 (MUs)**

Sr. No	Category	Approved	Actual	Deviation
<b>A</b>	<b>LT</b>			
<b>1</b>	<b>MP State</b>	<b>55,413.51</b>	<b>54,130.9</b>	<b>1282.56</b>
i	East Discom	15,539.63	15112.51	427.12
ii	Central Discom	18,937.00	18367.44	569.56
iii	West Discom	20,936.88	20651.00	285.88
<b>B</b>	<b>HT</b>			
<b>1</b>	<b>MP State</b>	<b>16,722.95</b>	<b>17360.30</b>	<b>(637.35)</b>
i	East Discom	4318.25	4301.18	17.07
ii	Central Discom	5163.35	5375.08	(211.73)
iii	West Discom	7241.35	7684.04	(442.69)
<b>C</b>	<b>Total</b>			
<b>1</b>	<b>MP State</b>	<b>72,136.46</b>	<b>71,491.24</b>	<b>645.22</b>
i	East Discom	19857.88	19413.68	444.20
ii	Central Discom	24100.35	23742.52	357.83
iii	West Discom	28178.23	28335.04	(156.81)

4.1.6 The Hon'ble Commission in its Tariff Regulations, 2021 had defined Sales as uncontrollable in nature which is beyond the control of the Petitioners.

- 4.1.7 As regard to approval of sales mainly for unmetered categories it has been observed that in past True-up Orders, the Hon'ble Commission has adopted an approach wherein it used to disallow some portion of the monthly sales to domestic and agricultural unmetered consumers stating that the same has been booked in excess of the monthly norms as approved by the Hon'ble Commission.
- 4.1.8 In this regard the Petitioners wishes to submit that though the booking of unmetered sales is done strictly as per the norms specified by the Hon'ble Commission, however under some circumstances the same **appears** to be higher than the norms but still corresponds to the prescribed norms only. It is to be noted that the Hon'ble Commission considers standalone monthly R-15 statement, and from such R-15 statement, the Hon'ble Commission back calculates the unmetered sales considering the number of consumers and its connected load as recorded in the R-15. The Hon'ble Commission then compares the back calculated sales against the sales actually recorded in the R-15 and then disallows the sales in case the sales booked in the standalone monthly R-15 statement is higher than the back calculated sales by the Hon'ble Commission.
- 4.1.9 The Petitioners hereby submits the reason due to which the sales when back calculated from R-15 Statement considering then the number of consumers and connected load appears to be higher than the norms :
- a) In most of the cases first billing of an unmetered consumer could not be initiated in that particular month in which the connection was served, however, in the subsequent billing cycles the same consumer is booked cumulatively for two or more months as the case may be, i.e., considering the normative sales of past months and existing month. Due to this the units booked in standalone monthly R-15 appears to be higher than the norms.
  - b) When a consumer having arrears becomes permanently disconnected, it still appears in the R15 as long as it is transferred to the permanently disconnected (PD) ledger, as such the consumer being counted without sale and in such cases the normative units may not be commensurate with the number of consumers.
  - c) In R-15 Statement, the connected load of consumer is recorded in kW which is basically converted from HP load. Further, the actual load as recorded in R-15 in is fraction (eg. 7.5 HP) for cost of the consumers, however, the billing happens with load rounded off to nearest integer in HP or part thereof as per stipulated in the Tariff

Order.

d) In R-15 Statement the consumer's load data for Agriculture pump is taken in kW whereas actual billing is done on HP basis as per the norms specified. Thus, the R-15 data provides actual sales on normative basis and load in kW converted from corresponding HP load. Now when such a derived load in kW and sales is taken from R-15 to cross verify the threshold for the normative sales, the same will not match due to the inherent formula/calculation/rounding-off errors.

4.1.10 **Thus, because of the above reason though the sales are billed as per norms set by the Commission to individual consumers however, when it is back calculated considering the final R-15 data (mainly derived load in kW and number of consumers) the same will not match with actuals HP load and thus may appear to vary with the norms.**

4.1.11 The Petitioners wish to submit that the Hon'ble Commission disallows the sales booked in excess of the norms specified thereby disallowing the corresponding power purchase quantum and hence cost at normative level. However, as far as revenue from such incremental sales are concerned, which are already booked in the accounts are considered in determining the ARR. **This has double impact on the ARR of the Petitioners. In case the unmetered sales are to be disallowed, then it is important that a proportionate amount of revenue should also be reduced from the total revenue from sale.** Therefore, it is prayed before the Hon'ble Commission not to disallow the actual sales booked by the Licensees that is appearing in their R-15 reports.

4.1.12 To substantiate its claim, the Petitioners have carried out a detailed analysis which is explained in the subsequent paras of this Petition.

4.1.13 The Petitioners have worked out the sales that would appear as booked higher during FY 2023-24 than the corresponding norms considering the methodology as adopted by the Hon'ble Commission in its past True-up Order as shown in the Table below:

**Table 6: Summary of Unmetered Agriculture sales appearing to be excess than norms for FY 2023-24 (MUs)**

DISCOM	Total Diff of standalone R-15 Sales and Back calculated normative sales
EAST DISCOM	7.18
CENTRAL DISCOM	80.17

DISCOM	Total Diff of standalone R-15 Sales and Back calculated normative sales
WEST DISCOM	17.62
<b>Total</b>	<b>104.97</b>

4.1.14 From the above, it can be observed that in case if the Commission's methodology is adopted to rework the normative sales (back calculation approach) then there would be around 7.18 MUs of sales under unmetered agriculture category that would appear to be in excess of norms for East Discom. Similarly, there would be around 80.17 MUs of sales and around 17.62 MUs of sales that would appear to be booked higher than norms for Central and West Discom, respectively.

4.1.15 The Petitioners wish to submit that in case, such sales inadvertently disallowed by the Hon'ble Commission in the Truing up of FY 2023-24 again, then there would be a substantial loss to the Discoms. The Petitioners have worked out the tentative impact of such disallowance by considering the average billing rate of respective category to assess the impact on revenue and marginal power purchase cost to assess the impact on power purchase as shown in the Table below:

**Table 7 : Tentative impact of disallowance of unmetered sales for FY 2023-24**

DISCOM	FY2023-24			
	Revenue Impact		Expenses Impact	Total Impact
	Sales appearing in Excess of Norms	Revenue to be factored-in (reduced)	Corresponding Power purchase cost	
	(MUs)	(Rs. Crore)	(Rs. Crore)	(Rs. Crore)
<b>Domestic unmetered sales</b>				
EZ	0.79	0.547	0.25	0.797
CZ	0.01	0.005	0.002	0.007
WZ	0.00	0.00	0.00	0.00
<b>Sub-Total</b>	<b>0.80</b>	<b>0.553</b>	<b>0.252</b>	<b>0.804</b>
<b>Agriculture unmetered sales</b>				
EZ	7.18	4.81	2.27	7.08
CZ	80.17	55.96	25.64	81.6
WZ	17.62	11.95	5.50	17.45
<b>Sub-Total</b>	<b>104.97</b>	<b>72.72</b>	<b>33.42</b>	<b>106.14</b>
<b>Total</b>	<b>105.77</b>	<b>73.27</b>	<b>33.67</b>	<b>106.95</b>

4.1.16 From the above Table, it can be ascertained that in case the Hon'ble Commission disallows the unmetered sales appearing to be higher than the norms for FY 2023-24 as per its existing approach, then there would be a financial loss of around Rs. 106.95 Crore to the Petitioners. This is because the Hon'ble Commission considers the revenue as it is

from the R-15 statement (audited accounts) but disallows energy and by doing so the power purchase cost against such sales also gets disallowed. Therefore, it is requested before the Hon'ble Commission to consider the sales as recorded and in case the Hon'ble Commission is not convinced with the given rationale then it is requested to factor-in its impact on revenue also, by reducing the revenue claimed by the Petitioners to the extent of Rs. 73.27 Crore as per table above.

4.1.17 Further, in order to substantiate its claim, the Petitioners hereby wish to elaborate detailed analysis as undertaken to establish the fact that there is no excess booking than norms.

4.1.18 The Petitioners have on sample basis elaborate the detailing for Central Discom as there is higher excess sales appearing in case of Central Discom as compared to other Discoms. The detailed working of excess sales appearing higher than norms for Central Discom is provided in the Table below:

**Table 8 : Detailed Working of variation in sales booked against Unmetered Agricultural consumers as per R-15 vis-à-vis MPERC approach for Central Discom**

FY 2023-24	Consumers	LDKW	LOAD (HP)	Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G= [0 (If (F-E<0)), else (F-E)]
<b>Urban Permanent Unmetered: Single Phase</b>						
Apr-23	409	875	1173	0.111	0.113	0.002
May-23	407	871	1168	0.111	0.112	0.001
Jun-23	407	870	1166	0.111	0.112	0.002
Jul-23	409	874	1172	0.111	0.114	0.003
Aug-23	409	875	1173	0.111	0.113	0.002
Sep-23	410	878	1177	0.112	0.113	0.001
Oct-23	407	872	1169	0.210	0.203	0.000
Nov-23	411	880	1180	0.212	0.204	0.000
Dec-23	314	667	894	0.161	0.155	0.000
Jan-24	287	607	814	0.146	0.141	0.000
Feb-24	184	378	507	0.091	0.089	0.000
Mar-24	171	350	469	0.084	0.084	0.000
<b>Sub-Total</b>	<b>4225</b>	<b>8997</b>	<b>12060</b>	<b>1.573</b>	<b>1.553</b>	<b>0.010</b>
<b>Urban Permanent Unmetered: Three Phase</b>						
Apr-23	16742	82274	110287	10.477	10.575	0.098
May-23	16773	82443	110513	10.499	10.626	0.127
Jun-23	16752	82395	110449	10.493	10.599	0.107
Jul-23	16823	82692	110847	10.530	10.633	0.103
Aug-23	16709	82277	110291	10.478	10.570	0.092
Sep-23	16712	82316	110343	10.483	10.578	0.096
Oct-23	16716	82322	110351	18.760	18.929	0.169
Nov-23	16673	82089	110039	18.707	18.882	0.175
Dec-23	16778	82962	111209	18.906	19.073	0.168

Petition for True-up of ARR for FY 2023-24

FY 2023-24	Consumers	LDKW	LOAD (HP)	Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G = [0 (If (F-E < 0)), else (F-E)]
Jan-24	15456	76382	102389	17.406	17.565	0.159
Feb-24	13830	69577	93267	15.855	16.021	0.166
Mar-24	13389	66545	89202	15.164	15.309	0.145
<b>Sub-Total</b>	<b>193353</b>	<b>954274</b>	<b>1279188</b>	<b>167.757</b>	<b>169.360</b>	<b>1.603</b>
<b>Rural Permanent Unmetered: Single Phase</b>						
Apr-23	16,345	36,319	48,685	4.63	4.65	0.027
May-23	16,404	36,445	48,854	4.64	4.69	0.047
Jun-23	16,380	36,394	48,786	4.63	4.65	0.015
Jul-23	16,411	36,468	48,885	4.64	4.66	0.011
Aug-23	16,462	36,578	49,032	4.66	4.67	0.013
Sep-23	16,430	36,506	48,936	4.65	4.66	0.012
Oct-23	16,452	36,553	48,999	8.82	8.38	0.000
Nov-23	16,483	36,617	49,084	8.84	8.47	0.000
Dec-23	14,609	32,486	43,547	7.84	7.45	0.000
Jan-24	13,825	30,740	41,206	7.42	7.09	0.000
Feb-24	13,250	29,459	39,489	7.11	6.77	0.000
Mar-24	12,899	28,673	38,436	6.92	6.58	0.000
<b>Sub-Total</b>	<b>185,950</b>	<b>413,238</b>	<b>553,938</b>	<b>74.79</b>	<b>72.71</b>	<b>0.126</b>
<b>Rural Permanent Unmetered: Three Phase</b>						
Apr-23	846,425	4,229,901	5,670,109	538.66	543.28	4.622
May-23	848,579	4,240,611	5,684,465	540.02	546.24	6.219
Jun-23	849,789	4,246,398	5,692,223	540.76	545.32	4.556
Jul-23	851,221	4,252,634	5,700,582	541.56	546.20	4.647
Aug-23	851,048	4,252,209	5,700,012	541.50	546.11	4.611
Sep-23	852,155	4,262,324	5,713,571	542.79	547.13	4.342
Oct-23	852,624	4,266,389	5,719,020	972.23	980.06	7.824
Nov-23	855,791	4,283,951	5,742,562	976.24	985.50	9.262
Dec-23	859,448	4,336,960	5,813,619	988.32	995.83	7.519
Jan-24	864,144	4,381,473	5,873,288	998.46	1,006.87	8.409
Feb-24	868,219	4,406,951	5,907,441	1,004.26	1,012.76	8.493
Mar-24	870,046	4,421,752	5,927,282	1,007.64	1,015.55	7.911
<b>Sub-Total</b>	<b>10,269,489</b>	<b>51,581,553</b>	<b>69,144,173</b>	<b>9,192.44</b>	<b>9,270.85</b>	<b>78.413</b>
<b>Urban Temporary Unmetered: Single Phase</b>						
Apr-23	373	807	1,082	0.25	0.24	0.000
May-23	128	266	357	0.08	0.08	0.000
Jun-23	112	235	315	0.07	0.07	0.000
Jul-23	100	211	283	0.07	0.06	0.000
Aug-23	52	104	139	0.03	0.03	0.000
Sep-23	68	140	188	0.04	0.04	0.000
Oct-23	59	128	172	0.04	0.04	0.000
Nov-23	98	212	284	0.07	0.06	0.000
Dec-23	113	246	330	0.08	0.07	0.000
Jan-24	99	216	290	0.07	0.06	0.000
Feb-24	71	150	201	0.05	0.05	0.000



Petition for True-up of ARR for FY 2023-24

FY 2023-24	Consumers	LDKW	LOAD (HP)	Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G= [0 (If (F-E<0)), else (F-E)]
Mar-24	59	124	166	0.04	0.04	0.000
<b>Sub-Total</b>	<b>1,332</b>	<b>2,839</b>	<b>3,806</b>	<b>0.88</b>	<b>0.86</b>	<b>0.000</b>
<b>Urban Temporary Unmetered: Three Phase</b>						
Apr-23	249	1,004	1,346	0.296	0.294	0.000
May-23	184	747	1,001	0.220	0.218	0.000
Jun-23	198	797	1,068	0.235	0.234	0.000
Jul-23	136	557	747	0.164	0.162	0.000
Aug-23	78	335	449	0.099	0.097	0.000
Sep-23	61	252	338	0.074	0.073	0.000
Oct-23	35	145	194	0.043	0.041	0.000
Nov-23	73	303	406	0.089	0.089	0.000
Dec-23	68	284	381	0.084	0.083	0.000
Jan-24	49	204	273	0.060	0.060	0.000
Feb-24	59	277	371	0.082	0.081	0.000
Mar-24	49	236	316	0.070	0.069	0.000
<b>Sub-Total</b>	<b>1,239</b>	<b>5,141</b>	<b>6,891</b>	<b>1.516</b>	<b>1.502</b>	<b>0.000</b>
<b>Rural Temporary Unmetered: Single Phase</b>						
Apr-23	17,756	39,079	52,385	10.74	10.31	0.000
May-23	9,405	20,586	27,595	5.66	5.46	0.000
Jun-23	7,018	15,482	20,753	4.25	4.10	0.000
Jul-23	4,411	9,756	13,078	2.68	2.56	0.000
Aug-23	2,831	6,268	8,402	1.72	1.65	0.000
Sep-23	2,706	5,994	8,035	1.65	1.57	0.000
Oct-23	2,431	5,397	7,235	1.48	1.42	0.000
Nov-23	9,487	21,129	28,323	5.81	5.55	0.000
Dec-23	23,435	52,297	70,103	14.37	13.75	0.000
Jan-24	35,866	79,998	107,236	21.98	21.05	0.000
Feb-24	37,055	82,579	110,696	22.69	21.74	0.000
Mar-24	25,951	57,718	77,370	15.86	15.22	0.000
<b>Sub-Total</b>	<b>178,352</b>	<b>396,283</b>	<b>531,210</b>	<b>108.90</b>	<b>104.36</b>	<b>0.000</b>
<b>Rural Temporary Unmetered: Three Phase</b>						
Apr-23	11,557	45,873	61,492	11.99	11.99	0.001
May-23	7,648	30,381	40,725	7.94	7.94	0.002
Jun-23	6,289	25,035	33,559	6.54	6.54	0.000
Jul-23	4,900	19,801	26,543	5.18	5.18	0.000
Aug-23	4,175	16,962	22,737	4.43	4.44	0.002
Sep-23	3,758	15,480	20,751	4.05	4.05	0.000
Oct-23	3,678	15,011	20,122	3.92	3.92	0.001
Nov-23	11,080	44,226	59,284	11.56	11.56	0.003
Dec-23	21,854	86,948	116,552	22.73	22.73	0.000
Jan-24	27,139	107,720	144,397	28.16	28.16	0.003
Feb-24	25,923	102,650	137,601	26.83	26.83	0.001
Mar-24	14,649	58,247	78,079	15.23	15.23	0.003

FY 2023-24	Consumers	LDKW	LOAD (HP)	Units as per MPERC Norms (MU)	Units as per R-15 (MU)	Difference (MU)
A	B	C	D	E	F	G = [0 (If (F-E < 0)), else (F-E)]
<b>Sub-Total</b>	<b>142,650</b>	<b>568,334</b>	<b>761,842</b>	<b>148.56</b>	<b>148.57</b>	<b>0.016</b>
<b>Total difference in Sales as per MPERC Norms and R15</b>						<b>80.17 MU</b>

4.1.19 Further, as explained in paras above, the sales have been booked as per the specified norms only, however, because of cumulative booking of new consumers when the first bill is issued and mainly due to rounding of the connected load to next nearest integer, the sales booked in R-15, when back-calculated, appears to be higher than the norms.

4.1.20 For an instance, there are total 70,958 (East: 35,478 | Central: 22,415 | West: 13,065) number of consumers under unmetered agriculture category that were issued first bills at respective months during FY 2023-24. As first bill is issued after couple of months, hence, in respective R-15 monthly statements when the count of such particular consumer remains one, the corresponding sales would be for more than one month, i.e., from the month in which the connection is served till the month during which the first bill is issued. Now, if we normalize such cumulative booking in a manner so that in a particular month normative sale corresponding only to that particular month is booked, then total there would be around 24.92 MUs of sales out of 89.71 MUs that would appear to be booked excess on account of first Bill (in case of East Discom it would be around 2.64 MUs of sales out of 7.18 MUs, in Central Discom it would be around 13.86 MUs of sales out of 80.17 MUs and in West Discom it would be around 8.42 MUs of sales out of 17.62 MUs that would appear to be booked excess on account of first Bill) as shown in the Table below:

**Table 9 : Detailed Working of variation in Sales on account of first billing**

S.no	Particular	Units	EZ	CZ	WZ	Total
A	No. of consumers for which first billing is served for one or more than 1 month in FY24	Nos.	35,478	22,415	13,065	70,958
B	Total Units billed during the year considering the cumulative normative sales from the date of connection to date of issuance of first bill	MU	17.63	30.68	16.94	65.26
C	Total normalized billing had the consumer would have been booked on monthly basis only	MU	14.99	16.82	8.53	40.34

S.no	Particular	Units	EZ	CZ	WZ	Total
D	Excess sales appearing on account of First Billing of consumer Difference (B-C)	MU	2.64	13.86	8.42	24.92

4.1.21 It is submitted that, had the Petitioners distributed month wise normative sales for consumers with first bill over the months from the date of connection to the date of issuance of first bill, then such excess booking would not have appeared. However, as the past monthly R-15 statement at the time of issuance of first bill would have already been freeze and finalized, the Petitioners are left with no choice but to book the cumulative normative sales in the respective month during which the first bill was issued. Therefore, when the Hon'ble Commission consider the monthly R-15 statement of any particular month and back calculate the normative sales, the Hon'ble Commission arrives at excess booking and disallows the same.

4.1.22 Further, the other part which result in R-15 booked sales appear to be excess than norms are on account of rounding of connected load to next higher integer. As already explained at paras above that in cases where consumers with unmetered agricultural connections have fractional sanctioned loads, the billing of such consumers is done by rounding up the sanctioned load to the next higher integer or part thereof which is in accordance with the clause 4 of "GENERAL TERMS AND CONDITIONS OF LOW-TENSION TARIFF" of Tariff order for FY 2022-23 to 2026-27 as under:

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

4.1.23 However, it is to be noted that the standalone load against the consumer with fractional sanction load as reflected in the monthly R-15 statement (which is used by the Hon'ble Commission to back calculate the normative sales) is booked without rounding off to next integer. It is only when the billing took place, the billing engine for the purpose of calculation of sales and hence fixed and variable charges, rounded off the fractional sanction load. Therefore, when it is back calculated, it would always appear to be higher than the norms. For an instance, in case of East Discom there would be around 4.54 MUs that would mainly correspond to excess booking (7.18 MUs minus 2.64 MUs), in case of Central Discom there would be around 66.31 MUs that would mainly correspond to excess booking (80.17 MUs minus 13.86 MUs) and in case of West Discom there would

be around 9.2 MUs that would mainly correspond to excess booking (17.62 MUs minus 8.62 MUs) due to the rounding of the fractional sanction load of the respective consumers.

4.1.24 In view of the above, the Petitioners wish to submit that the unmetered sales have been booked as per norms only for each Discom. **Therefore, it is prayed before the Hon'ble Commission to kindly approve the sales as recorded in the R-15 statement and claimed by the Petitioners and do not treat it as excess booking. Even if the Hon'ble Commission is not convinced by the submissions then it is requested to kindly disallow the revenue against such excess sales too as consideration of revenue and disallowing corresponding sales would result in double negative impact on the Licensee.**

4.1.25 Further, the month wise & category wise sales as recorded in R-15 is summarized in the Table below:

**Table 10: Month & Category wise Sale for FY 2023-24 (MUs)**

Sr. No	Particulars	Month Wise Sales (MUs)												
		Month Wise	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
	<b>MP State Total</b>	<b>5274.68</b>	<b>5362.06</b>	<b>5654.93</b>	<b>5377.15</b>	<b>5327.21</b>	<b>5310.95</b>	<b>6403.53</b>	<b>6400.36</b>	<b>6444.98</b>	<b>6689.36</b>	<b>6724.79</b>	<b>6521.25</b>	<b>71491.24</b>
1	East	1473.69	1473.66	1570.58	1477.59	1466.08	1465.91	1729.50	1687.02	1728.05	1798.35	1785.99	1757.27	19413.68
2	Central	1729.42	1769.10	1842.13	1801.59	1791.25	1800.98	2124.28	2159.24	2136.54	2223.28	2239.67	2125.03	23742.52
3	West	2071.56	2119.29	2242.22	2097.97	2069.88	2044.06	2549.76	2554.10	2580.39	2667.73	2699.13	2638.95	28335.04

Sr. No	Particulars	Category Wise Sales (MUs)															
		Low Voltage						High Voltage									Total
Category Wise	Domestic	Non-Domestic	PWW & St. Lt	Incl.	Agri.& Allied Ser	E-Vehcle	Railways	Coal Mines	Incl. & Non-Incl.	Seasonal Ind.	Irrig. PWW & Ors	BS	Start Up & Sync	E-Vehcle	Metro Rail		
	<b>MP State Total</b>	<b>18723.0</b>	<b>4159.6</b>	<b>1772.6</b>	<b>1564.2</b>	<b>27910.1</b>	<b>1.4</b>	<b>0.0</b>	<b>529.0</b>	<b>14534.0</b>	<b>24.3</b>	<b>1807.6</b>	<b>425.1</b>	<b>33.2</b>	<b>7.0</b>	<b>0.2</b>	<b>71491.24</b>
1	East	6208.1	1264.1	479.3	453.8	6706.9	0.3	0.0	505.3	3319.1	10.3	231.2	231.9	3.4	0.0	0.0	<b>19413.68</b>
2	Central	6174.7	1359.6	612.2	342.5	9878.2	0.3	0.0	23.7	4797.7	0.8	393.4	152.3	4.5	2.5	0.2	<b>23742.52</b>
3	West	6340.2	1535.9	681.1	767.9	11325.0	0.9	0.0	0.0	6417.2	13.2	1183.1	40.8	25.3	4.5	0.0	<b>28335.04</b>

4.1.26 The Petitioners hereby pray the Hon'ble Commission to approve sales as recorded in R-15 statement, i.e., 71,1491.24 MUs for the MP State, 19,413.68 MUs for the East DISCOM, 23,742.52 MUs for the Central DISCOM and 28,335.04 MUs for the West DISCOM for FY 2023-24 which is about 645.22 MUs lower than that approved in the Tariff Order dated 28<sup>th</sup> March 2023 for the MP State, 444.20 MUs and 357.83 lower than that approved for the East DISCOM and Central DISCOM, respectively, 156.81 MUs higher than that approved for the West DISCOM.

**T5: ENERGY REQUIREMENT, DISTRIBUTION AND TRANSMISSION LOSS**

- 5.1 The Petitioners would like to submit that the Hon'ble Commission in its Tariff Order dated 28<sup>th</sup> March 2023 had determined the energy requirement on the basis of normative loss level of 15.50% for East Discom, 16.50% for Central Discom and 14.50% for West Discom for 2023-24 as per the Tariff Regulations, 2021. The actual loss level for FY 2023-24 as achieved was 28.04%, 25.70% and 12.33% for East Discom, Central Discom and West Discom respectively as per Energy Audit Report. It can be observed that there are some variations between the actual and normative losses.
- 5.2 The Licensees wish to submit that they have undertaken various steps like strengthening of the network infrastructure, addition of network elements and vigorously undertaking the Energy Audit visits to reduce the losses and to keep a close tab on the losses. The Petitioners have achieved a significant reduction in distribution losses, during the past period and these efforts shall continue and will be enhanced. It is further submitted that the loss reduction is a gradual process and becomes increasingly difficult as the loss levels come down. Therefore, it is very crucial that the loss reduction trajectory should be realistic. The unrealistic loss trajectory would result in substantial financial burden on the Discoms by way of disallowance in power purchase cost.
- 5.3 As regard to the Intra State Transmission losses the same has been recorded by MPPTCL as 2.61% for FY 2023-24.
- 5.4 The Petitioners submit that they have considered the actual month wise sales as recorded by the Discoms and by considering the actual month wise losses the energy requirement at Discom periphery is worked out. Further, the energy requirement at Discom periphery is then grossed up with intra State Transmission losses of 2.61% to arrive at monthly energy requirement at State boundary.
- 5.5 The Petitioner submit that the State Energy Account (SEA) as available on SLDC website (<http://www.sldcmpindia.com/>) provides for monthly energy schedule for the Petitioners. The Petitioners have considered the same as energy requirement at Ex-Bus and accordingly, the difference of energy requirement at Ex-Bus and the energy requirement at State Boundary is considered as external PGCIL losses for FY 2023-24.
- 5.6 The detailed working of energy requirement for FY 2023-24 is as shown in the Table below:

**Table 11: Monthly Energy Requirement- Discom & Ex-Bus (Million Units – as per SEA) for FY 2023-24 (Actuals)**

Sr.no.	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
<b>1</b>	<b>Sales</b>	<b>5,275</b>	<b>5,362</b>	<b>5,655</b>	<b>5,377</b>	<b>5,327</b>	<b>5,311</b>	<b>6,404</b>	<b>6,400</b>	<b>6,445</b>	<b>6,689</b>	<b>6,725</b>	<b>6,521</b>	<b>71,491</b>
a	East	1,474	1,474	1,571	1,478	1,466	1,466	1,729	1,687	1,728	1,798	1,786	1,757	19,414
b	Central	1,729	1,769	1,842	1,802	1,791	1,801	2,124	2,159	2,137	2,223	2,240	2,125	23,743
c	West	2,072	2,119	2,242	2,098	2,070	2,044	2,550	2,554	2,580	2,668	2,699	2,639	28,335
<b>2</b>	<b>Distribution Loss (%)</b>													
a	East	25.51%	28.91%	23.47%	31.93%	34.83%	33.99%	29.98%	29.54%	22.56%	30.48%	25.21%	18.77%	28.04%
b	Central	22.72%	26.10%	19.85%	30.03%	36.42%	32.48%	28.83%	28.59%	23.91%	26.97%	17.31%	11.34%	25.70%
c	West	15.85%	13.04%	7.84%	-1.70%	8.38%	3.68%	13.75%	23.19%	18.35%	20.51%	9.66%	4.39%	12.33%
<b>3</b>	<b>Distribution Loss</b>	<b>1,403</b>	<b>1,542</b>	<b>1,128</b>	<b>1,431</b>	<b>1,999</b>	<b>1,699</b>	<b>2,008</b>	<b>2,343</b>	<b>1,755</b>	<b>2,298</b>	<b>1,359</b>	<b>799</b>	<b>19,765</b>
a	East	505	599	482	693	784	755	741	707	503	789	602	406	7,565
b	Central	509	625	456	773	1,026	866	860	865	671	821	469	272	8,213
c	West	390	318	191	(35)	189	78	407	771	580	688	288	121	3,986
<b>4</b>	<b>Energy at Discom Periphery</b>	<b>6,678</b>	<b>6,904</b>	<b>6,783</b>	<b>6,809</b>	<b>7,326</b>	<b>7,010</b>	<b>8,411</b>	<b>8,743</b>	<b>8,200</b>	<b>8,987</b>	<b>8,084</b>	<b>7,320</b>	<b>91,256</b>
a	East	1,978	2,073	2,052	2,171	2,250	2,221	2,470	2,394	2,231	2,587	2,388	2,163	26,979
b	Central	2,238	2,394	2,298	2,575	2,817	2,667	2,985	3,024	2,808	3,044	2,709	2,397	31,956
c	West	2,462	2,437	2,433	2,063	2,259	2,122	2,956	3,325	3,160	3,356	2,988	2,760	32,322
<b>5</b>	<b>State Transmission Losses</b>	<b>166</b>	<b>173</b>	<b>173</b>	<b>180</b>	<b>199</b>	<b>197</b>	<b>231</b>	<b>252</b>	<b>220</b>	<b>247</b>	<b>213</b>	<b>191</b>	<b>2,443</b>
a	East	49	52	52	57	61	62	68	69	60	71	63	56	722
b	Central	56	60	59	68	77	75	82	87	75	84	71	62	856
c	West	61	61	62	55	61	60	81	96	85	92	79	72	865
<b>6</b>	<b>Energy at State Boundary</b>	<b>6,845</b>	<b>7,077</b>	<b>6,956</b>	<b>6,989</b>	<b>7,525</b>	<b>7,208</b>	<b>8,642</b>	<b>8,995</b>	<b>8,419</b>	<b>9,234</b>	<b>8,297</b>	<b>7,511</b>	<b>93,699</b>
a	East	2,028	2,125	2,104	2,228	2,311	2,283	2,538	2,463	2,291	2,658	2,451	2,220	27,701
b	Central	2,294	2,454	2,357	2,643	2,894	2,742	3,067	3,111	2,883	3,128	2,780	2,459	32,812
c	West	2,523	2,498	2,495	2,117	2,321	2,182	3,038	3,421	3,245	3,448	3,066	2,832	33,186
<b>7</b>	<b>External /PGCIL Losses</b>	<b>234</b>	<b>234</b>	<b>226</b>	<b>253</b>	<b>246</b>	<b>255</b>	<b>228</b>	<b>247</b>	<b>292</b>	<b>208</b>	<b>168</b>	<b>232</b>	<b>2,824</b>
<b>8</b>	<b>Energy Requirement (Ex-Bus as per SEA)</b>	<b>7,078.96</b>	<b>7,311.19</b>	<b>7,182.59</b>	<b>7,241.91</b>	<b>7,771.86</b>	<b>7,462.18</b>	<b>8,870.11</b>	<b>9,242.22</b>	<b>8,711.77</b>	<b>9,442.26</b>	<b>8,465.19</b>	<b>7,742.96</b>	<b>96,523</b>
a	East	2,122	2,219	2,204	2,321	2,407	2,376	2,611	2,559	2,394	2,741	2,563	2,316	28,833
b	Central	2,367	2,520	2,414	2,726	2,971	2,827	3,145	3,190	2,978	3,186	2,807	2,536	33,666
c	West	2,590	2,572	2,565	2,195	2,394	2,259	3,114	3,493	3,340	3,515	3,095	2,891	34,024

**T6: POWER PURCHASE COST**

6.1 The Petitioners purchases power from MPPGCL generating stations, Central generating stations, and other sources such as Captive Power Plants, Bio-mass units, CPPs/IPPs, Solar and other RE sources and short-term sources to meet the energy requirement of the State.

6.2 The Petitioners wish to submit that during the FY 2023-24 the power purchase cost has increased substantially as compared to previous year due to the reasons beyond the control of the Petitioners. The important reasons that contribute the increase in power purchase cost is summarized below:

- Payment of Fixed Cost in case of Back down of Surplus Capacity: It needs to be highlighted that the payment of fixed charges is required to be made for such generators in accordance with the PPAs even if the capacity is backed down. MPPMCL is also paying the Technical Minimum Charges for Central Generating Stations.
- Power purchase cost of conventional energy has been increased due to increase in scheduling of conventional generating stations. As compared to FY 2022-23 scheduling of energy from conventional generating station has increased considerably and this has resulted in increase in power purchase cost of conventional energy due to scheduling of costlier station for meeting the demand.
- Further there has been substantial increase in supplementary cost of past years which has contributed to increase in power purchase cost. Following are the major impact of past period cost.
  - Approx Rs 400 Crores increase in cost of energy from NTPC stations on account of supplementary bills that has been received due to tariff adjustments and interest changes in true-up tariff orders for NTPC stations like VSTPS IV, VSTPS V, Sipat I & II, and Khargone
  - Rs. 478 Cr has been charged by Kakrapar APS for tariff changes for the period from Sep 2018 to Apr 2023, as per the Tariff Notification by the Department of Atomic Energy, Government of India.
  - Rs. 186.59 Cr for supplementary bills from DVC Mejia and Chandrapur.



- Rs. 75.33 Cr from Jhabua Power for reimbursement of capacity charges and GST on LD deductions from previous years.

6.3 Based on annual audited accounts and actual distribution losses, power purchase cost of Rs.13,551.65 Crore has been incurred for the East Discom, Rs.16,385.41 Crore for the Central Discom and Rs.18,083.74 Crore for the West Discom aggregating to Rs. 48,020.80 Crore for the MP State for FY 2023-24.

6.4 The Generating station-wise cost is as shown in the Table below:

Table 12 : Station-wise, Discom-wise Power Purchase cost for FY 2023-24

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
<b>I</b>	<b>Purchase from Power Stations</b>		<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9=(sum of 4 to 8)</b>
1	KSTPS			3427.66	254.59	501.83	43.58	0.00	32.85	<b>832.86</b>
2	KSTPS III			545.92	57.22	78.49	6.11	0.00	5.17	<b>146.99</b>
3	VSTPS - I			2731.52	271.22	478.10	67.83	0.00	13.63	<b>830.77</b>
4	VSTPS-II			2281.99	176.13	352.83	47.00	0.00	10.49	<b>586.44</b>
5	VSTPS-III			1844.58	160.84	282.64	36.87	0.00	8.33	<b>488.67</b>
6	VSTPS-IV			1943.52	317.53	293.66	38.33	0.00	119.30	<b>768.83</b>
7	VSTPS-V			947.13	160.92	148.43	19.54	0.00	25.19	<b>354.08</b>
8	Kawas			0.00	0.03	0.00	0.00	0.00	0.00	<b>0.03</b>
9	Gandhar			0.00	0.05	0.00	0.00	0.00	0.00	<b>0.05</b>
10	SIPAT I			1983.42	268.98	304.58	25.00	0.00	44.06	<b>642.62</b>
11	SIPAT II			1340.85	126.23	198.87	15.62	0.01	27.50	<b>368.23</b>
12	TARAPUR			1472.26	0.00	506.17	0.01	0.00	0.11	<b>506.29</b>
13	Kakrapar			803.63	0.00	293.16	0.03	0.00	0.13	<b>293.31</b>
14	Kakrapar 3			600.26	0.00	264.11	0.00	0.00	0.00	<b>264.11</b>
15	Kahalgaoon II			501.27	48.89	146.13	0.00	0.00	6.09	<b>201.11</b>
16	Mauda-I			47.64	9.79	16.42	0.00	0.00	0.20	<b>26.40</b>
17	Mauda-II			70.60	15.43	24.80	0.00	0.00	0.29	<b>40.52</b>
18	Solapur I			1201.36	370.81	553.80	0.00	0.00	24.94	<b>949.56</b>
19	Gadarwara STPS-I			4556.30	1182.78	1644.77	91.06	0.00	71.08	<b>2989.68</b>
20	Lara STPS			1150.09	190.66	155.19	12.63	0.00	28.52	<b>387.00</b>
21	Tanda			37.50	0.87	16.94	0.00	0.00	0.18	<b>17.99</b>

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
22	KHARGAON			3327.89	978.81	1335.18	65.38	0.00	68.47	<b>2447.84</b>
	<b>Total (I)</b>			<b>30815.38</b>	<b>4591.76</b>	<b>7596.11</b>	<b>469.00</b>	<b>0.01</b>	<b>486.52</b>	<b>13143.39</b>
<b>II</b>	<b>Purchase from Other Sources</b>									
1	NHDC-Indira Sagar			2936.94	307.95	462.76	45.49	0.00	-0.12	<b>816.07</b>
2	SSP			2071.53	178.35	169.87	0.00	0.00	0.00	<b>348.21</b>
3	OMKARESHWAR			1464.15	185.70	259.62	22.29	0.00	-0.16	<b>467.45</b>
4	ISP NVDA			7.12	0.00	1.71	0.00	0.00	0.00	<b>1.71</b>
5	Rani Avanti Bai Bargi NVDA			6.11	0.00	1.58	0.00	0.00	0.00	<b>1.58</b>
6	Wind Energy			4376.59	0.00	2290.33	0.00	0.00	0.00	<b>2290.33</b>
7	Torrent			0.03	33.72	0.02	0.00	0.00	0.00	<b>33.74</b>
8	Sasan			11415.64	163.47	1312.29	151.22	0.00	42.36	<b>1669.35</b>
9	RDM Care			0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
10	JP Bina			1948.94	413.43	619.69	34.56	0.00	0.25	<b>1067.93</b>
11	BLA-I			88.00	30.44	35.56	0.37	0.00	0.00	<b>66.37</b>
12	BLA-II			9.82	3.20	3.87	0.53	0.00	0.00	<b>7.59</b>
13	MB Power Unit – I			2773.20	438.25	779.10	58.60	0.00	25.04	<b>1300.99</b>
14	MB Power Unit – II			0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
15	Lanco Amarkantak			1677.64	203.07	313.90	27.09	0.00	18.94	<b>563.00</b>
16	JP Nigrie			3772.00	481.45	229.39	75.19	0.00	31.31	<b>817.34</b>
17	Jhabua Power			1270.95	224.69	319.37	62.41	0.00	7.06	<b>613.54</b>
18	Arya Energy			82.18	0.00	66.46	0.00	0.00	0.00	<b>66.46</b>
19	Jabalpur MSW			27.18	0.00	17.31	0.00	0.00	0.00	<b>17.31</b>

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
20	Rewa MSW			1.59	0.00	1.02	0.00	0.00	0.00	1.02
21	Solar Energy			5348.43	0.00	2105.24	0.00	0.00	0.00	2105.24
22	IEX/PXI			588.87	0.00	221.65	0.00	0.00	0.00	221.65
23	Essar Power (5%)			342.22	0.00	78.27	6.57	0.00	0.03	84.88
24	Auraiya Gas Power Station			0.00	1.24	0.00	0.00	0.00	0.39	1.64
25	Dadri Gas Power			0.00	1.09	0.01	0.00	0.00	0.21	1.30
26	Feroze Gandhi Unchahar TPS 1			17.29	0.08	9.81	0.00	0.00	0.16	10.04
27	Rihand Therm Pwr Stn 1			88.37	4.87	15.74	0.00	0.00	0.53	21.15
28	Singrauli Small Thermal Pwr Stn 1			152.95	5.47	27.37	0.00	0.00	1.21	34.06
29	Anta Gas Power			0.01	0.64	0.01	0.00	0.00	0.04	0.69
30	Feroze Gandhi Unchahar TPS 2			14.29	0.34	6.09	0.00	0.00	0.11	6.54
31	Feroze Gandhi Unchahar TPS 3			9.11	0.15	4.74	0.00	0.00	0.08	4.97
32	Feroze Gandhi Unchahar TPS 4			14.97	0.53	7.83	0.00	0.00	0.12	8.48
33	Koldam Hydro Power Station – 1			1.94	1.35	0.89	0.00	0.00	-0.13	2.10
34	National Capital Therm Pwr 2			28.81	0.74	12.59	0.00	0.00	0.00	13.33
35	Rihand Therm Pwr Stn 2			59.22	1.33	10.54	0.00	0.00	0.49	12.36
36	Rihand Therm Pwr Stn 3			21.16	1.77	3.79	0.00	0.00	0.49	6.04
37	Indira Gandhi Super thermal Power			120.84	2.81	39.04	0.00	0.00	0.06	41.91
38	Singrauli Small Hydro PS			0.05	0.00	0.06	0.00	0.00	0.00	0.06
39	Rajasthan (NPCIL)			14.69	0.00	5.75	0.00	0.00	0.00	5.75
40	NARORA (NPCIL)			8.39	0.00	2.48	0.00	0.00	0.00	2.48
41	SJVN RAMPUR			3.49	1.13	0.73	0.00	0.00	0.07	1.92
42	SJVN JHAKARI			13.76	1.97	1.66	0.00	0.00	0.12	3.75

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
43	Tehri HPP			7.30	1.34	1.44	0.15	0.00	0.00	2.94
44	Koteshwar HEP			2.62	0.73	0.71	0.11	0.00	0.00	1.54
45	NHPC Chamera-III			2.64	0.72	0.55	0.00	0.00	0.00	1.27
46	NHPC PARBATI-III			0.89	0.73	0.14	0.00	0.00	0.00	0.87
47	NHPC Chamera-II			4.49	0.79	0.46	0.00	0.00	0.01	1.26
48	NHPC Dhauliganga			3.16	0.56	0.40	0.04	0.00	0.00	1.01
49	NHPC Dulhasti			6.58	1.50	1.47	0.32	0.00	0.00	3.30
50	NHPC SEWA II			1.72	0.37	0.42	0.03	0.00	0.00	0.82
51	NHPC URI			2.74	0.57	0.58	0.24	0.00	0.00	1.39
52	NHPC KishanGanga			4.00	1.23	0.80	0.07	0.00	0.02	2.11
53	MEJA Urja Nigam			18.95	3.16	4.24	0.00	0.00	0.00	7.41
54	Durgapur TPS (DVC)			582.31	105.69	199.92	0.00	0.00	0.36	305.97
55	MPPT Package-II			0.00	25.15	0.00	0.00	0.00	0.00	25.15
56	Amhata III Small Hydro Power Project			5.88	0.00	3.24	0.00	0.00	0.00	3.24
57	M/s Biobijalee Green power Ltd			2.76	0.00	2.22	0.00	0.00	0.00	2.22
58	SAS Hydrel projects Pvt Ltd			9.86	0.00	5.28	0.00	0.00	0.00	5.28
59	Sirmour Small Hydro power Pvt. Ltd.			196.78	0.00	112.52	0.00	0.00	0.00	112.52
	<b>Others-Total (II)</b>			<b>41631.12</b>	<b>2831.79</b>	<b>9772.49</b>	<b>485.26</b>	<b>0.00</b>	<b>129.07</b>	<b>13218.60</b>
<b>A</b>	<b>Grand Total other than Genco (I+II)</b>			<b>72446.49</b>	<b>7423.55</b>	<b>17368.59</b>	<b>954.26</b>	<b>0.01</b>	<b>615.59</b>	<b>26362.00</b>
<b>I</b>	<b>MP Genco – Thermal</b>									
1	ATPS-Chachai (210MW)			1647.77	163.60	326.92	3.11	0.00	1.34	494.97

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
2	STPS Sarni			0.00	0.00	0.00	3.12	0.00	3.66	<b>6.78</b>
3	SGTPS Birsingpur			4602.87	457.43	1386.27	7.08	0.00	22.85	<b>1873.62</b>
4	SGTPS Birsingpur (500MW)			2735.78	247.57	724.40	4.21	0.00	1.55	<b>977.73</b>
5	STPS Sarni # 10 & 11			3581.10	603.99	984.52	1.88	0.00	2.21	<b>1592.60</b>
6	SSTPS Singaji Khandwa 1 & 2			6691.41	1093.59	2254.80	17.82	0.00	6.25	<b>3372.46</b>
7	SSTPS Singaji Khandwa 3			7493.19	1123.14	2358.10	19.60	0.00	5.58	<b>3506.43</b>
	<b>M.P. Genco Thermal-Total (I)</b>			<b>26752.13</b>	<b>3689.32</b>	<b>8035.01</b>	<b>56.82</b>	<b>0.00</b>	<b>43.44</b>	<b>11824.59</b>
<b>II</b>	<b>MPGenco – Hydel</b>									
1	Gandhi Sagar			142.89	2.17	2.99	9.77	0.00	0.18	<b>15.11</b>
2	R P Sagar			242.73	0.00	36.65	0.00	0.00	0.00	<b>36.65</b>
3	Jawahar Sagar			153.54	0.00	23.18	0.00	0.00	0.00	<b>23.18</b>
4	Pench			245.75	11.18	12.77	0.00	0.00	0.23	<b>24.18</b>
5	Ban Sagar (I+II+III)			1069.73	77.71	73.24	20.91	0.00	2.03	<b>173.89</b>
6	Jhinna HPS			127.02	6.04	7.72	1.46	0.00	0.07	<b>15.30</b>
7	Brinsingpur Hydro			42.66	3.00	2.58	0.94	0.00	0.02	<b>6.55</b>
8	Bargi			451.68	10.56	8.27	17.91	0.00	0.05	<b>36.79</b>
9	Rajghat			61.73	7.63	7.68	0.00	0.00	0.19	<b>15.50</b>
10	Madhikheda HPS			48.31	11.11	6.25	3.43	0.00	0.09	<b>20.88</b>
	<b>M.P. Genco Hydel Total (II)</b>			<b>2586.05</b>	<b>129.40</b>	<b>181.33</b>	<b>54.42</b>	<b>0.00</b>	<b>2.87</b>	<b>368.02</b>

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
B	MP Genco TOTAL (I+II)			29338.18	3818.72	8216.34	111.24	0.00	46.32	12192.62
C	Total Power Purchased			101784.67	11242.27	25584.93	1065.51	0.01	661.90	38554.61
D	Total Transmission charges ( 1 to 7)			0.00	2971.32	0.00	0.00	0.00	-0.01	2971.32
E	TOTAL COST FOR ENERGY PURCHASE	102318.76		101784.67	14213.59	25584.93	1065.51	0.01	661.89	41525.93
	EZ	30578.96	29.96%	30494.00	3989.52	7195.27	299.65	0.00	187.23	11671.68
	CZ	35719.43	34.98%	35606.10	4852.24	8745.67	366.71	0.00	226.23	14190.86
	WZ	36020.36	35.06%	35684.56	5371.83	9643.99	399.14	0.00	248.43	15663.39
F	Supplementary Bills				1306.25	1078.81			243.88	2628.94
	EZ		29.91%		397.10	322.39			66.88	786.38
	CZ		32.46%		433.98	350.85			68.53	853.36
	WZ		37.63%		475.17	405.56			108.47	989.20
G	TOTAL COST FOR ENERGY PURCHASE INCLUDING SUPPLEMENTRY BILLS(G+H)	102318.76		101784.67	15519.84	26663.75	1065.51	0.01	905.78	44154.87
	EZ	30578.96		30494.00	4386.62	7517.67	299.65	0.00	254.12	12458.06
	CZ	35719.43		35606.10	5286.22	9096.52	366.71	0.00	294.76	15044.22
	WZ	36020.36		35684.56	5847.00	10049.55	399.14	0.00	356.90	16652.59
H	Other costs passed to DISCOMs - which cannot be apportioned station wise								1207.64	1207.64
	EZ			0.00	0.00	0.00	0.00	0.00	360.72	360.72
	CZ			0.00	0.00	0.00	0.00	0.00	421.23	421.23

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
	WZ			0.00	0.00	0.00	0.00	0.00	425.69	425.69
<b>I</b>	<b>TOTAL COST FOR ENERGY PURCHASE (G+H)</b>			<b>101784.67</b>	<b>15519.84</b>	<b>26663.75</b>	<b>1065.51</b>	<b>0.01</b>	<b>2113.42</b>	<b>45362.52</b>
	EZ			<b>30494.00</b>	<b>4386.62</b>	<b>7517.67</b>	<b>299.65</b>	<b>0.00</b>	<b>614.84</b>	<b>12818.78</b>
	CZ			<b>35606.10</b>	<b>5286.22</b>	<b>9096.52</b>	<b>366.71</b>	<b>0.00</b>	<b>715.99</b>	<b>15465.45</b>
	WZ			<b>35684.56</b>	<b>5847.00</b>	<b>10049.55</b>	<b>399.14</b>	<b>0.00</b>	<b>782.59</b>	<b>17078.29</b>
<b>J</b>	<b>Less: Other Income</b>								<b>396.79</b>	<b>396.79</b>
	EZ			0.00	0.00	0.00	0.00	0.00	118.52	118.52
	CZ			0.00	0.00	0.00	0.00	0.00	138.40	138.40
	WZ			0.00	0.00	0.00	0.00	0.00	139.87	139.87
<b>K</b>	<b>Less: Sale of Power Through AKVNL</b>	<b>478.96</b>		<b>478.96</b>					<b>181.56</b>	<b>181.56</b>
	EZ	144.29	30.13%	144.29	0.00	0.00	0.00	0.00	54.70	54.70
	CZ	169.66	35.42%	169.66	0.00	0.00	0.00	0.00	64.31	64.31
	WZ	165.01	34.45%	165.01	0.00	0.00	0.00	0.00	62.55	62.55
<b>L</b>	<b>Less: Sale of Power (IEX, PXI &amp; Others)</b>	<b>5316.60</b>		<b>5316.60</b>					<b>2522.48</b>	<b>2522.48</b>
	EZ	1601.66	30.13%	1601.66	0.00	0.00	0.00	0.00	759.92	759.92
	CZ	1883.28	35.42%	1883.28	0.00	0.00	0.00	0.00	893.53	893.53
	WZ	1831.66	34.45%	1831.66	0.00	0.00	0.00	0.00	869.04	869.04
<b>M</b>	<b>Net Total Purchase cost (I-J-K)</b>	<b>96523.20</b>		<b>95989.11</b>	<b>15519.84</b>	<b>26663.75</b>	<b>1065.51</b>	<b>0.01</b>	<b>(987.41)</b>	<b>42261.69</b>
	EZ	<b>28833.00</b>		<b>28748.05</b>	<b>4386.62</b>	<b>7517.67</b>	<b>299.65</b>	<b>0.00</b>	<b>(318.30)</b>	<b>11885.65</b>
	CZ	<b>33666.50</b>		<b>33553.17</b>	<b>5286.22</b>	<b>9096.52</b>	<b>366.71</b>	<b>0.00</b>	<b>(380.26)</b>	<b>14369.21</b>
	WZ	<b>34023.70</b>		<b>33687.90</b>	<b>5847.00</b>	<b>10049.55</b>	<b>399.14</b>	<b>0.00</b>	<b>(288.86)</b>	<b>16006.83</b>
<b>N</b>	<b>Reconciliation of Bill Amount</b>		-	-	-	-	-	-	<b>903.34</b>	<b>903.34</b>



S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
	EZ								393.21	393.21
	CZ								296.32	296.32
	WZ								213.81	213.81
<b>O</b>	<b>Inter-state Power Purchase (Direct)</b>			-	<b>7.39</b>	-	-	-	-	<b>7.39</b>
	EZ			-	6.35	-	-	-	-	6.35
	CZ			-	1.04	-	-	-	-	1.04
	WZ			-	-	-	-	-	-	0.00
<b>P</b>	<b>Reactive Energy Charges</b>			-	<b>(6.82)</b>	-	-	-	-	<b>(6.82)</b>
	EZ			-	(7.43)					(7.43)
	CZ			-	2.35					2.35
	WZ			-	(1.74)					(1.74)
<b>Q</b>	<b>UI DSM Charges</b>	<b>(592.99)</b>		-	<b>(290.07)</b>	-	-	-	-	<b>(290.07)</b>
	EZ	(135.21)			(96.78)					(96.78)
	CZ	(153.97)			(96.26)					(96.26)
	WZ	(303.80)			(97.03)					(97.03)
<b>R</b>	<b>Intra-State Transmission Charges (MPPTCL)</b>			-	<b>5,128.29</b>	-	-	-	-	<b>5128.29</b>
	EZ				1,364.50					1364.50
	CZ				1,807.41					1807.41
	WZ				1,956.38					1956.38

S.No	Source of Power Purchase	MU Purchased (As Per SEA)	Allocation Ratio	MU Purchased As per Bills	Total Capacity Charges	Total Energy Charges	ED, Cess, Heavy Water charge, water charges	MOPA, Insurance	Any Other	Total of all Charges
<b>S</b>	<b>SLDC Charges</b>			-	<b>16.99</b>	-	-	-	-	<b>16.99</b>
	EZ				6.15					6.15
	CZ				5.35					5.35
	WZ				5.49					5.49
										PP Cost
<b>T</b>	<b>Net Total Purchase cost (M+N+P+Q+R+S)</b>	<b>95,930.21</b>		<b>95,989.11</b>	<b>20,375.62</b>	<b>26,663.75</b>	<b>1,065.51</b>	<b>0.01</b>	<b>(84.07)</b>	<b>48,020.80</b>
	EZ	<b>28,697.79</b>	-	<b>28,748.05</b>	<b>5,659.41</b>	<b>7,517.67</b>	<b>299.65</b>	<b>0.00</b>	<b>74.92</b>	<b>13,551.65</b>
	CZ	<b>33,512.52</b>	-	<b>33,553.17</b>	<b>7,006.11</b>	<b>9,096.52</b>	<b>366.71</b>	<b>0.00</b>	<b>(83.94)</b>	<b>16,385.41</b>
	WZ	<b>33,719.90</b>	-	<b>33,687.90</b>	<b>7,710.10</b>	<b>10,049.55</b>	<b>399.14</b>	<b>0.00</b>	<b>(75.05)</b>	<b>18,083.74</b>

6.5 As per the power purchase statement of MPPMCL, the quantum of the actual ex-bus power purchased by East, Central and West Discoms as per SEA for FY 2023-24 was 28,833.00 MUs, 33,666.50 MUs and 34,023.70 MUs respectively which aggregate to 96,523.20 MUs for MP State. This quantum does not include the quantum of UI.

6.6 The details of power purchase expenses incurred including transmission charges, net of surplus sales & other income during FY 2023-24 based on annual audited accounts and actual distribution losses w.r.t that allowed in the Tariff Order for FY 2023-24 are as provided in the table below:

**Table 13: Details of power purchase quantum and cost – Allowed and As per Audited Accounts for FY 2023-24**

No.	Particulars	UoM	FY 2023-24 (Approved)	FY 2023-24 (Actual)
A	Fixed Charges	Rs. Crore	11,841.82	11,217.12
B	Energy Charge	Rs. Crore	21,590.24	27,926.18
B1	Supplementary Cost	Rs. Crore	-	2,628.94
C	MPPMCL Cost/ (Income)	Rs. Crore	(6.21)	810.86
	<i>Energy Charge of Surplus Energy ....(1)</i>	<i>Rs. Crore</i>	<i>3,013.88</i>	<i>(included above)</i>
	<i>Total Revenue from sale of surplus power...(2)</i>	<i>Rs. Crore</i>	<i>(3,820.37)</i>	<i>(2704.04)</i>
D	Less: Saving from Sale of Surplus Power...(1-2)	Rs. Crore	(806.49)	
<b>E</b>	<b>Power Purchase Cost</b>	Rs. Crore	<b>32,619.37</b>	<b>39,879.05</b>
F	Inter State Transmission Charges (PGCIL)	Rs. Crore	3,025.47	2,996.47
G	Intra-State Transmission Charges including SLDC Charges	Rs. Crore	4,339.45	5,145.28
<b>H</b>	<b>Net Power Purchase Cost including Transmission Charges</b>	<b>Rs. Crore</b>	<b>39,984.29</b>	<b>48,020.79</b>
I	Ex-Bus Energy Requirement	MUs	89,948.62	96,523.20
<b>J</b>	<b>Power Purchase Rate at Ex-Bus (J = E/I*10)</b>	<b>Rs/Unit</b>	<b>3.63</b>	<b>4.13</b>
K	Input at G-T interface	MUs	87,624.68	93,698.88
<b>L</b>	<b>Power Purchase Rate at State Periphery (L=(E+F)/K*10)</b>	<b>Rs/Unit</b>	<b>4.07</b>	<b>4.58</b>
M	Input at T-D interface	MUs	85,320.15	91,256.02
<b>N</b>	<b>Power Purchase Rate at DISCOMs Periphery (N=H/M*10)</b>	<b>Rs/Unit</b>	<b>4.69</b>	<b>5.26</b>
O	Total Sales	MUs	72,136.47	71,491.23
<b>P</b>	<b>Power Purchase Per Unit Sales (P=H/O*10)</b>	<b>Rs/Unit</b>	<b>5.54</b>	<b>6.72</b>

6.7 The Petitioners submit that the reasons for deviation in power purchase quantum and cost as per actuals and as approved in Tariff Order for FY 2023-24 dated 28<sup>th</sup> March 2023 has been on account of the following reasons:

- The Hon'ble Commission has approved the source wise fixed and variable charge in its Tariff Order which was based on the then prevailing rate. However, in actual due to various reasons beyond the control of the Petitioners the actual energy charges have increased leading to variation from approved values.

- The Commission has not considered the fixed and Variable Charges for Essar, BLA and Sugan Torrent Generating Stations, in Tariff Order for FY 2023-24, however, in actual the Petitioners have incurred expenses against aforesaid plants.
- The Petitioners also paid supplementary bills during the respective year based on actuals of previous FYs details of which are provided along with this Petition.
- Increase in Inter and Intra Transmission charges increased during the respective period.

6.8 The summary of Discom wise approved power purchase cost vis-à-vis actual power purchase cost as per audited account is as shown in the Table below:

**Table 14: Discom wise details of Power Purchase Cost – Approved in Tariff Order vis-à-vis actuals as per Audited Accounts for FY 2023-24**

Sr. no.	Particulars	Discom	Approved in Tariff Order (A)	Audited Accounts (B)	Variation C=(B-A)
1	Power Purchase Cost (including rebate from CGS and Inter-State Transmission charges)	EZ	9,163.32	12,181.00	3,017.68
		CZ	11,737.90	14,572.65	2,834.75
		WZ	14,743.63	16,121.87	1,378.24
		<b>MP State</b>	<b>35,644.85</b>	<b>42,875.52</b>	<b>7,230.67</b>
2	Intra state transmission charges including SLDC	EZ	1,290.73	1,370.65	79.92
		CZ	1,504.67	1,812.76	308.09
		WZ	1,544.05	1,961.87	417.82
		<b>MP State</b>	<b>4,339.45</b>	<b>5,145.28</b>	<b>805.83</b>
3	Total Power Purchase cost	EZ	10,454.05	13,551.65	3,097.60
		CZ	13,242.57	16,385.41	3,142.84
		WZ	16,287.68	18,083.74	1,796.06
		<b>MP State</b>	<b>39,984.30</b>	<b>48,020.80</b>	<b>8,036.50</b>

6.9 Discom wise variance of Power Purchase Cost from approved cost in the Tariff Order:

6.9.1 **Power purchase Cost as per accounts for East Discom:** For power procured during FY 2023-24, the power purchase cost incurred by the Discom (as per audited accounts) is inclusive of power purchase cost, inter-transmission cost, RE Charges, UI Charges and MPPMCL cost was Rs. 13,551.65 Crore, which is higher by Rs. 3,097.60 Crore than the cost approved in the Tariff Order FY 2023-24.

6.9.2 **Power purchase Cost as per accounts for Central Discom:** For power procured during FY 2023-24, the power purchase cost incurred by the Discom (as per audited accounts) is inclusive of power purchase cost, inter-transmission cost, RE Charges, UI Charges and

MPPMCL cost was Rs. 16,385.41 Crore, which is higher by Rs. 3,142.84 Crore than the cost approved in the Tariff Order FY 2023-24.

**6.9.3 Power purchase Cost as per accounts for West Discom:** For power procured during FY 2023-24, the power purchase cost incurred by the Discom (as per audited accounts) is inclusive of power purchase cost, inter-transmission cost, RE Charges, UI Charges and MPPMCL cost was Rs. 18,083.74 Crore, which is higher by Rs. 1,796.06 Crore than the cost approved in the Tariff Order FY 2023-24.

#### **6.10 Claim of Power Purchase Cost for FY 2023-24**

6.10.1 The Petitioners wish to submit that till FY 2013-14, the Hon'ble Commission use to approve the power purchase quantum based on normative loss level and the cost against the approved power purchase quantum was allowed considering the average power purchase rate or pooled rate of power purchase derived from the actual power procured from all the generators including medium term and short-term generators. The aforesaid method was in consonance with the Hon'ble APTEL's judgment in appeal no. 258 of 2012. But from the year 2014-15 onwards the Hon'ble Commission has adopted a different approach wherein it has started to rework the actual scheduling considering the normative losses and as per the Merit Order Dispatch principle.

6.10.2 Aggrieved by the methodology adopted by the Hon'ble Commission all the three Discoms and MPPMCL have also preferred Appeal no(s). 329 of 2022 and 85 of 2023 before Hon'ble Appellate Tribunal for Electricity against the impugned orders of MPERC issued for Truing up of FY 2014-15 to FY 2017-18 and FY 2018-19 respectively.

6.10.3 As the matter is sub-judice, therefore without forgoing its rights to re-approach the Hon'ble Commission in any future proceedings in light of the outcome that may come against the aforesaid Appeals, the Petitioners in this Petition have claimed power purchase cost in line with the approach adopted by the Hon'ble in the past True-up Order of FY 2022-23. Further, the Petitioners wish to submit that they reserve their right to claim the Power purchase cost as per the decision of the Hon'ble APTEL in the aforementioned pending appeals.

6.10.4 The Petitioners wish to submit that during the True-up proceedings of FY 2022-23, the Petitioners have highlighted certain shortcomings in the approach adopted by the Hon'ble Commission during the past True-up Orders, i.e., before FY 2021-22 which necessitates

revision as it was causing substantial financial burdens to the Discoms. The shortcomings were related to **non-consideration of banking of energy, sale of surplus energy, and technical minimum schedule** while applying merit order despatch on monthly basis.

6.10.5 Regarding non-consideration of banking of energy, sale of surplus energy, it was analysed that the Hon'ble Commission used to consider scheduled energy of each generating stations as per monthly State Energy Account (SEA) to meet the normative power purchase requirement. As the scheduled energy of stations as per SEA also includes energy scheduled towards banking as well as surplus sale, it is necessary to factor the same while satisfying the normative energy requirement of the licensee. Non-factoring of such energy results in artificially higher availability to satisfy the normative energy requirement and hence, impacting the Merit Order Dispatch there by impacting the allowance of energy charges for the Petitioners. Therefore, in the previous True-up Petition, the Petitioners have requested before the Hon'ble Commission to factor in the energy utilized towards banking as well as surplus sale transaction from the generating station wise scheduling as per SEA, while approving the power purchase cost for the licensee.

6.10.6 Based on the Petitioners request the Hon'ble Commission in the previous True-up Order of FY 2022-23 have revised its approach towards determination of power purchase cost and have factored the banking of energy, sale of surplus energy and Technical Minimum Schedule for determination of power purchase cost. The relevant extract from the said Order is as reproduced below:

*2.41 The Commission has analysed the Petitioners' submission, regarding non-consideration of banking of energy, sale of surplus energy, and technical minimum schedule while applying merit order despatch on monthly basis. The Commission observed that the Petitioners' proposal regarding factoring of banking energy, sale of surplus energy and Technical Minimum Schedule are in accordance with the provisions of the Detailed Operating Procedure (DOP) for backing down of coal unit(s) of the State Generating Stations having 100% installed capacity tied up with MP Power Management Company/DISCOMs of MP and for IPPs as per provision in PPA with MPPMCL for taking such units under RSD on scheduling below Technical Minimum Schedule and part load operation. Therefore, for admitting the power purchase cost by applying month-wise MOD principles i.e., based on the lowest marginal net costs of electricity, the Commission has computed the monthly*

*normative power purchase requirement by following the principle of grossing up sales with normative loss levels and after considering the monthly quantum of energy towards banking of energy and sale of surplus energy.*

*2.42 Thereafter, the Commission has considered the required monthly normative energy requirement to be met from the scheduled energy of generating stations as per monthly State Energy Account. As per the MOD principles the “MUST RUN” generating stations are scheduled first regardless of their per unit energy charges. After satisfying the energy scheduled from the “MUST RUN” generating stations, the remaining energy requirement is considered to be met by scheduled thermal generating stations upto 55% of scheduled energy of each generating station in accordance with the provisions of the Detailed Operating Procedure (DOP). Thereafter, balance energy requirement is considered to be met through remaining 45% of scheduled energy as per the monthly MOD issued by MPSLDC. Accordingly, the energy charges for energy requirement on monthly basis have been worked out by applying MOD and TMM principles.*

*2.43 As the Commission has considered the quantum of sales of surplus energy while computation the total variable cost of power procurement, the Commission has reduced the revenue from sale of surplus energy while approving the Power Purchase Cost. **Thus, the Commission has addressed issues raised by the Petitioners in relation to TMM scheduling, banking of energy and sale of surplus energy.***

6.10.7 In line with the above, the Petitioners have worked out the energy availability for the True-up of power purchase cost for FY 2023-24 factoring the banking of energy and sale of surplus energy. Further, regarding factoring of banking of energy and sale of surplus energy, it is not practically possible to map the station wise schedule energy with the banking of energy and sale of surplus energy. In other word it not practically possible to ascertain which generating station has been scheduled for banking of power and sale of surplus power. Therefore, the Petitioners in line with the previous approach have factored-in the sum of energy towards banking and surplus sale amongst different generating station in proportion to actual scheduling of each generating stations with respect to the total scheduling in a given month. The station wise comparison of actual energy schedule as per SEA (which the Hon’ble Commission considers as Availability to satisfy the normative energy requirement) vis-à-vis the proposed energy availability after

factoring the energy utilized towards banking and surplus sale as explained above is summarized in the Table below:

**Table 15: Normative Energy requirement as per the Hon'ble Commission approach for FY 2023-24**

Sl. no.	Source	FY 2023-24	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
1	Amarkantak TPS Ph-III	1,648	1,548
2	Satpura TPS Ph-IV	3,581	3,387
3	SGTPS Ph-I & II	4,603	4,118
4	SGTPS Ph-III	2,736	2,766
5	Shri Singaji STPS Phase-I	6,691	6,160
6	Shri Singaji STPS Phase-II	7,493	7,208
<b>A</b>	<b>Total (MP Genco Thermal-MP Share)</b>	<b>26,752</b>	<b>25,187</b>
7	Rani Awanti Bai Sagar, Bargi HPS	452	423
8	Bansagar Ph I HPS (Tons)	805	769
9	Bansagar Ph-II HPS (Silpara)	103	100
10	Bansagar Ph-III HPS (Deolond)	162	144
11	Bansagar Ph-IV HPS (Jhinna)	127	123
12	Birsinghpur HPS	43	37
13	Madikheda HPS	48	45
14	Rajghat HPS	62	59
15	Gandhisagar HPS	143	140
16	Ranapratap Sagar HPS	243	237
17	Jawahar Sagar HPS	154	149
18	Pench HPS	246	230
<b>B</b>	<b>Total (MP Genco Hydel)</b>	<b>2,586</b>	<b>2,455</b>
19	NHDC Indira Sagar HPS	2,937	2,698
20	NHDC Omkareshwar HPS	1,464	1,344
21	NVDA Sardar Sarovar HPS	2,075	1,916
22	Rihand HPS	48	45
23	Matatila HPS	32	31
24	SJVN Rampur HPS	3	3
25	SJVN Jhakri HPS	11	10
26	Tehri HPS	7	7
27	Koteshwar HPP	3	3
28	NHPC Parbati III	4	4
29	NHPC Chamera II	4	4
30	NHPC Chamera III	3	2
31	NHPC Dulhasti	5	4
32	NHPC Dhauliganga	3	3
33	NHPC Sewa II	1	1
34	NHPC Uri II	3	3



Sl. no.	Source	FY 2023-24	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
35	NHPC Kishanganga	4	4
36	NTPC Koldam HPP I	4	4
37	NTPC Singrauli Small HPP	0	0
38	SAS Hydel Project Pvt Ltd.	10	9
39	Amhata Hydro Energy Pvt. Ltd.	6	6
40	Amhata Hydro Energy Pvt. Ltd. - II	0	0
41	Amhata Hydro Energy Pvt. Ltd. - IV	0	0
42	Sirmour Small Hydel Pvt. Ltd.	197	188
43	NVDA Indira sagar LBC HPS	8	8
44	NVDA Bargi LBC HPS	6	5
45	Mini & Micro Hydel Plants	0	0
<b>C</b>	<b>Total (JV Hydel &amp; Other Hydel)</b>	<b>6,839</b>	<b>6,301</b>
46	NTPC Korba	3,402	3,251
47	NTPC Korba III	533	510
48	NTPC Vindychal I	2,963	2,835
49	NTPC Vindychal II	2,265	2,169
50	NTPC Vindychal III	1,827	1,743
51	NTPC Vindychal IV	1,921	1,846
52	NTPC Vindychal V Unit 1	936	885
53	NTPC Sipat I	2,072	2,004
54	NTPC Sipat II	1,324	1,269
55	NTPC Mouda I	35	36
56	NTPC Mouda II Unit 1	51	52
57	NTPC Solapur STPS	1,187	1,137
58	NTPC Gadarwara STPS, Unit-1	2,266	2,165
59	NTPC Lara STPS, Raigarh, Unit I	1,115	1,062
60	NTPC Khargone STPS, Unit-I & II	3,311	3,203
61	NTPC Kawas GPP	0	0
62	NTPC Gandhar GPP	0	0
63	KAPP Kakrapar	1,404	1,348
64	TAPP Tarapur	1,472	1,394
65	NTPC Gadarwara STPS, Unit-2	2,266	2,165
<b>D</b>	<b>Total WR Region</b>	<b>30,351</b>	<b>29,075</b>
66	NTPC Kahalgaon II	501	478
67	DVC (MTPS & CTPS)	562	530
<b>E</b>	<b>Total ER Region</b>	<b>1,063</b>	<b>1,009</b>
68	NTPC Auraiya GPP	38	36
69	NTPC Dadri GPP	47	45

Sl. no.	Source	FY 2023-24	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
70	NTPC Anta GPP	24	23
71	NTPC Firoz Gandhi Unchahar I	8	7
72	NTPC Firoz Gandhi Unchahar II	24	23
73	NTPC Firoz Gandhi Unchahar III	11	11
74	NTPC Firoz Gandhi Unchahar IV	29	27
75	NTPC Rihand TPS-I	46	43
76	NTPC Rihand TPS-II	50	48
77	NTPC Rihand TPS-III	57	54
78	NTPC NCTP Dadri II	51	49
79	NTPC Singrauli	96	91
80	NTPC IGPS I Jhajjar	44	42
81	MEJA Urja Nigam	18	17
82	NTPC Tanda	24	23
83	Rajasthan (NPCIL)	40	38
84	NARORA (NPCIL)	24	23
<b>F</b>	<b>Total NR Region</b>	<b>631</b>	<b>602</b>
85	Torrent Power	0	0
86	BLA Power, Unit-I & II	98	94
87	Jaypee Bina Power	1,939	1,866
88	Lanco Amarkantak TPS Unit 1	1,678	1,593
89	Reliance UMPP, Sasan	11,416	10,888
90	Essar Power STPS	278	269
91	Jaiprakash Power STPS, Nigri	3,727	3,571
92	MB Power STPS, Unit-I	1,379	1,303
93	MB Power STPS, Unit-II	1,379	1,303
94	Jhabua Power STPS, Unit-1	1,271	1,216
<b>G</b>	<b>Total (IPPs)</b>	<b>23,165</b>	<b>22,103</b>
95	Renewable Energy (Solar)	5,619	5,336
96	Renewable Energy (other than Solar)	4,340	4,031
97	Bio Mass/Bio gas/MSW	113	109
<b>H</b>	<b>Total Renewable Energy</b>	<b>10,073</b>	<b>9,476</b>
<b>I</b>	<b>IEX/Short Term Purchase</b>	<b>569</b>	<b>-</b>
<b>J</b>	<b>Total</b>	<b>102,029</b>	<b>96,207</b>
<b>K</b>	<b>Other Adjustment as per SEA</b>		
98	Excess/Under drawl from Satpura, Chambal, Rajghat system & MTOA from RVPNL	(261.83)	(253.19)
99	Short Term Sale	-5,796	Factored above

Sl. no.	Source	FY 2023-24	
		Actual Schedule as per SEA	Proposed Energy Availability factoring banking & Surplus Sale
100	Banking	551	
<b>L</b>	<b>Total</b>	<b>96,523</b>	
101	IEX/Short Term Purchase	(569)	-
<b>M</b>	<b>Net Total</b>	<b>95,954</b>	<b>95,954</b>

- 6.10.8 From the Table above, it can be seen that the net Ex-Bus energy Schedule (as per SEA Account) matches with the proposed energy availability factored with banking energy and surplus sale.
- 6.10.9 Further, regarding consideration of Technical Minimum (TMM) Schedule while applying merit order despatch , it is submitted that same is in line with the ***“Detailed Operating Procedure (DOP) for Backing Down of Coal unit(s) of the State Generating Stations having 100% installed capacity tied up with MP Power Management Company/DISCOMs of MP and for IPPs as per provision in PPA with MPPMCL for taking such units under Reserve Shut Down on scheduling below Technical Minimum Schedule and part load operation”*** as approved vide Order dated 29<sup>th</sup> January, 2020 in accordance with Clause 8.8 (6) of the aforesaid Madhya Pradesh Electricity Grid Code (Revision-II), 2019 issued on 21<sup>st</sup> June 2019. The Hon’ble Commission has also acknowledged the same in its previous True-up Petition. Accordingly, in the present Petition also the Petitioners have considered the impact of TMM towards determination of power purchase cost.
- 6.10.10 Further, the Petitioners wish to submit that they are obliged that the Hon’ble Commission has considered their submission, regarding banking of energy, sale of surplus energy, and technical minimum schedule while applying merit order despatch on monthly basis, however, there is still a need to factor in the seasonal variation in distribution losses while working out the monthly normative energy requirement.
- 6.10.11 The Petitioners wish to highlight that while assessing the monthly normative energy requirement for the Licensees, the Hon’ble Commission **considers constant distribution losses (being equal to the yearly approved Discoms wise distribution losses) for all the months of a particular year**. In this regard the Petitioners submit that the **assessment of Distribution Losses be carried out on a cumulative basis**. In actual scenario the **Distribution Losses cannot be constant throughout the year** for any Distribution

Licensee. There are various factors which affects the Distribution Losses such as input energy, average current flow, ambient temperature, output energy/billing units etc. Further, the Distribution losses are calculated with formula as  $\{Distribution\ Losses = 1 - (Billed\ Units / Input\ Units)\}$  which in general nothing but  $(1 - billing\ Efficiency)$ . In case of Madhya Pradesh, the majority portion of monthly billing attributable to agriculture consumers are being done on normative basis. Due to this reason also there are many instances where the Distribution Losses have even arrived as negative.

6.10.12 The Petitioners understand that the intention of the Hon'ble Commission is to restrict the energy requirement up to normative level. In this regard it is submitted that the same can also be done **with normative profiling of Distribution Losses in tandem with actual Distribution Losses** in such a manner that at the end of the year the average Distribution Losses are equal to the normative loss levels. The basic intention here is that **the methodology for assessment of Distribution Losses should be so designed that in case the Distribution Licensee achieves the normative level of losses, then there should not be any disallowance**. This can be understood with the help of the Table given below:

**Table 16: Normative Energy requirement as per Petitioner's Proposal for FY 2023-24**

Sr. No	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	<b>Total Sales (MUs)</b>	<b>5,275</b>	<b>5,362</b>	<b>5,655</b>	<b>5,377</b>	<b>5,327</b>	<b>5,311</b>	<b>6,404</b>	<b>6,400</b>	<b>6,445</b>	<b>6,689</b>	<b>6,725</b>	<b>6,521</b>	<b>71,491</b>
a	East	1,474	1,474	1,571	1,478	1,466	1,466	1,729	1,687	1,728	1,798	1,786	1,757	19,414
b	Central	1,729	1,769	1,842	1,802	1,791	1,801	2,124	2,159	2,137	2,223	2,240	2,125	23,743
c	West	2,072	2,119	2,242	2,098	2,070	2,044	2,550	2,554	2,580	2,668	2,699	2,639	28,335
2	<b>Normative Distribution Loss (%) with profiling in tandem with actual loss profile</b>													
a	East	12.97%	16.37%	10.93%	19.39%	22.29%	21.45%	17.94%	17.00%	10.02%	17.94%	12.67%	6.23%	<b>15.50%</b>
b	Central	13.52%	16.89%	10.64%	20.83%	27.22%	23.28%	20.23%	19.39%	14.71%	17.76%	8.11%	2.14%	<b>16.50%</b>
c	West	17.82%	15.20%	10.00%	0.46%	10.55%	5.85%	15.92%	25.35%	20.52%	22.67%	11.82%	6.56%	<b>14.50%</b>
3	<b>Energy at Discoms Periphery (MUs)</b>	<b>6,214</b>	<b>6,390</b>	<b>6,316</b>	<b>6,216</b>	<b>6,662</b>	<b>6,385</b>	<b>7,803</b>	<b>8,133</b>	<b>7,672</b>	<b>8,345</b>	<b>7,543</b>	<b>6,870</b>	<b>84,549</b>
a	East	1,693	1,762	1,763	1,833	1,887	1,866	2,108	2,033	1,920	2,192	2,045	1,874	22,976
b	Central	2,000	2,129	2,062	2,276	2,461	2,347	2,663	2,679	2,505	2,704	2,437	2,172	28,433
c	West	2,521	2,499	2,491	2,108	2,314	2,171	3,033	3,422	3,246	3,450	3,061	2,824	33,140

**Table 17: Normative Energy requirement as per the Hon'ble Commission approach for FY 2023-24**

Sr. No	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
1	<b>Total Sales (MUs)</b>	<b>5,275</b>	<b>5,362</b>	<b>5,655</b>	<b>5,377</b>	<b>5,327</b>	<b>5,311</b>	<b>6,404</b>	<b>6,400</b>	<b>6,445</b>	<b>6,689</b>	<b>6,725</b>	<b>6,521</b>	<b>71,491</b>
a	East	1,474	1,474	1,571	1,478	1,466	1,466	1,729	1,687	1,728	1,798	1,786	1,757	19,414
b	Central	1,729	1,769	1,842	1,802	1,791	1,801	2,124	2,159	2,137	2,223	2,240	2,125	23,743
c	West	2,072	2,119	2,242	2,098	2,070	2,044	2,550	2,554	2,580	2,668	2,699	2,639	28,335
2	<b>Normative Distribution Loss as considered by the Hon'ble Commission (%)</b>													
a	East	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	<b>15.50%</b>
b	Central	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	<b>16.50%</b>
c	West	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	<b>14.50%</b>

Sr. No	Particulars	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
3	Energy at Discoms Periphery (MUs)	6,238	6,341	6,687	6,361	6,301	6,282	7,572	7,569	7,622	7,911	7,953	7,711	84,549
a	East	1,744	1,744	1,859	1,749	1,735	1,735	2,046	1,996	2,045	2,128	2,114	2,079	22,975
b	Central	2,071	2,119	2,206	2,158	2,145	2,157	2,544	2,586	2,559	2,662	2,683	2,545	28,434
c	West	2,423	2,478	2,622	2,454	2,421	2,391	2,982	2,987	3,018	3,120	3,157	3,087	33,140

6.10.13 From the above Tables, it can be seen that the **total normative Energy requirement, i.e., 84,549 MUs is same in both the methodologies**, however, the monthly Energy requirement and hence scheduling differs. When the methodology as adopted by the Hon'ble Commission is considered the variable cost of Stations which actually got scheduled as per actual operations will never get accounted. **It is therefore prayed before the Hon'ble Commission to consider the assessment of Distribution Losses on cumulative basis.**

6.10.14 Based on the above for the True-up of power purchase cost for FY 2023-24, Petitioners have assessed the normative profiling of distribution losses for FY 2023-24 in tandem with actual Distribution losses recorded during FY 2023-24. It is to be noted that in any of the method, i.e., with constant distribution losses over the year or with profiled distribution losses in tandem with actuals, the total normative energy requirement for a particular year would remain the same. It is only that the month wise normative scheduling of stations would differ which tantamount to actuals scheduling only if the profiling with actuals losses is considered.

**6.10.15 The Hon'ble Commission is therefore requested to consider the normative profiling in tandem with actual loss profiling as submitted by the Petitioners while assessing the month wise Distribution Losses for FY 2023-24.**

6.10.16 In view of forgoing, the approach as adopted by the Petitioners for calculation of Energy Charges for the True-up of FY 2023-24 is as summarised under:

- Monthly Energy Requirement is computed considering the monthly energy sales as claimed grossed up with normative monthly loss profiling in tandem with actual monthly loss profiling of Distribution System, Intra-State and Inter-State transmission System.
- To meet this monthly energy requirement, scheduled energy of each generating stations has been considered as per monthly State Energy Account after factoring the energy utilized towards surplus sale and banking.

- After satisfying the energy available from must run stations, the remaining energy requirement is first met by scheduling of the generating stations up to 55% of their available energy. Shortfall if any in meeting the energy requirement after TMM is fulfilled as per MOD principle over the remaining energy available for schedule. Accordingly, the Variable charges for energy worked out based on TMM & MOD principle have been considered.
- Shortfall if any in meeting the energy requirement has considered to be met through purchase of power from open market.
- Energy charge worked out for each generating station considering the actual energy and other charges as per the MPPMCL statement on annual basis.

6.10.17 The Petitioners pray that the methodology for power purchase approval should be so designed that there should not be any disallowance had the actual losses remains within the normative level. For an instance **in case of West Discom, their actual distribution losses are lower than the normative losses, hence, there should not be any disallowance in energy charges for West Discoms.**

6.10.18 The Petitioners therefore submit that the power purchase cost be allowed in two parts, i.e., **Part A** – which constitutes the components of power purchase that cannot be disallowed on account of variation in losses and **Part B** – which constitutes the components of power purchase which varies with the variation in distribution losses and thus the same may be disallowed.

6.10.19 In view of the above, the Petitioners have claimed the power purchase cost for FY 2023-24 as summarized in the Table below: -

Table 18: Power Purchase Cost claimed by the Petitioners for FY 2023-24

Sr.No.	Particulars	Reference	Units	As per MPPMCL Statement	East	Central	West	MP State
<b>Part - A : Power Purchase Cost that cannot be disallowed on account of variation in Distribution Losses</b>								
1	Fixed Cost/Capacity Charges of Generators for Power Purchase for FY 2023-24 (Rs. Crore)	A	Rs. Crore	11,217.12	3,148.46	3,829.30	4,239.36	11217.12
2	Inter State Transmission Charges	B	Rs. Crore	2,996.47	841.06	1,022.93	1,132.47	2996.47
3	Intra State Transmission Charges (including SLDC Charges)	C	Rs. Crore	5,145.28	1,370.65	1,812.76	1,961.87	5145.28
4	Supplementary Bill	D	Rs. Crore	2,628.94	786.38	853.36	989.20	2628.94
5	MPPMCL Cost (including Other cost which can't be apportioned)	E	Rs. Crore	2,110.98	547.74	493.79	380.13	1421.66
6	UI / DSM Charge	F	Rs. Crore	(290.07)	(96.78)	(96.26)	(97.03)	(290.07)
7	Reactive Energy Charges	G	Rs. Crore	(6.82)	(7.43)	2.35	(1.74)	(6.82)
8	Inter-state Power Purchase (Direct)	H	Rs. Crore	7.39	6.35	1.04	0.00	7.39
9	Less: Income from Sale of Surplus Power/Other Income including Sale to SEZ	I	Rs. Crore	3,100.83	933.13	1,096.24	1,071.46	3100.83
10	Energy Charges of Must Run Stations (Including Hydro & Nuclear Stations)	J	Rs. Crore	6,762.45	1,898.11	2,308.57	2,555.77	6762.45
11	Energy Charges Associated with TMM Scheduling of Gencos	K	Rs. Crore	10,230.46	2,871.52	3,492.48	3,866.46	10230.46
12	ED, CESS, Heavy Water charge, water charges / MoP Insurance/Any Other Cost	L	Rs. Crore	1,727.41	486.89	592.95	647.57	1727.41
13	Total Charges Needs to be allowed had the actual losses would have been equal to Normative	M=sum(A:H,J:L)-I	Rs. Crore	39,428.77	10,919.81	13,217.03	14,602.61	38,739.44
<b>Part - B : Power Purchase Cost that may be disallowed on account of excess Distribution Losses</b>								
14	Actual Quantum of Power Purchase/Schedule as per SEA for FY 2023-24	N	MUs	96,523.20	28,833.07	33,666.25	34,023.87	96,523.20
15	Normative Power Purchase Quantum	O	MUs		24,555.22	29,954.68	34,885.15	89,395.06
16	Excess Power Purchase Quantum on account of Higher Distribution Losses	P=(N-O)	MUs		4,277.86	3,711.57	(861.28)	7,128.14
17	Quantum of Energy Scheduled w.r.t. MOD	Q	MUs	40,149.66				
18	Actual Energy Charges Associated with MOD	R	Rs. Crore	8,592.03	2,425.65	2,944.63	3,221.75	

Sr.No.	Particulars	Reference	Units	As per MPPMCL Statement	East	Central	West	MP State
19	Weighted Average Price of power purchase from MOD Stations	$S=R/Q*10$	Rs./Units	2.14				
20	Disallowance due to Excess Scheduling on account of higher Distribution Losses	$T=S*P/10$	Rs. Crore		915.46	794.28	(184.31)	1,525.42
21	Reapportionment of Losses with Discoms having Higher Losses	U	Rs. Crore		-	-	-	-
22	Total Energy Charges may be disallowed due to Excess Losses	$V=T+U$	Rs. Crore		915.46	794.28	(184.31)	1,525.42
22	Normative Energy Charges Associated with MOD	$W=R-V$	Rs. Crore		1,510.19	2,150.35	3,406.07	7,066.61
<b>Total Power Purchase Cost claimed for True-up of FY 2023-24</b>								
23	<b>Power Purchase Cost</b>	$X=M+R$ or $W$	<b>Rs. Crore</b>	<b>48,020.79</b>	<b>12,429.99</b>	<b>15,367.38</b>	<b>18,008.68</b>	<b>45,806.05</b>
24	Prior Period Power Purchase Cost Adjustment	Y	<b>Rs. Crore</b>			<b>528.15</b>		
25	Total Power Purchase Cost	$Z=X+Y$	<b>Rs. Crore</b>	<b>48,020.79</b>	<b>12,429.99</b>	<b>15,895.53</b>	<b>18,008.68</b>	<b>46,334.20</b>

6.10.20 From the Table above, the power purchase cost for East Discom works out to be Rs. 12,429.99 Crore against the actual audited cost of Rs. 13,551.65 Crore, for Central Discom the power purchase cost works out to be Rs. 15,895.53 Crore against the audited expenses of Rs. 16,385.41 Crore and for West Discom the power purchase cost works out to be Rs. 18,008.68 Crore against the audited expenses of Rs. 18,083.74 Crore.

**6.10.21 The Petitioners request the Hon'ble Commission to approve the total power purchase cost of Rs. 46,334.20 Crore as claimed in the Table above for the purchase of Truing up of FY 2023-24.** The aforesaid cost is inclusive of MPPMCL Cost, gains on account of saving in power purchase cost in line with the Regulation 26.2 of principal MYT Tariff Regulations, 2021 and prior period power purchase cost adjustment. The calculation of the same is as explained at the paras below.



**MPPMCL Cost:**

6.10.22 The total expenses of MPPMCL as per power purchase statement is Rs. 1,207.64 Crore. The details of the same is provided in the Table below:

**Table 19: Details of Expenses of MPPMCL for FY 2023-24**

S. no.	Particulars	Amount
1	A: Purchase Cost not passed to Discoms through monthly Bill	740.38
	B Less: Purchase bills passed through revised base sheet	358.94
	<b>Net purchase cost bills (A-B)</b>	<b>381.44</b>
2	Exchange of Power (Trading Margin)	(1.39)
3	Bank Charges	3.23
4	Open Access Charges on Banking of Power	11.58
5	Banking of Energy	245.44
6	O&M Charges	12.50
7	Interest Receivable	0.47
8	Open Access Charges on Purchase of Power	0.14
9	Employee benefit expenses	61.08
10	Finance Cost (Note 16)	224.00
11	Other Expenses (Note 17)	259.65
12	Depreciation	9.48
	<b>Total</b>	<b>1,207.64</b>

6.10.23 The Petitioners submit that in addition to Discoms, MPPMCL also incurs cost towards Interest on State Govt. Loan, Interest on Deposits and Working Capital Demand Loan, which is not factored in the normative working capital requirement interest on loan of DISCOMs. Although, the Petitioners opines that they should be allowed such cost however, it was observed that the Hon'ble Commission in the past True-up Order has been disallowing working capital cost for the MPPMCL. The Hon'ble Commission also disallows the cost towards banking of energy. Therefore, despite of different opinion, the Petitioners have not claimed the cost towards working capital requirement of MPPMCL as well as cost towards banking of energy. Further, the Petitioners have also not claimed cost towards delayed payment charges. Accordingly, out of total MPPMCL expenses of Rs. 1,207.64 Crore, the Petitioners have considered only Rs. 518.32 Crore in its True-up claim. However, the Petitioners request that the Hon'ble Commission may revise its approach and may allow working capital requirement for MPPMCL.

**Sharing of Gains/(Losses)**

6.10.24 The Petitioners wish to submit that in the principal MYT Tariff Regulations, 2021 under Regulation 26.2 it was specified that if the Distribution licensee is able to achieve a faster reduction in distribution losses and save expenses on power purchase, the gains made

shall be allowed to be retained by the Licensee. The relevant extract of the said Regulation is as reproduced below:

***“26.2 If the Distribution Licensee is able to achieve a faster reduction in distribution losses and save expenses on power purchase, the gains thus made shall be allowed to be retained by the Licensee to incentivise its operations.”***

6.10.25 As West Discom have been able to achieve a faster reduction in distribution losses as compared to the norms, they would be allowed to retain the total gains quantified in terms of saving in additional power purchase cost with respected to normative power purchase requirement.

6.10.26 The Petitioners have worked out the gains and losses on account of variation in distribution losses as summarized in the Table below:

**Table 20: Gains and Losses for True-up of Power Purchase Cost for FY 2023-24**

Sr. no.	Particulars	Reference	Units	East	Central	West	MP State
1	Normative Distribution Losses/AT&C Losses	A	%	15.50%	16.50%	14.50%	
2	Actual Distribution Losses	B	%	28.04%	25.70%	12.33%	
3	Actual Quantum of Power Purchase/Schedule as per SEA for FY 2023-24	C	MUs	28,833.07	33,666.25	34,023.87	96,523.20
4	Normative Power Purchase Quantum	D	MUs	24,555.22	29,954.68	34,885.15	89,395.06
5	Saving/(Excess) Power Purchase Quantum due to lower/higher Distribution Losses	E=(C-D)	MUs	(4,277.86)	(3,711.57)	861.28	
6	Average Actual Power Purchase Cost	F	Rs./kwh	2.14	2.14	2.14	2.14
7	Gains/(Losses) in PP Cost	G=E*F/10	Rs. Crore	(915.46)	(794.28)	184.31	

6.10.27 Based on the above, due to higher distribution losses the East Discom and Central Discoms have borne the total losses of Rs. (915.46) Crore and Rs. (794.28) Crore respectively. Further, the gain for West Discom has been worked out as Rs. 184.31 Crore on account of saving in power purchase quantum due to lower distribution losses than approved.

6.10.28 The Petitioners have considered the above calculated loss and gain in its total claim of power purchase for FY 2023-24.

### **Prior Period Power Purchase Cost Adjustment**

6.10.29 The Petitioner wish to submit that till FY 2022-23 for the purpose of accounting of power purchase expenses the Petitioner use to consider the monthly power purchase bill as issued by MPPMCL which sometimes have a power purchase expenses pertaining to previous years. In this regard during the previous financial year the Petitioners have considered the power purchase expenses amounting to Rs. 537.97 Crore which pertain to FY 2021-22 but received in FY 2022-23 before finalization of account of FY 2021-22. Ideally, as per the accounting principle this amount should have been considered in the audited accounts for FY 2021-22 as the bills pertaining to the same were actually received before finalization of account of FY 2021-22.

6.10.30 Similarly, during FY 2023-24 before finalization of accounts for FY 2022-23 the Petitioner has received power purchase bills amounting to Rs. 528.15 Crore which pertains to FY 2022-23. As per the previous approach, the aforesaid amount of Rs. 528.15 Crore would have been considered in the Audited Accounts for FY 2023-24. However, in accordance with the provision of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the Petitioner has factored-in the aforesaid expenses by restating the power purchase expenses of previous year, i.e., FY 2022-23. The Paragraph 42 of Ind AS 8 mandates as below:

*“42. Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:*

*(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or*

*(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.”*

6.10.31 Based on the above, the financial statements for the FY 2021-22 and FY 2022-23 have been restated, as documented in Note 36.2 of the Audited Financial Statements for FY 2023-24. The same is also reproduced below:

**Table 21: Adjustment of Power Purchase Expense for FY 2022-23 for Central Discom (Rs. Crore)**

Sr. No.	Particulars	For the year ended 31st March 2023		
		Previous Ind AS balance (as reported)	Adjustment for prior period errors	Revised Previous Ind AS balance
1	Purchase of Power	12,283.70	(9.82)	12,273.88
<b>Reconciliation of Adjusted Amount</b>				
2	Bills pertaining to FY 2022-23 received in 2023-24		528.15	
3	Bills pertaining to FY 2021-22 received in 2022-23 (Considered in FY 2022-23 but reversed in re-stated financial statements due to rectification of error)		537.97	
4	Net adjustment for FY 2022-23		(9.82)	

6.10.32 Accordingly, the amount of Rs. 528.15 Crore has not been included in the standalone audited power purchase expenses for FY 2023-24. Therefore, the Petitioner has claimed the aforesaid amount in addition to standalone power purchase expenses of FY 2023-24.

6.10.33 Further, it is submitted that during FY 2023-24 the Petitioner has also received some supplementary bills amounting to Rs. 436.78 Crore and Rs. 165.68 Crore which pertains to FY 2022-23. However, by the time the aforesaid bills were received the accounts of FY 2022-23 were already finalized. Therefore, the aforesaid amount has been considered by the Petitioner in the FY 2023-24. Similarly, during FY 2024-25 (April 24 to July 24) the Petitioner received power purchase bills amounting to Rs. 405.52 Crore which pertains to FY 2023-24 but received in FY 2024-25 before finalization of account of FY 2023-24. As per the past approach this amount of Rs. 405.52 Crore would have been considered by the Petitioner in the financial accounts of FY 2024-25. But due to change in approach as elaborated above, the Petitioner has considered the aforesaid amount of Rs. 405.52 Crore in the accounts of FY 2023-24. A reconciliation of power purchase expenses has been provided in Point 21 of Note 41: Other Notes in the Audited Financial Statements for FY 2023-24.

**Table 22: Power Purchase Expense for FY 2023-24 for Central Discom (Rs. Crore)**

Sr. No.	Particulars	Power Purchase Expense for FY 2023-24
1	Bills pertaining to FY 2023-24 and received during FY 2023-24	13,657.55
2	Supplementary Bills due to accounts finalization pertain to FY 2022-23 received after the finalization of accounts of FY 2022-23	436.78
3	Supplementary Bills pertain to FY 2022-23 received in FY 2023-24 after finalization of accounts for FY 2022-23	165.68
4	Bills pertaining to FY 2023-24 received in FY 2024-25	405.52
5	<b>Power Purchase for the FY 2023-24</b>	<b>14,665.53</b>

6.10.34 As prior period bills of Rs. 528.15 Crore are not included in the standalone power purchase expenses of FY 2023-24, the same is considered by the Petitioner for FY 2023-24 as a power purchase adjustment of previous year.

**Summary of total Power Purchase claim for True-up of FY 2023-24**

6.10.35 Based on the above, the summary of total Power Purchase claim for the truing up of FY 2023-24 is as shown in the Table below:

**Table 23: Summary of total Power Purchase Expense for FY 2023-24 (Rs. Crore)**

Sr. no.	Particulars	Discom	Approved in Tariff Order (A)	Audited Accounts (B)	Claimed in True up Petition (C)	Variation D=(C-A)
1	Power Purchase Cost (including rebate from CGS)	EZ	9,163.32	12,181.00	11,059.34	1,896.02
		CZ	11,737.90	14,572.65	13,554.61	1,816.71
		WZ	14,743.63	16,121.87	16,046.81	1,303.18
		<b>MP State</b>	<b>35,644.85</b>	<b>42,875.52</b>	<b>40,660.77</b>	<b>5,015.92</b>
2	Intra state transmission charges including SLDC	EZ	1,290.73	1,370.65	1,370.65	79.92
		CZ	1,504.67	1,812.76	1,812.76	308.09
		WZ	1,544.05	1,961.87	1,961.87	417.82
		<b>MP State</b>	<b>4,339.45</b>	<b>5,145.28</b>	<b>5,145.28</b>	<b>805.83</b>
3	Power Purchase cost (1+2)	EZ	10,454.05	13,551.65	12,429.99	1,975.94
		CZ	13,242.57	16,385.41	15,367.38	2,124.81
		WZ	16,287.68	18,083.74	18,008.68	1,721.00
		<b>MP State</b>	<b>39,984.30</b>	<b>48,020.80</b>	<b>45,806.05</b>	<b>5,821.75</b>
4	Power Purchase Adjustment of previous year	EZ	-	-	-	-
		CZ	-	-	528.15	528.15
		WZ	-	-	-	-
		<b>MP State</b>			<b>528.15</b>	<b>528.15</b>
5	Total Power Purchase Cost	EZ	10,454.05	13,551.65	12,429.99	1,975.94
		CZ	13,242.57	16,385.41	15,895.53	2,652.96
		WZ	16,287.68	18,083.74	18,008.68	1,721.00
		<b>MP State</b>	<b>39,984.30</b>	<b>48,020.80</b>	<b>46,334.20</b>	<b>6,349.90</b>

**6.10.36 The Petitioners request the Hon’ble Commission to approve the power purchase cost as claimed by the Petitioners in the Table above for the True-up of FY 2023-24.**

6.10.37 Further, it is submitted that the Commission vide its notification dated 8<sup>th</sup> December, 2023 issued second amendment to MYT Regulations, 2021 which stipulates mechanism for sharing of gains/losses on account of deviation from approved loss trajectory as under:

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

....

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

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

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

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

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

6.10.38 In view of the aforesaid amendment, the Petitioners hereby submit the detailed methodology for passing on gains and losses to the consumers for the approval of the Hon'ble Commission as under:

**Step 1:** Assessment of variation in quantum of power purchase w.r.to variation in losses

**Step 2:** Determination of Average Power Purchase Cost for quantification of gains/losses in monetary terms

**Step 3:** Calculation of sharing of gains/losses

**Step 4:** Determination of Net Entitlement for the Licensee

6.10.39 For illustration purpose the detailed calculation under each of the steps are explained in the paras below:

**Step 1: Assessment of variation in quantum of power purchase w.r.to variation in losses**

6.10.40 The Petitioners wish to submit that the actual Distribution Losses of East and Central Discoms are higher than the approved norms resulting in excess purchase of power to satisfy the actual energy requirement. However, in case of West Discom, the actual Distribution Losses are lower as compared to the norms resulting in saving of power purchase quantum with respect to normative energy requirement as summarised in the Table below:

**Table 24: Assessment of incremental/savings in power purchase quantum on account of variation in Distribution losses**

Sr. no.	Particulars	Reference	Units	East	Central	West	MP State
1	Normative Distribution Losses/AT&C Losses	A	%	15.50%	16.50%	14.50%	
2	Actual Distribution Losses	B	%	28.04%	25.70%	12.33%	
3	Actual Quantum of Power Purchase/Schedule as per SEA for FY 2023-24	C	MUs	28,833.07	33,666.25	34,023.87	96,523.20
4	Normative Power Purchase Quantum	D	MUs	24,555.22	29,954.68	34,885.15	89,395.06
5	Saving/(Excess) Power Purchase Quantum due to lower/higher Distribution Losses	E=(C-D)	MUs	(4,277.86)	(3,711.57)	861.28	

6.10.41 From the above Table, it can be seen that the East and Central Discoms have purchased additional quantum of 4,277.76 MUs and 3,711.57 MUs respectively, mainly attributable to higher Distribution losses than norms. Whereas, the West Discom has saved 861.28 MUs as their losses are lower than the norms. In other word had the actual Distribution Losses of West Discom been equal to norms, they would have purchased additional quantum of 861.28 MUs.

**Step 2: Determination of Average Power Purchase Cost for quantification of gains/(losses) in monetary terms**

6.10.42 The Petitioners submit that prior to determination of gains/(losses), it is important to understand the magnitude of gains or (losses) that could correspond to variation from approved normative losses. The below formula gives the basic understanding of gains/(losses) that can accrue to the Licensee on account of variation from approved loss reduction trajectory:

- **Losses: Actual audited power purchase cost based on actual losses – Approved power purchase cost after truing up based on normative losses**
- **Gains: Approved power purchase cost after truing up based on normative losses + savings corresponds to lower purchase than normative requirement**

6.10.43 The total power purchase cost claimed by the Licensees based on the normative principle, i.e., based on normative approved losses and after factoring banking of energy, sale of surplus power, technical minimum, cost towards banking of energy, working capital cost of MPPMCL and delayed payment charges as discussed at the paras above stands at **Rs. 45,621.73 Crore** (excluding gains of Rs. 184.31) as against the actual audited cost of **Rs. 48,020.79 Crore** which is based on the actual Distribution Losses of the Licensee. Therefore, the total losses for the Licensee on account of variation in power purchase cost stands at **Rs. 2,399.06 Crore** (i.e., Rs. 48,020.79 Crore - Rs. 45,621.73 Crore).

6.10.44 The aforesaid additional power purchase cost mainly corresponds to the excess quantum purchased on account of higher Distribution Losses of East and Central Discom which

stands at 7989.42 MUs (i.e. 4,277.76 MUs + 3,711.57 MUs). Accordingly, the average power purchase corresponds to such additional purchase works out to be **Rs. 2.14 /kWh** as summarised in the Table below:

**Table 25: Determination of Average Power Purchase Cost for quantification of Gains/(losses)**

Sr. no.	Particulars	Reference	Units	East	Central	West	MP State
1	Actual Audited Power Purchase Cost	A	Rs. Cr	13,551.65	16,385.41	18,083.74	48,020.79
2	MPPMCL Cost not considered	B	Rs. Cr	206.19	223.76	259.37	689.32
3	PP Cost after factoring MPPMCL Cost	C	Rs. Cr	13,345.46	16,161.65	17,824.37	47,331.47
2	Normative Power Purchase Cost claim	D	Rs. Cr	12,429.99	15,367.38	17,824.36	45,621.73
3	<b>Losses to Discom on account of variation of losses</b>	<b>E=(D-C)</b>	<b>Rs. Cr</b>	<b>(915.46)</b>	<b>(794.28)</b>	<b>-</b>	<b>(1,709.74)</b>
4	(Excess) Power Purchase Quantum due to higher Distribution Losses	F	MUs	(4,277.86)	(3,711.57)	-	(7,989.42)
5	<b>Average Power Purchase Cost for sharing of losses</b>	<b>G=E/F*10</b>	<b>Rs./U</b>	<b>2.14</b>	<b>2.14</b>	<b>-</b>	<b>2.14</b>

6.10.45 The Petitioners wish to submit that **the approach for calculation of average power purchase cost is very important for determination of sharing of gains and losses**. As it is clear that the **financial losses for the Distribution licensee in terms of power purchase cost on account of variation in Distribution losses against the norms is mainly the difference of power purchase cost as claimed by the Licensee/approved by the Hon'ble Commission on normative parameter against the audited power purchase cost derived on actual parameters**. Further, as per the Regulations, the losses on account of variation in distribution losses is required to be shared, hence, only such differential of cost is to be considered for determination of average power purchase cost. The calculation of average power purchase cost considering the total allowed power purchase cost would result in disallowance of prudent power purchase cost arrived on normative basis.

**Step 3: Calculation of sharing of gains/losses**

6.10.46 In line with the provision of Regulation 20.2 (b) of Second amendment to MYT Regulations, 2021, the Petitioners have quantified the gains and losses on account of variation from approved Distribution losses in terms of Average Power Purchase Cost as summarised in the Table below:

**Table 26: Quantification of Gains/(Losses) in terms of Average power purchase cost**

Sr. No.	Particulars	Reference	Units	East	Central	West
1	Normative Distribution Losses/AT&C Losses	A	%	15.50%	16.50%	14.50%
2	Actual Distribution Losses	B	%	28.04%	25.70%	12.33%
3	Actual Quantum of Power Purchase/Schedule as per SEA for FY 2023-24	C	MUs	28,833.07	33,666.25	34,023.87



Sr. No.	Particulars	Reference	Units	East	Central	West
4	Normative Power Purchase Quantum	D	MUs	24,555.22	29,954.68	34,885.15
5	Saving/(Excess) in PP Quantum due to lower/higher Distribution Losses	E=(C-D)	MUs	(4,277.86)	(3,711.57)	861.28
6	Average Power Purchase Cost for sharing of Gains/(Losses)	F	Rs./kwh	2.14	2.14	2.14
7	Gains/(Losses) in PP Cost	G=E*F/10	Rs. Crore	(915.46)	(794.28)	184.31
8	Gains/(Losses) in retained by Licensee	H=2/3of loss or 1/3 of Gains	Rs. Crore	(610.31)	(529.52)	61.44
9	Gains/(Losses) in passed on to consumers	I=1/3of loss or 2/3 of Gains	Rs. Crore	(305.15)	(264.76)	122.88

6.10.47 As explained at paras above, the total losses on account of variation from approved loss trajectory is Rs. 1,709.74 Crore at an average power purchase cost of Rs. 2.14/kWh. Out of aforesaid total losses, Rs. 1,139.82 Crore are borne by the Licensee. Further, in order to ascertain the gains mainly for West Discom, the Petitioners have considered the same average power purchase cost of Rs. 2.14/kWh and accordingly arrived at gains of Rs. 184.31 Crore for the saved quantum of 861.28 MUs. Out of such gains Rs. 122.88 Crore are passed on to the consumers through ARR.

**Step 4: Determination of Net Entitlement for the Licensee**

6.10.48 The Net entitlement of power purchase on after considering the impact of sharing of gains/(losses) are summarised in the Table below:

**Table 27: Net-entitlement of Power Purchase Cost for FY 2023-24**

Sr. No.	Particulars	Reference	Units	East	Central	West	MP State
1	Actual Audited Power Purchase Cost	A	Rs. Cr	13,551.65	16,385.41	18,083.74	48,020.79
2	Normative Power Purchase Cost claim	B	Rs. Cr	12,429.99	15,367.38	17,824.36	45,621.73
3	Losses to Discom on account of variation from distribution losses	C	Rs. Cr	(915.46)	(794.28)	-	(1,709.74)
4	Losses passed on to consumers	D = 2/3*C	Rs. Crore	(305.15)	(264.76)	-	-
5	Gains for Discom	E		-	-	184.31	-
5	Gains retained by the Licensee	F=1/3*E	Rs. Crore	-	-	61.44	-
6	<b>Net Entitlement of Power Purchase Cost</b>	<b>G = B-D+F</b>	<b>Rs. Crore</b>	<b>12,735.15</b>	<b>15,632.13</b>	<b>17,885.80</b>	<b>46,253.08</b>

6.10.49 **The Petitioners pray the Hon’ble Commission to approve aforesaid methodology for the Net-Entitlement of power purchase cost after considering the impact of sharing of gains/(losses) as summarised in the table above for the Truing up of power purchase cost.**

**T7: OPERATION & MAINTENANCE COST**

7.1 The O&M expenses comprise of employee cost, repairs & maintenance (R&M) cost and administrative & general (A&G) cost. Regulation 36 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specify the methodology for computation of O&M Expenses of the DISCOMs.

7.2 Regulations 36.5 and 36.6 of MYT Tariff Regulations, 2021 provides stipulations as under:

*“36.5. The distribution License shall submit the actual Employee expenses, Administrative and General Expenses and Repair and Maintenance expenses at the time of true-up.*

*36.6 The treatment of variation in Employee expenses, Administrative and General Expenses and Repair and Maintenance expenses at the time of true-up shall be as under:*

*(i) The Commission may allow actual Employee expenses subject to prudence check:*

*Provided that the expense incurred towards dearness allowance. NPS expense, pension, terminal benefits and incentive to be paid to employees shall be allowed at actuals.*

*(ii) The Commission may allow actual Administrative and General Expenses subject to prudence check:*

*Provided that the taxes payable to the Government and fees to be paid to MPERC shall be allowed at actuals.*

*(iii) The commission will allow the actuals Repairs and Maintenance expense subject to ceiling normative Repairs and Maintenance expenses.”*

7.3 Based on the above, the claim of the Petitioners towards the True up of O&M cost for FY 2023-24 is submitted as below for the Hon’ble Commission’s kind perusal and consideration.

Table 28: Details of O&amp;M cost claimed towards True up of FY 2023-24

Sr. no.	Particulars	Units	Discom	Allowed in TO (A)	Claimed (B)	Variance (B-A)
1	Employee Cost (Including terminal benefits of Rs. 210 Cr)	Rs Cr	EZ	1,474.11	990.86	(483.25)
		Rs Cr	CZ	1,304.40	1,038.25	(266.15)
		Rs Cr	WZ	1,373.63	1,070.97	(302.65)
		<b>Rs Cr</b>	<b>MP State</b>	<b>4,152.14</b>	<b>3,100.08</b>	<b>(1,052.06)</b>
3	Administrative & General Expenses including MPERC Fees	Rs Cr	EZ	116.58	131.71	15.13
		Rs Cr	CZ	208.15	136.32	(71.83)
		Rs Cr	WZ	149.42	152.87	3.45
		<b>Rs Cr</b>	<b>MP State</b>	<b>474.15</b>	<b>420.90</b>	<b>(53.25)</b>
4	Repair & Maintenance Expenses	Rs Cr	EZ	284.98	189.19	(95.79)
		Rs Cr	CZ	316.01	157.55	(158.46)
		Rs Cr	WZ	221.38	212.73	(8.66)
		<b>Rs Cr</b>	<b>MP State</b>	<b>822.38</b>	<b>559.46</b>	<b>(262.91)</b>
5	<b>Total O&amp;M Charges</b>	<b>Rs Cr</b>	<b>EZ</b>	<b>1,875.67</b>	<b>1,311.76</b>	<b>(563.91)</b>
		<b>Rs Cr</b>	<b>CZ</b>	<b>1,828.56</b>	<b>1,332.11</b>	<b>(496.45)</b>
		<b>Rs Cr</b>	<b>WZ</b>	<b>1,744.43</b>	<b>1,436.57</b>	<b>(307.86)</b>
		<b>Rs Cr</b>	<b>MP State</b>	<b>5,448.66</b>	<b>4,080.44</b>	<b>(1,368.22)</b>

#### 7.4 Submission of East Discom:

7.4.1 The summary of O&M expenses for FY 2023-24 as per audited accounts, as per Tariff Orders and as claimed in True-up Petition is provided as below:

Table 29: Details of O&amp;M cost claimed by EZ towards True up of FY 2023-24

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Salaries	956.87	455.54	455.54
D.A.	401.88	171.00	171.00
Other Allowance	-	6.33	6.33
Outsource Employee Expenses	-	289.36	289.36
Terminal Benefits	41.00	136.57	28.34
<b>Grand Total</b>	<b>1399.75</b>	<b>1058.80</b>	<b>950.57</b>
Add: Contribution to Pension Trust	70	-	70
Less: Employee expenses capitalized	-	(29.92)	(29.92)
<b>Net Employee expenses</b>	<b>1469.75</b>	<b>1028.88</b>	<b>990.65</b>
A&G expenses	126.96	131.48	131.48
MPERC Fees	0.49	-	-
Other expenses	1.75	3.35	3.35
Less: A&G capitalized	-	(3.12)	(3.12)
<b>Net A&amp;G expenses</b>	<b>129.20</b>	<b>131.71</b>	<b>131.71</b>
Gross R&M expenses	297.60	192.10	192.10
R&M capitalised	-	(2.91)	(2.91)
<b>Net R&amp;M expense</b>	<b>297.60</b>	<b>189.19</b>	<b>189.19</b>
Less: O&M Expenses Capitalized	(37.86)	-	-
Additional Operational Expenditure (RRDS)	16.98	0.21	0.21
<b>Net O&amp;M expenses</b>	<b>1,875.67</b>	<b>1,349.99</b>	<b>1,311.76</b>

7.4.2 From the above, the net Employee expenses as per audited accounts is Rs. 1,028.88 Crore. East Discom has claimed net Employee expenses as Rs. 990.65 Crore which is excluding provisions made during the year but including contribution to pension trust. Further, the A&G and R&M expenses has been claimed as actually incurred during the year in line with audited accounts. Accordingly, the net O&M expenses stand at Rs. 1,311.76 Crore.

7.4.3 Accordingly, it is prayed that **O&M expenses as per the claim of the Petitioner to the tune of Rs 1,311.76 Crore for FY 2023-24 be considered towards True up.**

7.5 **Submission of Central Discom:**

7.5.1 The summary of O&M expenses for FY 2023-24 as per audited accounts, as per Tariff Orders and as claimed in True-up Petition is provided as below:

**Table 30: Details of O&M cost claimed by CZ towards True up of FY 2023-24**

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Salaries	824.76	408.57	408.57
D.A.	346.40	159.09	159.09
Other Allowance including RDSS OPEX	72.77	46.62	71.60
Outsource Employee Expenses		314.83	314.83
Terminal Benefits		444.37	29.93
<b>Grand Total</b>	<b>1,243.93</b>	<b>1,373.48</b>	<b>984.02</b>
Add: Contribution to Pension Trust	70	0	70
Less: Employee expenses capitalized	9.53	15.78	15.78
<b>Net Employee expenses</b>	<b>1,304.40</b>	<b>1,357.71</b>	<b>1,038.25</b>
A&G expenses	216.99	136.32	136.32
MPERC Fees	0.69		
Less: A&G expenses capitalized	9.53	0.00	0.00
<b>Net A&amp;G expenses</b>	<b>208.15</b>	<b>136.32</b>	<b>136.32</b>
Gross R&M expenses	325.54	157.55	157.55
Less: R&M expenses capitalized	9.53	0.00	0.00
<b>Net R&amp;M expenses</b>	<b>316.01</b>	<b>157.55</b>	<b>157.55</b>
<b>Net O&amp;M expenses</b>	<b>1,828.56</b>	<b>1,651.57</b>	<b>1,332.11</b>

7.5.2 The Employee expenses of Central Discom as per Audited Account of FY 2022-23 is Rs. 1,357.71 Crore (including Rs. 314.83 Crore towards outsourcing employee expenses booked under A&G expenses in Audited Accounts). As against this, the actual Employee expenses claimed by Central Discom for True-up of FY 2023-24 is Rs. 1,038.25 Crore which is excluding provisioning made under the head “Terminal Benefits to Employees” but inclusive of the amount of Rs. 70 Crore as approved towards Provision for Terminal Benefit Trust Fund in the Tariff Order of FY 2023-24.

7.5.3 Further, during FY 2023-24, an amount of Rs. 54.91 Crore has been actually paid against earned leave encashment from the provision created during the past years. As this amount is paid from the provision of past years, the same is not reflected in the audited accounts of FY 2023-24. However, it has been taken on record under Note 26.1 of the Audited Account of FY 2023-24.

7.5.4 Central Discom has also claimed A&G and R&M expenses as per audited accounts in line with MYT Regulations, 2021.

7.5.5 Accordingly, it is prayed that **O&M expenses as per the claim of the Petitioner to the tune of Rs 1,332.11 Crore for FY 2023-24 be considered towards True up.**

7.6 **Submission of West Discom**

7.6.1 The summary of O&M expenses for FY 2023-24 as per audited accounts, as per Tariff Orders and as claimed in True-up Petition is provided as below:

**Table 31: Details of O&M cost claimed by WZ towards True up of FY 2023-24**

Particulars	As Approved in Tariff Order	As per Audited Accounts	Claimed in True Up
Salaries including outsource employee	865.71	729.70	729.70
D.A.	363.60	183.50	183.50
Other Allowance	-	52.70	77.95
Terminal Benefits	72.87	531.20	34.18
<b>Grand Total</b>	<b>1,302.18</b>	<b>1,497.10</b>	<b>1,025.34</b>
Add: Contribution to Pension Trust	70	0	70
Less: Employee expenses capitalized	0	(24.37)	(24.37)
<b>Net Employee expenses</b>	<b>1,372.18</b>	<b>1,472.73</b>	<b>1,070.97</b>
A&G expenses	140.6	150.67	150.67
MPERC Fees	0.59	-	-
Other expenses	10.22	2.20	2.20
Less: A&G capitalized	0.00	0.00	0.00
<b>Net A&amp;G expenses</b>	<b>151.41</b>	<b>152.87</b>	<b>152.87</b>
Gross R&M expenses	224.33	212.73*	212.73
Less: R&M capitalised	-	0.00	0.00
<b>Net R&amp;M expense</b>	<b>224.33</b>	<b>212.73</b>	<b>212.73</b>
Less: O&M Expenses Capitalized	(23.22)	-	-
Additional Operational Expenditure (RRDS)	19.730	included above	-
<b>Net O&amp;M expenses</b>	<b>1,744.43</b>	<b>1,838.33</b>	<b>1,436.57</b>

\*Inclusive of Smart Meter OPEX of Rs. 3.71 Crore

7.6.2 West Discom has also claimed Employee, A&G and R&M expenses as per audited accounts only, excluding any provisioning made during the year. However, during FY 2023-24 an amount of Rs. 61.25 against earned leave encashment has been actually paid from the provision created during the past years. The working of the same from the trial

balance of FY 2023-24 is as shown below:

<b>Account code</b>	<b>Particulars</b>	<b>Rs. Cr.</b>
441500	Opening balance of provision for Leave encashment	421.0
756170	Provision for leave encashment made during the FY 23-24	36.0
Report attached	**Provision booked as actuarial other comprehensive income	11.7
441500	Closing balance of provision for Leave encashment as on 31.3.2024	407.4
	Net Payment of leave encashment made during the FY 23-24	61.25

7.6.3 In view of the above, it is prayed that **O&M expenses as per the claim of the Petitioner to the tune of Rs 1,436.57 Crore for FY 2023-24 be considered towards True up.**

**T8: INTEREST & FINANCE CHARGES**

**8.1 Interest on Project Loans**

- 8.1.1 Regulation 22 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of debt and equity towards the existing and admitted capitalisation.
- 8.1.2 Regulation 32 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Interest and finance charges on loan.
- 8.1.3 The Hon'ble Commission in its Tariff Order for FY 2023-24 dated dated 28<sup>th</sup> March 2023 had approved Interest on Project Loans as Rs. 281.10 Crore for the East Discom, Rs 148.94 Crore for the West Discom, Rs. 366.90 Crore for the Central Discom respectively aggregating to Rs. 796.95 Crore for the MP State. The aforesaid expense has been approved by the Hon'ble Commission on the basis of normative funding, i.e., by considering GFA addition based on normative debt: equity ratio of 70:30 after excluding consumer contribution and grants.
- 8.1.4 The Petitioners wish to submit that every year the Petitioners incur capital expenditure against the various approved scheme and also capitalize certain assets during the year. Further, every asset/scheme has specific funding pattern or capital structure, which is being approved by the Hon'ble Commission, i.e., debt, equity, consumer contribution and grant; according to which the funds are sourced, and accounting treatment is done.
- 8.1.5 For the purpose of calculation of normative interest and finance charges, normative debt addition against capitalized asset during the year excluding the consumer contribution and grant, is required to be determined, which is added to the opening debt balance of the respective year.
- 8.1.6 As regard to treatment of Consumer Deposit and Grants is concerned, the Petitioners have observed that the Hon'ble Commission in its past True-up Orders has adopted an approach wherein the Hon'ble Commission considers the Consumer Deposit and Grants **received during the year as fully utilized** during the same year. In other word all the Consumer Deposit and Grants received any particular is set off against the actual

capitalization of that year without considering the actual funding pattern which is being approved by the Hon'ble Commission itself. **This has resulted in perpetual loss to the Petitioners.** Being aggrieved by the aforementioned approach the Petitioners had also filed a review Petition seeking reconsideration on the said matter. However, the Hon'ble Commission has passed an Order dismissing the review point raised by the Petitioners. The rationale given by the Hon'ble Commission in the review Order dated 07.11.2023 is as reproduced below:

*“Commission’s observation*

*“26. The Commission observed that the Petitioners in true-up petition of FY 2021-22 have requested the Commission for consideration of Consumer Contribution and Grants on “utilization basis” rather than on “received basis”. The Commission has to encourage efficiency and economical use of resources as per Section 61(d) of the Electricity Act, 2023. Partial utilization of available consumer contribution and grants cannot be allowed by the Commission as the same will result in non-utilization of the funds available with the Petitioner and burdening the consumers with financing costs through interest on loan and return on equity. This issue is well settled and the Commission in the true-up order of FY 2021-22 and in review petition of true-up up order FY 2020-21 (P. No.38/2022) has reiterated its view on this matter. Therefore, review sought by the Petitioners once again on the same issues does not satisfy the conditions for review of the impugned order as per Regulation 40 (2) of the provision of MPERC (Conduct of Business) (Revision I) Regulations, 2016. Further, the Commission also observed that the Petitioners in true-up petition for FY 2021-22 has not raised the issue of treatment of non-utilization of Consumer Contribution and Grants during the year in Non-Tariff Income.”*

8.1.7 Further, the Petitioners in the previsions year’s True-up Petition have again requested the Hon'ble Commission to revisit the approach and consider the consumer contribution and grant on the basis of utilisation or funding pattern. However, the Hon'ble Commission has not considered the request of the Licensee and provided its ruling under the True-up Order of FY 2022-23 dated 5<sup>th</sup> March, 2024 as below:

*“2.133 In addition to above, the Commission observed that the Petitioners are allowed in principle approval for their Capital Investment during the year as per the funding pattern in terms of grant, loan and equity infusion with the assumption*



that the Petitioners will be meeting their target timelines against the capital work and receive the grant against the schemes. However, it has been observed that the Petitioners have not been able to meet that target timelines in the past years, due to which such mismatch may happen in utilisation of consumer contribution and grants.

2.134 Further, the Commission observed that the Petitioners have failed to substantiate their claim that the grant received towards any particular scheme or consumer contribution received towards a particular capital work has been kept separately by the Petitioners in a separate account or fund and this amount has not been utilised by the Petitioners for creation of other assets or utilised towards meeting other cash flow of the Petitioners. The amount of consumer contribution and grant received by the Petitioners and not utilised for capital expenditure becomes the part of internal cash flow of the Petitioners which in turn can be utilised to create assets or used for meeting other expenses by the Petitioners. In case the Petitioner is separately investing the unutilised grant and consumer contributions in Fixed Deposits and not utilising it for their normal cash flow, month wise cash flow of the Company. In the absence of any such substantiation by the Petitioners, the Commission has considered the funds available with the Petitioners against the unutilised grant and consumer contribution for funding of capitalised assets as prudent financial practice in line with the approach adopted by the Commission in its previous Tariff Orders.

2.135 In view of the aforesaid observations, it cannot be verified, whether the Petitioners were able to ensure efficient management of interest free funds which were freely available with Petitioners. Therefore, the Petitioners should substantiate their claims properly with supporting documents so that the prudence check of their claims can be examined with right set of data.

- 8.1.8 In view of the above, the Petitioners wish to submit that the **“Annexure II”** of the **“Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) (Revision-II) Regulations, 2022” {RG-31(II) of 2022}** have provided the **procedure for treatment of consumer contribution and grant**. The relevant extract from the same is reproduced below:

**“Annexure II**

*"The Licensees shall adopt the following accounting procedure:*

- a. *If new asset is required to be created then,
  - i. *On receipt of Consumer's contribution, Bank A/c shall be debited and "Consumer Contribution Head" shall be credited.*
  - ii. *On Commissioning of the Asset (at the time of capitalization), "Consumer contribution Head" shall be debited and "Deferred Income (Consumer contribution) Head" shall be credited to the extent of Consumer's contribution. The asset shall be capitalized under Account Head of the Fixed Asset (Group 10).**
- b. *If no new asset is required to be created and the consumer contribution is against the existing asset, then Bank A/c shall be debited and "Deferred Income (Consumer contribution)" shall be credited.*
- c. *If the asset is created by the consumer under Regulation 3.9 of Chapter II of these Regulations, then on commissioning, Fixed Assets shall be debited and "Deferred Income (Consumer contribution) Head" shall be credited with the actual cost of the asset.*
- d. *At the time of preparation of Annual Account Statements, to offset the impact of Depreciation expenditure of asset created from the consumer contribution, the "Deferred Income (Consumer Contribution) Head" shall be debited and "Income from amortization of deferred income (Consumer contribution) Head" shall be credited to the extent of the Depreciation charged against such asset.*
- e. *The Licensee must show the "Consumer contribution received Head", "Deferred Income (Consumer contribution) Head" and "Income from amortization of deferred income (Consumer contribution) Head" in their Annual Accounts as under:*

- i. **Balance Sheet:**

*Consumer Contribution received Head shall be shown separately under sources of funds.*

- ii. **Profit & Loss Account**

<i>Depreciation</i>	<i>A</i>
<i>Less: Income from amortization (10% per annum) of deferred income (Consumer contribution)</i>	<i>B</i>
<i>Depreciation after Deferred Income (A-B)</i>	<i>C</i>

**iii. Balance Sheet**

<i>Gross Block</i>	<i>G</i>
<i>Less: Deferred Income (Consumer contribution)</i>	<i>H</i>
<i>Less: Accumulated depreciation</i>	<i>C</i>
<i>Net Block (G-H-C)</i>	<i>K</i>

- f. *The work funded through Consumer contribution should not be recorded as Deposit work in the books of accounts.*
- g. *The amount allocated to the Companies through final Opening Balance sheet as "Consumer contribution/ Capital Grant & subsidy" should be transferred to "Deferred income (Consumer contribution/ Capital Grant & subsidy A/c" immediately and same shall be amortized over 10 years in equal instalments (10% p.a.)."*

8.1.9 From the above specified procedure, the sub point a.(ii) has clearly stated that on the Commissioning of the Asset (at the time of capitalization), "Consumer contribution Head" shall be debited and "Deferred Income (Consumer contribution) Head" **shall be credited to the extent of Consumer's contribution. This simply means the consideration of consumer contribution is on utilization basis.** The aforementioned "Annexure" further provides the treatment of such consumer contribution to arrive at Net Block of Asset, i.e., to subtract the deferred income (consumer contribution's utilized) from the Gross Block of Asset to arrive at the Net -Block of Asset. However, the **approach adopted by the Hon'ble Commission, i.e., to consider the Consumer Deposit and Grants received during the year as fully utilized during the same year contradicts from the procedure as specified in the Annexure II of aforementioned Regulations. Therefore, the approach adopted by the Hon'ble Commission may be revised.**

8.1.10 The Petitioners wish to reiterate its submission that every asset/scheme has specific funding pattern or capital structure, i.e., debt, equity, consumer contribution and grant; according to which the funds are sourced, and accounting treatment is done. **However, the approach as adopted by the Hon'ble Commission has resulted in re-casting of actual means of finance thereby distorting the actual capital structure and hence, resulting in recurring loss to the Petitioners.** For an instance consideration of consumer

contribution and grant received during the year being equal to fully utilized in creation of asset during the same year tantamount to financing the part of actual capitalization in the relevant year, through consumer contribution and grant which otherwise would have been actually funded through actual loan or equity.

8.1.11 Therefore, **such part of capitalization will not subject to the usual accounting treatment in True-up, i.e., no interest on loan, return on equity and depreciation along with associated component of ARR will be provided on such part of capitalization for rest of the life of the asset.** However, in actual the Petitioners are liable to pay interest, repayment, etc., on the entirety of such capitalization in future years. This has a recurring impact on the ARR of Discoms, as the same would never form part of the Opening Equity /Debt/Net GFA of the subsequent Financial Year. Therefore, treating the amount towards consumer contribution and grant received as mean of financing capitalization is a wrong accounting practice.

8.1.12 The Petitioners would further like to submit that the underlying principle as stated by the Hon'ble Commission in its past Orders that *'the consumers contribution and grants are free of cost to the licensees hence the consumers contribution and grants received during the year is considered as utilized during the year'* will also be inversely applicable on the amount of capex actually incurred during the year since, the Petitioners would have taken loan or infused equity or in other word would have incurred a cost for the creation of assets which are still under work in progress (WIP) stage during the year. Although, as regard to interest one can argue that interest on loan for works in progress is considered as interest during construction (IDC), which is capitalized and added to the project cost at the time of asset capitalization. However, the approach as adopted by the Hon'ble Commission denies the opportunity to claim the legitimate interest cost incurred as the same would not form the part of capitalization. Therefore, if such approach is continued then the Petitioners should also be allowed the interest on loan and return on equity on the CWIP asset in addition to asset capitalized during the year being funded through loan or equity, i.e., money with cost to the licensee. However, as per Regulations the interest on loan and return on equity, etc., are allowed only from the year during which the asset is capitalized.

8.1.13 It is submitted that the Regulation 32 of MPERC Tariff Regulations, 2021 stipulate provisions for allowance of interest on loan on capitalized asset being funded in a manner as specified in Regulation 22 of MPERC Tariff Regulations, 2021. However, the principle

as adopted by the Hon'ble Commission denies the Petitioners to recover its legitimate expenditure in accordance with aforesaid Regulations.

- 8.1.14 As regard to the rationale for non-consideration of consumer contribution and grant on utilization basis as given by the Hon'ble Commission in the Review Order of FY 2021-22 that the Commission has to encourage efficiency and economical use of resources and the Partial utilization of available consumer contribution and grants cannot be allowed by the Commission as the same will result in non-utilization of the funds available with the Petitioners and burdening the consumers with financing costs through interest on loan and return on equity, the Petitioners wish to submit that if such a logic of encouraging the efficiency and economical use of resource is to be considered then the Petitioners should also be allowed interest on loan and equity on the CAPEX or CWIP asset also.
- 8.1.15 The Hon'ble Commission has stated that non utilization of consumer contribution is burdening the consumers. In this regard the Petitioners wish to submit that the partial utilization of consumer contribution & grant does not tantamount that the fund is kept unutilized. It is to be noted the consumer contribution is received mainly in the form of supervision charges and grant is received against specific scheme. Such funds are required to be used or booked against respective assets/scheme. As per the accounting treatment, it is submitted that one cannot treat the grant received towards any particular scheme say under DDUGJY against the grant under the other scheme say RDSS.
- 8.1.16 In case the consumer contribution and grant received in any year remains un-utilized during the year then the same would have been lying in the Licensee's bank account and any interest earned against such fund is considered under Non-Tariff Income of Licensee thereby reducing the ARR. Hence, the logic as given by the Hon'ble Commission that unutilized fund burdens the consumers is not justifiable for safeguarding the interest of licensee.
- 8.1.17 Further, as regard to the Hon'ble Commission observation in the previous True-up proceedings that *the Petitioners have failed to substantiate their claim that the grant received towards any particular scheme or consumer contribution received towards a particular capital work has been kept separately by the Petitioners in a separate account*, the Petitioners wish to submit that they have provided the scheme wise details of grants and consumer contribution received during the year. Further, the Petitioners have also provided the Audited Account in excel formats wherein under Trial Balance sheet/relevant notes of Financial Statement, the separate accounting entry/code can be

seen against various scheme. For an instance in case of Central Discoms the scheme wise details of consumer contribution and grant received during the respective years are provided in the Table below:

**Table 32: Details of consumer contribution and Grant received during the past years – Central Discom**

FY 2023-24				FY 2022-23				FY 2021-22			
Scheme	Consumer Contribution (Rs. Cr)	Scheme	Grant (Rs. Cr)	Scheme	Consumer Contribution (Rs. Cr)	Scheme	Grant (Rs. Cr)	Scheme	Consumer Contribution (Rs. Cr)	Scheme	Grant (Rs. Cr)
Supervision Assets	130.83	RGGVY	-	Supervision Assets	209.17	RGGVY	-	Supervision Assets	194.43	RGGVY	21.93
Deposits	36.78	IPDS	-	Deposits	22.16	IPDS	3.58	Deposits	29.84	IPDS	22.46
Other Schemes	48.51	DDUGJY	-	Other Schemes	41.90	DDUGJY	26.29	Other Schemes	33.95	DDUGJY	-
		Saubhagya	-			Saubhagya	-			Saubhagya	81.86
		RDSS	442.1			RDSS	16.81			RDSS	36.53
<b>Total</b>	<b>216.12</b>	<b>Total</b>	<b>442.1</b>	<b>Total</b>	<b>273.22</b>	<b>Total</b>	<b>46.68</b>	<b>Total</b>	<b>258.22</b>	<b>Total</b>	<b>162.7</b>

8.1.18 The aforesaid details (up to FY 2022-23) have already been shared with the Hon'ble Commission during the previous True-up proceedings.

8.1.19 The Petitioners would further like to submit that consumer contribution and grant are of uncontrollable in nature. The amount towards consumer contribution and grant to be received in particular year are not known in advance. Further, the amount may be received at different part of year. Further, it is quite possible that the amount received against consumer contribution and grant may have been utilized for asset which are under CWIP but not yet capitalized. It is submitted that it normally happens that assets capitalized in a year may be created out of equity, consumer contributions, grant and loan of earlier year/years and equity, consumer contributions, grant and loan received in a year may not be utilized for the creation of asset during that same year. The unspent amount may have been lying in WIP which will be converted into capitalization in subsequent years. Further, in some cases the grant received during the year may pertains to completed work corresponds to previous year as in most of the cases the grant is usually link to achievement of certain conditions or capitalization. Hence, the same cannot be treated as Partial utilization as stated by the Commission, therefore the rationale as given by the Hon'ble Commission is not justifiable.

8.1.20 The Petitioners appreciate the concern of the Hon'ble Commission that the Discoms should first utilize the free source of money, however, the **impact of non-utilization of such source of money cannot be imposed on the Petitioners in perpetuity**. The approach as adopted by the Hon'ble Commission suffers from lack of merit and does not

safeguard the interest of Licensee as per the Section 61 (d) Electricity Act, 2003.

8.1.21 The Petitioners are not convinced with the methodology as adopted by the Hon'ble Commission and pray the Hon'ble Commission to consider the consumer contribution & grant on utilization basis as **it clearly contradicts with the procedure as specified in the Regulations RG-31(II) of 2022**. The Petitioners hereby again submit that the consideration of Consumer Contribution and Grants of the purpose of determination of GFA addition should be done on "utilization basis" rather than "received basis".

8.1.22 In view of the above, the Petitioners therefore respectfully prays before the Hon'ble Commission that entire amount as received during the year towards consumer contribution and grant may not be treated as means of financing capitalization during the year.

8.1.23 Considering the above submission, Petitioners have adopted following methodology for calculation of interest on project loan for the purpose of True-up of FY 2023-24:

- The closing values of GFA, debt and equity as admitted in the True-up Order of FY 2022-23 has been considered as opening values of GFA, debt and equity for FY 2023-24
- Net addition to GFA during FY 2023-24 has been worked out by subtracting the amount **utilized** from consumer contribution and grants during the year.
- Equity in excess of 30% of the net GFA added during FY 2023-24, has been considered as normative loan. Further, only such equity capital is to be considered which has been actually utilized for creation of asset. If the actual equity deployed is less than 30% of the net GFA, then actual equity has been considered for computation of RoE. The equity so derived has been added to the equity considered at the end of FY 2023-24.
- Balance of net addition to GFA has been considered as having been funded through debt and added to the total opening values of debt for FY 2023-24.
- In accordance with Regulation 32.3 of the MYT Regulations, 2021, debt repayment is considered equal to the depreciation claimed for the year.

8.1.24 The rate of interest has been considered based on the actual loan portfolio of the respective

Discoms in line with the MYT Tariff Regulations, 2021. The interest on project loans has been computed based on the average of the opening and closing normative loans for the financial year.

## 8.2 Submission of East Discom:

8.2.1 It is submitted that the gross capitalization achieved by the Petitioner is Rs. 2,726.39 Crore. The scheme wise breakup of the same along with funding pattern is provided in the Table below:

**Table 33: Details of capitalization of Fixed Asset achieved by East Discom during the FY 2023-24 (Rs Crore)**

Sr. no.	Scheme	Name of funding Agency	Actual Capitalization	Loan Amount	Equity Amount	Consumer Contribution	Grant	Total
1	ADB	ADB + REC + PFC	16.01	16.01				16.01
2	FS	ADB + REC	54.68	54.68			0	54.68
3	RGVY	REC	122.42	12.24			110.18	122.42
4	RAPDRP (Part-A, Part-B, SCADA)	REC + PFC	3.63	2.72			0.91	3.63
7	IPDS		10.93	4.37	0		6.56	10.93
8	DDUGJY		63.28	25.31			37.97	63.28
9	Saubhagya		279.72	111.89	0	0	167.83	279.72
10	SAF		66.06	0		66.06	0	66.06
11	Other Scheme (DEPTT., DEPOSIT, KAY, MPAC, STN, TSP Etc.)	DEPT = GOMP, DEPOSIT = CC, KAY = GOMP, MPAC = GOMP + REC, STN = GOMP	2,105.40					
11.1	Deposit		1,746.88			1,746.88		1,746.88
11.2	KAY		0.18			0.05	0.13	0.18
11.3	MPAC		61.11			18.33	42.78	61.11
11.4	STN / TSP /SCSP		297.23	208.06	89.17	0	0	297.23
12	RDSS		4.27	1.71	0	0	2.56	4.27
<b>Grand Total</b>			<b>2,726.40</b>	<b>437</b>	<b>89.17</b>	<b>1,831.32</b>	<b>368.91</b>	<b>2,726.39</b>

**Table 34: Details of capitalization of Right of Use Asset achieved by East Discom during the FY 2023-24 (Rs Crore)**

Sr. no.	Scheme	Name of funding Agency	Actual Capitalization	Loan Amount	Equity Amount	Consumer Contribution	Grant	Total
1	Smart Meters	KFW	91.78	91.78				91.78



- 8.2.2 It is submitted that during FY 2023-24, the fixed asset capitalized by East Discom stands at Rs. 2,726.40 Crore as shown in the Table above and as reflected in the Note 4 of the Audited Accounts. Further, in addition to fixed asset, East Discom has also capitalized Right of Use (RoU) assets amounting to Rs. 91.78 Crore as reflected under Note 6 of the Audited Accounts.
- 8.2.3 The RoU assets are nothing but Smart Meters which are being installed under RDSS scheme in TOTEX Mode (Capex + Opex). In accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), these smart meters must be accounted for under Indian Accounting Standard (Ind AS) 116 – Leases. Consequently, all expenses incurred in connection with the installation of the smart meters are to be claimed pursuant to the terms of the lease agreement
- 8.2.4 In regard to above, the expenses related to OPEX are being booked under R&M expenses in the audited accounts and has been claimed separately by the Petitioners under O&M expenses. For the expenses related to CAPEX, the Petitioners have claimed CAPEX EMI/Lease liability and upfront payment separately as debt addition due to such ROU asset are not considered in normative interest and finance charges calculation.
- 8.2.5 The actual debt utilized against the capitalization of FY 2023-24 (excluding Right of Use asset) is Rs. 437.00 Crore. Accordingly, the Petitioner has considered Rs. 437.00 Crore as debt addition for calculation of normative interest on project loans.
- 8.2.6 As regard to repayment of loan, the same has been considered equal to depreciation netted off with amortization on assets created with consumer contribution and grants. This is mainly because for the purpose of normative loan calculation, depreciation is considered as repayment of loan. Therefore, amortization on assets created with consumer contribution and grants need to be subtracted from depreciation as the same does not constitute loan repayment obligation of the Petitioner. Further, the interests on loan have been calculated on the average of normative loan balance of the year.
- 8.2.7 The weighted average rate of interest has been considered based on the actual loan portfolio in line with the Tariff Regulations. Accordingly, the normative interest on project loan is worked out as Rs. 312.01 Crore. Petitioner has also claimed other interest charges amounting to Rs. 6.20 Crore as actually incurred during FY 2023-24.

8.2.8 The details of the claim of the Petitioner towards interest and finance charges is shown as below in the following Table:

**Table 35: Details of Finance Charges Claimed by East Discom for True-up FY 2023-24 (Rs Crore)**

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
<b>Opening Debt associated with GFA (Closing debt as Per FY 2022-23 True-up Order)</b>		<b>3,662.89</b>	<b>3,143.59</b>
GFA Addition during the year		1,406.34	2726.39
Consumer Deposit and Grants utilized during the year		726.97	2,200.23
Net GFA Addition during the year		679.37	526.17
Addition of Equity		38.87	89.17
Net GFA considered as funded through debt		640.5	437.00
Debt repayment during the year		241.02	343.03
<b>Closing debt associated with GFA</b>		<b>4,062.37</b>	<b>3,237.56</b>
Average debt associated with Loan		3,862.63	3,190.57
Weighted average rate of interest (%) on all loans		7.17%	9.40%
<b>Interest on Project Loans</b>	<b>1,140.39</b>	<b>276.95</b>	<b>299.91</b>
Other Finance cost:	7.25		6.20
Bank commission and other charges	0.08	4.15	0.08
Guarantee charges and stamp duty	6.12		6.12
<b>Net Interest on project loans</b>	<b>1,147.64</b>	<b>281.09</b>	<b>306.11</b>

8.2.9 **The Petitioner therefore prays to the Hon'ble Commission to approve the Interest and Finance Charges of Rs. 306.11 Crore on account of True up towards Interest on project loan.**

### 8.3 Submission of Central Discom

8.3.1 The breakup of GFA addition during FY 2023-24 along with funding pattern is provided in the Table below:

**Table 36: Details of capitalization achieved by Central Discom during the FY 2023-24 (Rs Crore)**

Sr.No.	Scheme	Name of funding Agency	Funding Pattern						Actual Capitalization	Laon Amount	Equity Amount	Consumer Contribution	Grant	Total
			Loan	Equity	Consumer Contribution	Utility Contribution	Grant	Total						
1	ADB	ADB+REC+PFC	100%					100%	0.00					
2	FS	ADB+REC	90%				10%	100%	0.00	0.00			0.00	0.00
3	RGGVY	REC	90%				10%	100%	0.00					
4	RAPDRP (Part-A, Part-B, SCADA)	REC+PFC	75%				25%	100%	0.00					
5	Supervision Assets	Consumer Contribution			100%			100%	130.83			130.83		130.83
6	Capital Stores & Spares	GOMP		100%				100%	21.17		21.17			21.17
7	IPDS		30%			10%	60%	100%	0.00	0.00	0.00		0.00	0.00
8	DDUGJY		40%				60%	100%	0.00	0.00			0.00	0.00
9	Saubhagya		30%	10%			60%	100%	0.00	0.00	0.00	0.00	0.00	0.00
10	Other Scheme (SSTD,DEPOSIT,RRTD,ND,ANUDAN,MMSKPCY Etc.)	SSTD= GOMP, DEPOSIT=CC, DDUGY=REC, ANUDAN=GOMP, MMSKPCY = GOMP+REC, ND=GOMP	1-SSTD = 70% Loan and 30% Equity, 2- Deposit=100% Consumer Contribution,3- DDUGY= 60% Grant and 40% Loan, 4- Anudan = 70% Grant and 30% Consumer Contribution, 5- MMSKPCU = 20% Consumer Contribution, 30 %Equity, 50% Loan, 6- ND = 100% Equity						206.58					
10.1	CMSKPCS		50%	30%	20%			100%	2.35	1.17	0.70	0.47		2.35
10.2	Deposit				100%			100%	5.22			5.22		5.22
10.3	KAY				30%		70%	100%	20.10			6.03	14.07	20.10
10.4	ND Work			100%				100%	2.59		2.59			2.59
10.5	RRTD					100%		100%	46.92		46.92			46.92
10.6	SSTD		70%	30%				100%	89.38	62.56	26.81			89.38
10.7	Civil Works					100%		100%	4.88		4.88			4.88
10.8	Office Furniture & Equipments					100%		100%	10.72		10.72			10.72
10.9	IT (Hardware & Software)					100%		100%	23.19		23.19			23.19
10.11	Electrification Work of Gaushala					100%		100%	0.68		0.68			0.68
10.11	Electrification Work of Aanganwadi					100%		100%	0.56		0.56			0.56
<b>Grand Total</b>									<b>358.58</b>	<b>63.74</b>	<b>138.23</b>	<b>142.55</b>	<b>14.07</b>	<b>358.59</b>

8.3.2 From the above, the actual debt addition during FY 2023-24 stands at Rs. 358.58 Crore as reflected in Note 5 and Note 6 of the Audited Accounts.

8.3.3 The Central Discom further wish to submit that during during the fiscal year 2023-24, assets amounting to **Rs. 77.51 Crores** have been capitalized retrospectively from the FY 2017-18. This capitalization pertains to periods prior to FY 2023-24, based on **completion reports received in the current fiscal year**. As per Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the effects of such capitalization have already been applied retrospectively in the financial statements and the financial statements for the previous fiscal years 2021-22 and 2022-23 have been restated, as documented in Note 36.2 of the Audited Financial Statements for FY 2023-24. As such assets were already put to use in previous relevant years and being giving the services to the consumers, however due to delay in competition report from the field, such assets could get capitalized in the accounts and Petitioner were not able to claim various expenses such as interest on loan, return on equity depreciation, interest on working capital corresponding to such assets over the past years. As the impact of such capitalization has already been given by the Petitioner by restating the financials on past years, the regulatory impact of the same is being claimed by the Petitioner in the present

True-up exercise. The detailed working of the same is being discussed in the separate chapter “Impact of Prior Period Expenses” of this petition.

8.3.4 Further, due to prior period capitalization of Rs. 77.51 Crore, the opening debt balance for FY 2023-24 has been revised corresponding to debt balance associated with prior period capitalization of Rs. 77.51 Crore. The detailed working of the same is provided in the separate chapter “Impact of Prior Period Expenses” of this Petition.

8.3.5 Based on the above, the revised opening debt balance for the True-up of FY 2023-24 is as summarised in the Table below:

**Table 37: Revised opening normative Debt balance associated with GFA for FY 2023-24**

Sr. No.	Particulars	FY 2023-24
1	<b>Opening Debt associated with GFA for FY 2023-24 (Closing debt as per FY 2022-23 True-up Order)</b>	<b>4,334.33</b>
2	Add: Impact of Prior Period debt addition (detailed calculation provided in the chapter: Impact of Prior Period Expenses)	56.48
3	<b>Revised Opening Debt associated with GFA for FY 2023-24</b>	<b>4,390.81</b>

8.3.6 Accordingly, the Petitioner has considered closing debt as approved in the True-up Order of FY 2022-23 after correction towards prior period capitalization, as opening debt for FY 2023-24. The addition to normative opening balance of debt has been considered as Rs. 141.38 Crore which is summation of actual debt addition Rs. 63.74 Crore as per funding pattern and excess equity contribution to the tune of Rs. 77.64 Crore on account of capping of 30% on actual equity infusion in line with Regulation 22.2 of MYT Tariff Regulations, 2022.

8.3.7 As regard to repayment of loan, the same has been considered equal to depreciation netted off with amortization on assets created with consumer contribution and grants as the same does not constitute loan repayment obligation of the Petitioner. Further, the interest on loan has been calculated on the average of normative loan balance of the year.

8.3.8 The weighted average rate of interest has been considered based on the actual loan portfolio in line with the Tariff Regulations. Accordingly, the normative interest on project loan is worked out as Rs. 382.68 Crore. Petitioner has also claimed other interest charges amounting to Rs. 9.02 Crore as per Audited Accounts.

8.3.9 The details of the claim of the petitioner towards interest and finance charges is shown as below in the following Table:

Table 38: Details of Finance Charges Claimed by Central Discom for True-up FY 2023-24 (Rs Crore)

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
<b>Corrected Opening Debt associated with GFA (Closing debt as Per FY 2022-23 True-up Order)</b>		4,916.20	4,390.81
GFA Addition during the year		1,416.80	358.58
Consumer Deposit and Grants utilized during the year		719.82	156.61
Net GFA Addition during the year		696.98	201.97
Addition of Equity		80.25	60.59
Net GFA considered as funded through debt		616.73	141.38
Debt repayment during the year		276.97	314.31
<b>Closing debt associated with GFA</b>		<b>5,255.96</b>	<b>4,217.88</b>
Average debt associated with Loan		5,086.08	4,304.34
Weighted average rate of interest (%) on all loans		7.13%	8.89%
<b>Interest on Project Loans</b>	<b>1,361.07</b>	<b>362.64</b>	<b>382.68</b>
Other Finance cost	<b>9.02</b>	4.27	<b>9.02</b>
Bank Charges	0.97		0.97
Commitment Charges	8.05		8.05
Guarantee/LC Charges	-		-
<b>Net Interest on project loans</b>	<b>1,370.09</b>	<b>366.90</b>	<b>391.70</b>

8.3.10 The Petitioner therefore prays to the Hon'ble Commission to approve the Interest and Finance Charges of **Rs. 391.70 Crore** on account of True-up towards Interest on project loan for FY 2023-24.

#### 8.4 Submission of West Discom

8.4.1 The breakup of GFA addition during FY 2023-24 along with funding pattern is provided in the Table below:

Table 39: Details of capitalization achieved by West Discom during the FY 2023-24 (Rs Crore)

Sr. No	Name of Scheme	Name of funding agency	Actual Capitalisation	Actual Loan	Actual Equity	Consumer Contribution	Grant	Total
1	DDUGJY	GOI	0.34				0.34	0.34
2	DEPOSIT	CONSUMER	0.41			0.41		0.41
3	OWN FUND	OWN	8.18		8.18			8.18
4	GOMP	GOMP						0.00
5	SMART METER SCHEME		55.54	55.54				55.54
6	GOMP-MMSKPY	GOMP	37.09				37.09	37.09
7	GOMP-ND	OWN	3.79		3.79			3.79
8	GOMP-SCSP	GOMP						0.00
9	GOMP-SSTD	GOMP	24.80	24.80				24.80

Sr. No .	Name of Scheme	Name of funding agency	Actual Capitalisation	Actual Loan	Actual Equity	Consumer Contribution	Grant	Total
10	RRRDS		20.77	8.31			12.46	20.77
<b>GROSS TOTAL</b>			<b>150.93</b>	<b>71.99</b>	<b>150.93</b>	<b>88.65</b>	<b>11.97</b>	<b>0.41</b>

- 8.4.2 It is submitted that out of the total capitalisation of Rs. 150.93 Crore as shown in the Table above, Rs. 55.54 Crore corresponds to Smart Meters which are being accounted by the West Disom as hire and purchase items in the book of the account.
- 8.4.3 It is submitted that these Smart Meters are being installed under RDSS scheme in TOTEX mode which consist of Capex and Opex expenses. As such assets are accounted under Hire and purchase/lease agreement, the Petitioner has excluded cost of such capitalisation for the calculations of normative GFA addition and hence, from the normative working of interest and finance charges, depreciation and return on equity.
- 8.4.4 The expenses incurred in connection with the installation of the smart meters are claimed separately at appreciate section in this Petition. The expenses related to Opex EMI are being claimed under O&M expenses. The interest on CAPEX EMI as reflected in Note 28 of the Audited Account is being claimed as a part of other finance charges as the Petitioner has not considered debt addition on account of capitalization of Smart Meters in its normative calculation of interest on project loans. Further, the expenses related CAPEX EMI and upfront payment as per lease agreement is being claimed separately in this Petition.
- 8.4.5 In view of above, the GFA excluding Smart Meter stands at Rs. 95.38 Crore. Further, the asset retired during the year stands at Rs. 19.62 Crore and hence, the net GFA addition stands at Rs. 75.77 Crore. The Petitioner has claimed interest on project loans as per the normative basis considering the aforesaid capitalization of Rs. 75.77 Crore. Petitioner has considered closing debt as approved in True-up Order of FY 2022-23 as opening debt for FY 2023-24. The addition to normative opening balance of debt has been considered based on the net GFA addition and actual equity infusion during the year. The repayment has been considered as depreciation claimed for the year in line with the Tariff Regulations. The interest on loan has been calculated on the average of normative loan balance of the year.
- 8.4.6 The weighted average rate of interest has been considered based on the actual loan portfolio in line with the Tariff Regulations. Accordingly, the normative interest on

project loan is worked out as Rs. 95.97 Crore.

8.4.7 Based on the above, the details of the claim of the Petitioner towards interest and finance charges is shown as below in the following Table:

**Table 40: Details of Finance Charges claimed by West Discom for True-up of FY 2023-24**

Particulars	As per Audited Accounts	As Approved in Tariff Order	Claimed in True Up
<b>Opening Debt associated with GFA (Closing debt as Per FY 2022-23 True-up Order)</b>		1,619.71	1,087.88
GFA Addition during the year		646.36	75.77
Consumer Deposit and Grants utilized during the year		0	39.96
Net GFA Addition during the year		646.36	35.81
Addition of Equity		31.35	9.51
Net GFA considered as funded through debt		615.01	26.30
Debt repayment during the year		141.99	309.66
<b>Closing debt associated with GFA</b>		<b>2,092.73</b>	<b>804.52</b>
Average debt associated with Loan		1,856.22	946.20
Weighted average rate of interest (%) on all loans		7.08%	10.14%
<b><i>Interest on Project Loans</i></b>	<b>951.23</b>	<b>131.42</b>	<b>95.97</b>
Other Finance cost	<b>22.36</b>		<b>22.36</b>
Interest on Hire Purchase	4.98	17.52	4.98
Commitment Charges/refinancing charges	17.38		17.38
<b><i>Interest Cost Claimed in Petition</i></b>	<b>973.59</b>	<b>148.94</b>	<b>118.33</b>

8.4.8 West Discom thus requests the Hon'ble Commission for the approval of Interest and Finance Charges of Rs. 118.33 Crore on account of True up towards Interest on project loan for FY 2023-24.

#### 8.5 **Interest on Working Capital Loans**

8.5.1 The Commission in the Tariff Order for FY 2023-24 has allowed Rs. 68.43 Crore for East Discom, Rs. 57.81 Crore for Central Discom and Rs. 10.58 Crore for West Discom as interest on the working capital as per the norms specified in the Regulation.

#### 8.6 **Submission of East Discom:**

8.6.1 The Petitioner submits that the interest on working capital approved in the Tariff Order was Rs 68.43 Crore which was based on the norms as specified in the terms and conditions of Tariff Regulations, 2021.

8.6.2 The Petitioner submits that it has re-computed the interest on working capital component as per the provisions of Regulations considering the actual expenses incurred during FY

2023-24. Accordingly, the interest on working capital as claimed by the Petitioner towards True up of FY 2023-24 is Rs 66.38 Crore.

8.6.3 The detailed computation of the same is submitted hereby for kind perusal of the Hon'ble Commission.

**Table 41: Details of Interest on Working Capital Claimed by East Discom in True up of FY 2023-24**

<b>For Wheeling activity</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Allowed in Tariff Order</b>	<b>Actual</b>
A)	1/6th of annual requirement of inventory for previous year at 1 % GFA for previous year (80%)	15.92	16.79
B)	Total of O&M expenses	1,875.67	1,311.76
B) i)	1/12th of total	156.31	109.31
C)	Receivables	-	-
C) i)	Annual Revenue from wheeling charges	0.83	
C) ii)	Receivables equivalent to 2 months average billing of wheeling charges	0.14	0.00
D)	<b>Total Working capital</b>	<b>172.36</b>	<b>126.10</b>
	(A), B) i), C) ii))		
E)	Rate of Interest	10.50%	12.00%
F)	<b>Interest on Working capital -wheeling</b>	<b>18.10</b>	<b>15.13</b>
<b>For Retail Sale activity</b>			
<b>Sl. No.</b>	<b>Particulars</b>	<b>Allowed in Tariff Order</b>	<b>Actual</b>
A)	1/6th of annual requirement of inventory for previous year (20%)	3.98	4.20
B)	Receivables		
B) i)	Annual Revenue	13,480.54	15,128.61
B) ii)	Receivables equivalent to 2 months average billing	2,246.76	2,521.43
C)	Power Purchase expenses	9,163.32	11,059.34
C) i)	1/12th of power purchase expenses	763.61	921.612
D)	Consumer Security Deposit	1,007.81	1,177.07
E)	<b>Total Working capital (A+B ii) - C i) - D)</b>	<b>479.32</b>	<b>426.95</b>
F)	Rate of Interest	10.50%	12.00%
G)	<b>Interest on Working capital -Retail</b>	<b>50.33</b>	<b>51.24</b>
	<b>Total Interest on Working capital -Wheeling</b>	<b>18.10</b>	<b>15.13</b>
	<b>Total Interest on Working Capital (Wheeling + Retail)</b>	<b>68.43</b>	<b>66.38</b>



**8.7 Submission of Central Discom**

8.7.1 Interest on Working Capital as approved in the Tariff order for the period FY 2023-24 was Rs. 57.81 Crore which was based on the norms as specified in the Regulations 23 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021.

8.7.2 The Petitioner submits that it has recomputed the interest on working capital component as per the provisions of aforesaid Regulations as Rs. 61.11 Crore towards True up of FY 2023-24.

8.7.3 The detailed computation of the same is submitted hereby for kind perusal of the Hon’ble Commission.

**Table 42: Details of Interest on Working Capital Claimed by Central Discom in True up of FY 2023-24**

<b>For Wheeling activity</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Allowed in Tariff Order</b>	<b>Claimed</b>
<b>A)</b>	1/6th of annual requirement of inventory for previous year at 1 % GFA for previous year (80%)	17.51	18.10
<b>B)</b>	Total of O&M expenses	1,828.56	1,332.11
<b>B) i)</b>	1/12th of total	152.38	111.01
<b>C)</b>	Receivables	-	-
<b>C) i)</b>	Annual Revenue from wheeling charges**	0.65	
<b>C) ii)</b>	Receivables equivalent to 2 months average billing of wheeling charges	0.11	0.00
<b>D)</b>	<b>Total Working capital</b> (A), B) i), C) ii))	170.00	129.11
<b>E)</b>	Rate of Interest	10.50%	12.00%
<b>F)</b>	<b>Interest on Working capital -wheeling</b>	<b>17.85</b>	<b>15.49</b>
<b>For Retail Sale activity</b>			
<b>Sl. No.</b>	<b>Particulars</b>	<b>Allowed in Tariff Order</b>	<b>Claimed</b>
<b>A)</b>	1/6th of annual requirement of inventory for previous year (20%)	4.38	4.52
<b>B)</b>	Receivables		
<b>B) i)</b>	Annual Revenue	16,468.55	18,803.31
<b>B) ii)</b>	Receivables equivalent to 2 months average billing	2,744.76	3,133.95
<b>C)</b>	Power Purchase expenses	11,737.90	13,554.61
<b>C) i)</b>	1/12th of power purchase expenses	978.16	1,129.55
<b>D)</b>	Consumer Security Deposit	1,390.38	1,628.73
<b>E)</b>	<b>Total Working capital (A+B ii) - C i) - D)</b>	<b>380.60</b>	<b>380.12</b>
<b>F)</b>	Rate of Interest	10.50%	12.00%
<b>G)</b>	<b>Interest on Working capital -Retail</b>	<b>39.96</b>	<b>45.61</b>
	<b>Total Interest on Working capital -Wheeling</b>	<b>17.85</b>	<b>15.49</b>
	<b>Total Interest on Working Capital (Wheeling + Retail)</b>	<b>57.81</b>	<b>61.11</b>

8.8 **Submission of West Discom**

8.8.1 The Petitioner submits that in the Tariff Order of FY 2023-24 the interest on working capital in respect of West Discoms as per the norms specified in the Terms & Conditions of Tariff Regulations, 2021 were approved as Rs. 10.58 Crore.

8.8.2 However, based on the actual expenses of FY 2023-24, the Petitioner has recomputed the interest on working capital component as Rs. 21.32 Crore as per the provisions of the aforesaid Regulations for the kind consideration of the Hon'ble Commission.

8.8.3 The detailed computation of the same is submitted hereby for Hon'ble Commission's kind perusal.

**Table 43: Details of Interest on Working Capital Claimed by West Discom in True up of FY 2023-24**

<b>For Wheeling activity</b>			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Allowed in Tariff Order</b>	<b>Claimed</b>
<b>A)</b>	1/6th of annual requirement of inventory for previous year at 1 % GFA for previous year (80%)	11.82	11.99
<b>B)</b>	Total of O&M expenses	1,744.43	1366.57
<b>B) i)</b>	1/12th of total	145.37	113.88
<b>C)</b>	Receivables		
<b>C) i)</b>	Annual Revenue from wheeling charges**	6.47	2.97
<b>C) ii)</b>	Receivables equivalent to 2 months average billing of wheeling charges	1.08	0.49
<b>D)</b>	<b>Total Working capital</b> (A), B) i), C) ii))	<b>158.27</b>	<b>126.37</b>
<b>E)</b>	Rate of Interest *	<b>10.50%</b>	<b>12.00%</b>
<b>F)</b>	<b>Interest on Working capital -wheeling</b>	<b>16.62</b>	<b>15.16</b>
<b>For Retail Sale activity</b>			
<b>Sl. No.</b>	<b>Particulars</b>	<b>Allowed in Tariff Order</b>	<b>Claimed</b>
<b>A)</b>	1/6th of annual requirement of inventory for previous year (20%)	2.96	3.00
<b>B)</b>	Receivables		
<b>B) i)</b>	Annual Revenue	19,043.56	20,578.65
<b>B) ii)</b>	Receivables equivalent to 2 months average billing	3,173.93	3,429.78
<b>C)</b>	Power Purchase expenses	14,743.63	16,046.81
<b>C) i)</b>	1/12th of power purchase expenses	1228.64	1337.23
<b>D)</b>	Consumer Security Deposit	2,005.80	2,044.28
<b>E)</b>	<b>Total Working capital (A+B ii) - C i) - D)</b>	<b>(33.50)</b>	<b>51.26</b>
<b>F)</b>	Rate of Interest *	<b>10.50%</b>	<b>12.00%</b>
<b>G)</b>	<b>Interest on Working capital –Retail</b>	<b>(6.04)</b>	<b>6.15</b>
	<b>Total Interest on Working capital -Wheeling</b>	<b>16.62</b>	<b>15.16</b>
	<b>Total Interest on Working Capital (Wheeling + Retail)</b>	<b>10.58</b>	<b>21.32</b>

8.9 **Interest on Consumer Security Deposit**

8.9.1 Interest on Consumer Security Deposit (CSD) approved in the Tariff Order for the period FY 2023-24 was Rs 42.83 Crore, Rs 59.09 Crore and Rs 85.25 Crore for East Discom, Central Discom and West Discom, respectively.

8.9.2 The Hon'ble Commission approved the interest on consumer security deposit which was based on the Security Deposit Regulations, 2005 read with subsequent Amendments to the Regulations and the Terms and Conditions of MYT Tariff Regulation, 2021.

8.9.3 However, the actual Interest on consumer security deposits for the period FY 2023-24 for the East Discom was Rs 84.77 Crore, Central Discom was Rs 94.60 Crore and West Discom was Rs 113.92 Crore.

8.9.4 The details of the consumer security deposit and the interest paid on the same for the year is submitted hereby for kind perusal of the Hon'ble Commission.

**Table 44: Details of Interest on Consumer Security Deposit claimed for the year FY 2023-24**

Discom	Allowed in the Tariff Order	Actual as per Accounts	Variance
EZ	42.83	84.77	41.94
CZ	59.09	94.60	35.51
WZ	85.25	113.92	28.67
<b>MP State</b>	<b>187.17</b>	<b>293.28</b>	<b>106.11</b>

8.9.5 The Petitioners thus pray to allow Rs. 293.28 Crore on account of Interest on Consumer Security Deposits for FY 2023-24.

8.10 **Summary of Interest and Finance Charges**

8.10.1 The Petitioners hereby submit that an amount of Rs 461.15 Crore, Rs 547.42 Crore and Rs 253.56 Crore may be kindly approved against interest and finance charges for East Discom, Central Discom and West Discom respectively towards True up of FY 2023-24.

8.10.2 The summary of the interest and finance charges is shown in the Table below:

Table 45: Summary of Interest and Finance Charges claimed towards True up of FY 2023-24

Sr. no.	Source	Index	Discom	Allowed in the Tariff Order	Actual as per Accounts/ Regulation	Variance
1	Interest and Finance charges on Project Loans	Rs Cr	EZ	281.09	306.11	25.02
		Rs Cr	CZ	366.90	391.78	24.88
		Rs Cr	WZ	148.95	118.33	(30.62)
		<b>Rs Cr</b>	<b>MP State</b>	<b>796.94</b>	<b>816.22</b>	<b>19.28</b>
2	Interest on Working Capital Loan Claimed as per regulation/audited accounts	Rs Cr	EZ	68.43	66.38	(2.05)
		Rs Cr	CZ	57.81	61.11	3.29
		Rs Cr	WZ	10.58	21.32	10.74
		<b>Rs Cr</b>	<b>MP State</b>	<b>136.82</b>	<b>148.80</b>	<b>11.98</b>
3	Interest on consumer Security Deposit as per accounts	Rs Cr	EZ	42.83	84.77	41.94
		Rs Cr	CZ	59.09	94.60	35.51
		Rs Cr	WZ	85.25	113.92	28.67
		<b>Rs Cr</b>	<b>MP State</b>	<b>187.17</b>	<b>293.28</b>	<b>106.11</b>
4	<b>Total Interest &amp; Finance Charges (1+2+3)</b>	<b>Rs Cr</b>	<b>EZ</b>	<b>392.35</b>	<b>457.26</b>	<b>64.91</b>
		<b>Rs Cr</b>	<b>CZ</b>	<b>483.80</b>	<b>547.49</b>	<b>63.69</b>
		<b>Rs Cr</b>	<b>WZ</b>	<b>244.78</b>	<b>253.56</b>	<b>8.78</b>
		<b>Rs Cr</b>	<b>MP State</b>	<b>1,120.93</b>	<b>1,258.30</b>	<b>137.38</b>

**T9: DEPRECIATION AND RELATED DEBITS**

9.1 The Hon'ble Commission in its Tariff Order dated 28<sup>th</sup> March 2023 had approved depreciation net of consumer contribution & grants as Rs. 241.02 Crore for the East Discom, Rs. 276.97 Crore for the Central Discom and Rs. 141.99 Crore for the West Discom, respectively.

9.2 As already elaborated at paras above that while arriving at net GFA addition for the year, the Hon'ble Commission in past True-up Orders has considered consumer contribution and grant received during the year as utilization during the year. The approach as adopted by the Hon'ble Commission is in contradiction with with the procedure as specified under Regulation RG-31(II) of 2022. Further, the adopted approach has resulted in lower net GFA addition which has recurring impact on the ARR of DISCOMs as such reduced GFA would never form a part of opening GFA in subsequent future years. It is therefore requested before the Hon'ble Commission to revise its approach and consider the consumer contribution and grant as utilized during the year based on the funding pattern of the schemes/assets and in line with the procedure as specified under Annexure II of Regulation RG-31(II) of 2022.

9.3 Further, as regards to treatment of grant, the Accounting Standard 12 of Institute of Chartered Accountants of India laydown principle as under:

*“Government grants related to specific fixed assets should be presented in the balance sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value. Where the grant related to a specific fixed asset equals the whole, or virtually the whole, of the cost of the assets, the asset should be shown in the balance sheet at a nominal value. Alternatively, government grant related to depreciable fixed assets may be treated as deferred income which should be recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset, i.e. such grant should be allocated to income over the periods and in the proportion in which depreciation on those assets is charges.”*

9.4 It is submitted that for the purpose of preparation of Audited Accounts, the Petitioners adopts 2<sup>nd</sup> method wherein the amount equal to the depreciation on the specific assets related to grant has been shown as income in the respective year in the profit and loss account of the Petitioners. However, the Hon'ble Commission in past True-up Orders has

adopted the 1<sup>st</sup> method wherein, the consumer contribution and grant has been deducted from the GFA addition to arrive at net GFA. Petitioners wishes to submit that though treatment of grant for the purpose of calculation of depreciation is different in both the alternatives but the net impact on tariff on account of depreciation is same. Under first alternative, the gross block is reduced by the amount of grant and the depreciation is provided on reduced gross block. Under second alternative, depreciation is provided on the total gross block but the amount equal to the depreciation on the specific assets related to grant is shown as income in the respective year in the Profit and Loss Account and would be deductible from the tariff.

- 9.5 The Petitioners in this True-up Petition have claimed depreciation on net asset addition after reducing grants and consumer contribution utilized during the year from the actual gross asset addition during the year in line with the procedure specified under Annexure II of the Regulation RG-31(II) of 2022.
- 9.6 Further, the Petitioners have adopted the rate of depreciation as specified in MYT Regulations, 2021 for working out the depreciation of assets during the year.
- 9.7 Further, the Petitioners wishes to submit that Hon’ble Commission admits the capitalization and hence GFA in True-up Orders as per audited account. For such a capitalization or GFA, the Petitioners have availed actual loan from the various sources. There is an obligation on Discom to service its debts along with interest. The Hon’ble Commission allows normative interest on such loan. Since depreciation is utilized for repayment of such loan in regulatory regime, the same should be allowed as reflected in the Audited Accounts.
- 9.8 Based on the above, the Petitioners thereby requests the Hon’ble Commission to approve the depreciation as claimed by the Petitioners which is in line with the Audited Accounts.
- 9.9 The details of depreciation claim are as given in the Table below:

**Table 46: Details of Depreciation Claimed by the Petitioners for FY 2023-24**

Sr. no.	Discom	Allowed in the Tariff Order (A)	Actual Claimed now as Per Regulation / Accounts (B)	Variance (B-A)
1	EZ	241.02	343.03	102.01
2	CZ	276.97	314.31	37.34
3	WZ	141.99	309.66	167.67
<b>4</b>	<b>MP State</b>	<b>659.98</b>	<b>967.00</b>	<b>307.02</b>

9.10 **Submission of East Discom:**

9.10.1 The Petitioner wishes to submit that the GFA addition during FY 2023-24 is Rs. 2,726.40 Crore out of which Rs. 437 Crore is debt, Rs. 89.17 Crore is actual equity infusion, Rs. 1,831.32 Crore is consumer contribution & deposit and Rs. 368.91 Crore is grant as summarized in para [8.2.1](#) of this Petition. The net addition to GFA during the FY 2022-23 is considered as Rs. 526.17 Crore excluding consumer contribution and grant utilised. Further, the Right of Use asset addition during the year is Rs. 91.78 Crore. The Opening balance of net GFA for FY 2023-24 has been considered as closing balance of FY 2022-23 as approved by the Hon'ble Commission in True-up of FY 2022-23.

9.10.2 It is to be noted that the Hon'ble Commission has specified the revision in the Depreciation rates under its MYT Regulations, 2021 which are applicable from 01 April, 2022 onwards. For the purpose of preparation of Audited Accounts, the East Discom has adopted the revised Depreciation Rate during the FY 2023-24, however, the in the previous year audited accounts, the depreciation of FY 2022-23 has been worked out with old depreciation rates. Considering this revised depreciation rate, the Petitioner has recalculated the depreciation of previous year, i.e., FY 2022-23 which has been worked out lower by Rs. 103.10 Crore as compared to that already recorded in previous year financial statement. To give effect of such revision of depreciation rate, the differential amount of Rs. 103.10 crore pertaining to recalculated depreciation of FY 2022-23 has been **reduced from current year depreciation, i.e., from FY 2023-24**. The same has been captured as a part of Note 31.1 of the Audited Accounts. **Accordingly, with revised depreciation rate and with impact of prior period depreciation**, the Petitioner has recorded the gross depreciation of **Rs. 502.42 Crore** towards the fixed asset for FY 2023-24. However, it is to be noted that the **Hon'ble Commission in its previous True-up exercise has already allowed depreciation considering the revised depreciation rate** as specified under MYT Regulations 2021. The relevant extract from the True-up Order of FY 202-23 is as reproduced below:

*“2.105 The Commission has observed that the Petitioners in reply to the data gaps have submitted Fixed Assets Registers up to FY 2022-23 as per the formats specified by the Commission and have also considered rate of depreciation as specified in MYT Regulations, 2021 for working out the depreciation of assets during the year. Accordingly, the Commission has considered the weighted average depreciation rate of 4.49%, 3.90% and 3.87% for East, West and Central DISCOMs,*

*respectively, derived on the basis of Fixed Asset Registers submitted by the DISCOMs for FY 2022-23 for computation of depreciation.”*

- 9.10.3 In view of the above to avoid double deduction of depreciation, the Petitioner in its True-up claim for FY 2023-24 have added back the previous year depreciation (FY 2022-23) which was reduced from the current year’s depreciation in the audited accounts of FY 2023-24. The Petitioner wish to submit that the standalone capitalization of FY 2023-24 is substantially higher than the previous year, therefore, the depreciation for FY 2023-24 should ideally be higher than that of previous year. Therefore, the treatment of depreciation for Regulatory purpose should be considered based on the GFA value without factoring any accounting adjustments. Accordingly, the Petitioner has claimed gross depreciation of Rs. 605.52 Crore (Rs. 502.42 Crore as per Note 31 of Audited Account + Rs. 103.1 Crore as per 31.1 of Audited Account) towards the fixed asset for FY 2023-24.
- 9.10.4 In addition to above, during FY 2023-24, East Discom has also recorded the depreciation pertaining to Right of Use asset as Rs. 2.30 as reflected in Note 31 of the Audited Accounts. It is to be noted that the **Petitioner has excluded the depreciation against Right of Use asset** from its total claim of depreciation for FY 2023-24.
- 9.10.5 The deferred income pertaining to amortization of assets created through consumer contribution and grant stands at **Rs. 262.49 Crore**. Accordingly, the Petitioner has claimed net depreciation of **Rs. 343.03 Crore** which is excluding the amortization of assets created through consumer contribution and grant and depreciation towards Right of Use assets (Smart Meters).
- 9.10.6 The Licensee hereby prays to the Hon’ble Commission to allow depreciation of **Rs. 343.03 Crore** against the approved depreciation of Rs. 241.02 Crore for East Discom in the Truing-up of FY 2023-24.
- 9.10.7 Further, as regard to details of consumer contribution and grant received and utilized as per funding pattern during the year is concerned, the same are summarized in the Table below:



**Table 47: Details of consumer contribution & grant received vis-à-vis utilized during FY 2023-24 - EZ**

Particular	Consumer Contribution		Particular	Grant	
	Received	Utilized		Received	Utilized
Total Amount	1,588.67	1,831.32	RDSS	276.55	2.56
			RGGVY		110.18
			RAPDRP (Part-A, Part-B, SCADA)		0.91
			IPDS		6.56
			DDUGJY		37.97
			Saubhagya		167.83
			Other Scheme		42.91

9.10.8 From, the above it can be seen that during FY 2023-24, the consumer contribution and grant received is less than the utilization derived on the basis of funding pattern of the scheme. It might be possible that the grant received during previous years might have been utilized in the current year as the asset would have been capitalized in the current year. However, as per the Hon’ble Commission’s approach, i.e., by considering grant and consumer contribution on received basis, the grant and consumer contribution which have been utilized in the current financial year might have already been accounted in reduction of GFA in past years. For an instance, in case of RGGVY though the scheme has been closed, the grant utilized is shown as Rs. 110.18 Crore which might pertain to grant received during previous year which might have already been considered by the Hon’ble Commission as fully utilized during the same year in which it was received.

9.10.9 Therefore, consideration of such grant and consumer contribution in the current year will tantamount to double accounting of the same and would result in financial loss to the Petitioners. On contrary of this, continuing to consider grant and consumer contribution on received basis would further distort the capital structure and is in contradiction with the procedure specified in the Annexure II of Regulations RG-31(II) of 2022. As the approach adopted by the Hon’ble Commission has already distorted the capital structure of scheme, it has become impossible for the Petitioners to reconcile the audited GFA with the Regulatory GFA. The Hon’ble Commission is requested to throw some light on the matter above.

## 9.11 Submission of Central Discom

9.11.1 The Petitioner wishes to submit that the GFA addition during FY 2023-24 is Rs. 358.58 Crore out of which Rs. 63.74 Crore is debt, Rs. 138.23 Crore is actual equity infusion, Rs. 142.55 Crore is consumer contribution & deposit and Rs. 14.07 Crore is grant as summarized in para [8.3.1](#) of this Petition. Further, the actual consumer contribution received during the year is Rs. 48.51 Crore as reflected in Note 23.1 of Audited accounts. In addition, the deposit received from consumer is Rs. 36.78 Crore. Further, the grant actually received during the year is Rs. 442.10 Crore. The Table below provides a comparison of consumer contribution and grant received vis-à-vis utilized during the FY 2023-24:

**Table 48: Details of consumer contribution & grant received vis-à-vis utilized during FY 2023-24 - CZ**

Particular	Consumer Contribution		Particular	Grant	
	Received	Utilized		Received	Utilized
Supervision Assets	130.83	130.83	RGGVY	0.00	0.00
Deposits	36.78	5.22	IPDS	0.00	0.00
Other Schemes	48.51	6.50	DDUGJY	0.00	0.00
			Saubhagya	0.00	0.00
			RDSS	442.10	0.00
			Others	0.00	14.07
<b>Total</b>	<b>216.12</b>	<b>142.55</b>	<b>Total</b>	<b>442.10</b>	<b>14.07</b>

9.11.2 As can be seen from the Table above that the grant actually received during the year is Rs. 442.10 Crore which shall constitute the capitalization of assets in future years. However, the grant utilized towards capitalization of assets during the year as per funding pattern of the assets is Rs. 14.07 Crore. This is mainly because the assets capitalized in a year would have been created out of grant of earlier year/years.

9.11.3 Similarly, for consumer contribution, the total amount received during the year is Rs. 216.12 Crore, however, the utilization attributable to capitalization during the year is Rs. 142.55 Crore. The amount received in FY 2023-24 may be lying in WIP and would be utilized in capitalization in subsequent years. Therefore, for the purpose of correct accounting treatment, it is necessary that the addition to GFA is to be considered as per its funding pattern, i.e., on the basis of debt, equity, consumer contribution and grant

actually utilized for creation of assets. Accordingly, the Petitioner has considered net GFA addition excluding consumer contribution and grant as Rs. 201.97 Crore.

9.11.4 Further, as already mentioned at paras above that the Central Discom has capitalized assets of worth Rs. 77.51 Crore retrospectively from fiscal year 2017-18. This capitalization pertains to periods prior to FY 2023-24, based on completion reports received in the current fiscal year. As per Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the effects of such capitalization have already been applied retrospectively in the financial statements. Accordingly, the opening balance of GFA for FY 2023-24 has been restated by the Petitioner to give effect of prior period capitalization.

9.11.5 The Opening balance of net GFA for FY 2023-24 has been considered as closing balance of FY 2022-23 as approved by the Hon'ble Commission in True-up of FY 2022-23 after necessary revision pertaining to prior period capitalization.

9.11.6 Further, the gross depreciation as per Audited accounts is Rs. 551.07 Crore during the FY 2023-24 which is based on the revised depreciation rate as specified by the Hon'ble Commission in its MYT Regulations, 2021. The Petitioner has claimed net depreciation of Rs. 314.31 Crore which is excluding the amortization of assets created through consumer contribution and grant.

9.11.7 It is hereby requested to the Hon'ble Commission to allow depreciation of Rs. 314.31 Crore against the approved depreciation of Rs. 276.97 Crore for Central Discom in Truing-up of FY 2023-24.

## 9.12 **Submission of West Discom**

9.12.1 The Petitioner wishes to submit that the total GFA addition during FY 2023-24 is Rs. 150.93 Crore out of which Rs. 88.65 Crore is debt, Rs. 11.97 Crore is actual equity infusion, Rs. 0.41 Crore is consumer contribution & deposit and Rs. 49.89 Crore is grant as summarized in para 8.4.1 of this Petition. Further, the retirement during the year is Rs. 19.62 Crore. Further, the capitalization against Right of Use Assets (Smart Meters) is Rs. 55.54 Crore. Considering the impact of retirement of assets and excluding Right of Use assets, the net GFA addition has been considered as Rs. 95.38 Crore which is excluding consumer contribution and grant utilized during the year.

9.12.2 The depreciation as per Audited account is Rs. 331.11 Crore. Further, the Petitioner has claimed depreciation of Rs. 309.66 Crore as per Fixed Asset Register which has been derived in line with the rate specified by the Hon'ble Commission. Further, the Petitioner has excluded the depreciation against Right of Use Assets amounting to Rs. 8.021 Crore from its aforesaid claim.

9.12.3 The Petitioner requests that the Hon'ble Commission may kindly approve the amount of Rs 309.66 Crore towards True up of depreciation for FY 2023-24 against the approved depreciation of Rs. 141.99 Crore for West Discom in the Tariff Order for the period of FY 2023-24.

**T10: BAD AND DOUBTFUL DEBTS**

10.1.1 The Hon'ble Commission in its Tariff Order for FY 2023-24 dated 28<sup>th</sup> March 2023 had approved bad debts amounting as NIL for each Discom stating any expenses against the bad and doubtful debts should be considered only at time of true-up after prudence check.

10.1.2 Regulation 37 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 specifies methodology for computation of Bad and Doubtful Debts as under:

*“37. Bad and doubtful debts.-*

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

10.1.3 The Petitioners have considered the bad debts as per audited accounts for FY 2023-24 as summarised below:

**10.2 Submission of East Discom**

10.2.1 During FY 2023-24, the bad debts written off was NIL as reflected in the annual accounts of FY 2023-24. It is accordingly requested to the Hon'ble Commission to consider the Nil bad & doubtful debts in True up of FY 2023-24.

**10.3 Submission of Central Discom**

10.3.1 The Petitioner wishes to submit that during the FY 2023-24, the bad debt actually written off is Rs. 0.30 Crore.

10.3.2 Accordingly, it is requested before the Hon'ble Commission to consider the actual write off of Rs. 0.30 Crore towards True up of bad debts for FY 2023-24.

10.4 **Submission of West Discom**

10.4.1 The Petitioner wishes to submit that during FY 2023-24 it has written off bad debts amounting to Rs. 87.02 Crore which is well within the limit of 1% of the yearly revenue.

10.4.2 The aforesaid amount mainly pertains to M/s UltraTech Cement Neemuch, DG set arrear, which has been withdrawn in the month of November 2023, in compliance with the continuation of the order passed by the Hon'ble Supreme Court in SLP 16367-16369/2023 (Diary No. 26087/2023) dated 31.07.2023.

10.4.3 In accordance with the order of the Hon'ble Supreme Court, the outstanding dues against M/s UltraTech Cement Neemuch, amounting to Rs. 87.02 Crores have been officially expunged during the fiscal year 2023-24. The impact of the aforementioned occurrence has been documented in the Financial Statement. Consequently, the total write-off of Rs. 87.02 Crore has been classified under bad and doubtful debts, as detailed in Note 30 of the Audited Accounts for FY 2023-24.

10.5 Based on the above, the claim of the Petitioners is shown in the below Table for Hon'ble Commission's kind perusal and further consideration.

**Table 49: Details of Bad and Doubtful debts Claimed by Petitioners for FY 2023-24**

Sr.no.	Discom	Allowed in the Tariff Order	Actual Claimed As Per Accounts	Variance
1	East Discom	-		-
2	Central Discom	-	0.30	0.30
3	West Discom	-	87.02	87.02
4	MP State	-	87.32	87.32

**T11: LEASE LIABILITY CHARGES AND OTHER EXPENSES**

**LEASE LIABILITY CHARGES:**

**11.1 Submission of East Discom**

11.1.1 It is submitted that for the FY 2023-24, a total of 2.49 lakh smart meters have been installed under the territory of East Discom, under the TOTEX model, which incorporates three cost components:

- a) an upfront cost,
- b) an Opex EMI, and
- c) Capex EMI

11.1.2 In accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), these smart meters must be accounted for under Indian Accounting Standard (Ind AS) 116 – Leases. Consequently, all expenses incurred in connection with the installation of the smart meters are to be claimed pursuant to the terms of the lease agreement.

11.1.3 The Petitioner wish to submit that Regulation 35 of the MYT Regulations, 2021 provides stipulation for Lease/Hire Purchase Charges as reproduced below:

***“35. Lease/Hire Purchase Charge.-***

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

11.1.4 The Total lease charges towards the Smart Meter under RDSS for FY 2023-24 is provided in the Table below:

**Table 50: Summary of Lease charges towards Smart Meter for FY 2023-24 for East Discom**

<b>Particular</b>	<b>No. of Smart Meter Installed</b>	<b>Upfront Amount (Rs Crs)</b>	<b>CAPEX EMI (Rs Crs)</b>	<b>Total (Rs Crs)</b>	<b>Remark</b>
Opening Balance	-	-	-	-	
Addition During the year	249500	44.16	47.61	91.78	Refer Note 6 of Audited Accounts

Particular	No. of Smart Meter Installed	Upfront Amount (Rs Crs)	CAPEX EMI (Rs Crs)	Total (Rs Crs)	Remark
Addition of Interest During the year	-	-	1.05	1.05	Refer Note 30 of the Audited Accounts
<b>Total</b>	<b>249,500</b>	<b>44.16</b>	<b>48.67</b>	<b>92.83</b>	
Outstanding Lease Amount as on 31-03-2024 as per Audited Books	249,500	-	-	48.67	Refer Note 22.2 of the Audited Accounts
<b>Amount Paid/ Payable During the Year</b>				<b>44.16</b>	
Amount of Grant Received During the Year Under RDSS Smart Meter				-	
<b>Net Amount Payable / Paid During the Year</b>				<b>44.16</b>	
<b>Opex Amount Paid /Payable during the year</b>				<b>0.21</b>	Claimed separately under O&M expenses
<b>Net Amount claimed towards lease charges</b>				<b>44.16</b>	

11.1.5 The Petitioner request the Hon'ble Commission to approve the lease charges of Rs. 44.16 Crore for East Discom towards Smart Meter for Truing up of FY 2023-24 as per Table above.

11.1.6 It is to be noted that the Petitioners have not claimed GFA addition pertaining to Smart Meters in its normative ARR calculation, hence, to avoid double accounting the Petitioner has not claimed depreciation, interest on loan, return on equity, etc, on Smart Meter capitalization. Instead, the Petitioner has claimed lease charges in accordance with Regulation 35 of the MYT Regulations, 2021.

## 11.2 Submission of West Discom

11.2.1 Similar to East Discom, the Smart Meters are being installed under the territory of West Discom in TOTEX mode incorporating CAPEX EMI, OPEX EMI and an upfront payment.

11.2.2 It is submitted that during FY 2021-22, the West Discom has issued the order for providing the Smart meter installation along with its maintenance to M/S MP SMART GRID PVT. LTD. under leasing contract in which the Company is paying an upfront Cost of Rs 3000 + GST @18%. The Company has paid Amount of Rs 35,43,64,148/- as



upfront Cost of 100,103 Meters in FY 2021-22 but there is no meter Capitalized in that particular year as there was no meter Completion installation certificate received by Finance Section in FY 2021-22 and the whole amount paid as upfront Cost of Rs 35,43,64,148/- lies in CWIP of Company.

11.2.3 Further, during FY 2022-23 the West Discom has paid the upfront Cost of Rs 3000 + GST @18% per meter to vendors M/S MP SMART GRID PVT. LTD. and M/s BCITS PVT LTD amounting to total amount of Rs 26,55,62,304 for 75,018 Meters. Subsequently, the Capex EMI of 1,32,000 Meters Started in FY 2022-23 out of which 1,20,000 meters of M/S MP SMART GRID PVT. LTD. and 12,000 meters of M/s BCITS PVT LTD which is capitalized by the Company in FY 2022-23 for which the Discom has created a hire purchase liability of Rs 32,77,43,678.4 on the basis of its discounted value and the total payment of EMI done by the Discom in FY 2022-23 is Rs 6,91,05,784 out of which Rs 4,01,28,410 belong to the Principal portion which is reduced from the Hire purchase liability of FY 2022-23. Accordingly, the Net Hire purchase liability left at end of FY 2022-23 is Rs 28,76,15,268 (Rs. 32,77,43,678 – Rs. 4,01,28,410) which reflected in Note no 22 B(ix) of Audited Financial Statement of Discom. Further, the Discom has also paid the Opex EMI of Rs 28,65,223 in FY 2022-23.

11.2.4 Further during FY 2023-24, the West Discom has paid the upfront Cost of Rs 3000 + GST @18% per meter to vendors M/S MP SMART GRID PVT. LTD. and M/s BCITS PVT LTD and upfront cost of Rs 1,770 + GST @18% to M/s BCITS PVT LTD under KFW Funded Scheme amounting to total of Rs 46,57,33,374 for 1,90,932 Meters. Subsequently, the Capex EMI of 1,01,137 Meters Started in FY 2023-24 out of which 95,137 meters of M/S MP SMART GRID PVT. LTD. and 6,000 meters of M/s BCITS PVT LTD which is capitalized by the Discom in FY 2023-24 for which the Company created a hire purchase liability of Rs 24,40,20,130 on the basis of its discounted value. The total payment of EMI done by the Company in FY 2023-24 is Rs 13,30,42,641 out of which Rs 8,32,42,558 belong to the principal portion which is reduced from the Hire purchase liability of FY 2023-24. Accordingly, the Net Hire purchase liability left at end of FY 2023-24 is Rs 44,83,92,842 (Rs.28,76,15,268+Rs.13,30,42,641-Rs.8,32,42,558) which reflected in Note no 22 B(ix) of Audited Financial Statement of Audited Financial Statement. Further, the Discom has also paid the Opex EMI of Rs 3,70,96,239 in FY 2023-24

11.2.5 As on 31 March 2024, around 3.17 lakhs Smart Meters have been installed by West Discom. The summary of total lease charges towards the Smart Meter under RDSS for FY 2023-24 is provided in the Table below:

**Table 51: Summary of Lease charges towards Smart Meter for FY 2023-24 for West Discom**

Particulars	Actual	Actual	Actual	Actual	Remark
	FY 21-22	FY 22-23	FY 23-24	Total	
No. Of Smart Metered installed		132000	101137	233,137	
<b>Capex EMI amount Component</b>					
(i) Upfront payment amount (Rs. Cr)	35.44	26.55	46.57	108.56	
(ii) EMI Paid (Rs. Cr)		6.91	13.30	20.21	Out of Rs. 20.21 Cr, Rs. 4.98 Cr claimed as interest on hire purchase asset under other finance charges
<b>Total CAPEX expenses</b>	35.44	33.46	59.88	128.77	
<b>Net Amount claimed towards lease charges</b>				<b>123.79</b>	(Rs. 128.77 Cr - Rs. 4.98 Cr)
<b>OPEX EMI</b>			<b>3.71</b>		Claimed separately under O&M expenses

11.2.6 The Petitioner request the Hon'ble Commission to approve the net lease charges of Rs. 128.77 Crore towards the Smart Meters installed under various scheme for the Truing up of FY 2023-24.

11.2.7 The Discom has not claimed any amount related to Smart Meter Project in FY 2021-22 from Hon'ble Commission as in that FY only upfront Cost is booked as a CWIP in FY 2021-22. Hence no Claim is received in FY 2021-22. However, the Discom has done Capitalization of 1,32,000 Meters of Rs 92.87 Crores in FY 2022-23 for which the Company has claimed Depreciation and other aspects which relate to GFA of Discom, but Hon'ble Commission has not considered any GFA addition for the Discom as the Consumer Contribution received during the previous year was more than the Capitalization done by the Discom. Hence no other benefit is received by the Discom in FY 2022-23. Now, in FY 2023-24 the same Smart Meter Project is also started in other Discom, and it is observed that the Claim of the Smart Meter Project should be done on the basis of Leasing as per MYT Regulations and all cost incurred by the Discom towards Upfront payment and total EMI Payment need to be claimed as this is a Claim for leasing

of Assets. Accordingly, the DISCOM has claimed a total Amount as shown in above Table from the Hon'ble Commission.

11.2.8 It is to be noted that the Petitioner has not included capitalization of Smart Meters in its normative working of ARR component such as Depreciation, Interest on loan and Return on Equity. The Petitioner has claimed the lease charges in accordance with Regulation 35 of the MYT Regulations, 2021.

**Other Expenses:**

11.3 **Submission of West Discom**

11.3.1 The licensee submits that it has incurred other sundry and miscellaneous expenses of Rs 4.01 Crore, the details of the same are as shown in the Table below:

**Table 52: Other Expenses Claimed as True up for FY 2023-24 for West Discom**

Sr. no.	Particulars	Allowed in the Tariff Order	Actual Claimed As Per Accounts
	Net prior period credit charges	-	
1	Other Expenses	-	
2	Sundry Expenses/Miscellaneous Losses	-	3.72
3	Miscellaneous expenses/Losses written off	-	0.29
4	Total	-	<b>4.17</b>

11.3.2 The Hon'ble Commission in its previous True-up exercise have allowed the other expenses for West Discom.

11.3.3 The Petitioner prays to the Hon'ble Commission to approve the other expenses amounting to Rs 4.01 Crore as per Note 30 of the Audited Accounts on account of True up of FY 2023-24.

**T12: RETURN ON EQUITY**

- 12.1 The Hon'ble Commission in its Tariff Order for FY 2023-24 dated 28<sup>th</sup> March 2023 had approved return on equity as Rs. 231.54 Crore for East Discom, Rs. 270.16 Crore for Central Discom and Rs. 172.41 Crore for West Discom.
- 12.2 The Petitioners submits that as per Regulation 31 of the MYT Tariff Regulations, 2021 the return on equity is to be computed on the equity capital determined in accordance with Regulation 22. Further, the Regulation 22 provides for normative capital structure of asset for determination of equity and debt amount. The Regulation 22.2 further stipulates that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.
- 12.3 Further, as already mentioned in paras above that the Hon'ble Commission in previous True-up Orders has adopted an approach wherein it has considered the whole of the consumer contribution and grant received by the Licensee towards financing of capitalization during the same year. Due to this the net GFA addition gets reduced. This tantamount to lower equity consideration than the actual as ceiling of maximum 30% of equity infusion is linked to net GFA addition excluding consumer contribution and grant. Hence, due to such approach, even if the actual equity infusion by licensee remains within the ceiling of 30%, it would never qualify for the equity balance of the year. This will have recurring impact on the ARR of Discoms. It is therefore, again requested before the Hon'ble Commission to revise its approach and consider the consumer contribution and grant on the basis of utilization or funding pattern as proposed by the Licensee which is also in line with the procedure specified under Annexure II of Regulations RG-31(II) of 2022.
- 12.4 The Petitioners submit that they have computed Return on Equity as per Section 31 of the Tariff Regulations, 2021 which specifies that Return on Equity is allowable in two parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subjected to achievement of target / performance, which is to be allowed at the time of true-up after prudence check.
- 12.5 The additional 2% of equity is to be allowed as under:
- a) If the status of metering of rural consumers under the domestic categories is achieved at the levels specified below, the Additional Return on Equity of 0.75%*

shall be allowed:

Year	Metering completed as a % of total Connections		
	East	West	Central
FY 2022-23	92%	100%	84%
FY 2023-24	94%	100%	88%
FY 2024-25	96%	100%	92%
FY 2025-26	98%	100%	92%
FY 2026-27	100%	100%	100%

- b) *If the total value of capital investment works capitalized in a year is more than 95% of the total approved capitalisation towards approved works for that year, the Additional Return on Equity of 0.75% shall be allowed;*
- c) *If the actual Repairs and Maintenance expenses in a year is more than 95% of the approved Repairs and Maintenance expenses for that year, the Additional Return on Equity of 0.50% shall be allowed.*

**Submission of East Discom**

12.5.1 The Petitioner has computed Return on Equity as per Tariff Regulations, 2021. The Petitioner hereby submits that it has considered the closing equity of FY 2022-23 as approved in the previous True-up Order as opening equity for FY 2023-24. Further, the actual equity addition as per Note 17 of the Audited Account is Rs. 36.10 Crore. However, the Petitioner has considered Rs. 89.17 Crore as equity infusion against the capitalization during the year as per funding patten of the asset/scheme. This is mainly because fresh equity or loan in a year as reflected in the Audited Accounts is availed for creation of CWIP, but creation of fixed asset may take longer time based on the completion of works and commissioning of the asset. Hence, the assets capitalized in a year may be created out of equity or loan drawal of earlier year/years and equity or loan drawn in a year may not be utilized for the asset created during that year. So, in a given year created asset and its corresponding equity or loan addition may not be matching with the actual equity or loan drawn during the year.

12.5.2 It is to be submitted that the Petitioner has achieved the target of meterisation as specified under Regulations 31.4 (a) of MYT Regulations, 2021, hence eligible for additional 0.75% of RoE. Further, the Petitioner has also achieved the target of capitalization as specified under Regulations 31.4 (b) of MYT Regulations, 2021, hence eligible for additional 0.75% of RoE. The Petitioner submits that it has computed Return on Equity as per Section 31 of the Tariff Regulations, 2021 as summarized in the Table below:

**Table 53: ROE Claimed by EZ as True up for FY 2023-24**

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
<b>A</b>	Gross Fixed Assets at the beginning of year (net of consumer contributions)	<b>8,011.56</b>	<b>7,583.90</b>
<b>A1</b>	Opening balance of equity	<b>1,634.45</b>	<b>1,611.44</b>
<b>B</b>	Actual capitalization of assets as per Annual Accounts (net of consumer contribution)	679.37	526.17
<b>B1</b>	Addition of equity, internal reserves during the year for capitalized assets	38.87	89.17
<b>C1</b>	Normative additional Equity (30% of B)	203.81	157.85
<b>D1</b>	Excess / shortfall of additional equity over normative (B1-C1)	(164.94)	(68.68)
<b>E</b>	Equity eligible for Return (A1+(C1/2)) OR (A1+(B1/2)), whichever is lower	1653.89	1656.02
<b>F</b>	Rate of Return	14.00%	15.50%
<b>G</b>	<b>Return on Equity - (16% on E)</b>	<b>231.54</b>	<b>256.68</b>

**Submission of Central Discom**

12.5.3 The Petitioner submits that it has computed Return on Equity as per Tariff Regulations, 2021. The actual equity infusion during FY 2023-24 as per Audited Account is Rs. 71.97 Crore, however, equity utilized towards capitalization of FY 2023-24 stands at Rs. 138.23 Crore which has been arrived as per funding of the asset/scheme. Although, the normative equity addition has been worked out as Rs. 60.59 Crore which is considered for the calculation of Return of Equity for FY 2023-24.

12.5.4 As already mentioned at paras above, that the during the FY 2023-24, assets amounting to Rs. 77.51 Crores have been capitalized retrospectively from FY 2017-18. This capitalization pertains to periods prior to FY 2023-24, based on completion reports received in the current fiscal year. Considering this prior period capitalization, the Petitioner has revised the normative opening equity balance for FY 2023-24 as summarized in the Table below:

**Table 54: Revised normative opening equity balance for true up for FY 2023-24 - CZ**

Sr. no.	Particulars	FY 2023-24
1	Opening Equity for FY 2023-24 identified with GFA (Closing equity as per True-up Order of FY 2022-23)	1,823.31
2	Add: Impact of Prior period Equity addition	9.55
<b>3</b>	<b>Revised Opening Equity for FY 2023-24 identified with GFA (Closing equity as per True-up Order of FY 2022-23)</b>	<b>1,832.86</b>

12.5.5 The Petitioner submits that it has computed Return on Equity as per Section 31.2 of the Tariff Regulations, 2021 which specifies that Return on Equity shall be computed in two

parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subjected to achievement of target / performance, which is to be allowed at the time of true-up after prudence check. It is to be submitted that the Petitioner has achieved the target of meterisation as specified under Regulations 31.4 (a) of MYT Regulations, 2021, hence eligible for additional 0.75% of RoE. Accordingly, the claim of CZ towards RoE for True-up of FY 2023-24 is worked out as shown in the Table below:

**Table 55: ROE Claimed by CZ as True up for FY 2023-24**

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
A	Gross Fixed Assets at the beginning of year (net of consumer contributions)	9,730.54	9,254.93
A1	Opening balance of equity	1,889.60	1,832.86
B	Actual capitalization of assets as per Annual Accounts (net of consumer contribution)	696.98	201.97
B1	Addition of equity, internal reserves during the year for capitalized assets	80.25	138.23
C1	Normative additional Equity (30% of B)	209.09	60.59
D1	Excess / shortfall of additional equity over normative (B1-C1)	(128.84)	77.64
E	Equity eligible for Return (A1+(C1/2)) OR (A1+(B1/2)), whichever is lower	1929.73	1863.16
F	Rate of Return	14%	14.75%
G	<b>Return on Equity - (16% on E)</b>	<b>270.16</b>	<b>274.82</b>

12.5.6 Petitioner requests the Hon'ble Commission to approve the return on equity as submitted above.

#### **Submission of West Discom**

12.5.7 The Petitioner submits that it has computed Return on Equity as per Tariff Regulations, 2021. The Petitioner hereby submits that it has considered the closing equity of FY 2023-24 as approved in the previous True-up Order as opening equity for FY 2023-24. The actual equity infusion as per Audited Account is Rs. 47.49 Crore, however, equity utilized in creation of asset as per funding pattern is Rs. 28.64 Crore. The equity addition after accounting for deduction of asset worked out as Rs. 24.91 Crore which has been considered as equity addition during the year.

12.5.8 The Petitioner submits that it has computed Return on Equity as per Section 31.2 of the Tariff Regulations, 2021 which specifies that Return on Equity shall be computed in two parts, i.e., Base Return on Equity of 14% and Additional Return on Equity of 2% subjected to achievement of target / performance, which is to be allowed at the time of

true-up after prudence check. WZ has achieved the target of Repair and Maintenance expenses as specified under Regulations 31.4 (c) of MYT Regulations, 2021, hence eligible for additional 0.50% of RoE. Accordingly, the RoE claim of WZ is as shown in the Table below:

**Table 56: ROE Claimed by WZ as True up for FY 2023-24**

Sr. no.	Particulars	Approved in the Tariff Order (A)	Actuals (B)
A	Gross Fixed Assets at the beginning of year (net of consumer contributions)		
A1	Opening balance of equity		1,163.24
B	Actual capitalization of assets as per Annual Accounts (net of consumer contribution)		35.81
B1	Addition of equity, internal reserves during the year for capitalized assets		9.51
C1	Normative additional Equity (30% of B)		10.74
D1	Excess / shortfall of additional equity over normative (B1-C1)		(1.23)
E	Equity eligible for Return (A1+(C1/2)) OR (A1+(B1/2)), whichever is lower		1,168.00
F	Rate of Return		<b>14.50%</b>
G	<b>Return on Equity - (16% on E)</b>	<b>172.41</b>	<b>169.36</b>

12.6 The Petitioners thus prays the Hon'ble Commission to allow Return on Equity amounting to Rs 256.68 Crore, Rs 274.95 Crore and Rs. 169.36 Crore for East Discom, Central Discom and West Discom, respectively, for FY 2023-24 as shown in below Table:

**Table 57: ROE Claimed by Petitioners for FY 2023-24**

Sr. no.	Discom	Allowed in the Tariff Order	Actual Claimed Now as Per Regulation / Accounts	Variance
1	East Discom	231.54	256.68	25.14
2	Central Discom	270.16	274.82	4.65
3	West Discom	172.41	169.36	(3.05)
4	<b>MP State</b>	<b>674.12</b>	<b>700.86</b>	<b>26.74</b>



**T13: TAXES**

12.7 The Petitioners submit that for the period FY 2023-24, the Tax Liability was Nil as per Audited Accounts.

**T14: OTHER INCOME**

- 14.1 The Hon’ble Commission in its Tariff Order for FY 2023-24 dated 28<sup>th</sup> March 2023 had approved other income and non-tariff income as Rs. 132.98 Crore for the East Discom, Rs. 142.65 Crore for the Central Discom and Rs. 147.66 Crore for the West Discom respectively.
- 14.2 The Petitioners have claimed other income and non-tariff income as per the Audited Accounts of FY 2023-24 as per below Table.

**Table 58: Other income claimed by Petitioners for FY 2023-24**

Sr. no.	Discom	Allowed in the Tariff Order	Actual Claimed Now as Per Regulation / Accounts	Variance
1	East Discom	132.98	169.86	36.88
2	Central Discom	142.65	147.77	5.12
3	West Discom	147.66	250.41	102.75
<b>4</b>	<b>MP State</b>	<b>423.29</b>	<b>568.05</b>	<b>144.76</b>

- 14.3 The aforesaid income is exclusive of amortization of assets created through consumer contribution and grants since the Petitioners have claimed depreciation on net addition basis.
- 14.4 The Petitioners hereby pray to the Hon’ble Commission to approve Rs. 169.86 Crore for the East Discom, Rs. 147.77 Crore for the Central Discom and Rs. 250.41 Crore for the West Discom respectively for FY 2023-24 as other income and non-tariff income as submitted above.

**T15: INCOME FROM SALE OF POWER****15.1 Submission of East Discom**

15.1.1 The Licensee hereby submits that the Hon'ble Commission had considered sales of 19,857.89 MU for the period FY 2023-24. However, the actual sales were 19,413.68 MU, which are lower by 444.22 MU than what has been approved in the Tariff Order for FY 2023-24. The category wise details are shown in the Table below:

**Table 59: Revenue from Sales for East Discom FY 2023-24**

Particulars	As per Tariff Order (A)		Actuals (B)		Variance (B-A)	
	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)
<b>LOW TENSION</b>	<b>15539.64</b>	<b>9973.42</b>	<b>15112.51</b>	<b>10320.20</b>	<b>(427.13)</b>	<b>346.78</b>
LV 1: DOMESTIC	6185.65	3969.27	6208.11	4021.22	22.46	51.95
LV 2: NON-DOMESTIC	1177.36	1081.43	1264.10	1182.54	86.74	101.11
LV 3: PUBLIC WATER WORKS AND STREET LIGHTS	407.09	270.98	479.32	331.96	72.23	60.98
LV 4: LT INDUSTRY	483.94	441.96	453.80	418.26	(30.14)	(23.70)
LV 5: IRRIGATION PUMP FOR AGRICULTURE	7285.47	4209.69	6706.93	4366.07	(578.54)	156.38
LV 6: E-VEHICLE/ E-RICKSHAWS	0.13	0.09	0.25	0.15	0.12	0.06
<b>HIGH TENSION</b>	<b>4318.26</b>	<b>3507.12</b>	<b>4301.18</b>	<b>3572.20</b>	<b>(17.08)</b>	<b>65.08</b>
HV 1: RAILWAY TRACTION	55.32	31.39	0.00	0.00	(55.32)	(31.39)
HV 2: COAL MINES	489.51	423.13	505.34	449.51	15.83	26.38
HV-3: INDUSTRIAL AND NON-INDUSTRIAL	3295.69	2657.93	3319.05	2714.22	23.36	56.29
HV-4: SEASONAL	9.54	7.49	10.29	11.60	0.75	4.11
HV-5: HT IRRIGATION AND WATER WORKS	212.68	182.73	231.16	223.80	18.48	41.07
HV 6: BULK RESIDENTIAL USERS	249.72	199.26	231.94	169.47	(17.78)	(29.79)
HV 7: SYNCHRONOUS POWER	3.70	3.73	3.39	3.59	(0.31)	(0.14)
HV 8: E-VEHICLE/ E-RICKSHAWS	2.10	1.46	0.00	0.00	(2.10)	(1.46)
HV-9: Metro Rail	0.00	0.00	0.00	0.00	-	-
<b>GRAND TOTAL HT + LT</b>	<b>19857.89</b>	<b>13480.54</b>	<b>19413.68</b>	<b>13892.40</b>	<b>(444.22)</b>	<b>411.86</b>
<b>GRAND TOTAL HT + LT as per R-15 (Including ED, Cess, Meter Rent, Surcharge, Misc Charges etc)</b>				<b>15113.17</b>		
<b>GRAND TOTAL HT + LT as per Audited Accounts</b>				<b>7,637.91</b>		
<b>Subsidy as per audited Accounts</b>				<b>6,257.75</b>		
<b>Total Sales of power including subsidy</b>				<b>13,895.66</b>		

15.1.2 The Actual income from sale of power indicated in the Note 24 of the Audited Accounts including subsidy is Rs 13,895.66 Crore.

15.1.3 The Licensee thus prays to the Hon'ble Commission to consider Rs. 13,895.66 Crore as Income from sales of power as per the audited accounts of the company, for the purpose

of deciding of True-up.

## 15.2 Submission of Central Discom

15.2.1 The Licensee hereby submits that the Hon'ble Commission had considered sales of 24,100.35 MU for the period FY 2023-24. However, the actual sales were 23,742.72 MU, which are lower by 358.63 MU than what has been approved in the Tariff order for FY 2023-24. The details are shown in the Table below:

**Table 60: Revenue from Sales for Central Discom FY 2023-24**

Particulars	As per Tariff Order (A)		Actuals (B)		Variance (B-A)	
	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)
<b>LOW TENSION</b>	<b>18937.00</b>	<b>12580.85</b>	<b>18367.44</b>	<b>12978.32</b>	<b>(569.56)</b>	<b>397.47</b>
LV 1: DOMESTIC	6605.67	4328.94	6174.70	4038.00	(430.97)	(290.94)
LV 2: NON-DOMESTIC	1351.83	1311.51	1359.55	1287.23	7.72	(24.28)
LV 3: PUBLIC WATER WORKS AND STREET LIGHTS	489.12	346.45	612.21	445.22	123.09	98.77
LV 4: LT INDUSTRY	364.88	331.88	342.49	319.69	(22.39)	(12.19)
LV 5: IRRIGATION PUMP FOR AGRICULTURE	10125.32	6261.95	9878.19	6887.96	(247.13)	626.01
LV 6: E-VEHICLE/ E-RICKSHAWS	0.18	0.12	0.30	0.21	0.12	0.09
<b>HIGH TENSION</b>	<b>5163.35</b>	<b>3887.71</b>	<b>5374.28</b>	<b>4132.47</b>	<b>210.93</b>	<b>244.76</b>
HV 1: RAILWAY TRACTION	55.32	28.61	0.00	0.00	(55.32)	(28.61)
HV 2: COAL MINES	21.52	22.83	23.71	24.42	2.19	1.59
HV-3: INDUSTRIAL AND NON-INDUSTRIAL	4567.17	3447.09	4257.28	3564.38	(309.89)	117.29
HV-4: SEASONAL	0.90	0.98	540.46	1.01	539.56	0.03
HV-5: HT IRRIGATION AND WATER WORKS	344.26	263.80	393.38	416.37	49.12	152.57
HV 6: BULK RESIDENTIAL USERS	157.58	111.28	152.31	111.14	(5.27)	(0.14)
HV 7: SYNCHRONOUS POWER	5.44	5.47	4.50	10.60	(0.94)	5.13
HV 8: E-VEHICLE/ E-RICKSHAWS	3.35	2.33	2.47	1.64	(0.88)	(0.69)
HV-9: Metro Rail	7.81	5.32	0.16	2.91	(7.65)	(2.41)
<b>GRAND TOTAL HT + LT</b>	<b>24100.35</b>	<b>16468.56</b>	<b>23741.72</b>	<b>17110.79</b>	<b>(358.63)</b>	<b>642.23</b>
<b>GRAND TOTAL HT + LT as per R-15 (Including ED, Cess, Meter Rent, Surcharge, Misc Charges etc)</b>				<b>18,566.96</b>		
<b>GRAND TOTAL HT + LT as per Audited Accounts</b>				<b>8,797.23</b>		
<b>Subsidy as per audited Accounts</b>				<b>8,148.48</b>		
<b>Total Sales of power including subsidy</b>				<b>16,945.71</b>		

15.2.2 The actual income as per the audited accounts including subsidy is Rs. 16,945.71 Crore. Accordingly, the Licensee prays to the Hon'ble Commission to consider Rs. 16,945.71 Crore as Income from sales of power for the purpose of deciding of True up.

**15.3 Submission of West Discom**

15.3.1 The Licensee hereby submits that the Hon'ble Commission approved total sales of 28,178.24 MU's. Actual sales during FY 2023-24 were 28,322.40 MU which is higher by 144.16 MU than approved in the Tariff order for FY 2023-24.

15.3.2 The actual revenue as per audited accounts is Rs 20,365.34 Crore, details of the same are as shown in the Table below:

**Table 61: Revenue from Sales for West Discom FY 2023-24**

Particulars	As per Tariff Order (A)		Actuals (B)		Variance (B-A)	
	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)	Sales (MU)	Revenues (Rs. Crs.)
<b>LOW TENSION</b>	<b>20936.88</b>	<b>13708.15</b>	<b>20641.28</b>	<b>14519.99</b>	<b>(295.60)</b>	<b>811.84</b>
LV 1: DOMESTIC	6579.53	4275.20	6340.21	4190.20	(239.32)	(85.00)
LV 2: NON-DOMESTIC	1446.49	1363.76	1535.93	1471.20	89.44	107.44
LV 3: PUBLIC WATER WORKS AND STREET LIGHTS	571.27	407.24	677.87	490.54	106.60	83.30
LV 4: LT INDUSTRY	772.88	683.96	763.40	661.37	(9.48)	(22.59)
LV 5: IRRIGATION PUMP FOR AGRICULTURE	11566.55	6977.88	11322.96	7706.08	(243.59)	728.20
LV 6: E-VEHICLE/ E-RICKSHAWS	0.16	0.11	0.91	0.61	0.75	0.50
<b>HIGH TENSION</b>	<b>7241.36</b>	<b>5335.41</b>	<b>7681.12</b>	<b>6223.46</b>	<b>439.76</b>	<b>888.05</b>
HV 1: RAILWAY TRACTION	0.00	0.00	0.00	0.00	-	-
HV 2: COAL MINES	0.00	0.00	0.00	0.00	-	-
HV-3: INDUSTRIAL AND NON-INDUSTRIAL	5927.97	4309.23	6417.17	4750.80	489.20	441.57
HV-4: SEASONAL	8.32	7.33	5.72	13.03	(2.60)	5.70
HV-5: HT IRRIGATION AND WATER WORKS	1208.69	938.87	1183.06	1398.73	(25.63)	459.86
HV 6: BULK RESIDENTIAL USERS	39.83	27.93	40.85	29.61	1.02	1.68
HV 7: SYNCHRONOUS POWER	31.19	34.94	25.27	28.20	(5.92)	(6.74)
HV 8: E-VEHICLE/ E-RICKSHAWS	17.27	11.63	4.51	3.09	(12.76)	(8.54)
HV-9: Metro Rail	8.09	5.48	4.55	0.00	(3.54)	(5.48)
<b>GRAND TOTAL HT + LT</b>	<b>28178.24</b>	<b>19043.56</b>	<b>28322.40</b>	<b>20743.45</b>	<b>144.16</b>	<b>1,699.89</b>
<b>GRAND TOTAL HT + LT as per R-15 (Including ED, Cess, Meter Rent, Surcharge, Misc Charges etc)</b>				<b>21437.78</b>		
<b>GRAND TOTAL HT + LT as per Audited Accounts</b>			<b>A</b>	<b>11,136.69</b>		
<b>Subsidy as per audited Accounts</b>			<b>B</b>	<b>9,228.65</b>		
<b>Total Sales of power including subsidy</b>			<b>C=A+B</b>	<b>20,365.34</b>		

**T16: IMPACT OF PRIOR PERIOD EXPENSES FOR CENTRAL DISCOM**

**16.1 Impact Due to Prior Period Capitalization**

16.1.1 During the FY 2023-24, assets amounting to Rs. 77.51 Crores have been capitalized retrospectively from FY 2017-18. This capitalization pertains to periods prior to FY 2023-24, based on completion reports received during the present True-up year. As per Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the effects of such capitalization have already been applied retrospectively in the financial statements.

*Paragraph 42 of Ind AS 8 states:*

*“42. Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:*

*(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or*

*(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.”*

16.1.2 Accordingly, the financial statements for the previous years, i.e., FY 2021-22 and FY 2022-23 have been restated, as documented in Note 36.2 of the Audited Financial Statements for FY 2023-24. As the True-up of previous financial years are already completed, therefore, impact of such expenses are claimed in the present True-up exercise.

16.1.3 The Petitioners wish to submit that **form F11 of the True-up Format** issued by the Hon’ble Commission specifies the details for prior period expenses. Accordingly, the Petitioners in line with MYT Regulations, 2021 have claimed prior period expenses.

16.1.4 The scheme wise details of aforementioned prior period capitalization is summarized in the Table below:

**Table 62: Summary of prior period capitalization for Central Discom (Rs. Crore)**

Assets Head	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
Supervision	-	0.00	0.00	0.00	0.10	12.07	12.16
Other Scheme	-	1.44	24.38	1.69	0.00	0.49	27.99
Saubhagya	0.62	18.86	0.90	0.00	0.00	0.00	20.38
ADB Scheme	-	16.98	0.00	0.00	0.00	0.00	16.98
<b>Total</b>	<b>0.62</b>	<b>37.28</b>	<b>25.28</b>	<b>1.69</b>	<b>0.10</b>	<b>12.55</b>	<b>77.51</b>

16.1.5 The aforesaid prior period capitalization can be verified by comparing the Cost of Total Tangible Assets for FY 2022-23 as stated in Note 5 of the Audited Financial Statement of FY 2022-23 with the Cost of Total Tangible Assets for FY 2022-23 as presented in Note 5 of the Audited Financial Statements for FY 2023-24. For the ready reference of the Hon'ble Commission, a comparison Table is provided below:

**Table 63: Comparison of Cost of Tangible Assets as per the Audited Financial Statements for FY 22-23 and Restated Financial Statements for FY 22-23 (Rs. Crore)**

Particulars	Balance as at 31.03.2023 (A)	Balance as at 31.03.2023 (As per the Re-stated Balance Sheet) (B)	Prior Period Adjustments (C)= (B)-(A)
Freehold land	8.04	8.04	-
Buildings	205.75	206.21	0.46
Other civil works	5.69	5.69	-
Owned plant and machinery	2,709.43	2,749.68	40.25
Hydraulic works	9.55	9.55	-
Lines and cables	4,318.32	4,322.58	4.26
Vehicles	0.58	0.58	-
Furniture and fixtures	2.32	2.32	-
Office equipment	138.14	138.14	-
Capital stores and spares	257.32	257.32	-
RGVY assets	1,189.49	1,189.49	-
DDUGJY assets	936.46	936.46	-
IPDS assets	522.69	522.69	-
Saubhagya assets	117.77	138.15	20.38
Supervision assets	1,029.67	1,041.83	12.16
<b>Total Tangible Assets</b>	<b>11,451.22</b>	<b>11,528.73</b>	<b>77.51</b>

16.1.6 Due to the aforesaid prior period capitalization, there is need to revise the opening figures for FY 2023-24 for the following ARR components associated with capitalization:

- Revision for opening GFA figures for FY 2023-24
- Revision in opening Equity Balance for FY 2023-24
- Revision in opening Debt Balance for FY 2023-24

16.1.7 Further, as the assets were in put to use in the field from the respective years of capitalization therefore, in addition to revision in opening figures for FY 2023-24, it is

required to factor-in the impact of such prior period capitalization on the ARR, i.e., Depreciation, Interest on loan and Return on Equity against such capitalization are required to be calculated from the year of capitalization of such prior period asset. Therefore, the Petitioners have worked out the impact of aforesaid prior period capitalization in two parts, i.e. Part I: Revision in opening figures of associated components of ARR on account of prior period capitalization and Part II: Impact of such prior period capitalization on ARR components from the year of capitalization. The detailed working of the same is summarized at the paras below:

**Part I: Revision in opening figures of associated components of ARR on account of prior period capitalization**

**16.1.8 Revision for Opening GFA for FY 2023-24:** The approved opening GFA on 1<sup>st</sup> April, 2023, i.e., Closing GFA net of consumer contribution & grants as per True-up Order of FY 2022-23 stands at Rs. 9,177.42 Crore. Considering the prior period capitalization of Rs. 77.51 Crore, the revised opening GFA for FY 2023-24 worked out as Rs. 9,254.93 Crore as summarized in the Table below:

**Table 64: Revision in Opening GFA for FY 2023-24 for Central Discom (Rs. Crore)**

Sr. no.	Particulars	FY 2023-24
1	Opening GFA on 1 <sup>st</sup> April, 2023 (Closing GFA net of consumer contribution & grants as per True-up order for FY 2022-23)	9177.42
2	Add: Impact of Prior period GFA addition	77.51
3	Revised Opening GFA on 1 <sup>st</sup> April, 2023 (Closing GFA net of consumer contribution & grants as per True-up order for FY 2022-23)	9254.93

**16.1.9 Revision in Opening Equity Balance for FY 2023-24:** Considering the funding pattern of scheme, the Petitioners have worked out the Equity portion associated with such capitalization as shown in the Table below:

**Table 65: Component wise bifurcation of prior period capitalization for Central Discom (Rs. Crore)**

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
<b>Actual Total Capitalization</b>	<b>0.62</b>	<b>37.28</b>	<b>25.28</b>	<b>1.69</b>	<b>0.10</b>	<b>12.55</b>	<b>77.51</b>
<b>Loan Amount</b>	0.19	23.36	14.87	0.96	0.00	0.00	<b>39.38</b>
<b>Equity Amount</b>	0.06	2.20	6.38	0.45	0.00	0.46	<b>9.55</b>
<b>Consumer Contribution and Grant</b>	0.37	11.72	4.02	0.28	0.10	12.09	<b>28.58</b>



16.1.10 From the above Table, the actual equity addition pertaining to prior period capitalization from FY 2017-18 to FY 2022-23 stands at Rs. 9.55 Crores. Accordingly, the revised Opening normative equity balance for FY 2023-24 is as shown in the Table below:

**Table 66: Revised Opening Equity Balance for Central Discom for FY 2023-24 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24
1	Opening Equity for FY 2023-24 identified with GFA (Closing equity as per True-up Order of FY 2022-23)	1,823.31
2	Add: Impact of Prior period Equity addition	9.55
3	<b>Revised Opening Equity for FY 2023-24 identified with GFA (Closing equity as per True-up Order of FY 2022-23)</b>	<b>1,832.86</b>

16.1.11 **Revision in Opening Debt balance for FY 2023-24:** As summarized in the Table above, the equity addition pertaining to prior period capitalization is Rs. 9.55 Crore. Further, the debt portion pertaining to prior period capitalization is Rs. 50.56 Crore and the consumer contribution and grant stands at Rs. 24.39 Crore. However, it is to be submitted that as per the past True-up approach, the Hon'ble Commission has considered the consumer contribution and grant on **received basis**, hence, considering the consumer contribution and grant as per funding pattern would result in double accounting of the same. Therefore, the Petitioners have adopted the normative approach and has considered the normative debt addition against the prior period capitalization as Rs. 67.08 Crore which is equal to the differential of normative equity addition and total value of asset capitalized as shown in the Table below:

**Table 67: Normative debt addition against prior period capitalization for Central Discom (Rs. Crore)**

Sr No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
1	Prior Period GFA addition during the year	0.62	37.28	25.28	1.69	0.10	12.55	<b>77.51</b>
2	Actual Equity Addition	0.06	2.20	6.38	0.45	0.00	0.46	<b>9.55</b>
3	30% of addition to net GFA considered as funded through equity	0.19	11.18	7.58	0.51	0.03	3.77	<b>23.25</b>
4	GFA considered as funded through equity (Min (2,3))	0.06	2.20	6.38	0.45	0.00	0.46	<b>9.55</b>
5	GFA considered as funded through debt	0.56	35.08	18.89	1.24	0.10	12.09	<b>67.96</b>

16.1.12 Further, the aforesaid normative debt addition will subject to repayment from the year of capitalization, therefore in order to revise the opening debt addition for FY 2023-24 on account of prior period capitalization it is necessary to factor in the repayment of loan

pertaining to year-wise capitalization. The detailed working of the same is as provided in the Table below:

**Table 68: Closing normative debt amount factored with the repayment pertaining to prior period capitalization for Central Discom (Rs. Crore)**

Sr No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
1	Opening prior period capitalization funded through Debt	0.00	0.56	34.79	51.68	50.45	47.59
2	Prior period capitalization considered as funded through debt (As per Table 6)	0.56	35.08	18.89	1.24	0.10	12.09
3	Debt Repayment (equal to Depreciation as explained in paras below)	0.00	0.85	2.01	2.47	2.96	2.32
4	Closing prior period capitalization associated with Debt	0.56	34.79	51.68	50.45	47.59	<b>57.36</b>

16.1.13 Based on the above, the revised value of Opening GFA funded through debt as of 1st April 2023 has been worked out as shown below:

**Table 69: Revised Opening Debt Balance for Central Discom for FY 2023-24 (Rs. Crore)**

Sr. No.	Particulars	FY 2023-24
1	Opening Debt associated with GFA (Closing debt as per FY 2022-23 True-up Order)	4,334.33
2	Add: Impact of Prior period debt addition	57.36
3	<b>Revised Opening Debt associated with GFA (Closing debt as per FY 2022-23 True-up Order)</b>	<b>4,391.69</b>

## **Part II: Impact of such prior period capitalization on ARR components from the year of capitalization**

### **➤ Depreciation and Amortization on account of Prior Period Capitalization**

16.1.14 The Central Discom wish to submit that total depreciation netted of with deferred income against the prior period capitalization of Rs. 77.51 Crore from the FY 2017-18 to FY 2022-23 stands at Rs. 10.60 Crore which has been accounted for in the books as per Ind AS 8. Out of the aforesaid total depreciation, the cumulative depreciation for the additional capitalization relevant to the prior period from FY 2017-18 to FY 2022-23, amounting to Rs. 8.28 crores has been charged to Reserves and Surplus as a prior period expense. This adjustment can be seen in Note 36.1 of the Audited Financial Statements

for FY 2023-24 as an adjustment to Reserves and Surplus for the period ending 31<sup>st</sup> March 2022.

16.1.15 Further, the remaining additional depreciation net of deferred income related to FY 2022-23, amounting to Rs. 2.32 crores has been incorporated while restating the Statement of Profit and Loss for FY 2022-23, as seen in Note 36.2 of the Audited Financial Statements for FY 2023-24 (Adjustment for prior period items of Depreciation and Amortization expenses).

16.1.16 The year wise working of depreciation pertaining to prior period capitalization as considered in the Audited accounts is as shown in the Table below:

**Table 70: Depreciation on account of prior period capitalization for Central Discom (Rs. Crore)**

Sr. No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
1	Opening Prior Period GFA	0.00	0.62	37.89	63.17	64.87	64.96	77.51
2	Add: GFA Added during the year	0.62	37.28	25.28	1.69	0.10	12.55	0.00
3	Less: Deductions during the year	-	-	-	-	-	-	-
4	Closing Prior Period GFA	0.62	37.89	63.17	64.87	64.96	77.51	77.51
5	Average GFA	0.31	19.26	50.53	64.02	64.91	71.24	77.51
6	Rate of Depreciation	0.34%	5.69%	5.12%	4.98%	5.87%	4.06%	
7	Gross Depreciation	0.00	1.10	2.59	3.19	3.81	2.89	13.58
8	Amortization/Deferred Income	0.00	0.25	0.58	0.72	0.86	0.57	2.98
9	<b>Net Depreciation Claimed Against Prior Period</b>	<b>0.00</b>	<b>0.85</b>	<b>2.01</b>	<b>2.47</b>	<b>2.96</b>	<b>2.32</b>	<b>10.60</b>

16.1.17 The Petitioner requests the Hon'ble Commission to approve the depreciation of Rs. 10.60 crores net of amortization pertaining to prior period capitalization from FY 2017-18 to FY 2022-23 as claimed in the Table above.

➤ **Interest on Project Loan on account of Prior Period Capitalization**

16.1.18 Based on the normative debt addition during the respective years pertaining to prior period capitalization, the Petitioner has worked on the normative interest on loan for the respective period of prior period capitalization. Further, the Petitioner has considered the same rate of interest as approved by the Hon'ble Commission during the respective years as shown in the Table below:

**Table 71: Interest on Project loans on account of prior period capitalization for Central Discom (Rs. Crore)**

Sr. No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
1	Opening Debt associated with Prior Period GFA	0.00	0.56	34.79	51.68	50.45	47.59	
2	GFA considered as funded through debt	0.56	35.08	18.89	1.24	0.10	12.09	
3	Debt repayment during the year	0.00	0.85	2.01	2.47	2.96	2.32	
4	Closing debt associated with Prior Period GFA	0.56	34.79	51.68	50.45	47.59	57.36	
5	Average debt associated with Loan	0.28	17.67	43.23	51.06	49.02	52.48	
6	Rate of Interest as per relevant years True-up Orders	5.43%	6.28%	7.97%	7.10%	7.76%	7.84%	
7	<b>Interest on Project Loan claimed on Prior Period Debt amount</b>	<b>0.02</b>	<b>1.11</b>	<b>3.45</b>	<b>3.63</b>	<b>3.80</b>	<b>4.11</b>	<b>16.11</b>

16.1.19 The Petitioner request the Hon'ble Commission to approve the Interest on Project loan of Rs. 16.11 crores as claimed in the Table above on account of prior period capitalization.

➤ **Return on Equity on account of Prior Period Capitalization**

16.1.20 Based on the normative equity addition during the respective years pertaining to prior period capitalization, the Petitioner has worked on the Return on Equity for the respective period of prior period capitalization. Further, the Petitioner has considered the same rate of return as approved by the Hon'ble Commission during the respective years as shown in the Table below:

**Table 72: Return on Equity on account of prior period capitalization for Central Discom (Rs. Crore)**

Sr. No.	Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
1	Opening Equity associated with Prior Period GFA	0.00	0.06	2.26	8.64	9.09	9.09	
2	Actual Equity Addition	0.06	2.20	6.38	0.45	0.00	0.46	
3	Closing Equity associated with Prior Period GFA	0.06	2.26	8.64	9.09	9.09	9.55	
4	Average debt associated with Loan	0.03	1.16	5.45	8.87	9.09	9.32	
5	Rate of Return on Equity as per relevant True-up Orders	16.00%	16.00%	16.00%	16.00%	16.00%	14.75%	
6	<b>Return on Equity claimed on Prior Period Equity addition</b>	<b>0.00</b>	<b>0.19</b>	<b>0.87</b>	<b>1.42</b>	<b>1.45</b>	<b>1.37</b>	<b>5.31</b>

16.1.21 The Petitioner request the Hon'ble Commission to approve the Return on Equity of Rs. 5.31 Crores as claimed in the Table above on account of prior period capitalization.

## 16.2 Summary of Prior Period Impact

16.2.1 Based on the above, the net impact of prior period adjustments on account of prior period capitalization stands at Rs. 30.04 Crore as shown in the Table below:

**Table 73: Summary of Prior Period Impact for Central Discom (Rs. Cr)**

<b>Sr.No.</b>	<b>Particulars</b>	<b>FY 2023-24</b>
1	Total Depreciation on account of prior period GFA addition	8.28
2	Total Return on Equity on account of prior period GFA addition	5.31
3	Total interest in loan on account of prior period GFA addition	16.11
<b>5</b>	<b>Net impact of prior period items</b>	<b>29.71</b>

16.2.2 The Petitioner request the Hon'ble Commission to approve the impact of prior period expenses as per claim in the Table above.

**T17: SUMMARY OF TRUE UP OF ARR FOR FY 2023-24**

- 17.1 East Discom submits that in accordance with the normative parameters of MPERC, the total ARR of East Discom for the period FY 2023-24 is Rs. 15,128.61 Crore, which is Rs. 1,648.07 Crore higher than the approved ARR in the Tariff Order for the period FY 2023-24. The income from sale of power including the subsidy was Rs. 13,895.66 Crore which is higher by Rs 415.12 Crore and other income was Rs. 169.86 Crore which is also higher by Rs. 36.88 Crore as assessed in Tariff order for FY 2023-24. The Total gap considering the impact of past year True-up Orders of Genco’s Transco & Discoms, works out as Rs. 1,232.95 Crore.
- 17.2 Central Discom submits that in accordance with the normative parameters of MPERC, the total ARR of Central Discom for the period FY 2023-24 is Rs 18,803.31 Crore, which is Rs 2,334.75 Crore higher than the approved ARR in the Tariff Order for the period FY 2023-24. The income from sale of power including the subsidy was Rs. 16,945.71 Crore which is higher by Rs 477.15 Crore and other income is Rs. 147.77 Crore which is higher by Rs. 5.12 Crore as assessed in Tariff order for FY 2023-24. Total gap considering the impact of past year True-up Orders of Genco’s Transco & Discoms, works out as Rs. 1,857.60 Crore.
- 17.3 West Discom submits that in accordance with the normative parameters of MPERC, the total ARR of West Discom for the period FY 2023-24 is Rs. 20,778.04 Crore, which is Rs. 1,734.45 Crore higher than the approved ARR in the Tariff Order for the period FY 2023-24. The income from sale of power including the subsidy was Rs. 20,365.34 Crore which is higher by Rs 1,321.75 Crore and other income is Rs. 250.41 Crore which is higher by Rs. 102.75 Crore as assessed in Tariff order for FY 2023-24. Total gap considering the impact of past year True-up Orders of Genco’s Transco & Discoms, works out as Rs. 412.70 Crore.
- 17.4 Summary of the Petitioners claim towards True up for the period FY 2023-24 is as follows:

**Table 74: Summary of True Up Claimed for FY 2023-24 (Rs Crore)**

<b>Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)</b>					
<b>Sr. no.</b>	<b>Particulars</b>	<b>Discom</b>	<b>Approved in Tariff Order</b>	<b>Claimed in True up Petition</b>	<b>Variation</b>
1	Power Purchase Cost	EZ	9,163.32	11,059.34	1,896.02
		CZ	11,737.90	14,082.77	2,344.87

Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)					
Sr. no.	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		WZ	14,743.63	16,046.81	1,303.18
		<b>MP State</b>	<b>35,644.85</b>	<b>41,188.92</b>	<b>5,544.07</b>
2	Intra state transmission charges including SLDC	EZ	1,290.73	1,370.65	79.92
		CZ	1,504.67	1,812.76	308.09
		WZ	1,544.05	1,961.87	417.82
		<b>MP State</b>	<b>4,339.45</b>	<b>5,145.28</b>	<b>805.83</b>
3	Employee Cost	EZ	1,404.11	920.86	(483.25)
		CZ	1,234.40	968.25	(266.15)
		WZ	1,303.63	1,000.97	(302.65)
		<b>MP State</b>	<b>3,942.14</b>	<b>2,890.08</b>	<b>(1,052.06)</b>
4	Provision for Terminal Benefit	EZ	70.00	70.00	-
		CZ	70.00	70.00	-
		WZ	70.00	70.00	-
		<b>MP State</b>	<b>210.00</b>	<b>210.00</b>	<b>-</b>
5	A&G Cost	EZ	116.58	131.71	15.13
		CZ	208.15	136.32	(71.83)
		WZ	149.42	152.87	3.45
		<b>MP State</b>	<b>474.15</b>	<b>420.90</b>	<b>(53.25)</b>
6	R&M Cost	EZ	284.98	189.19	(95.79)
		CZ	316.01	157.55	(158.46)
		WZ	221.38	212.73	(8.66)
		<b>MP State</b>	<b>822.38</b>	<b>559.46</b>	<b>(262.91)</b>
7	Depreciation	EZ	241.02	343.03	102.01
		CZ	276.97	314.31	37.34
		WZ	141.99	309.66	167.67
		<b>MP State</b>	<b>659.98</b>	<b>967.00</b>	<b>307.02</b>
8	Interest on Project Loans	EZ	281.09	306.11	25.02
		CZ	366.90	391.78	24.88
		WZ	148.95	118.33	(30.62)
		<b>MP State</b>	<b>796.94</b>	<b>816.22</b>	<b>19.28</b>
9	Interest on Working Capital	EZ	68.43	66.38	(2.05)
		CZ	57.81	61.11	3.29
		WZ	10.58	21.32	10.74
		<b>MP State</b>	<b>136.82</b>	<b>148.80</b>	<b>11.98</b>
10	Interest on Consumer Security Deposit	EZ	42.83	84.77	41.94
		CZ	59.09	94.60	35.51
		WZ	85.25	113.92	28.67
		<b>MP State</b>	<b>187.17</b>	<b>293.28</b>	<b>106.11</b>
11	Return on Equity	EZ	231.54	256.68	25.14
		CZ	270.16	274.82	4.65
		WZ	172.41	169.36	(3.05)
		<b>MP State</b>	<b>674.12</b>	<b>700.86</b>	<b>26.74</b>
12	Bad and Doubtful Debts	EZ	-	-	-
		CZ	-	0.30	0.30
		WZ	-	91.03	91.03
		<b>MP State</b>	<b>-</b>	<b>91.32</b>	<b>91.32</b>
13	Prior Period Expenses	EZ	-	-	-
		CZ	-	29.71	29.71
		WZ	-	-	-

Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)					
Sr. no.	Particulars	Discom	Approved in Tariff Order	Claimed in True up Petition	Variation
		<b>MP State</b>		<b>29.71</b>	<b>29.71</b>
14	Lease Charges for Smart Meters	EZ		44.16	44.16
		CZ		-	-
		WZ		123.79	123.79
		<b>MP State</b>		<b>167.96</b>	<b>167.96</b>
15	<b>Total Expenses</b>	<b>EZ</b>	<b>13,194.63</b>	<b>14,842.89</b>	<b>1,648.26</b>
		<b>CZ</b>	<b>16,102.06</b>	<b>18,394.26</b>	<b>2,292.19</b>
		<b>WZ</b>	<b>18,591.29</b>	<b>20,392.65</b>	<b>1,801.36</b>
		<b>MP State</b>	<b>47,887.98</b>	<b>53,629.79</b>	<b>5,741.81</b>
16	Less: Other Income - Retail & Wheeling	EZ	132.98	169.86	36.88
		CZ	142.65	147.77	5.12
		WZ	147.66	250.41	102.75
		<b>MP State</b>	<b>423.29</b>	<b>568.05</b>	<b>144.76</b>
17	<b>Net Total Expenses for FY 2023-24</b>	<b>EZ</b>	<b>13,061.65</b>	<b>14,673.03</b>	<b>1,611.38</b>
		<b>CZ</b>	<b>15,959.41</b>	<b>18,246.48</b>	<b>2,287.07</b>
		<b>WZ</b>	<b>18,443.63</b>	<b>20,142.24</b>	<b>1,698.61</b>
		<b>MP State</b>	<b>47,464.69</b>	<b>53,061.75</b>	<b>5,597.05</b>
18	Revenue Gap of MP Transco True-up of FY 2020-21	EZ	72.98		(72.98)
		CZ	48.96		(48.96)
		WZ	22.25		(22.25)
		<b>MP State</b>	<b>144.19</b>	<b>-</b>	<b>(144.19)</b>
19	Revenue Surplus of MP Genco True-up of FY 2020-21	EZ	(342.17)		342.17
		CZ	(342.17)		342.17
		WZ	(342.17)		342.17
		<b>MP State</b>	<b>(1,026.51)</b>	<b>-</b>	<b>1,026.51</b>
20	Revenue Gap of MP DISCOMs True-up of FY 2021-22	EZ	455.58	455.58	-
		CZ	556.83	556.83	-
		WZ	635.80	635.80	-
		<b>MP State</b>	<b>1,648.21</b>	<b>1,648.21</b>	<b>-</b>
21	Revenue Gap of MP Transco True-up of FY 2021-22	EZ	232.50		(232.50)
		CZ	245.53		(245.53)
		WZ	284.08		(284.08)
		<b>MP State</b>	<b>762.11</b>	<b>-</b>	<b>(762.11)</b>
22	<b>Total ARR for FY 2023-24</b>	<b>EZ</b>	<b>13,480.54</b>	<b>15,128.61</b>	<b>1,648.07</b>
		<b>CZ</b>	<b>16,468.56</b>	<b>18,803.31</b>	<b>2,334.75</b>
		<b>WZ</b>	<b>19,043.59</b>	<b>20,778.04</b>	<b>1,734.45</b>
		<b>MP State</b>	<b>48,992.69</b>	<b>54,709.96</b>	<b>5,717.26</b>
23	Revenue from sale of Power	EZ	13,480.54	13,895.66	415.12
		CZ	16,468.56	16,945.71	477.15
		WZ	19,043.59	20,365.34	1,321.75
		<b>MP State</b>	<b>48,992.69</b>	<b>51,206.71</b>	<b>2,214.02</b>
24	<b>Net Revenue Deficit/Surplus</b>	<b>EZ</b>	<b>-</b>	<b>1,232.95</b>	<b>1,232.95</b>
		<b>CZ</b>	<b>-</b>	<b>1,857.60</b>	<b>1,857.60</b>
		<b>WZ</b>	<b>-</b>	<b>412.70</b>	<b>412.70</b>
		<b>MP State</b>	<b>-</b>	<b>3,503.24</b>	<b>3,503.24</b>
25	Carrying/(Holding) Cost	EZ		295.91	295.91
		CZ		445.82	445.82
		WZ		99.05	99.05



<b>Summary of Aggregate Revenue Requirement for FY 2023-24 (in Crore)</b>					
<b>Sr. no.</b>	<b>Particulars</b>	<b>Discom</b>	<b>Approved in Tariff Order</b>	<b>Claimed in True up Petition</b>	<b>Variation</b>
		<b>MP State</b>	-	<b>840.78</b>	<b>840.78</b>
26	<b>Net Revenue Deficit/Surplus inclusive of Carrying/(Holding) Cost</b>	<b>EZ</b>	-	<b>1,528.85</b>	<b>1,528.85</b>
		<b>CZ</b>	-	<b>2,303.42</b>	<b>2,303.42</b>
		<b>WZ</b>	-	<b>511.74</b>	<b>511.74</b>
		<b>MP State</b>	-	<b>4,344.02</b>	<b>4,344.02</b>

- 17.5** The Petitioners hereby submit that the total revenue gap/(surplus) works out to be Rs. 1,528.85 Crore, Rs 2,303.42 Crore, Rs 511.74 Crore and Rs 4,344.02 Crore for East Discom, Central Discom, West Discom and MP State respectively. This gap (which is inclusive of carrying cost) may be included in the ARRs of subsequent years or as the Hon'ble commission may deem fit for recovery of the same.
- 17.6** The Petitioners further wish that the Hon'ble Commission may consider the various review points as highlighted at appropriate section of this Petition and may provide effect against the same in the True-up of FY 2023-24.
- 17.7** The Petitioners have claimed the carrying cost on the stand-alone Gap in line with the Regulation 8.3 of MYT Regulations, 2021 as elaborated in the subsequent section of this Petition. The detailed calculation of carrying cost is provided in the section below.

**T18: CARRYING COST ON TRUE-UP GAP FOR FY 2023-24**

18.1 The Petitioners submit that Regulation 8.3 of MYT Regulations, 2021 stipulates provision for carrying cost. The relevant extract from the said Regulation is as extracted below:

*“8.3 If the revenue already recovered is more than the revenue requirement determined after true up, the Distribution Licensees shall refund to the consumers the excess amount so recovered along with the holding cost in the manner as may be decided by the Commission in the True-up order. Similarly, in case the revenue already recovered is less than the revenue requirement determined after true up, the Distribution Licensees shall be allowed to recover from the consumers, the under recovered amount along with the carrying cost in the manner as may be decided by the Commission, subject to provision of these Regulations. The decision of the Commission on the mechanism of recovery of balance amount due to under recover shall be final:*

*Provided that the Carrying/Holding cost may be allowed by the commission on admitted revenue gap/surplus at the time of truing up at Base Rate plus 350 basis points, subject to timely filing of the Petition as per the provision of these Regulations.”*

18.2 The Petitioners wish to submit the Hon’ble State Commissions of almost all the prominent States like Maharashtra, Gujarat, Haryana, Delhi etc. have been allowing the carrying cost to Licensee on the True-up gap as approved during the truing up of expenses of any particular year.

18.3 It is to be noted that the principle for allowing the carrying cost on True-up gap is well settled and the Hon’ble APTEL in its various judgement including in an Appeal 173/09 dated 15.02.2011, has explained the rationale for allowing carrying cost (in Para 43) as under:

*“Carrying cost is a legitimate expense. Therefore, 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.** In this case, the Appellant, in fact, had prayed for allowing the legitimate expenditure including*

carrying cost. Therefore, the Appellant is entitled to carrying cost” (emphasis supplied)

18.4 Similarly, in the matter of Torrent Power Limited Vs GERC, Appeal Nos. 190/2011 and 162-63/2012, decided by the Hon’ble APTEL on 28.11.2013, it was ruled that:

“83. The relevant principles which have been laid down in these decisions are extracted below:

(a) We do appreciate that the State Commission intends (sic) to keep the burden on the consumer as low as possible. At the same time, **one has to remember that the burden of the consumer is not ultimately reduced by under estimating the cost today and truing it up in future as such method also burdens the consumer with carrying cost.**

**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 and/or promoters and/or accruals, has to be paid for by way of carrying cost.**

(b) The **carrying cost is a legitimate expense and therefore recovery of such carrying cost is legitimate expenditure of the distribution company.**

(c) ... The utility is entitled to carrying cost on its claim of legitimate expenditure if the expenditure is:

- i) accepted but recovery is deferred e.g. interest on regulatory assets,
- ii) claim not approved within a reasonable time, and
- iii) Disallowed by the State Commission but subsequently allowed by the Superior authority.
- iv) **Revenue gap as a result of allowance of legitimate expenditure in the true up. ....**” (emphasis supplied)

18.5 Further, the Hon’ble APTEL in its various judgment including in Appeal No. 160 of 2012 and Appeal Nos. 211, 215, 3, 4, 57, 274, 164, 166, 121 of 2013 dated 8<sup>th</sup> April 2015 has stipulated methodology for computation of carrying cost. In the said Judgment, Hon’ble APTEL stated as herein below:

“42... The interest should be calculated for the period from the middle of the financial year in which the revenue gap had occurred up to the middle of the financial year in which the recovery has been proposed. Thus, for the revenue gap of FY 2010-11, the Commission has to consider interest from middle of FY 2010-11 to middle of FY 2013-14 in which the recovery is proposed. This is because the expenditure is incurred throughout the year and its recovery is also spread out throughout the year. Admittedly, the revenue gap will be determined at the end of the financial year in which the expenditure is incurred. However, the under or over recovery is the resultant of the cost and revenue spread out throughout the year. Similarly, the revenue gap of the past year will be recovered throughout the year in which its recovery is allowed. Therefore, the interest on revenue gap as a result of true up for a financial year should be calculated from the mid of that year till the middle of the year in which such revenue gap is allowed to be recovered.” {Emphasis Added}

- 18.6 In view of the above, the Petitioners have worked out the carrying cost on the True-up gap as submitted in the section above. The Discom wise summary of carrying cost computation is provided in the subsequent Tables:

**Table 75: Carrying cost on True-up Gap for East Discom for FY 2023-24 (Rs Crore)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening balance	-	1,232.95	1,232.95
Addition	1,232.95	-	
Recovery	-	-	(1,232.95)
Closing balance	1,232.95	1,232.95	-
Average balance	616.47	1,232.95	616.47
Carrying cost (%)	12.00%	12.00%	12.00%
Carrying cost	73.98	147.95	73.98
<b>Total Carrying cost</b>		<b>295.91</b>	

**Table 76: Carrying cost on True-up Gap for Central Discom for FY 2023-24 (Rs Crore)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening balance	-	1,857.60	1,857.60
Addition	1,857.60	-	
Recovery	-	-	(1,857.60)
Closing balance	1,857.60	1,857.60	-
Average balance	928.80	1,857.60	928.80
Carrying cost (%)	12.00%	12.00%	12.00%
Carrying cost	111.46	222.91	111.46
<b>Total Carrying cost</b>		<b>445.82</b>	

**Table 77: Carrying cost on True-up Gap for West Discom for FY 2023-24 (Rs Crore)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening balance	-	412.70	412.70
Addition	412.70	-	
Recovery	-	-	(412.70)
Closing balance	412.70	412.70	-
Average balance	206.35	412.70	206.35
Carrying cost (%)	12.00%	12.00%	12.00%
Carrying cost	24.76	49.52	24.76
<b>Total Carrying cost</b>		<b>99.05</b>	

- 18.7 The consolidated carrying cost on the True-up gap as claimed in this Petition works out to be **Rs. 840.78 Crore**.
- 18.8 It is submitted that in order to finance such True-up gap, the Petitioners have to arrange funds and have incurred interest which can be seen by way of higher working capital loan in the audited accounts of the Licensee. **Hence, it is prayed before the Hon'ble Commission to approve the carrying cost as proposed in this Petition in line with the Regulation 8.3 of MYT Regulations, 2021 and as per the Judgements of the Hon'ble APTEL as mentioned in paras above. Further, the claim of the Petitioners in regard to carrying cost is in line with the approach as adopted by the Hon'ble Commission in previous True-up proceedings.**